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**FORTY FIFTH MEETING
OF THE
NATIONAL DEVELOPMENT COUNCIL
APRIL 5, 1993**

SUMMARY RECORD



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**GOVERNMENT OF INDIA
PLANNING COMMISSION**

SUMMARY RECORD OF THE DISCUSSIONS HELD AT THE FORTY FIFTH MEETING OF THE NATIONAL DEVELOPMENT COUNCIL (NDC)

AGENDA & SUMMARY RECORD

The National Development Council held its forty fifth meeting at Parliament House Annexe, New Delhi on 5th April, 1993, under the Chairmanship of **Shri P.V. Narasimha Rao**, Prime Minister, and Chairman of the Council.

2. The list of participants is appended.

3.1. **Shri Pranab Mukherjee**, Deputy Chairman, Planning Commission welcomed the participants and apprised them of the main agenda item, namely, the Report of the Committee on Austerity set up under the Chairmanship of **Shri Biju Patnaik**, Chief Minister of Orissa, in pursuance of the decision taken by the National Development Council at its forty-third meeting held in December, 1991. to examine the possibilities of reducing State Governments' expenditure. He informed the Council that though the Report of the Committee on Austerity would be the main item on the agenda for consideration and approval, reports of the three other NDC Committees, viz., Committees on Population, Employment and Literacy were also being presented for consideration by the NDC. Keeping in view both the amount of work put in by these Committees and the many valuable recommendations made by them on the critical areas of population, employment and literacy, he requested the Council to consider these Reports also subject to the availability of time and authorise the concerned administrative Ministries/Departments to initiate action for implementing the recommendations contained in them. He also requested the members to convey to the Planning Commission in writing their views and suggestions so that they could be placed before the NDC in its next meeting.

3.2. The Deputy Chairman observed that the Hon'ble Members of the Council were aware of the constraints relating to resource mobilisation for economic development, especially in the context of economic liberalisation and the need to compete in a world where quality and cost assumed immense importance. He also referred to the compelling need to strengthen infrastructure and ensure a fair deal to the rural population. Both of these have reinforced the need for adopting austerity measures to contain unproductive non-developmental expenditure. Referring to the recommendations for effecting austerity in government expenditure made by the Committee on Austerity after indepth research into various aspects of the increase in state governments' expenditure and its components, Deputy Chairman pointed out that adoption of these recommendations would go a long way in releasing resources for the much needed developmental work. In this context he invited Hon'ble Members' attention to the observation made by the Austerity Committee on the role of both the Centre and the State governments in the task of containing non developmental expenditures. He also referred to the problems of special category states and urged them to abide by the spirit of the Austerity Committee's recommendations.

3.3. The Deputy Chairman pointed out that the States' Balance from Current Revenues (BCR) for the year 1992-93 amounted to (-) Rs. 4490 crores. The share of special category states, which

was ignored for plan financing, amounted to (-) Rs.1542 crores. However, the latest estimates in respect of some non-special category states for 1992-93 have indicated improvement in BCR as a result of the measure for Additional Resource Mobilisation as well as economy in expenditure taken by them. While considerable improvement in the availability of resources for plan was noticed in the case of such states, the BCR registered deterioration in some other states, with consequent shortfall in plan outlays despite the provision of central support as per commitments. Determined efforts for cutting down non-plan revenue expenditure, therefore, assumed utmost urgency in such states.

3.4. He also invited the attention of the participants to the 1993-94 Budget proposals of the states and observed that the Planning Commission has the opportunity to examine some of the proposals. Recalling the Annual Plan discussions, he pointed out that the states had committed for ARM amounting to Rs. 7073 crores in 1993-94, which included resource mobilisation by state level public enterprises and the impounding of DA. However, a substantial sum was to be raised through Budgetary measures. Analysis of the available details in respect of 13 non-special category states showed that the ARM measures in the budget proposals amounted to Rs. 720 crores only. The inevitable consequence of such a serious shortfall would be a sharp fall in developmental expenditure which, in turn, would result in deceleration of economic growth. In view of such serious repercussions, the Deputy Chairman expressed anxiety that India's Economic Reforms Package would be in jeopardy and India would find it extremely difficult to manage her BoP position. Keeping in view the socio-economic tensions likely to result from such a situation, he pointed out that India had no alternative but to make a determined effort to step up resource mobilisation efforts and trim the nonplan revenue expenditure to the barest minimum.

3.5. He, however, noted the need for caution to ensure that austerity measures would not be confined to budgetary cuts, which would one day leave money only for payment of salaries to government employees. He therefore emphasised the need for reducing the number of employees in Central as well as State Governments by at least 10 per cent during the Eighth Plan period. In this context, he observed that if the formula based (index-linked) D.A payments continued, the states would require additional amount of Rs. 40,000 crores during the Eighth Plan. He added that with an approved Eighth Plan Outlay of Rs. 4,34,100 crores including Rs. 1,79,985 crores for the states, a substantial improvement in the BCR of the order of Rs. 7,000 crores per annum for the Centre and States would be required to avert any erosion in the approved Eighth Plan outlay.

3.6. Recapitulating the work done by the Committee on Austerity the Deputy Chairman informed the participants that during the period 1984-85 to 1990-91 the Non-Plan Revenue Expenditure (NPRE) of the 15 non-special category states grew by 17.0% whereas their revenue (including all grants from Centre) grew only by 15.1%. He then referred to the major components of Government expenditure, viz., administrative expenditure, direct and indirect subsidies, and observed that among the non-special category states, all except Maharashtra, Orissa and Rajasthan registered increase in administrative expenditure as a percentage of total revenue. In view of the utmost need for economy in expenditure, the Deputy Chairmen, exhorted all the states to bring down the ratio of non-plan revenue expenditure to total revenues by at least 5 percentage points during the Eighth Plan period, as recommended by the Committee on Austerity.

3.7. In regard to the expenditure on subsidy, which covers different items of public services, including budgetary support for the state enterprises, he observed that only 17 per cent of the cost of providing social and economic services could be recovered from the users of these services. For obvious reasons, the recovery rate in the case of social services is lower than that in the case

of economic services. As regards additional resource mobilization, it is necessary to revamp the public distribution system, introduce suitable adjustments/revision in electricity tariffs, irrigation rates, bus fares, and the fees for higher education on the lines recommended by the Austerity Committee.

3.8. As for the other major sources of increase in the Non-Plan Revenue Expenditure, the Deputy Chairman pointed out that the proportion of net interest payments in total revenue of the states nearly doubled from 4.4% in 1984-85 to 8% in 1989-90, and added that such growth in interest payments had been due to the fact that the rise in States' debt outpaced the rise in State Domestic Product (SDP).

3.9. He then stressed the need for prudence in public funds management through strict fiscal discipline aimed at containing public expenditure. In this context, he referred to the threefold classification of expenditure made by the Committee on Austerity:

- (a) Non-plan non-developmental expenditure like administrative expenditures which should show a progressive decline vis-a-vis growth in GDP/SDP;
- (b) Expenditure on social services like education, public health and family welfare which should grow faster than GDP/SDP; and
- (c) Expenditure on economic services like agriculture, industry etc. and on infrastructure which should keep pace.

3.10. He also noted that the Austerity Committee had considered the mobilisation of additional resources for financing developmental expenditure by means of:

- (a) harnessing larger yield from existing rates;
- (b) expanding the bases through the introduction of new taxes to cover new target groups; and
- (c) pricing of public goods at reasonable level keeping in view the socio-economic objectives.

3.11. Summing up, the Deputy Chairman observed that India had shown both courage and resilience to face challenges of the new economic order. He expressed confidence that the deliberations in the 45th meeting of NDC would pave the way for the judicious use of scarce resources for socially more productive and desirable channels which would, in turn, lead to overall economic growth of India. He exhorted all the members to actively participate in the discussions by offering valuable suggestions, and sought their endorsement and approval to the recommendations of the Committee.

The Deputy Chairman then invited the Prime Minister to address the august gathering.

4.1. **Shri P.V. Narasimha Rao**, Prime Minister and Chairman of the National Development Council, welcomed the participants to the 45th meeting of the NDC. He recalled the last meeting held in May, 1992 when NDC approved the Eighth Five Year Plan, and observed that the 45th meeting was being held after almost a year. He stated that the growth of the economy during the first year of the VIII Plan was expected to be definitely better than the growth rate achieved in 1991-92. However, the higher growth rate of 1992-93 was still below the targeted annual average growth rate of 5.6 per cent envisaged for the VIII Plan. The balance of payments situation was better but still caused concern.

4.2. The Prime Minister then referred to the positive aspect of the Indian economy and observed that there had been acceleration in industrial growth. The inflation rate had declined and the structural reforms initiated in June, 1991 had been carried forward to a substantial extent. The growth prospects of the economy for the year 1993-94 looked bright.

4.3. He, however, noted that India had to go a long way to achieve the basic tasks she had set for herself. Events of the past few months had adversely affected our society. Apart from the loss of precious lives and property, they adversely affected our production and exports. Our painstaking efforts to restructure the economy and put it on a path of sustained economic growth were affected by certain divisive forces designed to distract our attention from this endeavour. Since the nation faced many serious problems like unemployment, illiteracy and poverty, he considered the 45th meeting of NDC as an important opportunity for him to express certain concerns and for seeking the suggestions of the members of the NDC on how to work together to achieve success in our developmental initiatives.

4.4. Turning to the specific purpose of the 45th meeting, the Prime Minister observed that the ultimate goal of the Eighth Plan is human development in all its aspects. Employment generation on a scale capable of achieving near-full employment by the turn of the century, building up of people's institutions, control of population growth and eradication of illiteracy constituted the steps necessary to achieve this goal. But the fulfillment of VIII Plan objectives also called for utmost financial discipline on the part of both the Centre and the States. Keeping these considerations in view, the NDC at its 43rd meeting held in December, 1991 decided to set up Committees on Austerity, Employment, Population, Literacy and Micro-level planning. Though copies of the Report of Committee on Austerity were circulated last year, and the Report was to come up for discussion in September, 1992, the meeting had to be cancelled for various reasons.

4.5. The Prime Minister placed on record his appreciation of the commendable work done by the Committee on Austerity under the Chairmanship of the Chief Minister of Orissa, Shri Biju Patnaik.

4.6. He pointed out that the Committee on Austerity had been given the onerous task of devising ways and means of tackling the most pressing problems confronting the nation in the VIII Plan period, namely, on ways to ensure adequate resources for investments in critical sectors. Drawing attention to the large deficits in their revenue expenditure, he underlined the need for the Centre and the States together to show substantial surpluses in their receipts vis-a-vis expenditure so as to contribute towards the plan effort. The transformation from a deficit to a surplus requires very determined efforts to raise resources and cut expenditure. In the absence of such a transformation, it would not be possible to meet the investment targets and we would be deprived of the opportunities created by the reform process. As a result of such inability to utilise opportunities, we would fail to attain the growth targeted for the plan.

4.7. The Prime Minister opined that the Committee on Austerity had made far-reaching recommendations covering various areas which ought to be reviewed in the present context. He considered the Committee's suggestions for reduction in non-plan revenue expenditure as bold and extremely useful which deserved the attention and confidence of both the Centre and States. He made it clear that unless some of the steps suggested by the Committee were implemented, the non-plan expenditure would grow, and a stage would soon come when government resources would be used only to pay salaries of government employees. He expressed concern over the

problems faced by some States even for paying the Government employees and wondered how such states or the country could progress with such a horrendous situation staring them in the face. He regretted the failure of every state to avert shortfall in performance, and pointed out that as against the expected collection of additional revenue to the tune of Rs. 6000 to 7000 crores, actual collection amounted to only Rs. 700 crores. Even those states with better record in this regard had also fallen behind. He laid considerable stress on the need for both the state governments and the central government to realise the extreme seriousness of the situation, and observed that they should come to some consensus on matters such as D.A. In this context he referred to the estimate made by the Austerity Committee on the magnitude of D.A burden amounting to Rs. 40000 crores during the VIII Plan period. Drawing attention to the severe erosion caused by such a burden in the resources available for development, the Prime Minister invited the views and suggestions of the members on the Austerity Committee's suggestion for a D.A freeze for one year.

4.8. Turning to the suggestion made by the Report for elimination of subsidies and budgetary support to Public Sector Undertakings (PSUs), the Prime Minister pointed out that the Central Government had already taken some steps to reduce subsidies and budgetary support to PSUs. Since PSUs were a means to an end, and not an end in themselves, he exhorted every state to evaluate its PSUs in the context of providing crucial social and economic services to the people. He wanted similar exercises undertaken for subsidies as well.

4.9. The Prime Minister then turned to the Austerity Committee's recommendations on the functioning of State Electricity Boards (SEBs). Most of the SEBs could not achieve the minimum prescribed rate of return of 3 per cent. In the year 1991-92, SEBs of 18 major states together incurred a loss of Rs. 4,535 crores. Actual loss means this sum plus the prescribed return; even if SEBs achieve break-even, additional resources worth Rs. 4594 crores can be mobilised. He attributed all this mainly to the way the states price power, and regretted that the states had not implemented the decisions relating to power tariffs taken in the Power Ministers' Conference in 1991.

4.10. He emphasised the importance of power for industrialisation and observed that the much needed flow of foreign capital to India for investment depended mainly on assured power supply. In the event of delay or interruptions in power supply, everything would go wrong and the country would earn a bad name. He therefore urged the Chief Ministers as well as those in charge of power generation to concentrate on this vital sector. He also referred to the need for seeking cooperation of people in this massive effort, and laid stress on the utmost urgency to wipe out inefficiency and corruption, and irrational tariff structure in the power sector so as to ensure power supply for industry as well as agriculture. He underlined the necessity to place the management of power above politics. In this connection he drew attention to the promise of free power to people made by some and wondered how if everything was provided free of cost, the government could in turn get it free. The Prime Minister then made the following specific suggestions :-

- (a) On the lines proposed by him to the Deputy Chairman and Finance Minister, a small committee of Chief Ministers/Governors on Power may be set up to examine the problems and suggest remedial measures within one or two months;
- (b) Since much of the leakage/irregularity takes place in the distribution of power, distribution may be delinked from generation and entrusted to cooperatives or private sector; and
- (c) Keeping in view the fair amount of success in distribution of power through cooperatives of farmers in taluks/blocks achieved by the Rural Electrification Corporation, as also the success of

sugar factories run by cooperatives of farmers, efforts may be made to secure the larger involvement of consumers themselves in the distribution of power.

4.11. Summing up, the Prime Minister observed that the two points that he really wanted to zero in on were the Austerity Report's Recommendations for containing government expenditure and the solutions for the problems of the power sector. As regards the former, he pointed out that though the circumstances had changed during the last three or four months and as a result things became more difficult, it was necessary for the government to come to grips with the problems. The Government could not possibly go into the figure of Rs. 40,000 crores or 10 per cent of the resources in one Five Year Plan only for payment of Dearness Allowance. The Government could not afford to spend so much on the spenders, i.e; employees through whom all expenditure is done because in such a situation no plan would prosper. As for the point which related to power, he pointed out that power constituted an absolute basic and crucial factor for development. Taking the entire plan and developmental activities, he noted that rural development and power formed the two focii for attention. Between these two programmes, a large part of developmental activities could be subsumed. As regards rural development, he indicated the need for focussing attention on the ways and channels of expenditure and the accrual of benefits to the rural population. In the case of power, the focus of attention should be on meeting the enormous funding needs of power, with special reference to questions relating to type of power generation, foreign investment, role of private sector vis-a-vis the public and cooperative sectors, etc. He expressed his confidence that by taking care of these points the worry about the Five Year Plan and its implementation could be reduced.

4.12. The Prime Minister invited Shri Biju Patnaik, Chief Minister of Orissa, Chairman of the NDC Committee on Austerity to initiate discussion on the recommendations of the Report.

5.1. The Chief Minister of Orissa, Shri Biju Patnaik, stated that the report of the NDC Committee on Austerity was prepared after careful consideration and his views were already reflected in the Report. But for the conditions prevailing in the country as well as in the individual states he would have opted for stiffer recommendations for controlling non-plan revenue expenditure. Referring to the observations made by the Prime Minister as well as his colleague from Haryana, Shri Patnaik observed that both the State Governments and the Central Government should tighten their belts. He stressed the need for stringent laws to wipe out inefficiency and corruption in sectors like power, and pointed out the need for taking note of the state of affairs in such vital areas. He wanted the Government both at the Centre and in the states to stop squandering of resources and exhorted the Prime Minister, Dy. Chairman and Finance Minister to devise ways and means of controlling expenses. He suggested that the views of the other Members of the Council may be elicited and emphasised the need for containing non-plan expenditure, including subsidies and to raise adequate resources to realise the Eighth Plan outlay targets.

6.1. **Shri Bhajan Lal**, Chief Minister, Haryana expressed that he was in agreement with the recommendations contained in the Report. He suggested that an appropriate Committee should be formed to work out the modalities for implementation of the recommendations relating to the employees' emoluments and perks. However, in matters relating to labour, etc. it was necessary to have a wider consultation. On the issue of land revenue and cess, he suggested that small farmers may be exempted. He referred to the Panchayati Raj institutions which are being put on a statutory basis and stated that with the coming of these institutions, some developmental work would be gradually taken up by these bodies. With regard to tariff revision for power, he said that the resolution

in the Power Ministers' meeting for charging 50 paise per unit for power for agricultural operations had been implemented in his State. However, he said that he had been put to considerable pressure as the neighbouring states were not following this norm. On the issue of uniform sales-tax, the Chief Minister welcomed the steps and referred to the problems arising out of low sales-tax rates in the Union Territories around the State of Haryana.

6.2. The Chief Minister also mentioned the various steps taken by his Government to reduce non-plan revenue expenditure and to raise resources.

6.3. He also touched upon the NDC Report on Employment and observed that the problem of unemployment needed to be tackled effectively. He was of the view that provision of technical training to youth could improve their access to employment and promote self-employment opportunities. He also drew the Council's attention to Haryana's scheme of providing one job to one member per family and commended it to other states.

7.1. **Shri Chimanbhai Patel**, Chief Minister, Gujarat complimented the Committee on Austerity, for the very good report giving specific recommendations on austerity and indicated that in view of the time constraint he would confine his comments to the Austerity Committee's report. He broadly agreed with the recommendations contained in the Report on Austerity. He, however, pointed out that these could be implemented only if there was consensus on the issues among the states and between states and Centre as on many of the recommendations, actions were to be taken by the State Governments and Central Government in harmony. He was of the view that 5% reduction in the ratio of NPRE to revenues could be achieved by the end of the Eighth Five Year Plan if concerted efforts were taken by the Centre and the states. Regarding freezing of DA, etc. he pointed out that the states were forced to follow the Central Government pattern and, therefore, it was for the Centre to take the lead and the states would be prepared to follow. He also suggested that DA may be impounded in the GPF with some restrictions on withdrawals during the Eighth Five Year Plan. In case of Bonus, LTC, and Leave Encashment, the Chief Minister agreed with the recommendations for discontinuance of these facilities. Alternatively, he suggested that these could be impounded in the GPF and could be released at the time of retirement.

7.2. The Chief Minister agreed that there was a lapse so far as the power tariffs were concerned. He also agreed that there were subsidies in irrigation rates and bus fares, but pointed out that it was not that easy to reduce these subsidies. These could be reviewed and tariffs and rates may be increased in a phased manner so that we could achieve the desired rate of return gradually. He also suggested that an experiment may be carried out to separate generation and distribution of electricity. But he agreed with the recommendation for not providing budgetary support to loss making public undertakings engaged in manufacturing/commercial activities. He suggested that they should be allowed to close down loss making and economically unviable units. In this context, he referred to the huge subsidy given by the Government of India to the National Textile Corporation and pointed out that the Government of Gujarat incurs an annual loss of Rs. 65 crores in running 11 textile mills. He stressed the need for working out some strategy to pay the employees terminal benefits.

7.3. The Chief Minister informed that the State made substantial efforts in mobilising small savings and put this as an important component of financing the plan but the same was adversely

affected due to withdrawal of incentives. He pleaded that the incentives for small savings should be restored and Rangarajan Committee's recommendations on small savings be implemented fully.

7.4. The Chief Minister suggested that the Union Finance Minister and the Dy. Chairman, Planning Commission may be entrusted to informally consult the concerned states, evolve a consensus and the State would agree to whatever decision was taken by the Centre in this regard.

8.1. The Chief Minister of Assam broadly agreed with the Recommendation of the Committee on Austerity. However, he expressed his reservations on certain recommendations in view of the special problems facing his State:-

(i) In regard to the recommendation concerning the ratio of NPRE to revenue, he observed that even a 3% reduction in the ratio during the Eighth Plan period would not be possible for Assam due to increased expenditure on account of the prevailing law and order situation and a variety of other special problems besetting the State.

ii) As regards DA, he accepted the Committee's recommendation but observed that release of DA, revision of Pay etc., should be linked to national wages and income including (dividend) policy. He also observed that blanket ban on DA would be unfair in the absence of positive steps to control price rise in respect of essential commodities.

iii) As for encashment of earned leave, LTC, etc. he pointed out that these facilities were available only at the time of superannuation in Assam. He also supported the view that no bonus should be paid to Government servants.

iv) On the issue of subsidies, he agreed in principle but made certain specific observations with regard to economically weaker and geographical remote State. In case of economically backward and geographically remote States some sort of support, like transport subsidy and concessional rates of power tariff are inevitable to offset the handicaps arising out of high transportation cost and to attract private capital. The cases of electricity tariff and bus fare revision are reviewed at regular intervals. Recently, legislation has been enacted to charge irrigation rates. Despite the best efforts the North Eastern States will require some more time to attain self sufficiency in foodgrains. This, together with the high incident of poverty in the region, will necessitate not only the continuance of the Public Distribution System but also its revamping. As for the suggestions to exclude higher income brackets such as income tax payers from coverage by the Public Distribution System, it may be noted that while the share going to this group is not high, they perform a very important function as watchdog over proper functioning of the Public Distribution System. If this group of middle class intelligentsia is excluded, then the remaining population of rural and urban poor who are mostly inarticulate may be vulnerable to adverse effects of mal-administration of the Public Distribution System. This aspect may be taken care of while taking a final decision in the matter. As for raising tuition fees for higher education, the State Government is in agreement with the recommendation and steps have already been initiated in this direction.

(v) On other issues like budgetary support, Sales Tax structure, land revenue, etc. he made the following points:-

(a) The Government have decided to discontinue budgetary Non-Plan support to public sector enterprises on a case to case basis. But since most of the undertakings are plagued by numerous problems and since some of them are performing useful functions as market stabiliser and are

discharging useful social responsibilities, it may not be advisable to discontinue extending some support in the North-East where private sector is virtually non-existent and institutional finance highly inadequate.

b) The necessary legislation to simplify the existing sales tax structure has been introduced in the current session of the State Legislature. Ad valorem duties have already been adopted. A uniform sales tax policy throughout the country is most welcome. But as regards concessions and incentives, the economically backward States might require tax incentive for some time in the interest of industrialisation. The State Government is of the view that the sales tax exemptions and other incentives for a particular period of time for new industries though desirable may not be affordable in a meaningful manner by the industrially backward poor States. In the last Union Budget new industrial units have been given exemption from corporation tax for a period of 5 years. But about four to five years' time is required by most new industries to break even. Hence, this exemption is most unlikely to attract new industries to the North-East. It is suggested that the impact will be much more useful if exemption for a period of 5 years is given to new industries set up in the North-Eastern Region from payment of Union Excise duties.

(vi) The State Government is equally keen to tap additional revenues through land revenue and cess. Accordingly, the State Government have enacted the Assam Taxation (on Specified Land Act, 1990) with a view to raising additional revenues from land producing tea and coal. But the validity of the legislation enacted for this purpose has been challenged in the Hon'ble Supreme Court and a final verdict is still awaited. A similar legislation seeking to impose a cess on land bearing crude oil has been denied Presidential assent in the past. The Central Government may initiate necessary steps to remove such legal hurdles.

(vii) The steps suggested in regard to the levy of consignment tax are welcome.

(viii) The State Government agrees with the recommendation on disinvestment. But in the context of the North-East, its implementation may be difficult because of lack of private investment capital as well as a developed share market.

(ix) He agreed with the recommendation on subsidy in irrigation sector. Necessary legislations have already been made in this direction. The same is going to be implemented soon.

(x) Despite periodic revision of tariff, the rate of return in case of State Electricity Board is substantially negative. The State Electricity Board is beset with technical, managerial, financial and organisational problems. Though new initiatives calculated to bring about substantial improvement with private participation wherever possible are under way, yet it will be difficult to expect the Electricity Board to break even so soon and start generating surplus. The minimum tariff for use of energy in the agricultural sector has already been ensured.

(xi) It is, no doubt, desirable that the State Transport Corporation should run on commercially viable line and earn a return on investment made. But in case of most of the State Transport Corporations in the country it may not be possible. The Corporation has a social compulsion of running services even where it is uneconomic. Apart from this it has to cater to the needs of school children and other economically backward sections of society. In Assam the Corporation has to run services in the hill and the riverine areas where the road conditions are extremely poor leading to frequent breakdowns and heavy maintenance expenditure. During the monsoon adverse weather conditions also frequently affect the services. These are some of the reasons standing on the way of commercial viability of the Transport Organisation.

(xii) It is our long standing demand that small savings loan should be treated as loan in perpetuity. So we wholeheartedly support the recommendation.

(xiii) The State Government agrees with the recommendation that the interest rate charged from the States on IDA loan should be revised and the same should be based on the lending rates of the World Bank. The States, particularly the economically weaker States, must not be exposed to the vagaries of international exchange rate fluctuations.

(xiv) The State Government of Assam agree with the recommendation that additional financial flows to the States be related to fiscal efficiency and management.

9.1. **Shri B. Satyanarayana Rsddy**, Governor, Uttar Pradesh complimented the Members of the Committee on Austerity for the efforts put in by them in preparing the Report and highlighting the areas which needed immediate attention of the Central and State Governments. The Governor informed that the views of the State Governments on certain issues had already been made available. He drew attention of the Council to certain issues which had a special bearing for backward states, like UP. The Governor agreed that there had been an increase in non-plan expenditure in the states and there was need to contain its growth. However, he pointed out that as far as expenditure on administrative and social services was concerned, the per capita non-plan expenditure in Uttar Pradesh was already low. The figures for 1991-92 showed that such expenditure in UP was amongst the lowest in the country and, therefore, there was not much scope for any significant reduction of NPRE on this account. The Governor expressed his concern that a significant portion of the NPRE was going towards the payment of interest charges to the Government of India; and the burden of repayment of loans to the Government of India and their interest charges had grown significantly during the last few years. Hence, he agreed with the recommendations for treating loans against small savings as loans in perpetuity and also suggested that the grant component of the Central Plan assistance may be increased and also the rate of interest on loans against small savings may be reduced.

9.2. While agreeing broadly with the recommendations for phasing out subsidies to the State Public Enterprises, he suggested that for a meaningful disinvestment of shares of the State Undertakings, various Central institutions and mutual funds would need to be persuaded to show better participation in this regard.

9.3. On the issue of emoluments and perquisites of the State Government employees, the Governor informed that it would be difficult for the States to adopt a pattern which was different from the one valid for the Centre. The real solution to the problem of DA, etc. would lie in containing the rate of inflation.

9.4. In regard to the working of the State Electricity Boards, the Governor observed that low tariff in agricultural sector was the major reason why the State Electricity Boards were finding it difficult to achieve the 3 % rate of return. This is having a depressing effect on the investment climate, both domestic and foreign, in the power sector and the SEB is finding it difficult to obtain finance from central agencies. It would be desirable if the Central Government and the concerned central agencies take a lead in this direction so that the viability of the State Electricity Boards can be improved. The Governor agreed with the remaining recommendations contained in the Report but suggested that some of them may be considered by other states for adoption keeping in view the circumstances prevailing in each state.

10.1. **Shri M. Veerappa Moily**, Chief Minister of Karnataka, welcomed the broad strategies brought out by the Committee. However, he pointed out that recommendations on DA and salary component should not be taken in isolation. On the issue of DA, the Chief Minister emphasised the need for controlling prices. He suggested that these issues should be considered in the context of DA and other emoluments available to employees in the Public Sector Undertakings and also in the organised private sector. He suggested that a committee could go into this and take the whole picture into focus, and appropriate decision taken in this regard.

10.2. The Chief Minister emphasised that the distinction between the development and non-development expenditure was a more appropriate strategy which could be thought of instead of the distinction between the plan and non-plan expenditure. In view of the growing requirements for non-plan expenditure in sectors like education, health and many others, he suggested that the drastic reduction in non-plan expenditure cannot be implemented.

10.3. He agreed with the recommendations relating to sales-tax. On consignment tax, he requested that the decision taken in this regard in 1988-89 may be implemented without imposing any condition. On the issue of revision of bus fares of the State Transport Corporations, the Chief Minister pointed out that the increases in the price of petroleum products had an adverse effect on the resources of the Transport Corporations and such increases result in greater burden on the state while benefiting the Centre. He pointed out that 2% Government servants retired on an average every year and if only half of this retirement was filled up, there would be a reduction of 5% in 5 years. With the reservations on some of the recommendations as pointed out above, the Chief Minister expressed that he was inclined to agree with all the strategies set out in the Report.

11.1. **Shri Sharad Pawar**, the Chief Minister of Maharashtra congratulated Shri Biju Patnaik and the Member of the Committee on Austerity for the thoughtprovoking and informative Report. He stressed the need to control the unbridled growth in non-developmental activities in both by Centre and States.

11.2. While agreeing with the concept that it was necessary for the state to recover costs on whatever services it provides, he felt that in the context of our social and economic policies, it would be necessary to concentrate first on cost recovery of economic services and then proceed to the social services where the beneficiaries were really the large rural population. He also felt that it was necessary to consider ways and means to stabilise prices and cost of living. As regards DA and Bonus, the initiative should be taken by the Centre. The issue of subsidies, he felt, was to be discussed at a national level. There has to be a national debate on these issues and political parties and trade unions are also to be taken into confidence, as in the present NDC. Some of the states are not properly represented. He also emphasised that the austerity measures should start from the top.

11.3. The Chief Minister referred to the functioning of Maharashtra Electricity Board and stated that his state had taken some drastic decisions and it had been possible for the Board to achieve upto 4.5 % rate of return. He welcomed the proposal to revamp the loss making units but requested that the State Government also should be given access to the National Renewal Fund to enable them to retrain workers and to restructure loss making units.

11.4. The Chief Minister informed that his Government had taken a decision in 1988 to publish every year documents regarding subsidies in various fields whether public or private. They are published yearly and subsidies are being monitored regularly. This helped in creating public

awareness also. On the issue of subsidy, he supported the recommendations and felt that there would be no problem so far as Maharashtra is concerned to take certain decisions.

11.5. The Chief Minister welcomed the suggestion for providing financial rewards to the states to enforce fiscal discipline.

12.1. **Dr. Asim Das Gupta**, the Finance Minister, Government of West Bengal, stated that reduction of ratio of NPRE to total revenue should be viewed in the context of the composition of NPRE and possibilities for increasing revenue. He pointed out that within the NPRE of the state, the issue more important than DA and Bonus was debt servicing. He also stated that the total annual expenditure on DA and Bonus was Rs.500 crores only, while the loan liability of the state was Rs.1100 crores. He, therefore, suggested that steps should be taken to reduce the debt and debt servicing burden by raising the grant portion of Central assistance from 30%, as this assistance was meant for social infra structure, and by lowering the interest rates on Central loans. He also reminded the Council about the decision taken in regard to commitment on transfer of Centrally Sponsored schemes, and this transfer should be done to reduce expenditure of the states. For augmentation of revenue, he suggested that Corporate tax should be within the ambit of divisible pool and consignment tax should be introduced early.

12.2. On the issue of curtailment of Government employment the Finance Minister suggested that there should not be any mechanical approach to these issues and there can be augmentation in sectors like health, etc. which should be need-based. He suggested that a package could be evolved, wherein a project was installed with Government support, but operation and maintenance could be borne by the beneficiary groups. He also referred to requirements of creation of additional posts under World Bank project, the burden of which have to be borne entirely by the state.

12.3. In the case of recommendations of public distribution system, he pointed out that more time was required to consider this issue.

12.4. Regarding DA, he stated that DA was not the cause but only an effect of inflation, and so measures should be initiated to contain inflation. He also suggested that profit income should also be controlled and black money should be unearthed. He strongly urged the Central Government to remove the cause of inflation and to unearth black money before the issue of freezing of DA was discussed. He suggested that no decision on major issue of DA, Bonus and other allowances be taken without discussion with the concerned organisations and unions of employees. He, therefore, said that his government was not in favour of one sided decision of stalling of DA payment to employees. He also suggested a ceiling on profit income which should be brought within a national income and wage policy. Unearthing of black money is important, as it is one of the causes for inflation and this step can also augment revenue substantially.

12.5. On the issue of 3% return from SEB, he observed that the rate of return depended on quite a few factors, such as debt equity ratio, share of hydel power in total power supply, price of power on purchase and periodic revision of administered prices of coal and other raw materials. In this context, he spoke of the decision of his government to convert loan into equity to increase the net profit. He also urged the Centre to give some relief by converting RE loans to equity. Regarding profitability of transport corporations, he pleaded that some subsidy may be provided as it is the mode of transport for the weaker sections and fare increase may result in exclusion of this section in availing of this facility. He also mentioned that even in developed countries, like the USA urban transport was subsidised.

12.6. The Finance Minister expressed his reservation on uniformity of sales tax throughout the country and wanted that the distinct character in terms of composition of commodities and regions should be taken into consideration while fixing the rates.

12.7. The Finance Minister also referred to the declining trend in the collection of small savings and the consequent problems in plan financing. He suggested that remedial budgetary measures be taken to improve the collections under small savings. He also wanted the Centre to make up loss of resources to the state on this account. He supported the recommendation that loans against net collections of small savings should be treated as loans in perpetuity, since only loans against the net collections, that too only 75% are given to the states. He also supported decentralisation of planning and involvement of the local bodies in developmental activities as one of the means of reducing expenditure.

12.8. He also made brief comments on the NDC Report on Employment. He pointed out that the highest levels of production and employment per hectare were obtained by the small farmers, and added that land reforms should find a place among the recommendations of the Committee's Report. As regards self-employment, he laid emphasis on the crucial need for bank credit for promoting self employment and wanted the Reserve Bank of India to take adequate steps for this purpose. He expressed his general agreement on the recommendations of the Report and, observed that he would like to discuss the Committee's recommendations with the Planning Commission.

13.1. In response to the views expressed by the Members of the Council, **Dr. Manmohan Singh**, the Union Finance Minister, highlighted the problems of shortfalls in resource mobilisation vis-a-vis the assumption of the Eighth Plan. He recalled the apt description of this problem by the Dy. Chairman in the introductory remarks, and observed that a recurrence of the trends evident in 1992-93, during 1993-94 would cast serious doubts on the viability of the Eighth plan. He expressed concern over the mounting non-plan gap and regretted that no attention was paid to this problem. He also mentioned that, as pointed out by the Dy. Chairman, the share of special category states in the negative BCR of the states to Rs. 4490 crores in 1992-93 was as high as (-) Rs. 1542 crores. The burden imposed by this had to be borne by the Central Government.

13.2. Expressing concern over the resort to unauthorised overdrafts by the states, the Finance Minister observed that such overdrafts were inconsistent with the minimum amount of financial discipline so necessary to stabilise prices, control inflation and ensure orderly financing of the Eighth Plan. He also referred to the problem facing the externally aided projects, namely, the inability to fund the projects adequately, and the consequent time and cost over-runs, which in turn reduce the ability to draw the assistance as per entitlement.

13.3. The Union Finance Minister requested the august gathering to consider the problems posed by such yawning gaps, especially because the Central Government with a deficit of Rs. 16,000 to Rs. 17,000 crores could not bridge such gaps. Failure to mobilise resources by the states would mean cut in plan outlay with adverse implications for future growth and rise in standard of living.

This would obviously present a hard option for the NDC.

13.4. He invited the attention of the participants to the views expressed by some members in regard to the terms of external assistance and observed that he was prepared to accept the demand for passing on external assistance in respect of externally aided projects on the same terms as the Central Government received from the donor agencies provided the exchange risks were borne by the States.

13.5. Turning to the consignment tax the Union Finance Minister pointed out that he had serious doubts about the usefulness of consignment tax in view of many serious problems involved in the levy of this tax. He informed that he had explained the problems to the Sub-Committee of the Interstate Council, and assured that as promised by him he would convene a meeting of the State Finance Ministers, after the budget session, to discuss all relevant aspects of the consignment tax and sort out the issues.

13.6. In regard to the views expressed by the Members on the need to convert small savings loans into loans in perpetuity, Dr. Manmohan Singh referred to the heavy interest burden which amounted to about Rs. 9,000 crores per annum and observed that the issue relating to the conversion of small savings loans into loans in perpetuity should be the subject matter of further discussion. He expressed his willingness to place all the facts and figures before the Austerity Committee of NDC or any other Committee/agency so as to facilitate further discussions on the issue.

13.7. As regards the Central assistance to States the Finance Minister stated that the demand for extending assistance to non-special category states on the same terms as those applicable in the case of special category states cannot be accepted because the Central Government had to borrow money from the market to extend assistance to the States. Acceptance of the demand for extending assistance to non-special category States in the ratio of 90% grants and 10% loans would further add to the mounting interest burden of the Central Government. He therefore laid emphasis on the need to consider this problem as a national problem for which collective thinking would be necessary. At the same time, he reiterated the commitment of the Central Government to assist the States and indicated that the actual performance of the Central Government in terms of the flow of central assistance, especially in regard to externally aided projects, had been better than the promise made in this regard.

13.8. Concluding his observations, the Union Finance Minister pointed out that the performance of the States during the first year of the Eighth Plan was not good. In view of the serious resource crunch caused by significant increase in non-plan expenditure, especially on account of payment of D.A., he stressed the need for joint efforts by the Centre and the States to control expenditure so as to protect the plan outlay. This required collective will to work together so as to go back to the path set out in the Eighth plan document.

14.1. **Shri Baliram Bhagat**, Governor of Himanchal Pradesh expressed his general agreement with various recommendations. For reducing the ratio of non-Plan revenue expenditure to total revenues of the States by 3 percentage points he felt that it should apply equally to all the special category states irrespective of their dates of creation since all these States are in the same situation of development and resource capabilities.

14.2. As regards the question of freezing the additional D.A. for one year, the Central Government should take the initiative and the States would follow suit because they adhered to the Central pattern. He endorsed the proposal for a National Wage and Income Policy.

14.3. On the question of reduction of subsidies and recovery of user charges for various services he generally agreed but liked to emphasise that exceptions would have to be made in case of hill states.

14.4. With regard to rationalisation of Sales Tax structure consensus at regional level had been arrived at for floor rates, but these were not strictly followed by the Union Territories administration. He felt that UT Administrations should not go into the tax-war phenomenon with the States in the

region. He also supported the need for selective concessions for industrially backward states with a view to reducing regional disparities. He favoured consignment tax but mentioned that the powers for general exemption should be vested in the States.

14.5. As regards the recommendations made by the Committee relating to hiking of fees for higher education, exclusion of income tax payers from the ambit of the public distribution system, imposition of ad valorem duties, revision of land revenue with the exception of small and marginal farmers, reduction of budgetary support to commercial public sector undertakings and conversion of small savings loans into loans in perpetuity, he felt that they were good recommendations and should be endorsed after providing for flexibility in the local context which may be examined by the States themselves.

15.1. **Shri Beam Singh**, Chief Minister of Punjab thanked the Prime Minister for having invited him to the important meeting to discuss a plan of action on NDC Committee's Report on Austerity. He described the report as a commendable blue print of action and informed that he was in agreement with the recommendations of the Committee. He added that the objectives of the Eighth Plan could be met only if determined efforts were made both by the Centre and the States to raise resources and cut down revenue expenditure. However, each state has its unique problems and prospects. The mechanism recommended by the Committee would necessarily have to be tailored, therefore, to suit the requirements of each state.

15.2. About subsidies, the Chief Minister informed that these formed a sensitive subject, involving very large segments of our population. While agreeing to the recommendation, he favoured that this would have to be done in a phased manner, particularly in case of social services such as health and higher education.

15.3. In case of sales-tax structure and incentives and concessions to trade and industry, uniformity was a desirable objective provided all states came to a common understanding. At the same time, he added this had other dimensions, like variations in the level of industrial development among the states and geo-political factors.

15.4. The Chief Minister referred to the specific situation faced by Punjab which deserved most sympathetic consideration. In this context, he referred to the problem of law and order and security impinging upon the financial resources of the state both in direct as well as indirect manner. This has led to higher non-plan expenditure and lower tax revenue collections. In order to contain non-plan expenditure and also to raise revenue resources, he informed that his Government had initiated measures which have yielded additional revenue of about Rs.100 crores during the year 1992-93 and are expected to yield Rs.400 crores in 1993-94. The Government had also taken a number of austerity steps to reduce expenditure. However, the Chief Minister pleaded that Punjab should be provided the facilities enjoyed by Special Category States due to its peculiar financial situation. The Chief Minister also referred briefly to the recommendations of the NDC Committees on Literacy and Population, and observed that the recommendations made by these Committees were sound.

16.1. **Dr. V.R. Nedunchezhiyan**, Finance Minister, Tamil Nadu read out the speech of Chief Minister, Tamil Nadu. It was pointed out that it would have been more appropriate if the Report on Austerity was considered in September, 1992 itself. The speech narrated problems faced by the State due to inflation mainly because of increase in administered price of fertiliser, coal, petroleum products, foodgrains and requested that further increase in the prices of foodgrains, fertilizer and petroleum products should be resisted.

16.2. The Finance Minister referred to the recommendations for reducing the ratio of NPRE to total revenues of state by 5% and stated that the recommendations of the Ninth Finance Commission were unfavourable to the state of Tamil Nadu and, therefore, unless they received a better deal from the Tenth Finance Commission and funds were made available for fiscal adjustment, this goal could hardly be expected to materialise even though the state had taken some initiative in curtailing expenditure.

16.3. In case of emoluments and perquisites including DA, Bonus and LTC, he mentioned that the Centre was to take the lead in setting out a relevant income and wage policy and only after this, it would be possible for the states to take a new initiative on these issues.

16.4. On the question of subsidies, he emphasised that a pragmatic view needed to be taken as social harmony could not be put to risk. He pointed out that any abrupt reduction or withdrawal would pose serious problem and, therefore, suggested that the right approach would be to pass on future cost increases ensuring a gradual transition.

16.5. While agreeing with the recommendations relating to sales tax, he referred to the problems of evasion posed by extremely low rates in the Union Territories and wanted that the Centre should intervene to ensure that sales tax rates in the Union Territories were not pegged at unrealistically low levels and were in harmony with those in the neighbouring states.

16.6. The Finance Minister agreed with the recommendations to adopt a selective scheme of disinvestment of shares in public sector undertakings and in this regard he wanted that the state should be supported under the National Renewal Fund to restructure public sector undertakings. In the case of electricity tariff, he stated that he had ensured a 3% return on the net worth of the Tamil Nadu State Electricity Board only after providing cash subsidy to the Board to partially cover the cost of concessional supply and this was causing considerable strain to the state's finance. The state has initiated a dialogue on the levy of charges with the farmers' groups and effort is continuing to reach a consensus. Regarding the bus fare revision, the Finance Minister pointed out that the Centre's decision to revise diesel prices steeply in September, 1992 had proved to be a major set back and pleaded that further revision in the diesel prices should be resisted by the Centre, as it would cripple the Transport Corporations.

16.7. The Finance Minister agreed to an early implementation of consignment tax, treating small savings loans as loans in perpetuity, containment in the expansion in Government employment, and withdrawal of budgetary support to loss making SLPEs. He suggested that the incentives for small savings should be reintroduced in order to arrest the decline in the net collections in small savings.

17.1. **Shri Kunwar Mohmud Ali Khan**, Governor of Madhya Pradesh, expressed some reservations on some of the recommendations of the Austerity Committee Report because of backwardness of the state and other prevailing conditions in the state.

17.2. The Governor informed that from 1984-85 to 1990-91, the ratio of NPRE to the total revenue of the state had increased nominally by 0.9%. Through special efforts and strict financial discipline, the state had controlled NPRE during the past years and, therefore, a reduction of 5% in the ratio for the state did not look practical. He added that committed expenditure on repayment of loans and maintenance of assets created during the previous plan periods could not be reduced and hence he suggested that the size of the ratio for the states should be decided separately on merits for each state.

17.3. In case of DA, the Governor mentioned that it may not be very appropriate to withhold the instalments when they were due. If inflation is controlled, it may not be necessary to release DA. On the related recommendations on Bonus and LTC, and encashment of earned leave, the Governor expressed his agreement, but added that initiative should come from the Central Government and it would not be possible for the State Government to take action in isolation. The subsidy provided in the various sectors could be reduced, but only gradually. In the interest of rural population, the Governor did not agree to the suggestion of raising land revenue. Regarding transport services, he suggested that this could be gradually privatised and new permits should be given to persons belonging to the weaker sections so that no new monopolies were created. In the case of sales tax, the Governor suggested that exemptions proposed for the extremely backward areas were also valid for a state like Madhya Pradesh.

17.4. On the issue of consignment tax, the Governor pointed out the reservation of the state but he suggested that if it was decided to levy consignment tax, the rates of both CST and consignment tax should not be more than 2% and only the concerned states should have the power to grant exemption and vary the rates. He also wanted that raw materials, cement, etc. should not be kept out of its purview. Regarding suggestion for replacing specific duties with ad valorem, the Governor suggested that the same principle should be applied to the royalty of major minerals which were payable to the states. He also added that the recommendations of the Sarkaria commission on Centre-State Relations that the royalty of the major minerals should be revised every two years, should be implemented. Similarly, he requested that the revenue from corporation tax, surcharge on income tax and the proceeds from the increase in administered prices should be made shareable with the states. As part of revenue raising, he suggested that it was necessary to revise the rates of additional excise duties every three years. The Governor referred to the comparative backwardness of the state and concentration of tribal population, frequent occurrence of drought conditions and also to different multipurpose irrigation projects taken up in the state. He pleaded that Calamity Relief Fund allotted to the state should be increased. He also requested that integrated development of Narmada Valley may be taken up by the Centre or made a national project so that flow of funds was ensured and time schedule in the implementation of Sardar Sarovar Project and other three projects of Madhya Pradesh in the Narmada Valley Development maintained.

18.1. **Shri Tulsī Singh**, the Minister of Planning Bihar read out the speech of Chief Minister of Bihar. There was broad agreement on various proposals contained in the Report of the NDC Committee on Austerity except for some reservations on certain issues. While agreeing to the need for reduction in the NPPE as suggested in the Report, it was pointed out that a reduction was possible only in regard to non-plan expenditure relating to Establishment as the Government was bound to provide for debt servicing and maintenance expenditure. The State Government appreciated the need for containing expenditure on DA, Bonus and LTC facilities of the Government employees but wanted that the Centre should take initiative as the State Government is following the decisions at the Centre in this regard.

18.2. On the issue of PDS, it was opined that these should be strengthened to help needy people and to keep the prices in check.

18.3. On the issue of disinvestment of shares of public sector undertakings, it was stated that this issue had different angles and were to be examined in detail keeping in view the experience gained in the Central Government.

18.4. In the case of reforms in sales tax rates and structure, the recommendations were acceptable in general. It was suggested that ad valorem tax may be levied especially on minerals by the Central Government, which Bihar Government had been requesting for. As for land revenue, it was pointed out that 88% of the land holders were small/marginal holders in the state and they were exempted from land revenue. However, cess was already being levied on big land holders. Therefore, it was pointed out that periodic revision of land revenue and cess as a means of augmenting the state resources had very limited potential. It was also observed that it was not feasible now to reimpose land revenue on small and marginal farmers. The State Government desired that the consignment tax should be implemented quickly as there had already been a delay of ten years.

18.5. Regarding 3% return on the net worth in case of Electricity Boards, the State Government was generally in agreement with this recommendation but pointed out that the State Government, in spite of periodic revisions in the power tariff, could not achieve this. The main reasons for losses in the Electricity Board had been due to obsolete machinery for generation and distribution, low proportion of hydel energy in the total energy generation and T&D losses. The State Government agreed to the need for better return from the State Road Transport Corporation but expressed the view that in spite of periodic revisions in bus fares, the losses could not be reduced due to overaged buses and lack of funds for proper maintenance. It was, therefore, pleaded that the Centre should provide financial assistance to the state for modernisation of generation and distribution facilities in the power sector and for replacement of over-aged buses.

18.6. The recommendations for treating loans against small savings as loan in perpetuity was agreed to. Similarly, the recommendations regarding low interest rates on IDA loans and loans taken for externally aided projects were agreed to with the provision that some concessional rates should be offered in the case of economically backward states.

19.1. **Shri S.C. Jamir**, Chief Minister of Nagaland, recalled the mandate received from the people during the recent elections and observed that the people of Nagaland had high expectations from the new Government. However, due to resource constraint the State Government had to take extreme step of curtailing its plan size during 1992-93 by 40%. He informed the Council that a state like Nagaland could not effect a further cut in non-plan expenditure without resorting to retrenchment. He pointed out that 60% of the expenditure was absorbed by salaries and wages because the State had to give employment to a large number of ex-undergrounds.

19.2. In regard to sanction of additional D.A he informed that the State had been following the Central pattern, and laid particular stress on the fact that sanction of two fresh instalments every year was the one single factor responsible for high increase in expenditure. As regards bonus, he informed that no bonus was paid to the employees in Nagaland. Similarly, due to resource crunch encashment of earned leave and leave travel concession have been suspended.

19.3. Shri Jamir accepted the need to reduce subsidies but observed that keeping in view the ground reality in Nagaland, this issue required further examination. In this context, he mentioned that higher income brackets should be excluded from the PDS. In the case of higher education also the Committee's recommendation should be implemented.

19.4. However, in regard to PSUs he wanted subsidy to continue for some more time. In regard to water rates for irrigation, he expressed difficulty in realising water cess because streams and river water did not belong to the Government but form the property of the community. On the question of realising 3% return on net worth in the case of State Electricity Department in Nagaland he informed that his state depended on Assam and Manipur for availability of power.

19.5. In the matter of simplification of tax etc., he pleaded for a common approach. He also supported the idea of disinvestment of shares in PSUs but pointed out the need for further examination of this issue by his Government.

19.6. Shri Jamir also invited the attention of the Council to the Rangarajan Committee's recommendations and pointed out that they were of no help to special category states because they suffered in view of the various conditionalities imposed for the receipt of the central assistance. He also invited attention to the NDC Committee on Population and expressed his agreement on the recommendations made by this Committee. However, he indicated the need for careful examination of the aspects relating to incentives and disincentives in view of the repercussions that may arise in a tribal society.

20.1. **Shri K. Rosaiah**, Finance Minister, Andhra Pradesh, broadly agreed with the recommendations of the NDC Committee on Austerity. He strongly pleaded for treating the small savings loans to states as loans in perpetuity. He felt that there should be a comprehensive coverage of public distribution system in relation to essential items. On the issue of the categories of people for coverage under the PDS, his government wanted to study the issues further. He also urged the Central Government to take steps to remove the cause of inflation within a time frame. He pointed out that the states were in favour of improving the efficiency of public sector undertakings and their expansion but each state has its own characteristics. He opined that there should be incentives for additional resource mobilisation.

21.1. **Shri Ravi Naik**, Chief Minister of Goa expressed that the recommendations made by the Committee were very sound in general and the Government of Goa supported them. However, he referred to certain issues which were relevant to the situation prevailing in Goa, especially waiving of loan liability of Rs.409 crores incurred by the State when it was a Union Territory. He also suggested that the formula for Central assistance may be reviewed giving due weightage to steps taken by the State Government in controlling the population and also its weak tax base. He stated that the State was being penalised for effectively controlling population growth, as per the current formula for devolution of plan assistance.

22.1. **Shri S.C Marak**, Chief Minister of Meghalaya, found that the recommendations made by the Committee on Austerity were relevant and topical since they touched vital and crucial issues relating to the necessity of reducing the fiscal deficit. The main plank of the recommendations are on the ways and means to bridge the gap between non-plan revenue expenditure and revenue receipts. He fully agreed with the views and suggestions of the Austerity Committee in respect of the Special Category States, which, because of their inherent financial problems, would not be able to follow strictly the recommendations, but would try their best to abide by the spirit of the recommendations. He, however, made the following observations:

(i) Due to lack of employment opportunities in the private sector and other fields, freezing of employment in the Government sector would be difficult till additional avenues for employment in the Central Government, other institutions are available.

(ii) The issues relating to additional D.A., pay revision, bonus, encashment of earned leave and LTC call for a national policy decision and may perhaps be initiated by the Central Government. These issues need hard decisions and should not perhaps be left to be tackled by the individual State Governments, especially the Special Category States like Meghalaya. This is directly related to wage policy and price fluctuation scenario.

(iii) State like Meghalaya cannot afford to have a high level of non-plan revenue expenditure. The minimum level of expenditure required to maintain the existing level of services and maintenance of assets will, however, have to be taken care of. Any further reduction of non-Plan revenue expenditure will be detrimental to the efficiency of administration and would be at the cost of efficiency in existing level of services and maintenance of assets.

(iv) The rights of ownership of land are not with the State but with the people. As such, in so far as Meghalaya is concerned, there is no scope to raise more resources through land revenue and cess.

(v) He emphasized the fact that the problems in the hills and tribal areas like Meghalaya are different from the rest of the country. The ethos, the traditions, the culture and the way of life of the tribal people are different and they need innovative and special treatment in the matter of socio-economic planning and development. He therefore, requested the National Development Council and the Planning Commission to keep in view the special needs and aspirations of the hill people while processing, finalising and taking a decision on austerity measures, unemployment problem, literacy and on any other matter required for implementing the national Plan and policies.

(vi) He further expressed his dissatisfaction with the unrealistic assessment of their requirements by the Ninth Finance Commission and the recommendations of the Committee of Experts which could not solve their financial problems on durable basis and pleaded for Centre's assistance.

23.1. **Shri R.K. Dorendra Singh**, Chief Minister of Manipur appreciated and endorsed in general the recommendations made by the NDC Committee on Austerity but he felt that the Central Government must take a lead and set examples so that others can follow them. He further observed the following limitations which the smaller States like Manipur face in actualising these objectives:

(i) It would be difficult for the Special Category States to restrict the growth in ratio of non-plan revenue expenditure to State's total revenues even by 3% over the Eighth Plan period as debt servicing and unavoidable expenditure of Special Category States and there is little manoeuvrability in these areas. On the other hand, the sources of and yield from the State's own revenues are not equally elastic. However, State Government have already taken steps for economy in expenditure viz., almost complete ban on fresh creation of posts, redeployment of surplus staff, review of grants-in-aid policies, staffing norms, norms of subsidies and inventory procurement, share contribution or grant in any form to the PSUs and their performance. But, all these measures of the State Government will come to nought if the unforeseen factors that are beyond the control of the State Government are not adequately and effectively regulated by the Central Government.

(ii) The State has already undertaken reforms in respect of all major sources of taxation. First point taxation in respect of Sales Tax has been introduced since 1990-91. The laws relating to Entertainment/Amusement Tax and Professional Tax have also been amended to strengthen the enforcement and collection machineries. In addition, several ARM measures have also been adopted recently through revision of drinking water supply and irrigation rates, royalty rates on timber and other forest produce. An attempt to rationalise the structure of power tariff has been made by enhancing the rates. Legislation has been introduced in the Assembly in respect of land revenues rates. The impact of all these measures is being felt now and will continue in the current year.

(iii) The major threat to the financing scheme of our plans now comes not from the inadequacy of additional revenue resources, but from the severe deterioration in the State's own contribution

to the Plan. The reasons for this state of affairs are not far to seek. For a State like Manipur, with an extremely weak resource-base, it is well-nigh impossible to generate additional revenues in the limited span of a year or even 5 years to such a level as to be able to completely eliminate the revenue deficits, not to talk of Fiscal deficits. While, the important sources of additional revenues remain concentrated in the hands of the Centre, it is unrealistic, at the best, and impolitic, at the worst, to expect the smaller States to achieve such a feat. For the moment, it will perhaps, suffice to mention that the tendency to develop fiscal deficits is built in the financial structure of the States. The present pattern of transfer of resources from the Centre, whether it is in the form of sharing of tax proceeds or statutory grants or funding mechanisms of plans, reflects this position. Ultimate solution to the growing instability in fiscal position of the States lies only in restructuring the federal finance and allowing larger devolutions to the States.

(iv) He also underlined the injustice done to the Special Category States by the Ninth Finance Commission. Even the basic minimum and legitimate requirements on account of fresh doses of D.A. and Bonus to the Government employees and the Seventh Plan Committed Liabilities were ignored while assessing the extent of our plan gap. On the contrary, the Commission, appears to have applied some inappropriate norms. As a result, our budgetary deficits have been growing and development process has received a serious setback.

(v) He further pointed out that the expenditure on deployment of security forces had been a drain on the resources of the State. He did not favour Government of India charging for deployment of Central Security Forces for counter insurgency operation. We may not succeed in countering insurgency effectively if it is not faced collectively by pooling our resources. It would be only fair, in the larger national interest, if a poor State like Manipur is not forced to pay for the deployment of Central Security Forces for countering insurgency operation.

24.1. **Shri V. Vaithilingam**, Chief Minister of Pondicherry expressed his views on a number of recommendations contained in the Report with reference to specific position pertaining to the Union Territory of Pondicherry. He agreed that additional DA to Government servants and other Government agencies pushed up the committed expenditure under the Budget and there was a need to contain this but at the same time emphasised that inflation was to be kept under control and if necessary a scheme may be drawn up to supply consumable goods at reasonable price through cooperative stores and similar organisations to hold the price line. He also suggested that States/Union Territories may set up a cell to monitor the price of consumable goods under the direct supervision of Chief Ministers/Finance Ministers.

24.2. The Chief Minister was of the view that a total ban on creation of additional posts in Government sector may adversely affect sectors like irrigation, electricity, education, health, etc. as it was not desirable to freeze employment in such sectors. He also pointed out that there was not much scope for increasing the revenue receipts. Hence, the suggestion for reduction of the ratio of NPRE to total revenues may not be feasible.

24.3. In case of recommendation on sales-tax, especially uniform sales-tax throughout the country, the Chief Minister held the view that it may create adverse impact on the economy of small States and Union Territories. Moreover, he argued that Pondicherry being industrially backward deserved concessions and exemptions to attract entrepreneurs. He also did not agree to the proposal of levying consignment tax as it would adversely affect trade and industry in his Territory. The Chief Minister pleaded for Special Central assistance for financial efficiency and better management.

25.1. **Shri Oommen Chandy**, the Finance Minister of Kerala broadly agreed with the recommendations of the Committee. However, he expressed the view that his state was not in favour of consignment tax as it was harmful to the interest of the state, which is a net importer. He informed that the state's views were being expressed in the appropriate forum. The Finance Minister also pleaded for lowering interest rates on IDA loans.

26.1. **Dr. M. Chenna Reddy**, the Governor of Rajasthan could not attend the meeting but his views were circulated in the Council for consideration. In his brief note circulated, he expressed his agreement with the recommendations contained in the NDC Committee on Austerity, subject to the observations noted below.

26.2. The Governor agreed with the Committee that it was necessary to bring down the ratio of non-plan revenue expenditure during the Eighth Plan period and pointed that the Government of Rajasthan had been trying to keep NPRE at a very low level, by restricting the growth of staff and curtailing available expenditure. He also pointed out that the growth rate of revenue of the State had been higher than the growth rate of NPRE.

26.3. In case of DA and other emoluments of the Government employees, the Governor considered that it would not be wise to curtail increase of DA without taking necessary steps to ensure that the inflation rate was kept restricted and under control. However, he stated that on these issues the State Government would like the Centre to initiate action, through a dialogue with all concerned.

26.4. On the issue of revamping of PDS, the Governor pointed out the actions already taken by his Government and wanted that policy guidelines be issued by the Government of India to make this a national policy.

26.5. The Governor referred to the growing interest burden in the recent years and stated that the inadequate flow of Central assistance and increasing burden of debt servicing had put the State resources under severe strain and backward states were facing debt trap, and, therefore, he suggested a review of the two-fold loan-grant pattern of Central assistance to States, as also recommended by the Sarkaria Commission on Centre-State Relation and pleaded that the State should be included among the Special Category States because of its socio-economic backwardness.

26.6. While agreeing with the recommendations for reducing subsidies, the Governor suggested that the minimum qualifications in the different government services should also be reviewed so that there was less demand on the colleges and universities.

26.7. On the subject of uniformity of sales tax, the Governor observed that in some important States/Union Territories the rate of tax on some of the items was much below the accepted minimum floor level and as a result some states were losing their legitimate share of revenues. He urged that an appropriate mechanism may be evolved by the Government of India to ensure that the States/Union Territories strictly adhered to the minimum floor level rates agreed to at the Chief Ministers' Conference. Regarding incentives and concessions, he was of the view that the issues required to be examined in detail so as to ensure that the interests of the industrially backward states were protected.

26.8. The Governor indicated that in case of increase in land revenues, water rates, electricity tariffs and bus fares, it may be necessary to consider in detail the feasibility of the implementation of some of these measures, particularly in respect of extra burden that would fall on the concerned people.

26.9. He mentioned that the scope of additional resource mobilisation through raising land revenues and cess was limited in Rajasthan where majority of the land was unirrigated. Due to the large desert areas, perennial shortage of water and recurring droughts, the cost of delivery of water for irrigation was very high and it may not be really practical to recover the entire maintenance cost from farmers in such difficult circumstances. The Governor referred to the sharp decline in the collection from the small savings schemes and, suggested that incentives for small savings should be restored and also investment by Unit Trust of India in small savings may be taken up to make up this decline.

27.1. **Shri Gegong Apang**, Chief Minister of Arunachal Pradesh observed that he was one of the members of the Committee on Austerity and stressed the need for efforts by all to put their weight in the task of curbing the growth of government expenditure. The present economic conditions have enhanced the relevance of the Committee's recommendations. However, he pointed out that all the recommendations would not be equally applicable to all the states in view of the wide inter-state variations in regard to the level of economic development. Some of the recommendations are either not applicable to Arunachal Pradesh, or the conditions are not conducive to give effect to some of the recommendations. In this context he pointed out that the recommendation for bringing down the ratio of non-plan revenue expenditure to total revenue of the state by 3% would be too much to be expected from the state like Arunachal Pradesh, which has practically no resource of its own except a paltry sum of royalty raised from forests, which is also fast dwindling. He therefore wanted that no fixed ratio should be stipulated for a state like Arunachal Pradesh for this purpose.

27.2. In regard to generation of resources through land revenue and cess he informed that the land settlement laws were yet to be enacted in Arunachal Pradesh. As for disinvestment of shares in PSUs, he pointed out that the State Government's participation would be limited to only two Corporations, viz, Arunachal Pradesh Industrial Development and Financial Corporation, and the Mineral Development Corporation which were at a low level of financial involvement. Considering the low level of economic development, remoteness of areas etc. he did not consider disinvestment feasible in the case of Arunachal Pradesh.

27.3. As regards the level of subsidy for user charges, Shri Apang wanted a selective approach for backward states like Arunachal Pradesh. In regard to irrigation sector, he pointed out that due to topographical reasons only minor irrigation works are taken up, especially with a view to weaning away Jhumia to take up settled cultivation. As regards Electricity Board, he mentioned that his state was not yet ripe to realise 3% return on net worth. Similarly in the case of Road Transport Corporation, it would be difficult to realise 5% rate of return in view of the compelling need to provide services in many uneconomical routes.

27.4. Shri Apang also referred to the recommendation to give incentives for better fiscal efficiency and conveyed his thanks for giving additional central assistance of Rs. 24.5 crores to Arunachal Pradesh as incentives during 1992-93 for its better fiscal management.

28.1. While generally agreeing with the recommendations of the NDC Committee Adviser to Governor of Jammu & Kashmir, highlighted some of the special features of the problem for the State of Jammu & Kashmir as below :

(i) The Non-Plan revenue expenditure may be brought down as a percentage of total State's revenue in a phased manner, but this should be done keeping in view the mounting interest payments

on Central loans, G. P. Fund/Insurance Deposits, Market Borrowings and Expenditure on Security and related items, etc.

(ii) Central Pay Scales and D.A. Formula, are followed for the State Government employees. No bonus is paid to them. Encashment of earned leave is allowed only at the time of superannuation. LTC has been suspended. H.R.A. is at lower rates than that for Central Government employees.

(iii) Subsidies in case of remote and backward areas, where transport costs through head load/poney load are too high, would be necessary. Income Tax payees could be kept out of the PDS. It is felt, that States be permitted to determine average cost of handling of food grains and load it on the issue price to consumers to cross subsidise higher costs of transportation to remote areas.

(iv) Education in technical institutions, colleges and universities has traditionally been free in the State. Similarly, electricity and irrigation rates have been heavily subsidised. These subsidies could be substantially reduced in a phased manner. However, collection of revenues even at the existing tariff/rates being poor in the disturbed areas, it is difficult to go in for substantial hikes in tariff/rates because of the intense adverse reaction it may generate in the areas which are not affected by the militancy so far and where the consumers and beneficiaries are, by and large, paying their dues.

(v) Withdrawal of the budgetary support to the Public Sector Undertakings could be done in a phased manner. The selective privatisation and/or dis-investment should also be taken up as a policy measure, but it will have to be implemented as per the market response. However, in the State, such of the Public Sector Undertakings as have lost major portion of their production and market due to present situation would continue to need some support.

(vi) Being a consumer State, located at far end of the country, the steps to bring uniformity in sales tax rates and structure as well as simplification of procedures are welcome. However, by the same logic, being a net consuming State, the State Government of Jammu & Kashmir, have opposed the concept of levying of consignment tax.

(vii) The State Road Transport Corporation has lost a major portion of the profitable business, because of almost total collapse of tourism industry in the valley. Its tourist fleet has been lying idle. Its dependence on the State budgetary support has grown in the recent past. It is hoped that this dependence will get reduced as soon as the situation improves. Any returns on the investments made in Jammu & Kashmir SRTC can, therefore, be visualised only at a later stage.

(viii) The Committee's recommendations about treating the loans given to the States against collection of small savings and loans in perpetuity and revision in interest rates against IDA loans are most welcome. However, if incentives are to be provided to the States for "Better Fiscal Efficiency & Management", due allowance will have to be made in case of Jammu & Kashmir State, of the abnormal adverse factors that have handicapped collection of the revenues and led to increased expenditure during the last few years. It may also be relevant to mention that the State is saddled with a very high burden of debt servicing because all the plan assistance received from the Centre in the previous Five Year Plans was in the ratio of 70 per cent loan and only 30 percent grants-in-aid, whereas as a special category State, it was entitled to receive this assistance as 90 percent grants-in-aid and only 10 percent loan. The long pending demand of the State has been met now, but the burden of the past debts is still far too heavy to carry. Therefore, in any method of judging "Fiscal Efficiency & Management" an allowance will have to be made for these factors as well.

29.1. **Shri J. Lalsangzuala**, Finance Minister of Mizoram, pointed out that the recommendations made by the Committee were, no doubt, well conceived and if implemented in right earnest, would go a long way in reducing the imbalance between expenditures and receipts. State Government have already introduced a 24 point package of economy measures to bring down the non-plan expenditure. But, this could not make a substantial dent to meet non-plan gap which is rather wide.

29.2. Regarding mobilisation of additional resources, he mentioned that the State's resource base was extremely limited. Although a number of measures to raise both tax and nontax revenue have been taken, it is difficult to increase the revenue receipts beyond certain limit due to inherent limitations.

29.3. He also observed that since additional instalments of D.A. were linked with price escalations, it would be difficult to freeze D.A. unless price rise was checked. A national policy is, therefore, necessary in regard to prices and income. Check on income alone without corresponding check on the price rise may not be feasible.

29.4. Subsidisation as a matter of principle may have to be discouraged. But, this cannot be done away with altogether particularly in respect of remote and backward areas like Mizoram.

29.5. The recommendations of the Committee in regard to increase in user charges, privatisation of public enterprises, tapping resources from sectors so far spared like agriculture or economically well off are laudable and worth pursuing vigorously.

30.1. Responding to the comments and observations made by the Chief Ministers and Governors, Shri Pranab Mukherjee, Dy. Chairman, Planning Commission expressed hope and satisfaction over the common perspective and concern shared by the members about the corrective steps to contain government expenditure. He drew special attention to the demand made by many members for extra initiative to be taken by the Central Government and pointed out that the extra initiative taken by the Central Government was evident from the 10% cut in staff strength. In this context Shri P.V. Narasimha Rao, the Prime Minister, informed the Council of the decision taken by the Central Government not to grant any extension for any posts.

30.2. As regards recruitment as per employment practice, the Deputy Chairman pointed out that there was scope for wider consultation, including the involvement of trade union leaders.

30.3. As regards the observation made by the members that they follow the central pattern for pay, D.A, etc., the Deputy Chairman requested the states not to appoint any Pay Commission until a decision on this was taken by the Centre. He referred to the recent unfortunate practice of setting up of Pay Commissions by different states and stressed the need for each state to follow the Centre's decision on this issue. He also indicated the need to restrict the appointment of Pay Commission and added that the last Pay Commission was appointed by the Central Government about ten years back.

31.1. Concluding the discussions in the 45th meeting of the NDC, the Prime Minister expressed happiness and satisfaction over the active interest taken by the Members in the deliberations on the recommendations of the Report of the Committee on Austerity. The Deputy Chairman, Planning Commission, observed that the Council had noted the dissent expressed by the Finance Minister of West Bengal on several issues relating to the recommendations of the NDC Committee on Austerity, particularly those relating to D. A., Bonus etc. and added that but for his reservations,

there was general acceptance of the recommendations of the Report of the NDC Committee on Austerity.

31.2. The Deputy Chairman, Planning Commission then read out the following Resolution adopted by the NDC:

(i) There was general endorsement of the recommendations of the report of the NDC Committee on Austerity. However, it was felt that there was a need for wider consultation. It was decided that this exercise should be undertaken by the Planning Commission.

(ii) Recommendations of the Austerity Committee on functioning of SEBs was critically examined. Since power is essential to all development, NDC agreed that top priority should be given for pursuing programmes of all round improvement of this sector. It was accordingly decided to set up a NDC Committee on Power. This Committee will inter-alia examine measures to make SEBs economically viable by recasting tariffs, improving efficiency and considering delinking of distribution from generation.

31.3. The Prime Minister expressed his happiness on the NDC decision to set up a Special Committee on Power, and observed that the practice of having NDC Committees was good because they are authentic and authoritative. He expressed his confidence that the Committee on Power would be no exception.

PARTICIPANTS

Shri P.V. Narasimha Rao	Chairman and Prime Minister of India
Shri Pranab Mukherjee	Deputy Chairman and Minister of Commerce
Dr. Manmohan Singh	Member and Minister of Finance
Shri Giridhar Gomango	Member and Minister of State with Independent Charge of the Ministry of Planning and Programme Implementation
Prof. J. S. Bajaj	Member
Dr. D. Swaminadhan	Member
Dr. Chitra Naik	Member
Dr. Jayant Patil	Member
Dr. S.Z. Qasim	Member

STATES

Andhra Pradesh	Shri K. Rosaiah Finance Minister
Arunachal Pradesh	Shri Neelam Taram Home Minister
Assam	Shri Hiteshwar Saikia Chief Minister
Bihar	Shri Tulsi Singh Planning Minister
Goa	Shri Ravi Naik Chief Minister
Gujarat	Shri Chimanbhai Patel Chief Minister
Haryana	Shri Bhajan Lal Chief Minister
Himachal Pradesh	Shri Baliram Bhagat Governor
Jammu And Kashmir	(No Minister level participation)

Summary Record of Discussions of the NDC Meetings

Karnataka	Shri M. Veerappa Moily Chief Minister
	Shri T.M. Manjunath Minister for Planning
Kerala	Shri Oommen Chandy Finance Minister
Madhya Pradesh	Shri Kunwar Mahmud Ali Khan Governor
Maharashtra	Shri Sharad Pawar Chief Minister
	Shri Ramarao Adik Finance Minister
Manipur	Shri R.K. Dorendra Singh Chief Minister
Meghalaya	Shri Sahseng Marak Chief Minister
Mizoram	Shri J. Lalsangzuala Minister of Finance
Nagaland	Shri S.C. Jamir Chief Minister
Shri Z. Obed	Minister for Planning
Orissa	Shri Biju Patnaik Chief Minister
Punjab	Shri Beant Singh Chief Minister
	Shri Kewal Krishan Finance Minister
Rajasthan	(No Minister level participants)
Sikkim	(No participants)
Tamil Nadu	Dr. V.R. Nedunchezian Finance Minister
Tripura	(No Minister level participants)
Uttar Pradesh	Shri B. Satyanarayana Reddy Governor
West Bengal	Dr. Asim Dasgupta Finance Minister

UNION TERRITORIES

Andaman & Nicobar Islands	Shri Vakkom Purushothaman Lt. Governor
Chandigarh	Shri Surendra Nath Administrator
Daman, Diu, Dadra And Nagar Haveli	(No participants)
Delhi	Shri P. K. Dave Lt. Governor
Lakshadweep	Shri Satish Chandra Administrator
Pondicherry	Shri V. Vaithialingam Chief Minister

SPECIAL INVITEE

Dr. C. Rangarajan	Governor, RBI
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CABINET MINISTERS

Shri Arjun Singh	Minister of Human Resources Development
Shri B. Shankaranand	Minister for Health and Family Welfare
Shri V.C. Shukla	Minister of Water Resources and Parliamentary Affairs
Smt. Shiela Kaul	Minister of Urban Development
Shri Dinesh Singh	Minister of External Affairs
Shri A. K. Antony	Minister of Civil Supplies, Consumer Affairs & Public Distribution
Shri N.K.P. Salve	Minister of Power

MINISTERS OF STATE (WITH INDEPENDENT CHARGE)

Shri G. Venkat Swamy	Minister of State of the Ministry of Textiles
Shri Kalp Nath Rai	Minister of State of the Ministry of Food
Shri Kamal Nath	Minister of State of the Ministry of Environment and Forests
Shri K.P. Singh Deo	Minister of State of the Ministry of Information and Broadcasting

Summary Record of Discussions of the NDC Meetings

Shri Sukh Ram	Minister of State of the Ministry of Communications
Shri Balram Singh Yadav	Minister of State of the Ministry of Mines
Shri Tarun Gogoi	Minister of State of the Ministry of Food Processing Industries
Shri P.A. Sangma	Minister of State of the Ministry of Labour
Shri Satish Sharma	Minister of State of the Ministry of Petroleum and Natural Gas

DEPUTY MINISTERS

Shri P. S. Ghatowar	Deputy Minister for Health and Family Welfare
Kumari Selja	Deputy Minister for Education and Culture

**FORTY SIXTH MEETING
OF THE
NATIONAL DEVELOPMENT COUNCIL
18TH SEPTEMBER, 1993**

SUMMARY RECORD



सत्यमेव जयते

**GOVERNMENT OF INDIA
PLANNING COMMISSION**

**SUMMARY RECORD OF PROCEEDINGS OF THE
FORTY SIXTH MEETING OF THE
NATIONAL DEVELOPMENT COUNCIL (NDC)**

AGENDA & SUMMARY RECORD

The National Development Council held its 46th Meeting at Parliament House Annexe, New Delhi on 18th September, 1993 under the Chairmanship of **Shri P.V. Narasimha Rao**, Prime Minister and Chairman of the Council.

2.1. The list of participants is appended.

3.1. **Shri Pranab Mukherjee**, Deputy Chairman, Planning Commission welcomed the participants and briefly highlighted the agenda for the meeting, namely, the reports of four NDC Committees, on Employment, Population, Literacy and Micro Level Planning and involvement of people at grassroot level; follow-up action on the report of the NDC Committee on Austerity and presentation of the status Report on the progress of the transfer of 113 Centrally Sponsored Schemes (CSS) to the State Governments. He also invited the members of the Council to discuss the paper circulated on "Education for all". He informed the Council that during April, May & June, he had a series of discussions with political parties and trade unions on the recommendations of NDC Committee on Austerity, as per the direction of the NDC given in its 45th Meeting held on 5th April, 1993. The detailed report on these discussions had been circulated. The Deputy Chairman stated that the Bhartiya Janata Party (BJP) had not participated in these discussions in spite of repeated requests.

3.2. In the context of the ensuing Annual Plan 1994-95, discussions, the Deputy Chairman desired to share his concern about the performance of the first two years of the Eighth Five Year Plan. He said that impact of the economic crisis of 1991 continued through 1991-92 but showed some recovery during 1992-93. The year 1993-94 began with a promising note with inflation well under control and exports showing a spectacular growth rate of 27% during the first four months of the year. He, however, felt that there were certain trends which called for serious concern with a view to correcting them in the remaining three years of the Eighth Plan.

3.3. The Deputy Chairman observed that in the field of human development, which was the main focus of Eighth Five Year Plan, the State Governments had to play a major role. Central Plan primarily concentrated on development of infrastructural facilities and to some extent on schemes for poverty alleviation and welfare of the weaker sections. Investments for social infrastructure, for fulfillment of minimum needs and to a large extent for irrigation and agriculture came from State Plan. However, the share of States in the total public sector plan outlay had shown a persistent decline in the last decade. This was mainly due to the inability of the States to mobilise additional resources and partly due to the fact that the Central Government had started making investment in the areas of power and related sectors which had enabled the States to make lower investment in such sectors. The problem of declining plan investment particularly in real terms during the past four or five years was alarming for the States of Andhra Pradesh, Bihar, Haryana, Madhya Pradesh, Orissa, Tamil Nadu and West Bengal. There were States which were not able to maintain their approved plan (1992-93) size mainly due to shortfall in resource mobilisation. Mentioning about

the Special Category States, the Deputy Chairman said that in spite of providing relief based on the recommendations of various Committees and Groups, these States could not protect their Plan outlay as many of them resorted to diversion of their Plan funds for meeting the non-Plan gap. Increasing non Plan revenue expenditure and heavy burden imposed by security needs were some of their other problems.

3.4. The Deputy Chairman stated that when the State Plan outlay fell short of the target, public sector expenditure on the sectors which were the major responsibility of the States, would also decline. He stressed that in order to avert such a trend, determined efforts on the part of States for resource mobilisation, limiting the growth of non-Plan expenditure and improving the efficiency of public enterprises, were called for. In this background, he felt that it had become urgent to arrive at a consensus on the measures recommended by the NDC Committee on Austerity.

3.5. The Deputy Chairman informed that the outlay of Central Enterprises accounted for nearly 75% of total Central Plan outlay and their failure to raise funds through bonds meant erosion in plan outlay for 1992-93 by 10%. As bulk of the bonds were earmarked for infrastructural sectors including Power and Transport utilities, failure to raise funds through bonds would adversely affect the Plan projects with negative consequence on overall economic performance and growth in future. He also pointed out that in spite of various recently introduced financial sector reforms resulting in increase of loanable funds, it seemed that commercial banks were not attracted to CPSEs bonds. It was noted that from 1992-93, many CPSEs had initiated the sale of their shares and even some were considering the sale of land and other fixed assets. He emphasised that it should be ensured that the realisations from the sale of Government's assets must be channelised into investment for expansion and modernisation of production base rather than using it for reducing their budgetary deficits.

3.6. He, then stressed the need to identify certain basic sub-sectors of economic infrastructure like nuclear, hydropower generation etc. which may not be attractive enough to the market and the Government support may be essential as their development was crucial for avoiding distortions. In this background, he felt there was a need to take a fresh look at the present policy governing budgetary support to Public Enterprises in the infrastructural sector.

3.7. The Deputy Chairman stated that in the coming Annual Plans there would be a substantial increase in the flow of budgetary resources to rural development, health, family welfare, education etc. He emphasised that the need for effective use of resources was more important than mere stepping up of public expenditure. There was a need to monitor very closely the direction and scale of benefits. Central Ministries and State Governments responsible for social sectors should take immediate steps for making independent evaluation of the programmes being implemented by them.

3.8. While the Plan resources were meant for investments to create growth potential, during 1992-93 and 1993-94 under exceptional circumstances, a few schemes such as, mints and presses, upgrading of court buildings, office infrastructure for the judiciary, improvement of prisons and police housing, which were basically of non-Plan nature, had to be brought as part of the Plan expenditure. He stated that since such schemes pre-empt the developmental resources of Government, their inclusion in the Plan had essentially to be of transitory nature.

3.9. The Deputy Chairman stated that in the process of economic restructuring, considerable reliance had been placed on the private sector particularly in power, oil, transport and

telecommunication. Intensive follow up was necessary to realise the target assigned to the private sector during Eighth Plan. He called upon the concerned Central Ministries and State Governments to devise innovative measures with a view to motivate the private corporate sector to invest in these areas.

3.10. The Deputy Chairman stated that oil and oil products were our principal items of import. All attempts should be made to ensure that adequate private and foreign investment was realised in the oil sector, over and above that being provided in the public sector. In order to manage Balance of Payment situation, every effort had to be made to export more and refrain from liberalising the general imports further until the situation was well under control. Centre had taken initiatives which included measures introduced in the Export Import Policy and in the Budget to provide a special impetus to the exports. He stated that the step up in export performance during the April-July, 1993 of over 27% in dollar terms was indicative of the positive response of exporting community to the efforts made by the Government. He further added that export dynamism could be sustained by treating export sector as a lead and priority sector. To build up and sustain this momentum, active support, cooperation and involvement of the State Governments was crucial. He urged for the personal attention of all the Governors and Chief Ministers in the matter of drawing up of a blue print for State export policies and setting up institutional mechanism in the form of Export Promotion Boards or Export Promotion Departments.

3.11. The Deputy Chairman also mentioned about the changes introduced by the Planning Commission in the process of preparation of Annual Plans of the States. Unlike past practice, the overall plan size was first determined in a meeting he had with the Chief Ministers of the States and taking note of the major priorities and likely level of resources available. It was then that the sectoral allocations were finalised including the extent of earmarking of outlay for certain projects. He informed that the extent of earmarking had been sharply reduced to provide greater flexibility to States in the matter of allocation of Plan resources. He welcomed further suggestions from States for improving the process of Plan formulation.

3.12. Referring to the NDC Committees set up in the priority areas of Austerity, Population Control, Employment Generation, Literacy and Micro Level Planning, he stated that the reports of these committees had now been received and were before the Council for discussion. The report of the Committee on Austerity was discussed in the last meeting of the NDC held on 5th April, 1993. The Council had directed him to have wider consultations with the political parties and trade unions on the recommendations made by that Committee. He informed the Council that during these discussions there was a general consensus that the concept of austerity needed to be initiated from the top so that an atmosphere could be created to induce austerity on a national basis. While all the political parties and trade unions had accepted the need to bring down the non-Plan revenue expenditure, there were differences on the modalities to be followed for the achievement of this purpose. The relevant view was that while the prices were going up all-round and the percentage of labour cost in the total cost of production in the country was declining, the employees should not be forced to make further sacrifices. There was unanimous opposition to the freezing of Dearness Allowance and withdrawing of the payment of other benefits like Leave Travel Concession, Bonus, Encashment of Earned Leave, etc. They felt the need for more rigorous efforts to control inflation which would automatically nullify the necessity for the payment of DA. There was also a general acceptance of the need to impose user charges by rationalising electricity tariffs, irrigation rates and bus fares, etc., while protecting the interests of the small and marginal farmers. For making

Public Sector more productive it was felt that savings up to 10% in the loss making PSUs could be achieved by associating workers actively in the process of planning and resource mobilisation. In the case of State Electricity Boards there was an acceptance for the need to have a 3% return on net-worth by suitable adjustments in tariff and economy in administration. The Deputy Chairman requested the Council to take a final view in the matter.

3.13. The Deputy Chairman also mentioned that along with the NDC Committee report on Literacy, a supplementary agenda paper on “Education for All (EFA)-The Indian Scene” had also been circulated for the consideration of the Council.

3.14. The report on Population Control, he stated, raised vital issues which must be debated upon. He stated that this was an area where any further delay could not be afforded and unless urgent steps were taken, by 2035 India would be the most populous country in the world - far ahead of China.

3.15. He observed that the Committee on Micro-level Planning had made implementable recommendations on how to decentralise planning in the real sense. With the recent Constitutional Amendments relating to the Panchyati Raj, an institutional framework in the form of Panchayats and Zila Parishads was being created which could effectively undertake the responsibility of decentralised micro level planning. He urged the Council to initiate the process of effective decentralisation without any further delay.

3.16. Regarding the Committee on Employment, he mentioned that it had highlighted the trends in employment and unemployment situation and recommended strategies, policies and special employment programmes. The problem of unemployment needed to be dealt with on a war footing, he stated.

3.17. The Deputy Chairman, then, urged the Council to give a clear direction on the future course of action to be adopted regarding the recommendations made by these five NDC Committees and also provide guidance for their successful implementation.

4.1. **Shri P.V. Narasimha Rao**, Prime Minister & Chairman, National Development Council welcomed the participants to the 46th meeting of the NDC. Describing the speech made by the Deputy Chairman, Planning Commission as a “curtain raiser”, he requested the Council to intensively discuss the Reports of the various NDC Committees since each one of them was of prime importance for the future of the country. He recalled that two years back when these Committees were constituted, it was thought that these Committees would prepare their reports after a lot of churning of well-thought-out ideas, schemes and suggestions. The Prime Minister felt that the objective for the setting up of these Committees had been achieved and each one of their reports was extremely important. He requested the Council to straightway take up the discussion of these reports. However, the Prime Minister wondered whether the Council would be able to do full justice with all the reports presented to it in its present meeting. He suggested that the Council could discuss the two reports in its present meeting and another meeting of the NDC could be convened to discuss the rest of the reports. He urged the Governors and the Chief Ministers to consider especially the practicability of the various recommendations made by all the Committees.

5.1. Responding to the Prime Minister’s suggestion, **Shri Biju Patnaik**, Chief Minister of Orissa suggested that Reports of Committee on Austerity and Committee on Population could be taken for intensive discussions in the present meeting of the Council. He felt that the issues dealt in the reports of these Committees were interlinked.

6.1. **Shri K. Vijayabhaskara Reddy**, Chief Minister Andhra Pradesh congratulated the members of the NDC Committees who had prepared the reports on Employment, Population, Literacy and Micro-Level Planning. Agreeing generally with the recommendations of the NDC Committee on Employment, the Chief Minister felt that there was need to deliberate on the extent to which present infrastructure and financial resources of the State would permit the implementation of these recommendations. The Chief Minister stressed upon the need to harness the energy of Youth including Women for development. He sought Central assistance to implement the schemes aimed at providing self employment to educated unemployed. While endorsing the emphasis laid on dryland farming the Chief Minister stated that thrust should be on horticulture, agriculture etc. He informed that two programmes were being envisaged in the State; the first was to provide permanent rural employment by taking up soil and moisture conservation and horticulture programmes, and the second one was to provide rural link roads.

6.2. Welcoming the suggestion for launching National Employment Guarantee scheme, the Chief Minister observed that poverty criteria for determining the area selection could be misleading. For this purpose, the percentage of agricultural labour, the extent of dry and drought prone areas, and the levels of unemployment would be better criteria. He suggested Central funding for such a scheme and favoured reorientation of education system to match the requirement of manufacturing sectors of economy.

6.3. As regards the Report on Population, the Chief Minister observed that though the State was very keen to adopt the recommendations of the Committee, it was unrealistic to expect States to meet a part of expenditure on the ongoing Central Sector Scheme of Family Welfare in view of their stringent financial position. He desired family welfare programmes to be fully funded by the Centre.

6.4. Welcoming the suggestion of the Committee on Literacy to closely involve the local communities and more women teachers, the Chief Minister informed that Andhra Pradesh had already provided 30% reservation for women in all Govt. jobs and suggested that, campaign approach in the drive against adult illiteracy be continued, since it had paid rich dividends in the State. He favoured setting up of Post Literacy Centres to serve as Centres for dissemination of knowledge.

6.5. In the context of the recommendations of the Committee on micro level planning, the Chief Minister stated that in Andhra Pradesh an average district was much bigger in population size as compared to most other States, whereas a Mandal, the next administrative level was too small a unit for Micro level planning. He suggested that decentralisation of planning should ensure that there was no escalation in the cost of administrative infrastructure. The Chief Minister was not in favour of fixing any rigid norms for devolution of funds to the decentralised planning units.

6.6. He informed that the State had not been able to make much headway on the Austerity Committee recommendations. The problem, according to him was very complex and called for sacrifice by all sections of society.

6.7. The Chief Minister felt that the progress in the implementation of NDC's decision regarding transfer of 113 Centrally Sponsored Schemes to the States, had been tardy. He said that transfer of schemes had not resulted in additional resources for the State Governments and sought implementations of the NDC's decision in proper spirit. He requested the Prime Minister that the savings caused due to discontinuance of the schemes be transferred to the States.

7.1. **Shri Gegong Apang**, Chief Minister, Arunachal Pradesh thanked the Chairman and the members of the various NDC Committees for the hard work done in producing valuable reports on critical issues, namely, Employment, Population, Literacy and Micro-Level Planning.

7.2. Endorsing the recommendations of the Committee on Employment for North Eastern States which suffered from serious problems of accessibility and lack of resources, the Chief Minister felt that a special thrust was essential for development of hydel power, transport and communication in Arunachal Pradesh.

7.3. The Chief Minister generally agreed with the recommendations of the Committee on Population including formulation of a National Population Policy. He stated that information, education and communication activities had been identified and Mahila Swatha Sangh constituted in the State with a view to implement family welfare programmes.

7.4. In the context of the report on Literacy, he stated that the following problems were being faced in improving the quality of education and coverage of the target groups in the State:-

- 60% of primary schools did not have proper school buildings and teaching aids.
- 1150 habitation having population below 100 where opening of schools was not feasible.
- absence of voluntary organization working in the field of adult literacy.

One block in each district was being targeted from the current year for complete eradication of illiteracy, the Chief Minister informed.

7.5. Referring to the report on Micro-Level Planning the Chief Minister said that the process of decentralised planning was initiated in the State in 1989. He agreed with the Committee's recommendation that the Hill States of North Eastern Region were to work out their own arrangements for operationalising the concept of Micro Level Planning.

7.6. As regards report on Austerity, the Chief Minister pointed that he had already given his views on the recommendations of the Committee in the last meeting of the Council held in April, 1993.

7.7. Referring to the NDC's decision regarding transfer of 113 Centrally Sponsored Schemes to the States, he requested for providing a maintenance fund for the assets already created under the various transferred Schemes.

8.1. **Shri Sharad Chandra Pawar**, Chief Minister of Maharashtra appreciated the efforts made by the various NDC committees in finding out solution to various problems hindering economic and social developmental process. However, he observed that it might not be possible to agree with each and every recommendation made by the Committees.

8.2. The Chief Minister observed that acute inadequacy of resources for creating employment opportunities had created social tensions. The Employment Guarantee Scheme of Maharashtra had been quite successful in providing physical employment to the rural youth and in creating local assets. However, this scheme needed to be reassessed since there was a limit to creating physical assets and rural youth would not be interested in doing manual jobs for a long time. He informed that an element of paying wages to the families who engaged in executing the development works in their own farms had been introduced in this scheme.

8.3. The Chief Minister opined that Nehru Rozgar Yojana meant for creation of employment opportunities for urban youth deserved to be made more attractive. He stated that the potential of small scale industries for creation of job opportunities should be realised by upgrading the quality of

their product so as to enable them to withstand competitive market forces. He also urged the economists and planners to come out with more concrete proposals and methodology of identifying job opportunities in the informal and unorganised sectors. He stressed the need for identifying areas where educated women of the society could be absorbed in the economic development process. He suggested that a national scheme for training of the educated women for improving their employability could be introduced in the remaining period of the Eighth Plan.

8.4. The Chief Minister, endorsed the recommendations made by the NDC Committee on Population regarding National Health Policies. He stressed the need for qualitative improvement in the creation of physical infrastructure in health sector. He stated that medical professionals should be motivated to go to rural areas by creating an environment where they would be able to establish their own practice. He felt that curative part of health sector should be left for private professionals and the Government efforts should be diverted for providing preventive care. The Government should concentrate on areas of epidemic control, creation of data banks and dissemination of latest information on invention and development in the medical field to the private practitioners.

8.5. Appreciating the need of a literate society in the development process, the Chief Minister, stated that the time had come to create an environment wherein the importance of formal certificate oriented education got reduced and education was reoriented towards increasing employability. He urged the educationists to devise ways and means by which the participation of the society in spreading education through the informal system should be encouraged.

8.6. The Chief Minister, stated that the concept of micro-level planning was important in incorporating the felt needs of the areas within the plan. But, he wondered whether all that could be accommodated within the available resources available with the State. He also cautioned that an over all view must be taken at the State level in order to give some direction and emphasis to the district Plan. He informed that approximately 25% of the State Plan outlays were being placed at the disposal of the district level planning in Maharashtra. He stressed the need of keeping "untied funds" with the district units.

8.7. Regarding the follow-up action on the report of the NDC Committee on Austerity, the Chief Minister informed the Council that Maharashtra had already taken a policy decision not to create additional posts in Government sector, except for the plan programmes. About a ban on release of additional DA, he stated that it was necessary to bring down rate of inflation and initiative should be taken by the Centre regarding freezing of DA etc. He also stated that Government of Maharashtra was regularly monitoring the various subsidies being provided in the State. A Sub-Committee of the Cabinet under the Chairmanship of the State Finance Minister had been set up to monitor and review the performance of Public Sector Enterprises. Guidelines relating to the closure of unviable and loss making PSEs had been issued. The process of identifying PSEs for disinvestment had been initiated and the modalities were being worked out. He also informed that elimination of numerous concessions and exemptions under Sales Tax, were under the active consideration of the State Government. Ad-valorem rates of Sales tax were being levied in the State, except the Purchase Tax on sugarcane. He did not agree with the Committee's recommendations regarding uniform rates of Sales Tax on national basis, as it was not a practical suggestion, even though it might be theoretically feasible and desirable. However, he opined that some specified commodities might be considered for uniform rates.

8.8. Regarding the imposition of Consignment Tax, he suggested that Government of India might further process the Consignment Tax Bill in Parliament. He agreed with the Austerity

Committees' recommendation regarding treating loan against net collection of small savings as loan in perpetuity and revision of land revenues and cess and irrigation water rates, and informed the Council that the State Government had already initiated steps in this direction. He also stated that the State Transport corporation was already having more than 5% rate of return on its investment.

8.9 While agreeing with the necessity of transferring the Centrally Sponsored Schemes to the States, the Chief Minister emphasised that the resources required for implementing these schemes should also be made available to the State Government by the Centre.

8.10 The Chief Minister also stressed the urgent need of taking into account the economic, fiscal and technological changes that were sweeping the country while devising new formulae for sharing of revenues between the Centre and States. He drew the attention of the Union government to the 61st Law Commission recommendation regarding import transaction and urged the Central Government to accept the same. He stated that State Governments should be allowed to exercise their Constitutional right to tax post-import sales as recommended by the Law Commission. Sharing of revenue should be directly linked to the revenue generated by each state. He demanded that a part of the export revenue for each state should be allocated back to the State for specified infrastructural development projects.

8.11 In the end, the Chief Minister also mentioned about the unreasonable tax policy followed by the Union territories in fixing low rates of tax on certain items on the pretext of promoting industrialisation. He stated that instead of promoting industrialisation they served to promote spurious trade in the territories. The neighbouring States were forced to adopt low rates, as a consequence of which they lost their legitimate revenue. This fact had already been brought to the notice of the Union Government but without any consequences. The Chief Minister emphasised the need for evolving a new national perspective in respect of a number of contentious problems facing the country in order to promote harmonious inter-State relationship.

9.1 **Shri Hiteswar Saikia**, the chief Minister of Assam broadly endorsed the recommendations made by the NDC Committees. He, however, mentioned that the special problems of Assam like low level of infrastructural facilities in its hilly as well as in riverine areas, lack of private investment and inadequate flow of institutional finance etc. needed to be taken care of, while considering the recommendations of the Committees.

9.2 He, agreed with the measures suggested by the NDC Committee on population to tackle the population problem. He, however, mentioned that infrastructural facilities in the health sector in Assam were not sufficient and substantial investment during the Eighth-Plan would be necessary to remove these deficiencies to gear up delivery of family welfare services.

9.3 The Chief Minister welcomed the recommendations made for universal literacy. However, he demanded augmentation of Plan outlay for improving the infrastructural facilities in the education sector.

9.4 While agreeing with recommendations made by the Committee on Micro-level planning and involvement of people at the grass-root level, the Chief Minister mentioned that planning process in Assam had already been decentralised down to the sub-division level. The Panchayat Raj System had been reorganised so as to provide institutional support as well as to ensure people's participation at micro-level in planning and implementation. The Panchayat bodies in the States needed to be strengthened so as to make them vibrant instruments of Local Self Government.

9.5 He requested the Council to consider the recommendations made in the Report of NDC Committee on employment under his Chairmanship.

9.6 The Chief Minister broadly endorsed the recommendations of the NDC Committee on Austerity and stated that further analysis and discussions on some of its recommendations was required. The Chief Minister mentioned that in spite of sharp increase in incidence of educated unemployment in Assam, the State Government had been trying to contain expansion of employment in the Government and public sector. Efforts were also being made to simplify the tax-structure and to increase electricity tariff. He favoured uniformity in Sales Tax rates. Regarding freezing of Dearness Allowance, he pointed out that the need for upward revision of DA would not arise if the prices remained under check. He stated that budgetary support to the State's PSUs was unavoidable due to lack of private capital and inadequate flow of institutional finance in the North Eastern region. However, the State Government was working on a programme of prioritisation in pursuance of the national policy, he stated.

9.7. Regarding the issue of transfer of Centrally Sponsored Schemes to States, the Chief Minister stated that the required funds for the implementation of these schemes should also be transferred to the States by the Central Government by giving additional Central assistance in the plan and by the Tenth Finance Commission while making its award.

10.1. **Shri Lalu Prasad Yadav**, Chief Minister, Bihar endorsed the action plan suggested in the report of the Committee on Employment to tackle the problem of unemployment by undertaking agricultural and nonagricultural development programmes in the States. He said that the present level of unemployment in the country was 2.30 crores and during the Eighth Plan period some 3.50 crore labour force would emerge to seek employment. Besides, there was a problem of invisible unemployment of 41 percent in Bihar and 45 percent in Orissa which also needed to be tackled.

10.2. The Chief Minister suggested that if poverty was to be banished and social justice ensured then artisans, craftsmen, weavers and landless workers would have to be provided with jobs. He mentioned about the increased flow of people from villages to urban areas since the poor and the depressed also wanted to live a better life. The Chief Minister suggested that he who tilled the land must own it too and favoured appropriate amendment in the Constitution to provide land to the landless.

10.3. The Chief Minister said that the public sector industrial enterprises in the State were closing down adding to the problem of unemployment. Focussing attention on the poor income and investment base of Bihar, he sought Central intervention to address effectively the issues of land distribution and poverty alleviation. Referring to the inadequate irrigation facilities in Bihar, and the low yield of crops as compared to other States, he stated that the State had an ambitious programme for developing irrigation facilities in the Eighth Plan covering some 22 lakhs hectares of land necessitating much larger use of fertilizer. He wanted drastic changes in the existing Fertilizer Policy of the Government of India as it was responsible for continued decline in the use of all types of fertilizers except urea.

10.4. The Chief Minister sought Central assistance to tackle the problem of recurring floods and droughts in the State since quite a large chunk of Plan funds had to be diverted every year to fight the two most pressing problems. In that context he wanted a Flood Commission to be set up for Bihar as earlier suggested by late **Shri Rajiv Gandhi**, but which could not materialise so far.

10.5. The Chief Minister said that the Industrial Policy of the Government of India could not bring about industrial development of the State during the last 40 years. Liberalisation Policy of the Government was also unlikely to bring about any positive change in the existing industrial scenario of the State since new investments would get attracted to States having developed infrastructure.

10.6. The Chief Minister opined that the Centre will have to modify its existing policy towards improvement in the basic infrastructure, namely, Power, Transport and Communication if the Committee's recommendations for developing non-farming programmes were to be implemented. He solicited increase in the rates of coal and stressed the need to periodically review the royalty on major minerals. He also sought early clearance of irrigation schemes of the State.

10.7. It was suggested that the existing purchase policy of the large industrial enterprises needed modification so as to provide marketing support to small scale industries so essential for their survival. To enable small industries to improve their production techniques so as to produce quality goods and withstand competition, he stressed the need for appropriate R&D input.

10.8. The Chief Minister agreed with the recommendation that National Programme aimed at improving basic infrastructure, namely, construction of roads and houses in the rural and backward areas, should be launched. He referred to an ambitious programme undertaken in Bihar to connect most of the villages with pucca roads by the end of the Eighth Plan and a scheme for construction of houses for people belonging to depressed classes and rural landless.

10.9. As regards Committee's recommendation to replace Jawahar Rozgar Yojana (JRY) by the Employment Guarantee Scheme being administered by the Maharashtra Government, the Chief Minister said that the implementation of Maharashtra's Employment Scheme in all the villages of all the States would cause an expenditure of Rs. 8200 crores per annum and since it would not be possible to spare such a large sum, in the existing circumstances, the scheme should be implemented only in the unemployment prone areas of some selected States. The Chief Minister, therefore, suggested that since the Employment Guarantee Scheme administered by the Maharashtra Government has been able to provide employment to all those who needed jobs, it would be advisable to incorporate the characteristics of that scheme into the JRY. Referring to the poor credit deposit ratio in Bihar which was only 38% as compared to national average of 60%, the Chief Minister urged the Council to give proper direction to the Banks to provide liberal credit facility in the State so as to generate self employment on a massive scale.

10.10. The Chief Minister endorsed the recommendations of NDC Committee on Population.

10.11. In the context of report of NDC Committee on Literacy, he outlined the various measures undertaken to improve literacy in the State, especially to spread primary and adult education including 113 schools started for cattle grazers (Charvaha Vidyalayas) and an incentive of Re. 1/- given per day to retain students of depressed classes in the schools.

10.12. Endorsing the recommendation of the Report on Micro-Level Planning to merge the DRDAs with the District Planning and Development Board, the Chief Minister suggested that since powers vested in Panchayats were well defined in the relevant Act, the District Planning Board alone be allowed to function at the district level as a single integrated agency. He was of the view that the matter with regard to provision of funds for the Micro Level Planning units at the District level should be left to the State Finance Commission constituted under Article 243 (1) of 73rd Amendment and Article 135 of the Bihar Panchayati Raj Bill 1993.

10.13. Drawing the Council's attention to the recommendation regarding the transfer of 41% of the total State Plan outlay to the sub-state level planning units in the form of grant, the Chief Minister suggested that the proportion of the amount allocated by the Central Government for important schemes of the State Plans should be reduced so as to facilitate allotment of funds to the sub-State level Planning units. He suggested that out of 41 % of State Plan outlays, 30% of the amount be provided to sub-State level Planning units as a lump sum grant, 5% amount as contributory grant for minimum needs programme, 5% as untied funds and the remaining 1 % for poverty alleviation and employment generating schemes undertaken at the levels of Village Panchayats. He spelt out the criteria being followed in the State for allocations of State Plan funds to the district level schemes and said that the districts in the State had been directed to disburse the untied funds amongst the Blocks as per prescribed criteria i.e., population, level of backwardness and the weightages assigned for agriculture, industry, roads & communication, education, health, irrigation, rural electrification and water supply.

10.14. Referring to the Committee's recommendation regarding the peoples' participation in the development programmes, the Chief Minister pointed out that under section 243-D of the 73rd Amendment of Constitution there was a provision for reservation for Scheduled Castes/Scheduled Tribes and Women in the Panchayats at different level depending on the population of the concerned area. It was also provided that one-third of these reserved posts should be reserved exclusively for women. Continuing he stated that reservation was already available in the State under article 13, 36 and 63 of the Bihar Panchayati Raj Bill 1993 for the people belonging to such categories as also for those belonging to backward classes based on population pattern of the concerned area. He further informed that a Panchayat Commission had been constituted in the State and the elections for the Panchayats would be conducted soon as per provisions of relevant Bill.

11.1. Drawing the Council's attention to the problem relating to unemployment in the State, **Dr. Wilfred D'Souza**, Chief Minister, Goa mentioned that the educated unemployed constituted 60% of total job seekers in the State. He, therefore, felt that expansion of the vocational and technical training was needed to tackle the problem of unemployment in the State.

11.2. The Chief Minister pointed out that Goa had the lowest growth rate in population with much better health care and medical facilities, higher life expectancy, lower infant mortality and maternal death rate and high female literacy. With such positive indicators, the State was poised to achieve all the targets set in those spheres by the beginning of the 21st century.

11.3. Referring to the Report on Literacy, the Chief Minister pointed out that the State was expected to achieve 100% Literacy by the end of the current financial year.

11.4. The Chief Minister pointed out that the process of micro-level planning had already started in the State and he did not foresee any problem in implementation of the report of the Committee on Microlevel planning.

12.1. **Shri Chimanbhai Patel**, Chief Minister of Gujarat pointed out that while the new economic policy for liberalisation had opened up new avenues, speedy reduction of import duty had made survival of the existing units difficult. He suggested that reduction in the Import duty should be done in a phased manner, otherwise investment would become useless and would result in generation of unemployment. The Chief Minister, also stated that, the States should be permitted to clear over drafts in 14-15 days instead of 7 days and limits of ways and means advance should be raised upwards. He also stressed the need to increase the limit of borrowings for the

States. He pointed out that issuing of identity cards to each and every voter (as per the circular from the Election Commissioner) involved an expenditure of roughly Rs.50 crores for the State Government. He suggested convening of the meeting of the Inter-State Council to discuss this issue.

12.2. Referring to the NDC Committee Report on Unemployment, he felt that schemes like that of setting up of model green houses, in the States, could be adopted as this would enable the farmers to go in for labour intensive agricultural practices. In the non-agricultural sector, he opined that schemes of setting up of jewellery parks and diamond parks could be tied up with setting up of gold depots and security arrangements. This would help in generating more employment and higher revenue.

12.3. With regard to the report of the NDC Committee on Literacy, he pointed out that the existing education system was totally mismatched with the employment requirements. He felt that what was chiefly required was more emphasis on vocational education and up-gradation of the skills of the labour force and provision of intensive training facilities.

12.4. Regarding the report of the Committee on Population he mentioned that the main target should be to reduce the birth rate. As far as Micro-Level Planning was concerned, the Chief Minister mentioned that Gujarat had already initiated action for decentralisation of the planning upto the sub-district level. The Panchayati Raj Bill had already been passed. However, he wanted that the expenditure on setting up the planning machinery at the district level and below should be shared between the Central Government and the State Governments.

12.5. The Chief Minister said that the State Governments should be consulted before deciding the issue of merger of dearness allowance with basic pay as, for the States, it would involve a financial burden of Rs. 1500-1600 crores, an amount which would be very difficult to mobilise for the State Governments.

13.1. **Shri Bhajan Lal**, Chief Minister of Haryana congratulated the Prime Minister, Finance Minister and other Central Ministers for their commendable efforts in improving the economic and financial situation of the country. He also mentioned that substantial agricultural and industrial development had taken place during the last two years. The standard of living in the rural areas had also improved.

13.2. In the context of the report of NDC Committee on Employment, he congratulated the Prime Minister for announcing a new employment scheme for the unemployed youth on the Independence Day. Under this scheme, unemployed youth would be provided subsidy and loan for setting up their own small industrial units. The Chief Minister suggested that successful implementation of the scheme necessitated that no collateral security should be sought by the lending institutions. He also referred to the "one family one job scheme" launched in Haryana under which one member from each of the 5 lakh families which had no employment would be provided job opportunity during the Eighth Five Year Plan. He informed that under the scheme Haryana had already provided employment to 1.05 lakh persons during 1992-93. Further, since the creation of the Haryana Agro Industries Corporation, it had signed Memorandum of Understanding (MOUs) involving an investment of Rs.175.43 crore. Besides, other steps had been taken for promoting small scale industries, included provision of technical training for electronics, setting up of "Udyog Kunj" etc.

13.3. The Chief Minister observed that all the recommendations made by the NDC Committee on Population deserved appreciation. He informed that Haryana had already initiated steps in this regard. He pointed out that disincentives such as limiting the benefits like L.T.C., reimbursement

of medical expenses etc. to government servants with family upto two children required a closer legal scrutiny and they should also be applicable to the general public. He suggested that this issue may further be discussed with political parties and trade unions. He also mentioned that although the birth rate in Haryana was a little higher than the national average, the infant mortality rate was lower compared to the national level. The Chief Minister also mentioned that stronger steps should be taken to check the population growth and the family welfare programme be continued as a 100% Centrally Sponsored Programme.

13.4 As far as Literacy promotion in the country was concerned, the Chief Minister pointed out that the Haryana government had fixed a target of attaining 100 per cent literacy by covering 57 lakh persons by the end of the Eighth Five Year Plan. District Literacy Projects for adult education were being run through voluntary organisations known as Saksharata Samitis in the State. A High Power Coordination Committee had been constituted to examine the need for structural changes, if any. Adult Education Committees were also proposed to be set up.

13.5 The Chief Minister endorsed the concept of Micro Level Planning and Involvement of People at Grass Root Level. He felt that the entire planning process should be administered by district planning and development boards having full representation of local people and institutions. In Haryana, a pilot project for integrated development had already been started and if this succeeds it can serve as a model village level Plan. He also said that the Panchyati Raj was a dream of the late Prime Minister, Shri Rajiv Gandhi. However, regarding actual implementation of the concept of Panchayati Raj some further discussions were necessary. Regarding the provision of funds in terms of providing untied funds amounting to 5 per cent of the State total Annual Plan outlay, he mentioned that the necessary expenses in this regard would have to be shared with the Government of India.

13.6 On the issue of Austerity, the Chief Minister said that so far as the State Electricity Boards were concerned, 62 per cent of the total electricity generated was supplied to the farmers; 60 per cent of this at subsidised rates and the rest at 50 paise per unit. This was higher than that in the neighbouring States. The Chief Minister wanted that in other States also, the recommendation of charging 50 paise per unit of electricity should be implemented. He also stated that effective steps had already been taken for bringing down the non-Plan revenue expenditure. The fiscal deficit of the State was only 3 per cent of the State Domestic Product, which was the lowest in the country. He opined that an integrated approach both by the Centre and States should be adopted in reducing the non-Plan revenue expenditure. He emphasised the need for a normative approach to check the growth in Government employment throughout the country. He, however, added that there should be no blanket ban on further employment. He mentioned that the Haryana Government was contemplating to provide a separate statement indicating staff strength and salary base. He felt that concerted efforts were necessary to control inflation which would automatically nullify the necessity of payment of D.A. He opined that the issue of emoluments and perks of Government employees were important but sensitive, which required consensus. While accepting the need for protecting the interests of the Government servants, he felt that some measures like withdrawal of bonus and leave encashment except on superannuation could be considered for improving financial position of the Governments. He also suggested that one year's D.A. could be credited in Provident Fund Account so as to break the vicious circle of wage-push inflation. A moratorium on hike in administered prices for a specific period could be considered by the Central government, he suggested. The Chief Minister also recommended that subsidy on agricultural inputs should continue till procurement

prices were remunerative. The 'Creamy layer' should be kept out of the purview of public distribution system and user charges be rationalised. A uniform system of tax rates & concessions and withdrawal of budgetary support to commercial public sector enterprises were also endorsed. He said that Haryana road transport services and fiscal management were of high quality. In order to levy Consignment Tax, the necessary legislation needed to be enacted in Parliament. The Chief Minister also pleaded for small savings loans to States be treated as loans in perpetuity. He suggested that interest rates chargeable on loans from IDBI be fixed at 6% to cover exchange rate fluctuations. He also stated that States with better fiscal management should be given incentives in the form of higher Central assistance.

13.7. The Chief Minister pleaded that the construction work of Sutlaj Yamuna Canal (SYL), 95 per cent of which had already been completed, should be resumed immediately. He was hopeful that after the completion of the canal Haryana's foodgrain production would go up to one and half times as compared to the present foodgrains production of over one crore tonnes.

14.1. The Prime Minister, **Shri P.V. Narasimha Rao**, intervened and stated that a scheme for promoting rural employment had already been announced. It would be taken up initially in 1752 blocks including vulnerable regions such as hill areas, desert areas and areas of Adivasi population. The scheme was not like taking a block or a district at random on a pilot scheme basis. In fact, it was expected to give 100% coverage in the whole year on the lines of what has already been experimented in Maharashtra with its Employment Guarantee Scheme. He urged the State Governments to give particular attention to this new scheme as there may be difficulties in implementing the scheme in the blocks selected initially. If necessary, a meeting of the Chief Ministers could be convened to discuss the details of implementing the scheme, whose coverage was to extend to nearly one-half of the country.

15.1. The Governor of Himachal Pradesh, **Shri Gulsher Ahmed** appreciated the initiative taken by the Prime Minister in setting up the various NDC Sub-Committees which had done commendable work. He expressed general agreement with the recommendations made out in the reports on Employment, Population, Literacy and Micro-level Planning and involvement of people at grass-root level.

15.2. Regarding creation of employment opportunities in Himachal Pradesh, he highlighted the efforts being made by the State Government in implementing a mixed strategy to improve productivity in agriculture and creating a climate for rapid expansion of tiny and small sector in industry and tourism for providing employment to unskilled labour. He stated that efforts under the Jawahar Rozgar Yojana were being adequately supplemented through the programmes of "Local District Planning", "Vikas Mai Jan Sahyog" and "Decentralised Planning" etc.

15.3. The Governor, agreed with the findings of the report on Employment regarding involving private sector by accelerating growth and tailoring skill creation to suit the needs of the private sector. He, then briefly mentioned about the efforts being made by the State Government in involving private sector in hydro-power generation, industries based on local raw materials and tourism. He suggested that the Labour and Employment Division of the Planning Commission should act as the Central nodal point in cataloging and collecting such experiences across the country and then disseminate the same to all States.

15.4. He stated that population control should become the over-riding priority in all our developmental efforts. Nearly four decades of persuasion and massive investments in health and

family welfare programmes had not yielded desired results. He felt that a rigorous system of disincentives at all levels should be embarked upon after reaching a national consensus, specially at such levels where they become demonstrable. He emphasised formulation of National Population Policy and its unequivocal adoption by the Parliament without further loss of time. Successful models in the field of population control needed to be carefully studied and replicated all over, irrespective of its cost implications.

15.5. Referring to the Report on Literacy, he stated that despite difficult topography and adverse climatic conditions, Himachal Pradesh had done well in the literacy sector. All the 12 districts in the State had launched a "Total Literacy Campaign" and the State is expected to attain a universal adult literacy situation by December, 1994. He thanked the Deputy Chairman, Planning Commission and Union Government for the Central support to their Total Literacy Campaign efforts.

15.6. Endorsing the recommendations made by NDC Committee on Micro-level Planning and involvement of people at grass-root level, he stated that efforts towards decentralised planning had been constrained by a sense of reservation at various levels towards shedding administrative and financial authority. However, the task of decentralisation of planning would become easier with the sincere and expeditious implementation of the recent Constitutional amendments. He stated that Himachal Pradesh had adopted a 3 point strategy and had got the concept for united front implemented since 1984-85. 5% of its total plan outlay was being earmarked for the schemes prepared and implemented by the District /Block level Committees. These efforts were also being supplemented by positive people's participation effort under which people were contributing cash to meet their most important felt needs. The expenditure in such cases was shared by the State Government on 70:30 basis in rural areas and 50:50 in urban areas. He requested for Central support from Central Government for creating adequate planning capabilities at district/block/panchayat level.

15.7. Regarding the recommendations of the Austerity Committee, he stated that areas of disagreement mainly included the DA freeze and a near total ban on further employment in Government and public sector. On both these issues, the Central Government would have to take lead which the States would automatically follow suit. The measures needed for deficit reduction should be realistic depending upon the financial health of the individual States. The question of subsidy reduction and levy of user charges would need careful consideration as to what segments of population needed to be protected and for which service user charges needed to be levied.

15.8. About the issue of transfer of Centrally Sponsored Schemes to the States, he requested the Planning Commission to take a holistic and coordinated look at the issues and to ensure that these important schemes did not suffer for want of adequate financial support. He pointed out that the State Government's interaction with respective Central Ministries would be a difficult and cumbersome exercise.

16.1. The Chief Minister of Punjab, **Shri Beant Singh** pointed out that the scenario of unemployment in Punjab was somewhat different from the rest of the country. In the State, educated unemployed constituted 60 per cent of the total unemployed population. In fact that was one of the causes for growth of terrorism in Punjab. Employment opportunities by setting up new industries, and in agriculture, had been created. However, the nature of technical training needed to be modified to fit in with the changing demands of the industry. As the problem of terrorism was very serious in the districts of Amritsar, Gurdaspur and Ferozpur, these districts had been taken up under "Zero

Unemployment Programme". This programme was a part of socio-economic package of Punjab and Central assistance of Rs. 84 crores had been sought to implement it. A foreign employment cell for promoting overseas employment for youth had already been set up and a request had been made to the Centre to permit direct dealing with foreign employers. Besides, up-gradation of the quality of technical education, vocational education to school children also needed to be streamlined. A Centre for Training and Employment of Punjab Youth had been set up in 1989-90 to wean away the identified youth from illicit economic activities and providing them employment oriented training.

16.2 Regarding Population control, the Chief Minister mentioned that Punjab was one of the leading States and the participation of grass-root institutions like village panchayats etc., contributed to the success of reduction of birth rate from 31.3 per thousand in 1981 to 27 per thousand in 1991. The population growth rate is now 1.8 per cent and the Government was determined to bring it down to 1.5 per cent by the end of the Eighth Plan.

16.3 The Chief Minister welcomed the recommendations of the Committee on Literacy for imposition of education cess and also felt that could also be realised through additional levy on petrol etc. He pointed out that 5000 teachers had already been recruited since there was a shortage of teachers. Teachers were now coming back to schools and efforts were being made to improve the quality of education.

16.4 The Chief Minister mentioned that micro-level planning and involvement of people at the grass-root level was essential to give democracy its true meaning. This was possible only if power percolated down to the villages and Panchayats were working normally. To achieve the goal of decentralised planning, a large number of Plan schemes had already been transferred to the district administration since 1991 and almost 1/3rd of the Annual Plan outlay were being allocated and spent by the district planning and district boards. District Planning and Development Boards in Punjab supervise, monitor and evaluate the implementation of district level plan schemes. He generally endorsed all the recommendations of the Committee.

16.5 Referring to the follow-up action on the recommendations of the Committee on Austerity, it was mentioned that the growth in non-plan revenue expenditure in 1993-94 was limited to 8 per cent over the budgetary level of 1992-93, but actual growth rate was likely to be only 6.8 per cent. The ratio of non-plan expenditure to total revenue which had gone upto 107.17 per cent in 1990-91 (Accounts) is expected to come down to 100.3 per cent in 1993-94 (Budget Estimates). Besides, restructuring of Government departments and corporations has been taken up by a Committee under the Chief Secretary. Various measures to curb growth in non-plan revenue expenditure included impounding of six months of dearness allowance instalment due from 1993, revision of electricity tariff, restructuring of Government Departments and removal of surplus staff etc. A 30 per cent cut had been imposed on all subsidies. Besides, disinvestment in joint sector industrial projects had also been attempted. Bus fares, power tariff rates, tuition fees had all been hiked. Revision of water and sewerage charges had been carried out. The Committee's recommendations on adoption of ad valorem duties, levies of consignment tax and simplification of sales tax structure were endorsed. Efforts are being made to reduce the cash losses of PSEB and PEPSU Road Transport to zero. He informed that the State Government had taken a decision not to provide budgetary support in terms of subsidy for commercial and manufacturing enterprises in the States.

16.6 The Chief Minister referred to the suspension of construction work of SYL Canal and the circumstances in which that was suspended. He pleaded that both Punjab and Haryana should get their due share of the waters. The matter, of course, could be sorted out through mutual discussions, he suggested.

16.7 The Chief Minister welcomed the move to transfer Centrally Sponsored Schemes to the States. He suggested that there should be a periodical review of the Centrally Sponsored Schemes with a view to considering the feasibility of their transferring to the States alongwith corresponding resources.

17.1. **Shri Biju Patnaik**, Chief Minister of Orissa congratulated the Deputy Chairman, Planning Commission for having included inter-related issues relating to Austerity, population control, literacy, employment and micro-level planning and involvement of people at the grass-root level for discussion in the present meeting of the Council. He generally endorsed the findings of the Committees and urged the Planning Commission to take immediate steps to translate these recommendations into a meaningful strategy to improve the quality of life of the people, particularly of those living below the poverty line. He, however, opined that the Council in its present meeting would not be able to do justice with all these reports and it would be appropriate if only two reports, namely, on Population and on Austerity were discussed.

17.2. Drawing attention to the macro-economic scenario of contemporary development process, he stated that, contrary to the national trend, the contribution of agriculture to the State Gross Domestic Production (GDP) continued to be as high as 50% and that of manufacturing sector had remained more or less stagnant at about 3 %. The percentage of people below the poverty line in the State was around 58% as against the national average of 38%. He also mentioned that there had been a discernible dichotomy between agricultural growth and rural poverty alleviation programme and as a result of this, it had not been possible to achieve the twin objectives of improving agricultural productivity and alleviating rural poverty on a sustained basis.

17.3. While agreeing with the recommendation of the Committee on Employment regarding shift of labour from agriculture to other sectors, the Chief Minister stressed the need for increasing agricultural productivity. He also agreed with the recommendations that the Government's role in direct employment generation should progressively decline with the greater emphasis on provision of self employment opportunities. He sought the Central Government support for the State Government's efforts in generating selfemployment opportunities for 6.5 lakh unemployed youths during the Eighth Plan under a National Employment Guarantee Scheme. He also demanded central assistance for wasteland development on watershed basis for twelve districts in Western and Southern Orissa. The Chief Minister requested the Prime Minister for the early clearance of the State Government scheme for development of bamboo and other pulpwood plantations by the Union Ministry of Forests and Environment.

17.4. The Chief Minister stated that the State Government's efforts in achieving the goal of "Health for All" by 2000 A.D. had been constrained for lack of suitable infrastructure specially in tribal and remote rural areas. He requested the Central Government to provide sufficient funds for the development of required infrastructural facilities in difficult areas and to fight the scourge of Malaria and other waterborne diseases.

17.5. The Chief Minister was happy to note that there was a recognition of the need for taking an overall view in the social services sector and demanded optimum funding of programmes in sectors like education, health and nutrition by the Government of India. He informed the Council that in the

recent Zila Parishad Act passed by the Orissa Legislative Assembly, there was a provision for disqualification of candidates having more than two children. He urged the Central Government to follow suit and amend the Representation of People's Act 1951 for disqualification of candidates having more than two children for contesting Parliament and Assembly elections. He stressed the need for adopting harsh measures by the Central Government for population control. He stated that with the present trend of increasing population no worthwhile planning could be done. He strongly endorsed the recommendations regarding incentives/disincentives suggested by the Committee on Population and stated that the State Government had already initiated certain steps in this direction. An integrated approach involving grassroot functionaries, of various departments non governmental organisations and private medical practitioners was quite essential for the success of family planning programmes.

17.6. The Chief Minister suggested that the present rate of provision of drugs and dressings in case of sterilisation should be enhanced from Rs. 257 to Rs.60/ for each case and Government of India should provide additional funds to the States for this purpose.

17.7. The Chief Minister stressed the need for primary education and literacy to be jointly emphasised through appropriate strategies to be worked out at the local level. He stated that effective steps to meet the learning needs of the neouterates should be taken for a sustainable literacy campaign. Integration of Total Literacy Campaign with the programmes for universalisation of elementary education was also required to reduce dropouts from schools. For that, it would be necessary to develop school infrastructure and make adequate provision for out of school variables like midday meals, school uniform, attendance, scholarships, weekly supply of grains to meet at least a part of the opportunity costs incurred by the parents in sending their children to school etc. He demanded that at least 6% of the GDP should be allocated for education sector as enunciated in the National Policy on Education. He requested the Central Government to provide more financial assistance to the State Government to supplement their efforts for Total Literacy Campaign and primary education.

17.8. The Chief Minister, welcomed the idea of micro level planning and involvement of people at the grassroot level. He endorsed the view of the Committee that a block or the Panchayat Samiti would be an appropriate unit of microplanning. He also wanted to involve the nongovernmental institutions with proven track record for ensuring people's participation in micro level planning. Such organisations might also undertake execution of development works locally by ensuring people's participation. The Chief Minister also informed the Council that the State Government had already undertaken steps to give complete responsibility to elected local bodies for implementation of the various programmes enumerated in the Eleventh Schedule of the Constitution. Involvement of Gram Panchayats, women and youth organisations and voluntary agencies in family welfare programmes, primary education and total literacy was also being ensured by the State Government. He welcomed the Committee's recommendation that Central Government would share the expenditure in the ratio 2:1 for the strengthening of planning machinery at the sub-State level.

17.9. Referring to the report of the NDC Committee on Austerity, the Chief Minister stated that the status paper on action taken on the recommendation of Austerity Committee presented to the Council did not indicate any tangible progress. He emphasised the need for adopting austerity measures by all concerned both at the State and Central Government level to avert erosion in plan resources. He mentioned that Orissa Government had initiated strict austerity measures to reduce non Plan expenditure. He urged the Central Government to adopt similar steps.

18.1. **Gen. K.V. Krishna Rao**, Governor, Jammu & Kashmir, recalling some of the important facets of militancy in the State, said that with the change of the Government at the Centre in 1989 and collapse of democratic Government in the State, the number of militants in the Valley which was between 200 300 had swelled to about 30,000 causing adverse impact on the economy and development of the State. Continuing, he added that while 3,000 militants had been killed in the State, 15,000 had been captured. Besides, 10,000 were estimated to be spread in the Valley and equal number waiting across the borders to in-filterate. He, however, was hopeful that militancy in the State will be put down with the help of people's support and cooperation which was forthcoming in abundance.

18.2. The Governor pointed out that the State's economy which had experienced a drift since 1990 had started showing signs of revival, and given a responsive executive machinery and requisite financial and technical assistance from the Government of India, could take the State to premilitancy period. The Governor also drew the Council's attention to the limited financial resources of the State and overdue amount of Rs.2800 crores due to the Centre as repayment of loans and security related expenditure of Rs.150 to Rs.200 crores per annum.

18.3. In the context of the Report of the Committee on Employment, the Governor said that absence of a strong private sector in the State to assimilate the outturn of general its and technocrats had contributed to the backlog of unemployed numbering around 90,000. In this context, the Governor mentioned about a comprehensive self employment programme formulated by the State Government which aimed at creating about 27000 jobs for the educated and indirect employment for 54000 uneducated and semieducated. He referred to the special scheme for educated unemployed announced by the Prime Minister and hoped to get substantial assistance under the scheme to tackle the problem of educated unemployed in the State.

18.4. While commending the work done by the Committee on population, the Governor said that lowering of birth rate was possible through an integrated effort which should take into account female literacy, effective employment policy, poverty alleviation programmes, health care, lowering the infant mortality rate, Community participation and a strong political will. He favoured the idea of providing incentives to those following small family norms. Endorsing the recommendations made in the report he pointed out that the one suggested 10% of the funds of the non-Plan category from within the States' budgets be diverted for Family Welfare Programme needed reconsideration.

18.5. Coming to the Report on Literacy, the Governor observed that a glaring deficiency in the existing policy of universalisation programme was the high drop out rate both at the elementary as well as the secondary stages. This led to a growing class of uneducated and semieducated youth causing social unrest and sometimes political turmoil. He therefore, suggested that vocationalisation needed to be pursued vigorously as a part of determined policy to generate self employment opportunities. As regards adult education, the Governor pointed out that the programme had not taken off in the State because of low voluntary base, and suggested that special schemes based on local experience needed to be evolved in order to provide impetus to the programme.

18.6. In the context of Report on Micro Level Planning, the Governor stated that decentralised planning had started in J&K in 1976 and by now the entire system was standardised in terms of Plan formulation, implementation and monitoring at the district level. Devolution pattern for the block level planning, however, could not materialise in the State because of absence of elected Panchayat bodies.

18.7. The Governor pointed out that the existing decentralised set up in the State had been recast and with the gradual revival of political process in the State, the mechanism of micro level planning based on people's participation would get enlarged and institutionalised.

18.8. Referring to the implementation of NDC's decision regarding the transfer of 113 CSS to States, the Governor J&K felt that there had been inadequate follow up at the level of the concerned Ministries since so far only 26 schemes had been transferred with funds. He felt that stoppage of funds under the CSS would adversely affect the economic development of the States and he, therefore, underlined the need of settling the issue during the coming round of plan discussions and providing suitable funds to the States for 1994-95.

18.9. While generally agreeing with the recommendation of the Committee on Austerity, the Governor observed that since the State was not going through normal times, any exercise to reduce the revenue expenditure should take into account the growing expenditure on security related items and the handicaps faced by the revenue collection machinery. Regarding wiping off subsidies in the PDS, the Governor referred to the high transportation cost of foodgrains to remote corners of the State. He suggested that subsidy should continue for the poorer section of society while the income tax paying class could be taken out of the PDS. He further suggested that subsidies on higher and technical education, electricity and irrigation should be reduced in a phased manner considering the existing law and order problems in the State.

18.10. The Governor said that the production of PSUs had been adversely affected due to disturbed law and order conditions, and a minimal cash support for them had become necessary. The proposal for imposing consignment tax, the Governor felt tended to hurt the backward and consuming States like J&K. He also ruled out any scope for raising additional revenue from the land holdings as holdings in the States were generally quite small.

18.11. Referring to the Planning Commission's report on their interaction with various Organisations on Austerity Committee's recommendations, the Governor said that they would reiterate the stand already taken by them before the NDC.

19.1. **Shri Arjun Singh**, Union Cabinet Minister for Human Resource Development thanked the Prime Minister for having given the subject 'basic education' high priority for consideration by NDC. He pointed out that India continued to have the dubious distinction of having the world's largest illiterate and out of school population. He stated that a national will needed to be forged to ensure that every child who ought to be in school was actually there.

19.2. The National Policy of Education (NPE), 1986 updated in 1992, envisaged Universal Elementary Education (UEE) to be achieved by 2000 AD. Participation in the basic education system had to come from the disadvantaged groups and regions. This made the present task more difficult. However, the challenge for Education For All (EFA) needed to be taken up seriously. NPE and its programme for action, based on an in-depth review of the Indian educational system and evolved through a consensus process provided a comprehensive framework for the achievement of EFA. The Jomtien conference on education for all held in March, 1990, also adopted the NPE 1986 framework of basic education, pinpointing that the goal of basic learning for all should be met by 2000 AD. The State Governments' own plan of action harmonising with a national plan of action would help in attaining this goal.

19.3. The emergence of Total Literacy Campaign has dramatically changed the adult literacy scenario. The annual growth rate of enrolment which was declining till 1980 has been steadily

increasing. The number of out of school children had halved between 1980, and now. The schemes of Operation Black Board and District Institutions of Education and Training (DIET) were working successfully.

19.4. The Minister emphasised the need to make the school curriculum more creative, responsive and relevant ensuring not only enrolment but also retention of the children in the schools. Non-formal education also needed to be developed and implemented more effectively.

19.5. He mentioned that ultimately it was the management of the educational structure and process which would lead to the achievement of EFA goal; cost effectiveness and accountability were essential elements in this process. Integration of schools and related programmes like ICDS, Early Childhood Care, Education and Nutrition etc. would be useful. Besides, decentralisation had to be an important aspect of management of education. In this context, detailed parameters had been worked by a CABE Committee (Central Advisory Board on Education).

19.6. The Minister expressed happiness over the fact that India had been greatly appreciated at the recently concluded International Consultative Forum on EFA which was a prelude to a Summit of the nine high population countries being hosted by India on December 15 -16, 1993.

20.1. The Chief Minister of Kerala, **Shri K. Karunakaran**, congratulated the Prime Minister for his initiative in constituting Committees of the NDC to look into the important areas of Employment, Population, Literacy, Micro level planning and Austerity. He felt that all the subjects were highly interrelated. The primary task was to build up and strengthen the institutions at the grass root level with people's participation. He also paid tributes to the late Prime Minister **Shri Rajiv Gandhi** who took some bold initiatives for the Panchayati Raj system in the country. The Parliament had already brought about the necessary enactments paving the way for the Panchayati Raj System.

20.2. Referring to the NDC Committee on Employment, the Chief Minister said that problem of unemployment had assumed alarming dimensions in Kerala, where it was as high as 21%. He agreed to the Committee's recommendation that attention should be focussed not only on creation of additional productive and sustainable employment opportunities but also on augmentation of existing employment in terms of productivity and income. In the State's Eighth Plan, highest priority had been accorded to employment oriented schemes. Activities like horticulture, sericulture, dairying in general, agrobusiness and food processing had received special emphasis since they possessed high employment potential. The New Agricultural Policy of the State contained a special programme to give employment to one lakh youth. He also mentioned that the Small Farmers Agri business Project in Ernakulum district had made a good headway. The new Industrial Policy gave priority to the development of small enterprises, as suggested by the Committee. He agreed with the Committee's recommendation regarding progressively declining role of Government in employment generation. For that, financial institutions including commercial banks needed to be active partners for making the employment oriented growth strategy a success.

20.3. In the context of the NDC Committee on Population, the Chief Minister said that Family Welfare Programme should be converted into a people's movement. To meet area specific requirements, it was necessary to adopt differential approaches. He stressed for a multipronged approach of accelerating the pace of socioeconomic development, removing gender gaps in literacy and health care, etc. A National Population Policy should be formulated and adopted by the Parliament. He mentioned that Kerala had been able to restrict the population growth, largely due to involvement of people's organisations and the high degree of literacy among the masses.

20.4. Referring to the NDC Committee on Literacy, the Chief Minister generally endorsed its recommendations. He mentioned that a total literacy campaign should be initiated in all the States involving governmental and voluntary agencies. A State specific strategy for the compulsory schooling for the elementary age group should also be thought of. Sociopolitical action should be taken for the enrolment of children. A networking of governmental and nongovernmental institutions working for the development of Adult Education was required.

20.5. Recommendations relating to the NDC Committee on Micro level Planning and People's involvement at grass root level were endorsed by the Chief Minister. He stressed that With the Panchayati Raj Bill becoming a reality, the implementation of microlevel planning would become easier. He mentioned that Kerala had already initiated a self reliant village programme which integrated all the development programmes being implemented and also gave freedom to the Village Panchayats in formulation and implementation of the schemes based on felt needs. A total of 133 village panchayats had been selected and the number would increase by the end of the Eighth Plan. He suggested that the recommendations regarding funding be considered by the Planning Commission, while considering the Annual Plan of the States.

20.6. The Chief Minister agreed with most of the recommendations of the NDC Committee on Austerity. He informed the Council that the State Government had initiated action on some of the important recommendations relating to reduction in staff expenditure, subsidies and other non-Plan expenditure. Water rates and electricity tariffs had been revised. Efforts made to improve the working of the State Road Transport Undertaking and other public sector undertakings had yielded results. He emphasised that efforts should be made in providing compensation in kind, in case of price escalation. He said that the State Govt. would need adequate financial help in meeting the possible additional DA liability. He expressed his reservations regarding introduction of consignment tax and urged that Government of India to discuss the matter with the State Governments before taking a final decision.

20.7. Regarding, the transfer of Centrally Sponsored Schemes to States, he pointed out that out of the 113, only 40 were relevant for Kerala. A clear picture of funding should be given and if these schemes were to be transferred to the State Sector, then Rs. 15 crores would have to be provided as additional grant per year. However, it was suggested that in the context of decentralised and micro level planning, the number of Centrally Sponsored Schemes should be reduced to minimum.

21.1. **Shri Veerappa Moily**, Chief Minister of Karnataka congratulated all the NDC Committees on the high quality and excellence of the work done by them.

21.2. He stated that he fully endorsed the recommendations of the Committee on Employment. He pointed out that in Karnataka, promotion of occupational mobility outside agriculture through diversification of the economy had already been planned. Toward this end, Karnataka had embarked upon an aggressive industrial policy and incentive package to attract more investment both foreign and domestic. As a result an investment of Rs. 10,000 crores had already been committed and during the next seven years an investment of Rs.60,000 crores was expected, giving employment to 2.65 crores. Besides, generation of employment through State Sponsored Schemes continued to be a priority in the context of the structural adjustment programmes undertaken.

21.3. He endorsed all the recommendations of the Committee on Micro Level Planning and Involvement of People at Grass Root Level. He stated that Karnataka had a long history of successful

micro level planning and this was further strengthened by the recent legislation on democratic decentralisation.

21.4. The Chief Minister opined that a substantial step up in public expenditure on education and health and increasing female literacy would help in implementing the recommendations of the Committee on Population. He stated that Kerala provided a commendable example in this context. Female education in Kerala was responsible for its impressive decline in mortality and fertility rates and also helped in the public health measures being more effective. He recited a Kannada adage that “if you educate a boy you will educate only one person but if you educate a girl you will educate the whole family”. He suggested that something really revolutionary needed to be done to ensure that female literacy in the country was stepped up significantly. The Karnataka State will extend total support in the setting up of National Mission for Primary education, so as to achieve the goal of universalisation of elementary education. In Karnataka a massive programme of providing a minimum of one teacher and one class room per school by the year 2000 A.D. had been launched. Priority was given to rural candidates in the recruitment of teachers and 50 per cent of seats were reserved for women not only in recruitment but also in admission to teacher training institutions. Special enrolment and retention drives had been taken up with participation of popular representatives and people. In the field of Adult Education, Karnataka had been one of the first States in the country to respond to the TLC strategy. In Karnataka more than 50 per cent of the total allocation for education sector was on elementary and adult education. He stated that the Committee’s recommendations on an education cess in so far it meant augmenting spending on education was totally accepted. The Chief Minister, however, lamented that the share of education sector in total plan allocation had decreased from 7.5 per cent in the First Plan to 3.5 per cent in the Seventh Plan, However, for the Eighth Plan outlays for both education and health have been stepped up considerably. It was a tribute to the present leadership that the prioritisation of expenditure had been altered based on the proper understanding that mass education and public health were essential to India’s modernisation. He also pointed out that unless it was possible to give a cost effective machinery to deliver goods and services, investment would be futile.

21.5. Regarding the transfer of 113 Centrally Sponsored Schemes to the State Government, the Chief Minister requested that transfer of accompanied funds should also be ensured.

22.1. **Shri Mohamed Shafi Qureshi**, Governor of Madhya Pradesh, at the outset, urged that while considering the reports of the NDC Committees, the special problems of the State should be kept in mind. He pointed out that a look at the various socioeconomic indicators like birth/death rate, infant mortality rate, road length, health infrastructure, population below poverty line, literacy rate etc. would suggest that Madhya Pradesh required a strong Central support in the State’s efforts to tackle the problems of unemployment, literacy and population control.

22.2. The Governor, fully endorsed the recommendations of the NDC Committee on Employment. He mentioned about the various efforts being made by the State Government in creating employment opportunities in the State. An ambitious programme of Integrated Horticulture Development had been launched. He requested that the Central Government must supplement the State’s efforts to harness the untapped irrigation potential so that the benefits from irrigated agriculture and improved agricultural practices could reach every one. He mentioned that the State had been a pioneer in the field of community irrigation and had started implementing community based lift irrigation schemes “UTTHAN” in the predominantly tribal districts of the State. He sought the expeditious approval of the Central Government for the various projects submitted by the State Govt. regarding

wasteland development. He pleaded that integrated development of Narmada Valley project should be taken up by the Centre as a national project. He also requested that the quantum of Calamity Relief Fund (CRF) be increased to Rs. 160 crores from the present amount of Rs. 37 crores, as the present level had no relevance to the needs of the State.

22.3. Referring to the report on Population, he agreed with the Committee that population stabilisation was a pre-requisite for achieving the objective of sustainable development. There was, therefore, urgent need to adequately strengthen infrastructure in the family welfare sector. He pointed out that the State had a low level of infrastructural facilities in the health sector and urged for more Central help to strengthen the same. He mentioned that the multi-pronged approach outlined by the NDC Committee had special significance for Madhya Pradesh and briefly recounted State Government's efforts relating to provision of drinking water, child health care, maternity care etc.

22.4. Regarding the proposed disincentives for Government employees, recommended by the Committee, he wanted that a consensus at the national level needs to be reached before introducing them. He also disagreed with the Committee's recommendation regarding giving more financial assistance to the States performing well in lowering the birth rate and infant mortality rates as this, he felt, would have a dampening effect on the family welfare programme in the State. That States should meet 10% of their expenditure on family welfare programme from their own non-Plan budget was not practicable.

22.5. The Governor also indicated that the Central Government should compensate the State Governments for the losses suffered by them in their small savings collections on account of major income tax policy changes introduced in the Central Budget 1992-93. The Governor, wanted that a principle of commodity taxation on advalorem basis should also be extended to royalty on major minerals to help the State Government to raise more revenue.

22.6. **Shri Qureshi** welcomed the recommendations of the NDC Committee on Literacy. He stated that the Committee had thoroughly examined the problems of elementary education and had rightly suggested for structural changes to eliminate the scourge of illiteracy. He opined that nonformal education coupled with modified operation Black Board Scheme would help the process of universalisation of elementary education. He also stressed the need to augment efforts for adult education, as the State (as per 1991 census) had 1.12 crores illiterate persons in the age group of 15-35 years.

22.7. He broadly endorsed the recommendations of the NDC Committee on Micro level Planning and Involvement of People at the Grassroot level. He stated that the State had already constituted District Planning and Development Boards and had been allocating untied funds to the extent of 3.5% of the total plan outlay to the sub-State level institutions. He agreed with the Committee's recommendation about the merger of District Planning and Development Board and DRDA with District Planning Committee. He informed the Council that the State Government was considering an amendment to the State Panchayati Raj Act for providing powers and functions to the District Planning Committees.

22.8. Referring to the 45th meeting of the NDC in which a decision regarding setting up a NDC Committee on Power was taken, the Governor, Madhya Pradesh, demanded for more power projects for the State, since there was a wide gap between demand and generation of power in the State. Schemes should only be transferred with the funds and Central Government should consult the State Governments before declaring a particular Centrally Sponsored Scheme as discontinued /

defunct. Planning Commission should implement the decision of the NDC regarding transfer of 113 CSS to States in toto.

23.1. **Shri Bali Ram Bhagat**, Governor of Rajasthan congratulated the NDC Committees for focussing attention on and articulating the urgency of finding solutions to the crucial problems in areas of population, literacy, employment and micro level planning. In view of the limited success of Family Planning efforts in Rajasthan, he suggested some improvements, namely; (a) Population Control efforts should include socio economic sector and not be confined to the medical sector alone; (b) decentralised planning with need based approach and community involvement in order to accelerate the momentum of family planning; (c) provision of subcentres for even 500 population in desert regions of the State; (d) a budget allocation of Rs. 5000 per subcentre for providing basic clinical services needed to be increased; (e) greater incentives for NGOs to be given in order to encourage them to function in remote areas; given the special circumstances prevailing in Rajasthan, emphasis on the role of women in FP was required; (g) apart from Health Ministry designing the media efforts for family limitation, other departments too should take active part.

23.2. The Governor expressed his total agreement with the recommendations of the NDC Committee on Employment. He suggested that technical definitions of unemployment and under employment given by the NSSO should be reexamined in the case of Rajasthan and needed to be revised to include productivity & level of income besides hours and days of employment. He said that the State Government had constituted a Committee to assess the employment situation and to identify sectors & activities having possibilities of augmenting productive employment. Employment potential in the State was highest in Trade, Transport & Services (1415 lakh mandays) & in Industry (58 lakh mandays). To achieve the target of full employment by 2000 A.D., the rate of growth of employment should be to the tune of 2.5% per annum in the State. This implied that an additional 50 lakhs jobs need to be created which would require an investment of Rs. 15,000 crores over the next 7 years. He pointed out that the major bottleneck is the weak social and economic infrastructure in Rajasthan. He, therefore, suggested that the backwardness of the state be given due weightage in the devolution of the resources.

23.3. As regards literacy, the Governor said that Rajasthan had the lowest literacy rate in general and among females in particular. He added that nineteen districts in Rajasthan had literacy rate below 20 per cent. Several initiatives had been taken by the State in order to eradicate illiteracy. The Governor was in total agreement with the NDC Committee's recommendations on Literacy but listed certain essential steps which needed to be taken to spread literacy in the State. These included (a) opening of primary schools in about 6000 revenue villages; (b) to achieve the ratio of 2:1 between primary & upper primary schools from the existing 4:1 ratio; (c) to revise guidelines of JRY to include provisions of funds for construction of school buildings; (d) provision of free text books for classes I to V; (e) revision of current norms for sharing cost of total literacy projects from the existing ratio of 2:1 between Government of India and State Govt. to 4:1.

23.4. On the Report on Microlevel Planning, the Governor said that the State was in agreement with the Committee's recommendations regarding the focus on block as the smallest unit of planning. However, he opined that the district was the most viable unit for decentralised planning. He expressed his total agreement with the Committee's recommendations on expenditure allocation, development works, etc.

23.5. The Governor said that highest importance has been attached to issues relating to austerity in Government expenditure, improvements in the efficiency of government delivery systems & PSUs, and to plan activities providing impetus for development. He listed the steps taken by the

Rajasthan Government for curtailing non-Plan expenditure and simplification of Sales Tax system. The State Government had constituted the Mathura Das Committee on the working of State public undertakings and its recommendations were being implemented. Further, power tariffs had been revised and RSEB had achieved a ROR of 3% on the fixed assets. Income Tax payers were not being covered under the Public Distribution System.

23.6. The Governor, though, was in agreement with the recommendations of the NDC Committee Report, expressed his reservations in certain areas, namely, (1) general expansion in employment in government sectors needed to take place particularly in social and infrastructure sectors; (2) Freezing of DA and bonus would be done according to the pattern of Central Government; no LTC and HTC benefits were available to State Government Employees; (3) fee increase in higher education and concessions be based on economic criteria; (4) existing Sales Tax structure could be simplified so as to have 34 slabs of rates only in view of regional compulsions; (5) additional resource mobilisation through land revenue and cess was limited as majority of land was unirrigated in Rajasthan; (6) higher water rates in the irrigation sector was not possible due to recurring droughts and high cost of delivery of water for irrigation; (7) reduction in interest rates might seriously affect resource mobilisation through small savings; (8) advolerum duties be implemented by the Centre in respect of excise duties so that States could have the benefit of additional revenue; and (9) funds from "National Renewal Fund" should also be made available to the States. The Governor, therefore, suggested that the loan to States should be in perpetuity and the (net) loan assistance should be increased to 90% of net collections from small savings against 75% at present. He also pointed out that the stipulated return of 3% on net worth would be achieved in case of SEBs and the State Road Transport Corporation was also being run efficiently. He was in favour of a consignment tax to be levied at the rate equal to 2% with the power to grant exemption from the tax resting with the State Government. He further recommended that 50% of the tax proceeds should be retained with the State with the other 50% going to a divisible pool, which could be distributed as per the recommendations by the Finance Commission. The Governor pleaded for the provision of Central share of funds for the entire Eighth Plan, for Centrally Sponsored Schemes be transferred to the States.

24.1. **Shri Motilal Vora**, Governor, Uttar Pradesh commenting on the report of the NDC Committee on Employment observed that there was a backlog of 16 lakhs unemployed persons in the State at the end of the Seventh Plan and during the Eighth Plan period another 54 lakhs persons were likely to join the labour force. He favoured adoption of an "augmentation strategy" for the State which envisaged fast and diversified growth in such activities as mushroom cultivation, pisciculture, sericulture, dairy development, food processing etc. To create employment opportunities in the non-farming sectors, the Governor laid stress on improvement in the infrastructural facilities, vocational guidance, information on job opportunities, training facilities, identification of new trades with high employment potential, etc. He felt the Eighth Plan provision of Rs. 540 crores for creating employment opportunities would go a long way to help the unemployed youth. The Governor indicated various steps initiated in the State to establish close rapport between the industries and the training institutions, revision in the trades as per specific requirement of industries and introduction of new techniques for technical training. He suggested an upward revision in the investment of projects undertaken by the entrepreneurs selected under SEEUY scheme, and endorsed the Committee's recommendation for evolving a National Wage Policy.

24.2. Agreeing broadly with the recommendations of the Committee on Population, the Governor felt that there was an urgent need to strengthen and to consolidate the health infrastructure in the State, particularly in the rural/tribal areas. He endorsed the recommendation for increasing the

drug budgets of subcentres from the present level of Rs.2000/- per annum to Rs.50007 per annum, and referred to the Project sponsored by USAID which had been launched in the State to boost the Family Welfare Programmes utilizing the existing network of Ayurvedic, Unani and Homeopathic Dispensaries. The Governor expressed his agreement on the emphasis laid on the importance of training programmes, area specific approach and close coordination amongst various Government agencies at all levels. He felt that active involvement of Panchayats in the programmes at the village level was necessary, and suggested that the funding pattern of the programmes should remain unchanged.

24.3. The Governor endorsed the target of total literacy by the year 2000 and to strengthen elementary education by adopting appropriate strategies as recommended by the Committee on Literacy. He outlined, in brief, the programmes undertaken in the State during the Eighth Plan in the field of primary education, nonformal education and adult education and said that under the total literacy programme 42 out of the 63 districts of the State had been targetted during the Eighth Plan period and for the present the programme was being implemented in sixteen districts. Since the programme was intended to benefit women, backward classes, SCs & STs, the Governor sought financial assistance from the Central Government to the extent of 90% to ensure effective implementation of such programmes. He said that the Committee's suggestion of levying cess on education needed to be examined in detail.

24.4. Endorsing the recommendation of the Committee on Micro Level Planning to make the block, taluka or even a cluster of villages as the smallest unit of Planning the Governor proposed that its implementation should be linked to the strengthening of Village Panchayats. Microlevel planning, according to him, could succeed only when local bodies were empowered to raise their own resources, and vested with necessary powers and responsibilities. He agreed with the recommendation that the Centrally Sponsored Scheme on strengthening of planning machinery upto the block level needed to be revived. He, however, proposed that sharing of expenditure on staff between the Centre and the State should be 90:10 as against the Central Government sharing two-thirds at all levels.

24.5. The Governor was in full agreement with the 72nd amendment Act on Panchayati Raj and informed that steps had already been initiated for obtaining necessary Legislative approval. He favoured the provision of substantial untied funds for microlevel planning at the district level.

24.6. The Governor did not agree with the recommendation of the Committee on Austerity relating to reduction in non-Plan revenue expenditure (NPRE) as a percentage of total revenue on an average by 5% points during the Eighth Plan period as NPRE was one of the lowest in the State. Instead, he favoured containing the non-Plan revenue expenditure as a percentage of total revenue at the existing level. He stated that the burden of the State on account of repayment of loans and interest to the Central Government had grown substantially and, therefore, agreed with the Committees' recommendation for treating loans against small savings as loans in perpetuity. He also suggested that the grant component of Central Plan assistance be increased and rates of interest on loans against small savings should be reduced. He referred to the lowering down of interest rate for commercial loans and sought reduction of one percent in the rate of interest on the loans given to States by the Central Government.

24.7. As regards emoluments of the State employees, the Governor said that it was difficult to adopt a pattern different from the one at the Centre. He felt that containing the rate of inflation was the only solution to the problem of additional DA payments.

24.8. Coming to the performance of State Electricity Board, the Governor stated that low tariff in agricultural sector was the major reason for not achieving the stipulated 3% rate of return. He sought Central assistance in improving the economic viability of the Board and felt that it would be advisable to wait for the findings of the Committee on Power set up by the NDC.

24.9. **Shri Vora** observed that the NDC's decision about the transfer of 113 CSSs to States along with Central share of funds, had not been fully implemented as some of the schemes had been retained by certain Central Ministries at the Centre. He further stated that the Uttar Pradesh had not received so far any financial assistance against the transferred Centrally Sponsored Schemes. The Governor made the following proposition in this regard:

- (i) There should not be any change in the NDC decision with regard to the schemes identified for transfer.
- (ii) The Planning Commission should quantify the total kitty of Central share meant for such schemes and distribute the amount among all the States on the basis of IATP formula as an additionality to States' share in Central assistance.
- (iii) States should be given full freedom to take decision with regard to the operation and financing of these schemes depending upon their relevance to a particular State.

25.1. **Shri R.K. Dorendra Singh**, Chief Minister, Manipur stated that the State had a high rate of unemployment particularly among the educated youth since the avenues for private employment were restricted; the resultant social tensions have manifested in the form of drug addiction, urban unrest, secessionism and internecine clashes. He stated that the scheme for providing soft loan assistance for promotion of self employment among the educated unemployed had been quite successful in Manipur, and that the State had resorted to fresh initiatives in that direction.

25.2. While generally endorsing the recommendations made by the Committee on population, the Chief Minister said that a full fledged Family Welfare Bureau was implementing various programmes of population control in the State. He, however, admitted the State's inability to achieve the targets set by the Government of India. He considered ignorance of the rural people responsible for such a low level of achievement. He mentioned about the positive role played by the Village Health Guides and the traditional midwives, and suggested increase in their honorarium as also provision of some medical kits for their use while touring villages.

25.3. Agreeing broadly with the recommendations of the Committee on Literacy, he referred to the problem of paucity of funds, and sought special Central assistance to make an effective headway in the field of vocationalisation and creation of adequate educational infrastructure in the State.

25.4. Outlining in brief the various steps taken by the State Government in the year 1992-93 to reduce non-plan expenditure with a view to improve the financial position of the State, he pointed out that the State was able to close the year 1992-93 with a deficit of Rs.55.57 crores marking a decline of 70.86% over the figure projected in the Resource Estimates for 1992-93. Some of these steps were (a) ban on creation of fresh posts and direct recruitments except for statutory function; (b) suspension of festival advance, LTC, motor vehicle advance etc.; (c) 20% cut on non-plan contingent budget of all departments; (d) raising of additional revenue; etc.

25.5. Coming to the transfer of 113 CSS to the States, he suggested that all the funds for implementation of the transferred schemes should be given to the States as 100% grant and not in the grant loan ratio of the existing Central Plan Assistance.

25.6. Lastly, while raising the issue of plan funding, he referred to the indications that from 1994-95 onwards the Plans of special category States would also be funded on the pattern of non-special category States. Since the State was facing the debt servicing problem even with the existing pattern of 10% loan and 90% grants, the Chief Minister urged the Council to continue with the existing pattern of funding for special category States, and consider the specific needs of such States while dealing with various issues facing this country.

26.1. The views of the Government of West Bengal were stated by the Finance Minister of West Bengal, **Dr. Ashim Dasgupta**. He stated that issues relating to literacy, population and employment were closely inter-related and in each case, micro level or decentralised planning with an involvement of people at grass root level was to play a crucial role. Thus, the State Government's comments on the reports of the NDC Committees were presented in an integrated manner.

26.2. He pointed out that in none of the four reports, there was a mention of the need for redistributive land reforms in the absence of which there can at best be very limited success in the implementation of their recommendations. This was so, in spite of the fact that, in the country as a whole, top 10 per cent of the rural households own nearly 71 of the agricultural land and bottom 10 per cent comprising of the small and marginal farmers own only 29 per cent.

26.3. He therefore, advocated for adoption of an alternative approach to these issues, beginning with land reforms and with proper place given to the labour intensive small scale sector in the industrial policy with a categorical support from the banking system. He asserted that there was hard empirical evidence that the highest record of production and employment generation per acre was obtained from the land of smaller farmers. Thus land reform measures along with provision of nonland inputs like irrigation, improved seeds, credit and marketing facility would help in maximising employment generation and purchasing power of the community. Emphasis on allied activities and the adoption of the right technology were also tools in this process. This would also ensure involvement of the vast majority through the Panchayats and help in implementation of the programmes on mass literacy and population control in an integrated manner. In West Bengal, after land reforms the small and marginal farmers along with share croppers had operational control over 70 per cent of the land. 85 per cent of the Panchayat members came from the small and marginal farmers. All the major development programmes of the Government were executed through these Panchayats. In a typical year, 50 per cent of the total annual plan outlay for the State devolved down to the district level and below. In addition, special untied funds were provided to each district by the State Government. The ultimate accountability of decentralised planning exercise was to the people. It was within this framework of participatory decentralised planning that the programmes relating to literacy, population and employment had been launched.

26.4. Shri Dasgupta stated that, as a result of the mass literacy programme in the state, the overall literacy rate which was 57.72 per cent according to 1991 census was now estimated to have reached 65.54 per cent. It was expected that full literacy would be attained in the State by the turn of the century. He requested that the Central Government should share the increased expenditure due to remarkable increase in enrolment in primary schools. This had also resulted in explosion of demand for new schools, books, and teachers. Another remarkable feature of the mass literacy programme was dominance of females among the neo literates. Female literacy along with strong possibility of sustained income generation acted as the major factors in effective implementation of family welfare programmes, he opined.

26.5. Regarding the recommendations of the Committee on Employment, he felt that detailed employment planning needed to be taken up. Clearly, the aim was to create more job opportunities in a year than addition to the number of job seekers. He suggested that targets should be set for generation of employment in different sectors in each State for every year of the Eighth Plan. Provision of training facilities for self employment programmes were also important in this context.

26.6. A move towards decentralisation should be supported by corresponding move towards decentralisation of resources and powers of decision making from the Centre to the States. Shri Dasgupta also mentioned that some disconcerting developments had taken place in the Centre State relations. A reduction in the rates of interest on the small savings schemes and a suspension of transaction on small savings for about fifteen days have adversely affected the State's financial resource position. Shri Dasgupta wanted the issue of DA freeze to be reconsidered. The problem of black money and administrative price increases did not support this. Besides, the limits on market borrowings should also be raised keeping in line with inflation. Regarding the implementation of NDC decision to transfer the Centrally Sponsored Schemes to States, he observed that the Central Government funds devolved for the 26 schemes was only Rs. 5 crores for West Bengal as against Rs. 50 crores estimated during the State Plan discussion with the Planning Commission early 1993. He therefore, pleaded for adequate resource transfer along with the transfer of Centrally Sponsored Schemes.

27.1. Congratulating the Prime Minister and the Finance Minister for the economic liberalisation package introduced since the middle of 1991, **Shri S.C. Marak**, Chief Minister, Meghalaya said the bold course of reform had served the country well and that the Government had full support of the common people. He, however, felt that the economy still needed very close monitoring for ensuring long term growth. The Chief Minister suggested a time bound programme to achieve area-wise targets set for each state and a detailed study on the local conditions to help evolve a realistic frame work for the proposed time bound programme.

27.2. Referring to the new scheme for employment generation among the educated unemployed, the Chief Minister stressed on the need to impart training on vocational courses to youth suited to their educational level. He laid emphasis on upgradation of skill and manpower development as a continuing process.

27.3. The Chief Minister desired that the population problem be addressed on a war footing, drawing upon the successful models of Kerala, Tamil Nadu and Goa.

27.4. Coming to the issue of Austerity, the Chief Minister called for reducing public expenditure and introducing genuine austerity without hurting the poor.

27.5. Endorsing the recommendations of the NDC Committee on Literacy, the Chief Minister felt that those were sound and comprehensive and would vastly enhance the literacy level in the country if implemented in a manner suited to local conditions. He considered it useful to have a special meeting of the Chief Ministers of all States to finalise the strategy for "Education for all" and favoured involvement of masses in the process of governance through decentralisation and genuine local level planning.

27.6. Expressing his deep concern about the problems of insurgency, terrorism, ethnic conflicts and the influx of arms and drugs from across the border, the Chief Minister said that the continuing violence had adversely affected economic activity in the State. He considered the tendency to curtail public investment in the region as more disturbing.

27.7. The Chief Minister informed that following reorganisation of States in 1972, Meghalaya had made substantial progress in strengthening the basic infrastructure in the State and as a result the State's economy had been thoroughly integrated with that of the rest of the country. With the availability of electricity at the district and subdistrict level development of banking and a large expanding work force of educated men and women in the tribal areas, the Chief Minister felt that there was scope for promoting small industries in the State in order to create job opportunities for unemployed youth. Since the State was in a position to absorb sizeable investment in mining, power generation, tourism and food processing industries and tourism, it was absolutely essential to step up the level of investment in the State and provide for transfer of technology at a faster pace. The Chief Minister drew the Council's attention to the unfavourable credit deposit ratio in the State and solicited support from the Central Government to sustain the tempo of development in the State. Considering the poor economic base of Meghalaya as compared to developed States he urged the Prime Minister, Finance Minister and the Deputy Chairman, Planning Commission to keep in abeyance the decision to treat Special Category States at par with the nonspecial category States from 1994-95. He pleaded for the privilege to continue in the next year also.

27.8. Referring to the worsening internal security situation, in the State and consequent increase in the cost of maintaining peace, the Chief Minister sought sanctioning of Central forces in the State and the financial assistance to strengthen their own capabilities.

27.9. As regards non plan revenue deficits of Meghalaya amounting to Rs. 90.72 crores during the current year, the Chief Minister sought the intervention of the Finance Minister and the Prime Minister to sanction a term loan and a grant to cover the 7th Plan committed liability for 1994-95. He called upon the Planning Commission to help them in completing project formulation exercises and also to provide them with additional funds in the form of Central assistance to make good the reduction in plan size brought about due to their inability to obtain external assistance in the short term. Besides, since the State was unable to get negotiated loans, the Chief Minister anticipated further shrinkage in the Plan size and therefore, sought additional Central assistance in order to save the approved plan size. Laying emphasis on conservation of environment, wild life, and biodiversity in the North East, the Chief Minister felt that the States alone were not able to address such complex issues effectively. He, therefore, called upon the North Eastern Council to provide them with necessary financial and other support and urged the Central Government to ensure adequate resources to the NEC to enable the Council to serve its purpose and retain credibility.

27.10. Concluding, the Chief Minister once again requested the Central authorities to support Meghalaya and other North Eastern States with larger investible resources so that the people of that Region could hope to catch up with the rest of the country within a reasonable time.

28.1. **Shri Lal Thanhawla**, the Chief Minister of Mizoram welcomed the concept of microlevel planning and involvement of people at the grassroot level. He stated that, though from the point of view of operational convenience and practicability, the block could be a unit for microlevel planning, the aim, however, should be to have the village as the unit. For the success of microlevel planning, it was essential that subState level units should gear themselves mentally as well as professionally and bureaucracy should be prepared to shed its power without any reservations. The list of subjects for decision making at the village level should be enlarged in the long run. He, however, expressed his reservations about the recommendation of the Committee relating to merger of DRDA and District Planning Board. Instead, the Chief Minister felt the need for strengthening the latter. He

agreed with the recommendations regarding the devolution of funds from the State to the Microlevel units but was not in favour of a uniform rate of fund devolution for all states.

28.2. The Chief Minister, then, sought certain clarifications about the issue of transfer of Centrally Sponsored Schemes. He wanted to know whether categorisation of 68 schemes as defunct/nonstarter/phasedout could be done without the NDC's approval and why the transfer of funds for some of the transferred schemes could not take place. He also demanded Central funds for continuance/ maintenance of the transferred schemes beyond the schematic timeframe, especially, in regard to nonrevenue earning or service schemes.

28.3. While agreeing with the recommendation of the Austerity Committee regarding the gradual reduction of nonplan revenue expenditures, the Chief Minister pointed out that in a backward State like Mizoram, it was imperative to incur expenditure for improving the standards of administration. Cost of maintenance of capital assets too was high due to high labour cost and geographical constraints. Therefore, it would be almost impossible to effect much reduction in nonplan revenue expenditure. He further added that some expansion in employment in Government sector in North Eastern States was inevitable due to underdeveloped primary as well as secondary sectors.

28.4. The Chief Minister welcomed the recommendation of the Committee on Employment and described them as extremely useful. He stated that to achieve a goal of near full employment situation by 2000 A.D., it was essential to have a comprehensive action plan with a strategy to create additional productive and sustainable employment through diversification of agriculture based on agroclimatic regional planning and accelerated expansion of the rural nonfarm and small scale decentralised sectors, besides other ongoing employment generating schemes. He welcomed the strategy to promote occupational mobility and called for a faster expansion of secondary and tertiary sectors. He demanded that total plan outlay of the State should be increased as most sectors with high employment elasticity fall under the purview of the State Governments.

28.5. Regarding the report of the Committee on Literacy, with which he was associated with, he emphasised joint efforts by the Governments at the Centre and the States, NGOs, Corporate bodies etc. to achieve the goals of universalisation of primary education and adult literacy. He also stated that rural areas would require greater attention and the Orisj saexperience of expansion of rural education! through village Education Committees might] perhaps work well.

28.6. In the end, the Chief Minister urged the Planning Commission to undertake a detailed exercise to identify more important and, at the same time, practical recommendations made by these committees and to prepare an action plan and forward the same to the concerned Central Ministries and State Government for implementations within a specified time frame.

29.1. The Chief Minister of Nagaland, **Shri S.C. Jamir**, at the outset congratulated to NDC committees for bringing out comprehensive and action oriented Reports. He broadly; endorsed the recommendations of the Committees. He, however, felt that while adopting the recommendations of the Committees adequate allowance would have to be made to cater to the existing diversity in infrastructural facilities, terrain and level of development in different States. He pointed out that Nagaland had meagre internal resources and few avenues of resource mobilisation and would find it difficult to implement the recommendations without adequate Central support.

29.2. The Chief Minister stated that the State of Nagaland had already implemented a number of austerity measures, and had stepped up efforts to mobilise additional resources. He reiterated that the capacity of the Special Category States was limited and these states should not be treated at par with other States in implementing the recommendations of the Austerity Committee. He expressed his concern at the suggestion that the plans of Special Category States would be funded on the pattern of Non Special Category States from 1994-95 onwards. He stated that it would decelerate economic growth and would have serious social and political consequences. He requested the Prime Minister for his personal intervention to get this decision reviewed.

29.3. While broadly agreeing with the recommendations made by the Committee on Employment, he urged inclusion of Nagaland in the “augmentation strategy” proposed for certain States. He pointed out that 75% of the total work force was engaged in agriculture and due to the wide spread practice of shifting cultivation (Jhum) the productivity level was low resulting in considerable incidence of underemployment. Scope for jobs in the service sector was limited. He pleaded for a specific industrial policy for the North-Eastern Region which must include greater flow of credit at differential rates of interest by banks, financial institution, industrial promotion bodies etc. coupled with adequate Central Government support. He stated that lack of employment opportunities had diverted unemployed youth towards secessionist activities in the North Eastern Region.

29.4. The Chief Minister welcomed the recommendations of the NDC Committee 6 Population. He expressed his full support for including population education in schools and colleges and stressed for more family welfare camps and improvement in Information, Education and Communication (IEC). However, he pointed out that Nagaland could not share 10% of the nonPlan expenditure on family welfare schemes, as recommended by the Committee, due to resource constraints. He urged that the Government of India should continue to fully fund the programme.

29.5. The Chief Minister supported the recommendations of the Committee on Literacy relating to Operation Black Board and suggested its extension to the level of Middle Schools.

29.6. The Chief Minister asked for the continuance of Government of India’s scheme for supply of concessional paper for printing of text books since the discontinuation of this had an adverse effect on poor tribal students. He was not in favour of relaxation of formal educational qualifications for appointment of primary teachers. Regarding adult education he pointed out that a Jana Shiksha Nilayam might be set up for villages within 3 kms radius irrespective of population size. The programme of providing honorarium and light charges to the instructors might be revived.

29.7. On the issue of transfer of Centrally Sponsored Schemes to the States, the Chief Minister mentioned about the ambiguity regarding the present status of these schemes. He requested that the transferred schemes should continue to receive Central funds. He also requested that the funds required for maintenance of assets including manpower created under these schemes should be provided under the Plan since the Ninth Finance Commission did not provide for this.

30.1. **Shri Nar Bahadur Bhandari**, Chief Minister of Sikkim thanked Government of India for meeting some of the long standing demands of the State. He mentioned that a number of problems were still plaguing the State and urged the Government of India to attend to them immediately. The burning issues, according to him were:

- (a) Settlement of property issue of the former Chogyal of Sikkim.
- (b) Assurance given and commitments made to the ethnic groups of the State.

- (c) Proper understanding of the fact that the Sikkimese of Nepali, Bhutia and Lepcha origin were the natives of the State and were not immigrants.
- (d) Tribals of the State to be treated at par with those of other States. Members of Limbu and Tamong Community in the State to be categorised as tribals.
- (e) The two-laning of the National Highway 31 A, the only lifeline of the State.
- (f) Linking the State with air-services.
- (g) Coverage of the State by Doordarshan/ Radio.
- (h) Inclusion of the State in the North Eastern Council.
- (i) Clearance of the proposal of establishing referral hospital in Sikkim with private collaboration from the Government of India.
- (j) Clearance of Central Government for the Teesta Power Project.
- (k) Release of funds as promised by the former Prime Minister **Shri V.P. Singh** for the establishment of a polytechnic in Sikkim.
- (l) Completion of the modalities on the classification of other backward classes.
- (m) Back up Central support for the growth of tourism in Sikkim.

30.2. The Chief Minister also mentioned that the proposal of the Government of West Bengal to construct a high dam on the River Teesta would cause undue damage to Sikkim.

30.3. Regarding open market borrowings, he endorsed the view of the Planning Commission and pointed out that Sikkim had an infant economy and was not mature enough for additional resource mobilisation (ARM). Talking about the employment opportunities in the State, he stated, that private investments were not forthcoming in the State and, therefore, most of development activities had to be undertaken by the State Government. Also Selfemployment schemes had an inherent urban bias and rural poor could hardly avail of these opportunities. He suggested that suitable policies relating to easy credit facilities, raw materials, marketing had to be evolved to make the selfemployment schemes more effective.

30.4. The Chief Minister informed that owing to the removal of restrictions on the movement of foreign tourists, tourism industry in the State had received a boost. Infrastructure facilities like Communication and Transport which play a vital role in the development of tourism were in nascant stages. He pointed out that Sikkim was the only State without any air link or rail head and 31A national highway very often gets disrupted. He urged the Centre to invest in a big way in infrastructure sector. He specially requested the Central Government to airlink Sikkim with the rest of the country. All that would give a big boost to the tourism industry in the State, thus boosting its economic resources.

30.5. Regarding power sector, he asked for additional funds from the Government of India as Sikkim had a big potential for hydro electric power generation. He urged for an immediate clearance of Phase III of Teesta Hydel Project by the Government of India. He also welcomed the proposed privatisation of the Power Sector.

30.6. He pointed out that there existed only a single lossmaking Central Govt. Undertaking in Sikkim. He therefore urged the Government of India to set up more viable Central Govt. Undertakings in Sikkim and also requested for an early settlement of the burning issues mentioned earlier.

31.1. Shri Dasarath Deb, Chief Minister of Tripura stated that all the reports of the NDC Committees were extremely important and inter-dependent. He suggested that the policy framework needed to be designed in such a way that it allowed less developed regions to catch up with the developed regions.

31.2. Referring to the Report on Micro level Planning he stated that given the wide regional and subregional variations, microlevel planning was of utmost importance and to ensure its success adequate finances must be made available to Panchayats and other local bodies. He informed the Council about the recently enacted Tripura Panchayat Act, 1993, the provisions of which were in accordance with the recent Constitutional Amendment. He was not in favour of the proposal to integrate DRDA, the District Planning Board and the Zila Parishad and felt that it would be desirable to await the functioning of the newly elected Panchayati Raj Institutions as per the new provisions of the Act. He also stated that the issue of quantum of funds to the sub State level institutions should be left to the State Governments. He demanded for an augmented flow of central funds to the Special Category States for the purpose of meaningful devolution of funds to the subState level institutions.

31.3. The Chief Minister felt that population control without any element of coercion must be accorded high priority. Public Health Sector must be strengthened and substantial part of its funding must come from the Central Government. Unemployment problem was quite grave in the State and uneducated unemployed had been the backbone of extremist movements in several States. Substantial investment must be made in the various sectors to provide gainful employment to unemployed youth. He also mentioned that the State Rural Employment Programme in addition to the various Central programmes had been in operation for many years.

31.4. Referring to the Centrally Sponsored Schemes he stated that they must not be transferred to State Government without the transfer of resources.

31.5. With regard to the Report on Austerity he opined that austerity measures should be carefully planned. It was erroneous to think that all non Plan expenditure was unproductive expenditure. A large part of nonPlan expenditure went towards meeting the expenses of social and economic infrastructure. He was also against the freezing of Dearness Allowance of State Government employees who play pivotal role in influencing various welfare measures. He further stated that reduced coverage of Public Distribution System (PDS) would not be practicable in the conditions prevailing in Tripura. The austerity measures adopted must be in line with the conditions prevailing in the State and no rigid national policy should be formulated in this regard. He also pointed out that reducing budgetary support to public sector undertakings was not in the interest of small and backward States. This was also an area where a uniform national policy was not justified, he added.

32.1. **Shri V.R. Nedunchezhiyan**, Finance Minister, Tamil Nadu read the speech of Chief Minister, **Dr. J. Jayalalitha**, in her absence.

32.2. He mentioned that Tamil Nadu was one of the few States which had not only exceeded its approved Plan outlay in 1992-93 but had in fact improved its efforts in real terms, in the social sectors like nutrition, primary education, primary health care and family welfare. New track record had been established of exceeding planned development outlays and also extending a comprehensive social safety net for the poor. He suggested that instead of the Centre drawing up programmes in social sectors with external aid, States be given an adjustment facility based

on external aid, allowing them to formulate and implement comprehensive State specific Plans for the social sector. This, he stated, was also in accordance with the decision of this Council in December 1991, that there shall be a progressive shift of Centrally Sponsored Schemes to the States in the Eighth Plan. Efforts should be made to empower the States to invest more in the social sector.

32.3. He opined that, in the wake of stabilisation and structural adjustment process, the unemployment situation had accentuated. A higher growth rate was necessary to set right the negative trends that had set in. It was in this background that a detailed plan for the Indo Singapore Trade Corridor incorporating several innovative features had been drawn up. He requested that this be cleared immediately. Besides, strengthening of State Financial Corporations for promotion of small scale and tiny sectors, the right skills and right attitude forming part of the commercial banks behaviour in handling the credit demands of village and small industries, especially, in the nonfarm sector was necessary.

32.4. The recommendations of the Committees on Employment, Population, Literacy and Micro Level Planning and involvement of people at grass root level were generally endorsed but he felt that States could move ahead only if they were empowered with adequate authority and resources to do so.

32.5. He mentioned that the Chief Minister, Tamil Nadu had participated in the deliberations of the Committee on Population and its recommendations were worthy of adoption. In Tamil Nadu, a conscious and well designed policy including integrated social sector intervention had resulted in remarkable success in reducing the crude birth rate. However, unfortunately this had an adverse effect on the States finances due to the fact that major chunk of the Central resource flowed under the amended Gadgil Formula and market borrowings was based on the per capita income of States below the national average. He pleaded that per capita income computation should also be on the basis of 1971 population. This would act as a powerful incentive in population limitation by the States.

32.6. He stated that in the field of literacy, a major Rs.1200 crore project had been prepared for key intervention in primary education and requested that the project be posed to the World Bank for assistance.

32.7. In the context of recommendations of the Committee on Micro Level Planning, he stated that this year Tamil Nadu had initiated decentralised development planning at the district level and had provided untied funds for the first time. He stated that the report on the follow up action on the recommendations of the Committee on Austerity was a clear indication as to how difficult it was to reach consensus on some of these issues. In Tamil Nadu a wide ranging Plan to control the growth of unproductive public expenditure had been initiated. However, in view of the very difficult situation, so far, he pleaded that as an interim measure for the current year at least, 90 per cent of the small savings collections may be given to the States instead of the usual 75 per cent. He felt that the Committees suggestion regarding levying of consignment tax could be implemented immediately. He said that in the context of the existing stagnation in CentreState resource flows, certain suggestions to further roll back flows to the States had been made. These would have serious repercussions for the States resource domain.

32.8. Regarding the transfer of 113 centrally sponsored schemes, he felt there had been no real transfer of resources. A fair amount of transfer and an equitable principle of transfer needed to be evolved. Special efforts needed to be undertaken in improving the CentreState financial relations.

33.1. **Shri V. Vaithilingam**, Chief Minister of Pondicherry congratulated the members of the NDC Committees. Endorsing the multidimensional approach for population control, as suggested by the Committee, he suggested that the family welfare programme should be a people's movement. He stressed the need for revamping media activities to achieve greater success in the programme. Population education should be introduced in schools and university curricula. Raising literacy among women, their economic status and their age of marriage, improved maternal and child health service would go a long way in tackling the population problem.

33.2. He pointed out that Pondicherry had an impressive record of low birth and death rates. He attributed the increased decennial growth of population in the State to the high rate of immigration. He added that 25% of its population consisted of immigrants. He welcomed the incentive given in the form of, additional financial allocations to States with a good record of family welfare programme. He expressed the hope that Pondicherry would qualify for this incentive.

33.3. The Chief Minister was in total agreement with the recommendations of the Committee on Literacy. He mentioned the success of "Irvoli lyakkam" scheme in the UT, especially among women belonging to scheduled castes. He informed the Council that the prestigious UNESCO International Literacy Award for 1992 had been awarded to lyakkam. He further stated that the drop out rate in the age group of 6-14 was showing a declining trend. The percentage of women teachers to total teachers at the primary level constituted 40% with efforts being made to reach the target of 60%, as suggested by the Committee.

33.4. Agreeing with the recommendations of the Committee on Employment, the Chief Minister stressed on the importance of small scale industries and nonfarm activities to absorb unemployed labour force. He also emphasised the role of self employment activities for the creation of employment opportunities.

33.5. Referring to the importance of Microlevel planning and involvement of people at the grass root level, he mentioned that owing to the geographical isolation of the regions in Pondicherry, decentralisation of planning process to regional level already existed in the Union Territory. However, Pondicherry being a single revenue district, there was not much scope for microlevel planning, he added.

33.6. With regard to the followup action taken on the recommendations of the Austerity Committee, the Chief Minister pointed out that the UT had already introduced economy measures on consumption of petrol, telephones, electricity, holding government functions, payment of overtime, air travel, purchase of new vehicles creation of posts, etc. However, he stressed that plan programmes should not be adversely affected due to the enforcement of austerity measures and cuts should not be enforced on funds earmarked for infrastructural facilities.

33.7. He emphasised that Centrally Sponsored schemes should be continued for Union Territories with full Central funding, and in case of their being transferred to States/Union Territories, the interests of the Union Territories should be protected.

34.1. **Shri P. K. Dave**, Lt. Governor, Delhi, stated that inward migration was the basic problem of Delhi. There was inward migration of people from all over the country mostly of poor, uneducated, young and in the high fertility group which had resulted in the virtual breakdown of civic services leading to social tensions of various kinds. The allied problem was of non availability of adequate raw water for meeting drinking water requirements. He requested the intervention of the Chairman, NDC to help sort out the problem of raw water with the neighbouring States. Another tremendous

problem pending for many years was that of traffic for which serious thought need to be given to Mass Rapid Transport Scheme. He requested for approval of the Central Government to MRTS and funds to implement it. He also requested for the commitment of all the participants to the National Capital Region for its implementation, which according to him was critical for the resolution of medium and long term problems of Delhi. His comments on the Reports of various Committees are recorded in the following paragraphs.

34.2. **Shri Dave** stated that the problem of unemployment in Delhi was rather complex as its population growth rate had been almost twice the national average during the last few decades. The growth in Delhi's population during the last decade itself was over 50%. It was estimated that 3.59 lakhs jobs would be created in Delhi during the Eighth Plan period. The Lt. Governor suggested the following strategy to achieve the target of full employment:

- (i) To develop the NCR and create more employment opportunities in the satellite towns in the Region thereby reducing pressure on Delhi.
- (ii) To chalk out rehabilitation programme for villagers whose land had been acquired for urbanisation.
- (iii) To launch special employment generation programmes for unemployed youth (educated and uneducated).

34.3. The Lt. Governor proposed setting up of only high tech small scale industries which were more environment - friendly and needed much less space, consumed less power and employed educated/skilled manpower.

34.4. Focussing attention of the Council to the unchecked migration which had resulted in the population explosion in Delhi, the Lt. Governor stated that the success or failure of its development schemes and programmes largely depended upon the will to tackle the factor of migration. He suggested developing satellite towns within the NCR and desired NCR Plan 2001 to be accorded urgency.

34.5. The Lt. Governor gave a detailed account of various Family Welfare Services provided in Delhi, and referred to the Action Plan formulated by the Directorate of Family Welfare for imparting momentum to the Family Welfare Programmes. He, however, pointed to the multiplicity of authorities working in the field of family welfare including Defence and Railways with no coordination among themselves.

34.6. Congratulating the Committee on Literacy for having understood and explained certain fundamental issues involving the whole spectrum of society, the Lt. Governor sought to create conditions within which societal involvement and responsibilities could be concretised. He referred to the 72nd and 73rd Amendments to the Constitution empowering local bodies, which he felt, was a major step for improvement of weaker sections including women. The Lt. Governor mentioned about the various programmes undertaken in Delhi, to promote literacy namely Learning Without Burden, Total Literacy Campaign, Population Education Programmes, Elementary Education, Post Literacy Campaign and provision of incentives and creation of educational infrastructure.

34.7. Striking a note of satisfaction that the revenue receipts in Delhi were growing at a rate faster than the nonPlan revenue expenditure, the Lt. Governor referred to the revised rates of sales tax, excise duties and the power tariff which was expected to generate additional revenue

amounting to Rs. 527 crores per annum. He, however, drew attention to the declining Central Plan assistance for Delhi's Annual Plans in real terms and sought the Council's sympathetic attention.

34.8. The Lt. Governor also focussed the Council's attention to some of the general problems being faced by the U.T. namely, inward migration of people from all over the country, nonavailability of adequate raw water for meeting drinking water requirements, ever increasing pollution with some 21 lakh vehicles registered in Delhi, heavy traffic congestion etc. and sought Central assistance to deal with such problems effectively. He specially referred to the MRTS and National Capital Region Plan and urged the Govt. of India to expedite investment decisions for implementation of schemes since all the plans were totally dependent on the successful implementation of the NCR Plan.

34.9. The Lt. Governor sought assistance from the NDC for resolving the problem relating to the interState agreement on sharing of Yamuna waters between Delhi and the neighbouring States.

35.1. **Shri Vakkom Purushothaman**, Lt. Governor, Andaman and Nicobar Islands while expressing his agreement with the policy formulations and strategies recommended in the NDC Committees' Reports said that the U.T. had given highest priority in plan allocations to Shipping, Transport and Communication reserving 57% of the Eighth Plan outlay for those sectors. The islands according to him stand out as an excellent example of the intimate correlation between population, literacy and income.

35.2. Referring to the Committee's Report on Employment, the Lt. Governor informed that a massive influx of mainlanders had led to an increase in the population growth rate of the Islands and swelled the figures of educated unemployed. He, however, felt satisfied that the Plan strategy of the Islands was in consonance with the Committee's recommendations. The Lt. Governor favoured promoting high value plantation crops, fishing and fish processing, tourism, shipping and agorelated tiny and cottage industries offering scope for employment opportunities in the Islands. He laid emphasis on self employment and sought to provide all necessary inputs including vocational counselling, employment advice and finances to the unemployed youths.

35.3. In the context of the Committee's report on population, he observed that the Islands' coverage under Health and Family Planning was almost universal. The emphasis was, therefore, on provision of infrastructure, training and monitoring.

35.4. On the question of Micro Level planning, the Lt. Governor informed that steps had already been initiated to amend the Panchayat and Municipal Regulations followed by devolution of powers and funds and increase in grants to the Gram Panchayats. As regards funding of the Panchayat Raj system recommended by the Committee, the Lt. Governor observed that 30% allocation to the subState level, in case of A&N Islands with 57% of the plan budget allocated to the Shipping and Transport Sector alone, would be unrealistic. He suggested that in sectors where funds were being devolved to the Panchayats, a further allocation under SCP and TSP may not be required.

35.5. Coming to the comments on the Report of the Committee on Austerity, he agreed with the responses of various organisations on the Austerity Committee report as reported in the agenda notes, and added that calling upon the Government staff to tighten their belts would heighten the feeling of isolation. Instead, he felt that containing inflation through an enlightened

economic strategy would provide a solution to the problem. He, while endorsing the need to curtail nonplan and infructuous Government expenditure, stated that the instance of public sector with four times the Government expenditure, called for more appropriate tackling. He spelt out various steps initiated in the Islands towards cutting down nonplan expenditure.

35.6. As regards the NDC's decision about the transfer of Centrally Sponsored Schemes to States, he felt that although the Islands as a U.T. were not directly affected, but CSS should be continued wherever policy changes were required to be made, especially in sectors which were traditionally low in the States' list of priorities for plan allocations.

36.1. **Shri Pranab Mukherjee**, the Deputy Chairman, in his concluding remarks, sought to remove certain apprehensions of some of the Chief Ministers expressed during the course of the discussion regarding the special status of the 10 special category states. He said that the pattern of Central assistance of 90% grant and 10% loan for such States would continue as this formula had already been endorsed by the NDC. Hitherto, in the case of Special Category States, their negative Balance from Current Revenue (BCR) were not being taken into account while computing their plan sizes giving an illusion of large plan size. This practice was proposed to be discontinued from 1994-95 on which some of the Chief Ministers had requested reconsideration. The Deputy Chairman assured to look into the related issues and sort them out at the time of Plan discussions with the respective States. Regarding the scope of NorthEastern Council (NEC), he emphasised that those new projects which had interstate relevance alone should be undertaken by the NEC. However, the ongoing developmental projects would continue to be funded by NEC, with increased stress on their early completion.

36.2. The Deputy Chairman also sought to clarify the position with regard to the transfer of Centrally Sponsored Schemes. He pointed out that the NDC Committee on Centrally Sponsored Schemes (Narasimha Rao Committee) had identified 113 schemes which were to be transferred to the States. Out of these, some of the schemes had been defunct or inoperative or completed by the time when the NDC considered the report in December 1991. However, the States were to indicate to the Planning Commission the schemes which they considered of some relevance to them. He stated that none of the States had done this for the last last 2 years. However, he added that if the State Governments felt that any of the so-called defunct schemes had still some relevance to them, then, they could write to Planning Commission for their continuance and the Planning Commission would consider their suggestions and take a view for further action. With regard to the transfer of resources, he stated that out of 34 schemes which had been transferred, 26 had been transferred with resources. Regarding the 8 schemes which had not been transferred so far, the Planning Commission had already taken up the issue with concerned administrative Ministries. He also stated that no new Centrally Sponsored Scheme would be initiated without the full Planning Commission's approval. He stressed that as per the decision taken by NDC all the Centrally Sponsored Schemes would be transferred as per the same pattern of financing which prevailed before the transfer of these schemes.

36.3. The Deputy Chairman was inclined to agree that the States had suffered loss of revenue due to nonlevy of local taxes on exportable items. Therefore, he stated that in order to compensate them to some extent, a new Centrally Sponsored Scheme of setting up industrial parks for export promotion had been initiated under which international level sophisticated technology and infrastructure facilities would be created. Under the Scheme, 75% of the expenditure would be borne by the Centre and 25% by the States. He also stated that another new Centrally Sponsored

Scheme which focussed on the concept of mega city had been initiated. The scheme sought to provide Central assistance to Megametropolitan cities like Calcutta, Bombay and Madras to meet the peculiar problems being faced in these cities.

36.4. Apart from these, certain other employment oriented schemes had been launched. One of such schemes announced by the Prime Minister would cover 1/3 of the total blocks in the country where assured employment would be provided in more than 1700 revamped Public Distribution System Blocks. Another scheme for the educated unemployed sought to assist in the establishment of, 7 lakh tiny units with the objective of providing 14 lakh jobs at the rate of 2 per unit. Yet another scheme called the Women Samridhi Scheme-1 had also been launched to empower women with the concurrence of the State Governments.

36.5. The Deputy Chairman clarified that resources also would be transferred along with the transfer of Centrally Sponsored Schemes to the States. In this connection, he mentioned that it was considered desirable by the Ministry of Textiles to continue three schemes relating to handicrafts sector as Central Sector Schemes to be funded 100% by Centre rather than treat them as CSS and transfer them to the State Governments.

36.6. The Deputy Chairman cautioned the states against seepage of resources. He said that it had already occurred in the Central sector as the major public sector enterprises could not mop up resources from the bond market. Since 75% of the Central Plan outlay was earmarked for the CPSEs, any shortfall in their Plan investment would seriously affect the performance of certain crucial sectors like Railways, Power etc.

36.7. The Deputy Chairman making a reference to the Austerity report, pointed out that certain States should be careful in respect of resource mobilisation and if corrective steps to check the non Plan expenditure were not enforced with immediate effect, such States would be unable to meet the Plan targets in real terms. He appreciated that some States have initiated action to implement some of the recommendations of the Austerity Committee.

36.8. Referring to the issue of market borrowings raised by Finance Minister, West Bengal, the Deputy Chairman admitted the freezing of market borrowings and pointed out that the 10% step up given by the Centre could no longer be provided as the share of market borrowings both in respect of States and Centre had to be reduced, especially in the case of the latter, the share had already been drastically reduced by 50%. The State's share had remained constant at Rs. 4,200 crores for the last 2 years. He indicated that at the time of the Annual Plan discussions, he would see if some relief could be provided to the States without increasing the overall deficit.

36.9. The Deputy Chairman, Planning Commission then read out the following resolution adopted by the NDC :

“The NDC endorsed the recommendations made by the NDC sub-committees on :

- a) Population
- b) Literacy
- c) Employment
- d) Microlevel planning and involvement of people at grassroot level and directed the nodal ministries viz. Human Resource Development for Literacy and Education for All, Health & Family Welfare for Population and Planning Commission for Microlevel Planning and Employment generation should now initiate further action. 7

It was resolved that a meeting of the Chief Ministers and opinion makers for wider consultations on the future course of action needed for the implementation of the report on population, would be convened.

On the report of the Committee on Literacy and the document of "Education For All", it was further resolved that a meeting of the Chief Ministers for discussion and working out an action plan for effective implementation, will be convened.

On the reports of the Committees on Employment and Micro Level Planning, the Planning Commission should initiate further action for discussions with the concerned Ministries and the State Governments. Planning Commission will coordinate and monitor the implementation of these Committees' recommendations. The implementing agencies will be various Central Ministries and the State Governments because the Planning Commission does not exercise any executive authority."

37.1. The Council took note of the wider consultations held by the Deputy Chairman, Planning Commission on the recommendations of the NDC Committee on Austerity with the leaders of the political parties and trade unions as per the direction given by the NDC.

37.2. The Council also took note of the status report on the progress of transfer of Centrally Sponsored Schemes (CSS) to the States in pursuance of the NDC's decision taken in December, 1991.

38.1. **Dr. Ashim Dasgupta**, Finance Minister, West Bengal intervened to say that land reforms needed to be given utmost priority while implementing the recommendations of the NDC Committees.

38.2. Responding to this, the Deputy Chairman, Planning Commission mentioned that the NDC in its meeting held on December, 2324, 1991 while considering changes in the formula for the distribution of Central assistance among the States, had decided that certain performance criteria were to be selected for determining the quantum of Central assistance. Speedy implementation of land reforms was included as one of the performance criteria alongwith population control, fiscal management, literacy etc. on the suggestion of Chief Ministers of West Bengal and Bihar. Further, he pointed out that in implementation of the recommendations of the Committee on Micro Level Planning, land reforms would have to play an important role.

38.3. The Prime Minister intervened to say that the Government had convened a special meeting of the Chief Ministers on land reforms: and there had been regular reporting from the State Governments on the progress in this sector. Latest implementation reports could be considered, if necessary, by the NDC itself.

39.1. **Shribal Ram Jakhar**, the Union Cabinet Minister of Agriculture stated that agriculture was the foundation for a sound economy and planned development. Agricultural sector had also great scope for employment creation. It was in the fitness of things that agriculture sector received proper funds support. During the Eighth Plan, the agriculture sector had received three time more plan allocation than it received during the Seventh Plan, he observed. However, there was need for still more resources to make it more diversified using the latest technologies. He stated that a more vibrant diversified agricultural sector would generate more employment and would discourage the migration of people from the villages to the cities. He also mentioned about the Agri Business Consortium being started to provide necessary support to the agriculture sector.

39.2. The Agriculture Minister emphasised the need to increase the irrigation potential in the country as this was the prime need for a prosperous agriculture. He stated that scientific use of available water was essential and to some extent would solve many of the problems relating to irrigation sector. He informed about the Government's decision to provide subsidy on drip and sprinkler irrigation irrespective of the size of holdings and urged the State Governments to take up seriously the use of drip and sprinkler irrigation.

He also stressed the importance of development of wastelands, horticulture, forestry, animal husbandry and dairying etc. to create more employment opportunities.

39.3. The Agriculture Minister stated that agriculture sector had also great export potential. He particularly mentioned about the success achieved in the exports of edible oil which the country was importing till recently. He mentioned that there was a vast potential in the Bihar and Eastern States for more agricultural production which needed to be realised. He called for a futuristic outlook to change the complexion of country side. He stated that for the stability of the economy and economic prosperity of the people it was imperative to place agriculture at par with other sectors of the economy.

40.1. **Shri P.V. Narasimha Rao**, Prime Minister described the meeting of the NDC as having been very fruitful and expressed his satisfaction on the Council broadly endorsing all the four reports of its Committees presented to it. He observed that the practice of having NDC Committees meet on specific issues had proved to be quite meaningful and offered opportunity to analyse problems in depth and provide guidelines and suggestions to tackle them.

40.2. He stated that the endorsement of Committees' reports had come as a package and all State Governments and Union Territories had had the opportunity to examine the recommendations and react to them. However, some of the findings of these Committees would require still further discussion. But the points where there were no controversy could be implemented straightaway, while points on which some reservations had been expressed, could be sorted out in consultation with the NDC.

40.3. Referring to the plan performance during the first two years of the Eighth Plan, the Prime Minister observed that many hurdles would have to be passed through in the process of planning and that it was no use pointing an accusing finger either to the Centre or at the States. In fact, the entire system had got into some difficulties and now it should be ensured that extra efforts would be made to make good the poor plan performance of the last two years and achieve 100% plan targets by the end of the Eighth Plan.

40.4. The Prime Minister stressed the need for the efficient use of allocated resources. He observed that in certain sectors like Agriculture, Rural Development etc. there has been a step up in the allocations in a single year. But this had its own hazards and needed greater efficiency in spending the money usefully. If it were not possible to increase the capacity to spend efficiently to the extent of step up given in the allocations, the backlash could prove severe.

40.5. Referring to the new programmes announced by him on 15th August, 1993, the Prime Minister mentioned that except for the programme relating to employment, for which the experiences of Employment Guarantee Scheme of Government of Maharashtra could provide guidance, we would have to rely upon their own innovative capabilities for them. On the programme relating to empowerment of women, the country had no copybook method to make it successful. Panchayats would now have 30% women representatives and they could take it as their own programme to

implement it on a massive scale. The entire of gamut of programmes for the improvement of conditions of women should be implemented in a coordinated and integrated manner.

40.6. With regard to the programme for the educated unemployed, the Prime Minister mentioned that it needed detailed and careful planning. He recalled that the late **Smt Indira Gandhi** had also announced a similar programme 1015 years ago under which the educated unemployed youth were to be assisted in starting self employment ventures and the gains from that programme must be consolidated. New programmes need to be conceived for the educated unemployed youth and implemented with the thoroughness they deserved. These would require particular attention at the critical stages until they were fully established and accepted. In implementing the Plan programmes, we should try to anticipate the various difficulties and make efforts to overcome them by learning from past mistakes.

40.7. The Prime Minister stated that a meeting of Chief Ministers would be convened to discuss and work out an action plan to implement the recommendations of NDC Committee on Literacy and those contained in the document "Education for All".

40.8. He was confident that NDC would as it had been doing so for the last two years, go right down to the essentials of every programme and offer new ideas.

40.9. Thanking the participants for their very high level of perceptive and effective participation in the meeting, the Prime Minister hoped that the programmes meant for the social and economic welfare of the weaker sections of the society would continue to be addressed with the same vigour and single minded devotion as hitherto, to ensure the stability and progress of the country.

41.1. At the conclusion of the meeting while moving a vote of thanks, **Shri Giridhar Gomango**, Minister of State for Planning and Programme Implementation emphasised the need for united efforts to implement the conclusions and directions of the NDC so that the f&rgets set for the Eighth Five Year Plan could be successfully achieved.

PARTICIPANTS**PLANNING COMMISSION**

Shri P.V. Narasimha Rao	Prime Minister and Chairman
Shri Pranab Mukherjee	Minister of Commerce and Deputy Chairman
Shri Bal Ram Jakhar	Minister of Agriculture and Member
Dr. Manmohan Singh	Minister of Finance and Member
Shri Giridhar Gomango	Minister of State (with independent charge) for Planning and Programme Implementation
Dr. D. Swaminadhan	Member
Dr. (Mrs.) Chitra Naik	Member
Dr. S.Z. Qasim	Member
Prof. J. S. Bajaj	Member
Dr. Jayant Patil	Member
Ms. Mira Seth	Member

STATES

Andhra Pradesh	Shri K. Vijaya Bhaskara Reddy Chief Minister Shri K. Rosaiah Finance and Planning Minister
Arunachal Pradesh	Shri Gegong Apang Chief Minister Shri T. Tempa Minister for Planning
Assam	Shri Hiteswar Saikia Chief Minister
Bihar	Shri Lalu Prasad Chief Minister Shri Tulsi Singh Minister for Planning
Goa	Dr. Wilfred D'Souza Chief Minister

Summary Record of Discussions of the NDC Meetings

Gujarat	Shri Chimanbhai Patel Chief Minister
Haryana	Shri Bhajan Lal Chief Minister Shri Mange Ram Gupta Finance & Planning Minister
Himachal Pradesh	Shri Gulsher Ahmed Governor
Jammu & Kashmir	Gen. K.V. Krishna Rao Governor
Karnataka	Shri M. Veerappa Moily Chief Minister Shri T.M. Manjunath Minister for Planning
Kerala	Shri K. Karunakaran Chief Minister Shri Oommen Chandy Finance Minister Shri V. Ramachandran Vice Chairman, State Planning Board
Madhya Pradesh	Shri Mohmad Shafi Qureshi Governor
Maharashtra	Shri Sharad Pawar Chief Minister Shri Ramarao Adik Finance & Planning Minister
Manipur	Shri R.K. Dorendra Singh Chief Minister
Meghalaya	Shri Salseng C. Marak Chief Minister
Mizoram	Shri Lal Thanhawla Chief Minister Shri Saignhaka Vice Chairman, State Planning Board
Nagaland	Shri S.C. Jamir Chief Minister
Orissa	Shri Biju Patnaik Chief Minister

Punjab	Shri Beant Singh Chief Minister
	Shri Kewal Krishan Finance and Planning Minister
Rajasthan	Shri Bali Ram Bhagat Governor
Sikkim	Shri Nar Bahadur Bhandari Chief Minister
Tamil Nadu	Dr. V.R. Nedunchezhiyan Finance Minister
Tripura	Shri Dasarath Deb Chief Minister
Uttar Pradesh	Shri Moti Lal Vora Governor
West Bengal	Dr. Asim Kumar Dasgupta Finance Minister

UNION TERRITORIES

Andaman & Nicobar Islands	Shri Vakkom Purushothaman Lt. Governor
Chandigarh	Shri Ramesh Chandra Adviser to Administrator
Daman, Diu, Dadra & Nagar Haveli	Shri K.S. Baidwan Administrator
Delhi	Shri P.K. Dave Lt. Governor
Lakshadweep	Shri Satish Chandra Administrator
Pondicherry	Shri V. Vaithilingam Chief Minister

CABINET MINISTERS

Shri Arjun Singh	Minister of Human Resources Development
Shri S.B. Chavan	Minister of Home Affairs
Shri V.C.Shukla	Minister of Water Resources and Parliamentary Affairs
Shri C.K. Jaffer Sharief	Minister of Railways

Summary Record of Discussions of the NDC Meetings

Shri Sitaram Kesri	Minister of Welfare
Shri Ghulam Nabi Azad	Minister of Civil Aviation and Tourism
Smt. Shiela Kaul	Minister of Urban Development
Shri B. Shankaranand	Minister of Health and Family Welfare
Shri Dinesh Singh	Minister of External Affairs
Shri N.K.P. Salve	Minister of Power

MINISTERS OF STATE (WITH INDEPENDENT CHARGE)

Shri Sukh Ram	Minister of State (with independent charge) for Communications
Shri Kamal Nath	Minister of State (with independent charge) for Environment and Forests
Shri K.P. Singh Deo	Minister of State (with independent charge) for Information and Broadcasting
Shri Jagdish Tytler	Minister of State (with independent charge) for Surface Transport
Shri Balram Singh Yadav	Minister of State (with independent charge) for Mines
Shri Tarun Gogoi	Minister of State (with independent charge) for Food Processing Industries
Shri P.A. Sangma	Minister of State (with independent charge) for Labour

SPECIAL INVITEES

Km. S. Selja	Deputy Minister for Education in the Ministry of Human Resource Development
Shri S.S. Tarapore	Deputy Governor, Reserve Bank of India

**FORTY SEVENTH MEETING OF THE
NATIONAL DEVELOPMENT COUNCIL**

AT

**VIGYAN BHAVAN, NEW DELHI
ON 16TH JANUARY, 1997**

SUMMARY RECORD



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**GOVERNMENT OF INDIA
PLANNING COMMISSION**

SUMMARY RECORD OF PROCEEDINGS OF THE FORTY SEVENTH MEETING OF THE NATIONAL DEVELOPMENT COUNCIL (NDC)

AGENDA & SUMMARY RECORD

The National Development Council held its Forty Seventh Meeting at Vigyan Bhavan, New Delhi on 16th January, 1997 under the Chairmanship of **Shri H.D. Deve Gowda**, Prime Minister, and Chairman of the Council, to consider the draft Approach Paper to the Ninth Plan (1997-2002).

2.1. The list of participants is appended.

3.1. **Prof. Madhu Dandavate**, Deputy Chairman, Planning Commission, welcomed the participants and stated that the meeting of the National Development Council was convened to discuss the draft Approach Paper to the Ninth Five Year Plan and to arrive at a consensus on the directions that the Planning Commission would need to follow in drafting the detailed policies and programmes for implementation during the Ninth Plan.

3.2. In the context of Decentralised Planning Process, the Deputy Chairman, mentioned that though the Planning Commission had prepared the Approach Paper to the Ninth Plan, substantial inputs were provided by the States represented by respective Chief Ministers, Panchayati Raj Institutions, Voluntary organisations, Cooperative bodies, and socially disadvantaged groups through their interaction with the Commission on the issues concerning priorities, objectives and strategy of the Ninth Plan. This, in essence, should be the spirit of Cooperative Federalism and process of decentralisation which was aimed at, in the formulation of the Approach Paper for the Ninth Plan, and also in evolving a suitable delivery system, as well as in offering concrete steps to ensure decentralised resource mobilisation.

3.3. The Deputy Chairman further observed that the fundamental theme underlying proposed approach to the Ninth Plan was that growth with equity and social justice were complementary to each other, and the two could interact in such a way as to generate a virtuous cycle, whereby both the absolute levels of income and its relative distribution can improve significantly in the near future. For this to happen, it was imperative that economic decision making be decentralised in such a way so as to ensure that all the major stake holders in our development process are empowered to take decisions rapidly and flexibly. The reliance on guiding role of the State to fulfil social obligations and to raise public investments; dependence on the cooperative sector as an instrument of egalitarianism; utilisation of market mechanism for capital formation and private investments; and allowing foreign investments particularly in infrastructure sector, where technological gap exists; would characterise our economic policies and perspectives.

3.4. The Deputy Chairman stated that by adopting appropriate fiscal policies and measures to augment the Domestic Savings Rate, maintaining prudent current account deficit and sustaining moderate incremental capital out-put ratio, through proper balance between capital and labour intensive industries, the 7% growth in GDP targeted in the Approach document could be achieved.

He further stated that the labour intensive small scale sector was a dynamic sector and would have to be strengthened as it provided employment to 1.7 crore persons, accounting for 35 per cent of nation's manufacturing capacity and 45 per cent of exports.

3.5 The Deputy Chairman stated that in the Approach Paper, highest priority was accorded to agriculture because that sector accounted for about 30% of the GDP and about 65 per cent of employment in the country. Comprehensive land reforms would augment agricultural productivity and could reach its benefits to the rural poor. Substantial investment in agriculture could largely contribute to generation of productive employment and alleviation of poverty. Emphasis on infrastructure for agriculture as well as industry would subserve these objectives. With necessary step-up in public investment in agriculture, the targeted rate of agricultural growth could be reached. However, there would have to be adequate demand from industrial and other sectors to sustain the prescribed agricultural growth rate. It was, therefore, imperative to encourage more agricultural exports, without disturbing domestic food security.

3.6 The Deputy Chairman stated that an important point of departure that characterised the approach to the Ninth Plan from its predecessors was the emphasis that was placed on the creation of the basic civic amenities and services that were instrumental in determining the living conditions of our people. This was a perception which was widely held as had been reflected in the Chief Ministers' Conference on Basic Minimum Services. A stage had come where the Government would have to take deliberate decisions on the deployment of its resources between providing income and consumption subsidies, on the one hand, and on providing the basic amenities in a widespread and time bound manner, on the other.

3.7 About Poverty Alleviation, the Deputy Chairman opined that a rapid and sustained growth process would take care of the basic issues of poverty and unemployment and therefore the programmes of direct poverty alleviation would need to be focussed much more sharply on regions and groups of people who were unable to take advantage of the growth process in the short run. The most important instruments to achieve this objective would be the Employment Assurance Scheme which was proposed to be implemented all over the country, and the restructured public distribution system, which would target those below the poverty line for special consideration. The estimates of poverty would be made by a revised Lakdawala methodology, which would give poverty estimates closest to ground reality. The provision of social infrastructure should be taken up on a much wider footing and such programmes needed to be given greater importance. Social and human planning should be the basis of economic planning, he opined.

3.8 The Deputy Chairman observed that there were two fundamental constraints to achieving an accelerated rate of growth. It appeared unlikely that private savings as percentage of GDP would go up significantly merely with a higher growth rate. It would, therefore, be necessary for the public sector to provide the bulk of the increased requirement of investible resources along with some supplementation from external sources. The necessary increase in public savings could not be generated by any single wing of the Government by itself. Coordinated efforts would have to be made by the Centre, the States, the local bodies and public sector.

3.9 On Resource Mobilisation, the Deputy Chairman stated that the much needed public investments in various sectors would be available only if the requisite will was shown in exploring new sources of revenues at the Central, State and local levels and in bringing vast unaccounted money into productive channels. This would call for serious effort to ensure better tax compliance

and also bringing presumptive incomes, computed from high expenditures of creamy layers, under the tax net.

3.10 Concluding his introductory speech, the Deputy Chairman stated that in our national life there were areas of policies which often transcend barriers of partisan attitudes. In the post-Independence period, policy of 'Non-alignment' in international affairs was one such area. He felt that despite some differences on details, in the present national environment, the direction and thrust, of our planning could be another area of broad consensus and urged the members of the National Development Council to view the Approach Document of the Ninth Five Year Plan in that spirit.

4.1 **Shri H.D. Deve Gowda**, Prime Minister and Chairman of the National Development Council, welcoming the participants to the Forty-Seventh meeting of the NDC, said that this was an epochal occasion since the start of the Ninth Plan coincided with the 50th year of our Independence and also when the country was poised to march into the 21st Century. This was an opportune moment to take stock of both our achievements and our failures, and to evolve a course of development which would take our people to prosperity and improve their quality of life.

4.2 Elaborating further, he pointed out that the United Front Government had promised to bring out a detailed document which would spell out priorities and programmes of the Ninth Plan within 6 months. This promise had been kept with the tabling of this Draft Approach Paper before the National Development Council. A number of other promises had also been made regarding the economic and social objectives of this Government. Much of these have been examined in detail and find full expression in the document under consideration.

4.3 The Prime Minister referred to the broad theme underlying the approach to the Ninth Plan, which, he said, might be summarised as "Growth with Equity". No serious dent could be made on poverty and unemployment without rapid and sustained growth. Bold efforts would have to be made to step up the growth rate of the economy in a significant manner. It must however be recognised that the benefits of growth may take time to reach the poor and the disadvantaged. At the same time, no development strategy could be sustainable unless all sections of our society felt that they were active participants in, and beneficiaries, of the growth process. It was necessary to involve various segments of our society into the growth strategy and find ways by which the disadvantaged could directly reap the benefits.

4.4 The Prime Minister said that rapid growth of the economy required that the on-going process of reforms be implemented expeditiously. Firm initiatives also need to be taken to encourage higher savings and investment and to increase efficiency in all spheres of the economy. He observed that there was need to take full advantage of the emerging opportunities in trade and investment that were available in the world economy, while keeping in view the ultimate objective of self-reliance.

4.5 Equitable growth required special focus on agriculture and rural non-farm economic activities. There was no contradiction between rapid and equitable growth. There was also no reason for us to continue to hold the belief that progress and development could come about only through industrialisation. A dynamic rural sector was both an enabling condition for industrialisation and an end in itself.

4.6 Turning to the infrastructure sector, he observed that the most pressing constraint to the achievement of fast and equitable growth was the inadequacy and poor state of the infrastructural sector. Steps would have to be taken immediately to redress the situation. There was lot of misconception about the strategy proposed to be followed. It must be very clear, that the Government

would continue to shoulder the responsibility of developing this sector. However, a large developing economy of our size faced constraints on resources. There were so many competing demands that adequate allocation of resources was not always possible. Consequently, new investment by both the public and the private sectors would have to be encouraged. In addition, serious efforts would have to be made to improve the efficiency and capacity utilisation of the existing infrastructural assets.

4.7 Emphasising, that growth alone cannot necessarily improve the living conditions of our people, the Prime Minister said that the provision of the basic minimum services was critical, and these would largely have to be provided by the Government. Emphasising that significant improvements in the programme content and funding of poverty alleviation measures and for the welfare and development of scheduled castes, scheduled tribes and minorities had been made, the Prime Minister stated that programmes had to be continued with better planning, closer monitoring and tighter organisation for effective implementation. All this called for coordination and joint action on the part of Centre and the States in terms of both policy and implementation. The modalities for doing all these in a time-bound manner were discussed and agreed upon in the Chief Ministers' Conference on Basic Minimum Services, which formed the Central element of the development strategy for the Ninth Plan.

4.8 Noting that there were serious limitations to the resources of the Government, both at the Centre and in the States, the Prime Minister observed that no development strategy could be sustained in the absence of a prudent and stable macro-economic environment. The fiscal profligacy of the past had left a legacy which would still take some more time to correct. Until such time, public resources would be under pressure, and the development strategy had to take cognisance of this serious factor.

4.9 The Prime Minister stated that the Planning Commission had gone into these issues in great detail. In its opinion, if things were allowed to continue more or less as they had been during the last few years, the feasible growth rate of the economy was unlikely to exceed 6 per cent per annum on an average during the Ninth Plan. While this was a substantial step up over the Eighth Plan target of 5.6 per cent, it was insufficient to meet the objectives that we had set for ourselves. There was a need for making every effort to raise the growth rate to at least 7 per cent.

4.10 Further, the Planning Commission had also examined the possibility of raising the growth rate to 7 per cent per annum, and had found it to be feasible provided that certain decisions were taken and adhered to rigorously by all concerned levels of Government. These commitments were laid out in detail for consideration. These required certain difficult decisions to be taken, but these were inescapable if we were to strive for the more ambitious target.

4.11 Many of the decisions outlined in the Approach Paper were difficult to take for any individual State or even the Central Government by itself. These can only come about in the context of collective decision-making not only between the Centre and the States but also involving the other tiers of Government or the Panchayati Raj Institutions. He pointed out that this meeting of the National Development Council would need to arrive at such a shared commitment to the proposed development strategy for attaining the accelerated growth rate of 7 per cent. This would require a strong determination and a commitment shared by all of us to achieve the goal.

4.12 The Prime Minister noted that although there might well be resistance to some of the proposed measures by various interest groups, as had been our experience in the last few months,

the long-term interests of our country and our people could not be held hostage to short-term interests of a few. If the greater good required some temporary sacrifices by a few, we must resolve to hold fast to our position and not to succumb to pressures. The Prime Minister felt that if the position was explained honestly to the people, they would understand and cooperate.

4.13 The Prime Minister stated that the Union Cabinet had considered these issues in great detail and had decided to provide the commitment of the Central Government to the policies and approaches required to attain the accelerated growth target in anticipation of a similar commitment from all the States.

4.14 The Commitment of the Centre alone was not only insufficient to attain the objectives, but in the absence of similar commitments from the States could lead to macro-economic instability. The choice was clear. Either we collectively and in a determined manner decide to pursue the policies required for faster and more equitable growth, or choose to settle for a growth target which was considerably lower than what was feasible.

4.15 The Prime Minister strongly urged that no compromise on this issue should be made. A collective resolve to take our country and our people to a level of prosperity and well-being which was well within our combined powers was required. The Prime Minister stated that we may, therefore, endorse the Draft Approach Paper to the Ninth Five Year Plan placed before us and enjoin the Planning Commission to develop the detailed Plan proposals for achieving a sustained growth rate of 7 per cent during the Ninth Plan period. The Prime Minister looked forward to the suggestions, and more importantly, support of the NDC and appealed for joining hands and resolve to take the country forward towards a better future.

5.1 **Shri N. Chandrababu Naidu**, Chief Minister of Andhra Pradesh complemented the Prime Minister as well as the Deputy Chairman of the Planning Commission for keeping the pace of the planning process on course, belying the doubts in certain quarters. He stated that the Ninth Five Year Plan had a special significance. The Plan formulation in the Golden Jubilee year of our Independence, needed to reflect on what had been achieved during these 50 years, to analyse the strengths and weaknesses, and more importantly, to assess the place we wish to occupy in the comity of nations.

5.2 The Chief Minister made a mention of the collective challenges confronting the country and the formulation of the Ninth Five Year Plan. He pointed out that the Approach Paper contains many good proposals which were long overdue. The emphasis on people-oriented development, decentralisation of power and finances and social mobilisation would help in the development of a more equitable society. While the principle of cooperative federalism would make for better Centre-State relations, the emphasis on fiscal health of the Governments, optimal utilisation of infrastructure, more transparent subsidies, etc., would hopefully result in more responsible governance.

5.3 Welcoming the spirit of cooperative federalism, the Chief Minister referred to the Janmabhoomi Programme in Andhra Pradesh, which involved people's participation in decision-making, and accountability of administration to the people. He observed that all the Centrally Sponsored Schemes should be abolished and correspondingly, the funds should be transferred to the States.

5.4 While agreeing with the objectives mentioned in the Approach Paper to the Ninth Plan, the Chief Minister desired that productivity should also be mentioned in the objectives, as low productivity was one of the major weaknesses of the economic development, and the growth rate of 7 per cent GDP during the Ninth Plan should not be diluted under any circumstances.

5.5 The Chief Minister stated that the Gadgil formula for horizontal distribution of Plan support to States had stood the test of time and should continue as it had an adequate built-in bias towards poorer States. Keeping in view the priority to primary health and primary education in the Ninth Plan, he pleaded that the Central Plan Assistance loan-grant ratio of 70:30 should be altered to 50:50.

5.6 Further, the Chief Minister observed that a cogent technology policy, in tune with the development aspirations, should focus on adaption of imported technologies while simultaneously encouraging indigenous innovations. He endorsed the approach on National Resource Management and the emphasis on maintaining the ecological integrity of development effort. Emphasising the need to support the small savings movement, the Chief Minister endorsed the emphasis on giving priority to investment for revamping and modernisation of existing assets as compared to investments for the creation of greenfield capacities.

5.7 He also observed that the improvement in agricultural production should come not only through improved agricultural practices and greater credit availability but also development of wastelands.

5.8 Welcoming the Approach for healthy development of cooperatives, the Chief Minister stated that steps in this direction had already been initiated in Andhra Pradesh through the enactment of a new law called the "Mutually Aided Cooperatives Act." He further observed that while considering the development of a national perspective on water development, the issue of inter-river basin transfer should be approached carefully. It should take into consideration the country as a whole.

5.9 Touching upon the role of State Governments with regard to Industries, the Chief Minister urged for a declaration by all the States to do away with subsidies and incentives to promote industries and to concentrate instead on infrastructure and allow the investors to make their decisions on economic factors.

5.10 The Chief Minister desired that besides youth and women, the education of Girl Child should receive its due attention. The importance of Basic Minimum Services in the process of development was also emphasised by the Chief Minister.

5.11 The Chief Minister further observed that right to information should also receive due attention. The Chief Minister offered to host a national seminar at Hyderabad to discuss the Approach Paper, or if this was not possible to discuss the Draft Ninth Plan.

5.12 The PRIME MINISTER, at this stage intervened and observed that since almost all the Chief Ministers and Governors had already given their speeches in writing, they could touch upon only those subjects which could not be covered in their written speeches or which have been left out. He made it clear that this was only a suggestion for saving time.

6.1 **Shri Jyoti Basu**, Chief Minister of West Bengal, stated that the Ninth Five Year Plan was being launched in the 50th year of Independence and the vast majority of common people of our country had a lot of expectations from the Plan, particularly in the changed political scenario. Because of the policies in the past, there were unsolved problems relating to unemployment, inflation and provision of basic needs of drinking water, primary health care, education and housing. There had been problems in foodgrain production, and, of late, a slackening of industrial growth. Serious inadequacies have also been noted during the Eighth Plan Period in infrastructural facilities relating to irrigation, power and roads. The balance of payments problem had often been handled

by taking recourse to massive external loans with conditionalities infringing on the sovereignty of the nation.

6.2 The Chief Minister observed that the objectives of the Ninth Plan should, therefore, be formulated from the standpoint of the common man. All these problems need to be seriously addressed to and their impact lessened. These objectives should then be followed up by clear statements of priorities, financial provisioning associated with proper implementation and monitoring mechanism in various sectors.

6.3 The Chief Minister observed that the basic objectives of the Ninth Plan had been stated in terms of growth with equity, with four important dimensions, i.e., generation of productive employment; self-reliance, quality of life of the citizens; and regional balance. Consistent with basic objective of growth with equity, he desired that price stability, and reduction in inequality, including reduction in percentage of population below poverty line, should also be included as two additional dimensions.

6.4 The Chief Minister stated that in order to achieve these objectives, particularly the objective relating to generation of employment as high as possible through increases in production in various sectors, it was important that activities in different spheres should be organised efficiently. There was a need for moving towards more equal competition in various spheres, particularly within a decentralised planning framework providing the required social direction. It was, however, not enough to state these objectives. It was important to formulate the priorities with respect to important issues and sectors on the basis of these stated objectives.

6.5 The Chief Minister stated that there was an important decision on priorities involved in the choice of incremental capital-output ratio (ICOR) in each sector. A conscious policy decision on lowering of ICOR would not only lead to a higher growth rate of the sectors, but might also imply an appropriate choice of technology with higher generation of employment in each sector. The objectives of employment generation should be more clearly stated than what had been done in the Approach Paper. There was not only a need for more explication in terms of statements on the target rate of growth of employment generation per year in comparison with the corresponding rate of growth of employment-seeking population and the backlog of unemployment, but also in terms of the sectoral and State-wise break-down of the targets. This should also be followed up by a provision of regular monitoring at appropriate levels of achievement regarding employment generation. Related to these targets of productive employment generation, there should be similar targets relating to reduction of percentage of population below poverty line, and a similar need for regular monitoring of progress.

6.6 The Chief Minister observed that while promoting exports, a balance need to be maintained with the domestic demand, particularly in relation to foodgrains for facilitating food security. He further stated that in terms of a move towards more equal competition, there is need for self-reliance as well as a balanced participation in foreign trade. Keeping this comprehensive approach in mind, list of specific commodities, consisting of consumption goods and capital goods, should be carefully made, explicating their relative advantage in terms of domestic production vis-a-vis imports. Priority should be clearly stated in terms of a balanced approach, and not in terms of any indiscriminate liberalisation.

6.7 Regarding the Resource Mobilisation, the Chief Minister stated that given the objective of self-reliance, the priority in the sphere of resource mobilisation should be one of moving from

dependence on external loans to more reliance on domestic resources. He emphasised the need to unearth black money so that domestic resources could be mobilised for important infrastructural development.

6.8 The Chief Minister also stressed upon uniform floor levels and limited rates of sales tax, domestic savings, industrial priorities, additional resources in capital market and agricultural priorities.

6.9 Issues relating to inflation and Public Distribution System and the Basic Minimum Needs of Drinking Water, Primary Health, Literacy, Elementary Education and Housing, Pricing of Services and Subsidies, Women, Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities, Urban Planning, Environment, Reduction in Regional Disparities, Decentralisation etc. were also emphasised by the Chief Minister of West Bengal.

7.1 **Shri Gegong Apang**, Chief Minister of Arunachal Pradesh, stated that while he was in full agreement with the points already raised, he felt that development in Arunachal Pradesh was hampered because of non-availability of infrastructure facilities like roads, communication, etc. In Arunachal Pradesh, which had international borders with China and Burma, roads could not be constructed because of Defence Ministry's restrictions and hence the potential of the State in the field of tourism and power remained untapped. He invited Planning Commission to send a team to visit the State and meet people and see for themselves the realities in the development of Arunachal Pradesh.

7.2 In his written speech, the Chief Minister observed that the nation had already adopted time-bound programme for providing Basic Minimum Services to improve the quality of life. People are very enthusiastic about the Programme and it was for all of us to ensure that the same was translated into reality.

7.3 Mentioning the State level objectives for the Ninth Five Year Plan, the Chief Minister observed that efforts need to be made to achieve 7% growth rate as per the commitment made by the United Front Government in the form of Common Minimum Programme.

7.4 He felt gratified to note that the Approach Paper had acknowledged the necessity of plan intervention to remove regional imbalances and had also accepted the fact that the benefits of economic development had not been shared by the North-Eastern Region in the same measure as in the rest of the-country. He further observed that the Planners failed to associate and assimilate the elements of diversity that existed in the vast country, referred to as the sub-continent. In order to address the minimum basic needs of the common people through the process of short-term planning and to tap resources irrespective of its location, creation of necessary infrastructure through the process of long-term planning was needed.

7.5 The Chief Minister noted that necessary measures had already been initiated to bridge the existing gap in the infrastructural sectors and the backlog in Basic Minimum Services in the North-Eastern States. Welcoming the promotion of investment in Arunachal Pradesh specially in the field of Hydro-Power generation under the "new initiative for the North-East region", the Chief Minister observed that initial investment was needed for creation of basic infrastructure, mainly roads, to promote such investments for the development of huge potential of hydro-power in the State.

7.6 Referring to the environment and forest policy, the Chief Minister stating that Arunachal Pradesh had a large forest cover, pleaded for the formulation of Area-Specific Forest Policy.

The Chief Minister said that the Approach Paper had correctly mentioned that transport linkages and communication were the most important components for achieving a high-level integration between the various parts of the country so that the benefit of rapid and sustained growth could be spread widely. Emphasising on these aspects for the integration of the State with national mainstream, the Chief Minister reiterated that adequate funds should be provided for the construction of roads.

7.7 Regarding the Centrally Sponsored Schemes which were within the purview of subject assigned to the States, the Chief Minister stated that such schemes should be abolished and surplus funds should be channelised as Central assistance to the States. The State should also be helped in setting up industrial units in backward areas where enough raw material exists in the field of paper and cement etc. Touching upon the introduction of the decentralised planning in the State and problem of insurgency, the Chief Minister stated that a time-bound programme to eradicate illiteracy in the country needs to be undertaken.

7.8 Concluding his speech, the Chief Minister stated that it was high-time that some kind of deterrent legal measure was initiated to check unbridled growth of population in the country.

8.1 **Shri Janaki Ballav Patnaik**, Chief Minister of Orissa, stated that the emphasis had been provided on agriculture in the Approach paper. As the agriculture was dependent on weather, in order to achieve growth target in this sector, augmentation of domestic savings would have to be achieved. Self-sufficiency in pulses should also be achieved. Referring to the regional imbalances, the Chief Minister pointed out that there had been drastic reduction in the States' share by the Tenth Finance Commission and the situation would continue to be so unless proper remedial measures were taken in time.

8.2 Regarding the infrastructure development, the Chief Minister stated that measures should be devised to involve the private sector in this area. Special needs of the States below the national average should be taken into consideration while providing for 7 basic services and accelerated rural electrification should be considered as the 8th basic need.

8.3 Turning to the power sector, the Chief Minister observed that there was need to strengthen the national grid. He desired that Rural Poverty Amelioration Programme and Rural Employment Plan should provide sustainable employment. Special emphasis was also required to be given to prevent epidemics such as malaria, leprosy and tuberculosis. Protection of environment and preservation of natural resources should also be accorded as priority. The Chief Minister hoped that the Ninth Plan would usher in the 21st century with a plan of an accelerated growth as promised in this Plan and assured active participation of the State in the accelerated growth process of the country.

8.4 The Chief Minister in his written speech complemented the Planning Commission for having prepared a directional paper which articulates many of the major economic concerns. In its essence, the paper reiterates and carries forward many of the bold policy initiatives which were taken during the Eighth Plan. While drawing lessons from performance, achievements and shortfalls during the Eighth Plan, the broad policy outlines and priorities indicated in the Approach Paper were largely unexceptionable. The Chief Minister observed that the most important task that need to be addressed in the formulation of meaningful and effective strategies and programmes was to implement the comprehensive agenda by the Planning Commission.

8.5 The Chief Minister stated that Orissa had the highest percentage of people below the poverty line and desired that reduction of the disparities must be adopted as one of the core objectives of the Ninth Five Year Plan. He feared that the problem of constraint of resources was likely to be further accentuated during the Ninth Five Year Plan and desired that the Central assistance should be provided to different States in proportion to the investment required to enable the underdeveloped regions to come to the level of the developed States. A part of the Plan assistance should be set apart to cover the gaps in these States so that the objective of reducing the regional disparities is actually met. The problem of intra-regional disparities should also be viewed as a manifestation of the same problem.

8.6 The Chief Minister stated that development of the required infrastructure, keeping in view the natural endowment and industrial potential of a State, should be a major component of the industrial development in the backward regions. There have been considerable slippages in the growth of investment in infrastructure sector during the Eighth Plan and this sector should be accorded high priority during the Ninth Five Year Plan. In this connection, the Chief Minister mentioned the issues relating to appropriate pricing, cost recovery and relatively long gestation period which retard flow of direct investment and foreign direct investment to this Sector.

8.7 The Chief Minister also raised the need for economy in administrative expenditure and pointed out large unemployment and limited scope for alternative employment which had several human and practical problems. He proposed that if the NDC so desires, a Committee could be constituted to go into this question in depth and make appropriate recommendation to the Council.

8.8 On employment assurance, the Chief Minister suggested that one of the essential pre-conditions for its successful implementation would be a reasonably precise forecast of manpower needs during the Ninth and subsequent Plans so that vocational training and appropriate programmes could be designed to meet that need.

8.9 Concluding his speech, the Chief Minister endorsed the general perception and broad guidelines outlined in the Approach Paper and once again commended the Planning Commission for having prepared a comprehensive directional paper.

9.1 **Dr. M. Karunanedhi**, Chief Minister of Tamil Nadu, welcomed the commitment to ensure basic minimum needs to the people as a Central concern of the Ninth Five Year Plan and stated that he was in agreement with the objectives of the Ninth Plan and its identification of Agriculture and Rural Development, Basic Minimum Services, Social Sectors and infrastructure as the thrust areas.

9.2 He commended the accelerated growth scenario presented in the approach to the Ninth Plan which was based on an average annual growth rate of 7 per cent. Though this placed a heavy burden on mobilisation of resources, a even higher growth rate should be aimed at to sustain our efforts in the eradication of poverty and in making a dent on unemployment and under-employment. The country must be willing to make all necessary sacrifices to achieve the goal of removing poverty in a time frame as short as possible.

9.3 He observed that there should be no objection to the involvement of the States in the financial sectors in order to raise non-budgetary resources for financing infrastructure and other capital programmes specially in the context of the discussion of private sector participation in these areas. With greater emphasis in the Ninth Five Year Plan on rural development and social sectors, in which the States had a dominant role to play, it was necessary that the States' share was significantly stepped up.

9.4 The accent on the creation and utilisation of irrigation potential was important as stressed in the Approach Paper. However, he pleaded for a cautious approach in this matter. The Chief Minister strongly urged that the allocations for providing basic minimum services should take note of the incidence of poverty, rather than the per capita income, or gaps in the levels of these services.

9.5 He stated that in order to generate large employment opportunities in the rural areas, it is essential that programmes under IRDP and TRYSEM receive greater thrust. The Chief Minister welcomed the approach to involve the Panchayat Raj institutions in the formulation of the Plan and stated that in the provision of Basic Minimum Services, these institutions have a significant role to play.

9.6 He further observed that higher levels of growth contemplated in the Approach Paper cannot be achieved without increased investment in infrastructure development. He pointed out that Tamil Nadu's share in the Central investment in the country had steadily declined from 8% in the Seventies to 5% at present. This decline had greatly hampered the progress of the State and it must be rectified in the Ninth Plan.

9.7 He welcomed the initiative to introduce a chapter on cooperative federalism in the Approach Paper for the first time in the history of Planning and was happy that the document reflected this approach and accorded due recognition to the role of the States in nation building. The approach to give the States greater flexibility and responsibility of managing the implementation of Centrally Sponsored Programmes was a desirable change and it should be ensured that in transferring resources to the States for these programmes, the methodology of working out their entitlements was determined in a transparent manner, and in full consultation with the States.

9.8 He welcomed the approach to give greater responsibilities to the States in determining the size of the Plan. The Chief Minister, however, sounded a note of caution that it should not result in an abdication of the role of the Planning Commission. He highlighted the need for implementing the Mass Rapid Transit System II for Chennai in order to take care of the increasing passenger needs in the outlying areas and urged adequate funding for these programmes in the Ninth Five Year Plan.

9.9 The Chief Minister stated that while the document laid stress on growth with equity and reduction of unemployment, the allocation of assistance ignored two indicators, viz., people below the poverty line, and unemployment rate, which were critical factors to assess the success of the Plan. A reappraisal of the formula giving due weightage to these factors before the finalisation of the Plan was the most pressing need of the States. He further stated that there was justification for increasing the grant component of Central assistance to 50 per cent, which he commended for adoption in the Ninth Plan. He emphasised for a suitable financing pattern to enlarge the Calamities Relief Fund.

9.10 The Chief Minister also pointed out that Tamil Nadu was one of the few States which had kept their commitment to raise their own resources to the level assessed at the beginning of the Eighth Five Year Plan and desired that the recommendations of the Tenth Finance Commission to bring within the divisible pool all Central taxes and to enhance the States' share would go a long way in augmenting the resources of the States and help the States to fulfil the States' share of the public sector plan. An early decision on this issue had to be taken before the formulation of the Ninth Plan.

9.11 Concluding his speech the Chief Minister stated that the aim should be to ensure that India emerges as a major economic power in the next few decades. He wanted the deliberations of 47th NDC to pave the way for launching the nation on the way to achieving this objective.

101 **Shri Manohar Joshi**, Chief Minister of Maharashtra, stated that it was absolutely necessary to take stock of the achievements and failures during the last 50 years. The Chief Minister commented that the Approach Paper contained almost all good points. He further pointed out that unless the population was controlled, planning would not succeed. The Chief Minister emphasised the need for achieving complete literacy in at least next five years. The employment assurance and Basic Minimum Needs Programmes were necessary and the Government should be responsible for ensuring this.

10.2 The Chief Minister stated that the obstacles in the way of development should be removed and a scientific approach towards achieving the objectives of the Ninth Plan should be adopted. The people from all parts of the country were living in Mumbai and the services available were not able to cope with their demands. He asked for funds to tackle the problem of shelter and for improvement of the city. The problems faced by the slum dwellers needed to be solved and the Centre should also provide funds to tackle this problem, he added

10.3 The Chief Minister mentioned that the Government of Maharashtra had decided to set up Maharashtra State Literacy Council which had started work in 26 districts. The Centre should also help by providing some assistance in this regard. The State of Maharashtra had brought fiscal discipline to restore fiscal health of the Government. The bonds floated for the Krishna Valley Scheme had received good response from the people.

10.4 The Chief Minister observed that the investment needs of the country during the Ninth Plan period would not be met without substantial foreign investment. The policies of both the Centre and the States should, therefore, be designed for creating a congenial climate for attracting overseas funds. Delays in the clearance of the scheme by the Centre should be avoided. National Highways are maintained by the State Government and all power in this regard should be delegated to State Government. Regarding the Centrally Sponsored Schemes, the Chief Minister stated that the State Government would fully cooperate with the Centre.

10.5 In the Chief Minister's written speech, he observed that the Ninth Five Year Plan would no doubt be a watershed in the planning process of the country for two reasons: first, this Plan was being formulated in the background of the radical changes that had been brought about in the past five years through the policy and process of economic liberalisation; secondly, this Five year Plan would launch us into the twenty first century, when India would no doubt assume its rightful place as a major economic power.

10.6 Reviewing the 8th Five Year Plan of the State, the Chief Minister stated that all round progress in different sectors, like agriculture, electricity generation, irrigation, roads, soil and water conservation, drinking water, sanitation and sewerage, health, education, etc. had been achieved. Acting on a suggestion of the Deputy Chairman of the Planning Commission, the State Government had constituted 26 study groups of eminent personalities and experts under the State Planning Board to finalise the approach to the Ninth Five Year Plan. The Study Groups were expected to finalise their reports shortly, which would be taken into consideration in the preparation of the Ninth Five Year Plan of the State.

10.7 The Chief Minister opined that in a federal system, there was need for a 'shared vision' of where we would want to lead the country on the threshold of the 21st century. But the shared vision should also extend to sharing of responsibilities and burdens particularly in the matter of national problems.

10.8 Regarding the balanced regional development, the Chief Minister endorsed the emphasis placed in the Approach Paper on removal of regional imbalance and strongly urged that Maharashtra should not be ignored in the distribution of any fund that might be allocated on the basis of regional imbalance.

10.9 The Chief Minister pointed out that urban slums were a major problem in a highly urbanised State like Maharashtra. To provide free housing to slum dwellers in Mumbai, it was essential that the Central Government too extended active and purposeful cooperation.

10.10 The Chief Minister further stated that the problem of unemployment, especially among the youth, needed to be given a higher priority and determined implementation with commitment. Turning to education, the Chief Minister stated that it was necessary that financial assistance for all the posts of primary school teachers created under the Operation Blackboard scheme in the Eighth Plan should continue to be funded by the Central Government in the Ninth Five Year Plan.

10.11 The Chief Minister also spoke on the issues relating to family welfare, fiscal effort, privatisation, Centrally Sponsored Schemes, Central Assistance and concluded his speech by thanking the Prime Minister, the Deputy Chairman of the Planning Commission and other Members. The Chief Minister said that the Ninth Plan marked an important milestone in the planning process as it builds on the economic changes, ushered in over the past five years, and also could launch us into the next century. The foundations laid in this Plan would set the tone and pace of development of the country in the early part of the next century. Many of the objectives set forth in the Approach Paper coincide with the priorities that the Government of Maharashtra had set for itself and the Chief Minister assured that the State would not be found wanting in the implementation of the Plan which seeks to achieve crucial goals for the betterment of all sections of the society.

11.1 **Shri Lalu Prasad**, Chief Minister of Bihar, stated that the defects in the planning process had got to be corrected as even after 50 years of planning, the poor were getting poorer. He suggested to convene a meeting of the persons concerned with the uplift of the poor to discuss the problem of poverty. He wanted scholars to be involved in this exercise. The Chief Minister opined that the tillers of the land should be given the ownership rights. There should be an equitable distribution of land and wealth. He referred to the lack of facilities in the field of education. The Chief Minister stated that the wealth of the country should be distributed amongst the poor.

11.2 He further stated that the corruption was rampant and there was dire need of honesty and dissemination of justice so that a society based on equality could be built up. He desired that financial outlays for houses, education and upliftment of minorities etc. should be stepped up.

11.3 In his written speech, the Chief Minister observed that this meeting which was being held on the threshold of the 21st Century and the 3rd millennium, was an occasion to evaluate as to how far the aspirations of our countrymen had been fulfilled in the process of economic and social change. Such an evaluation would also provide an excellent opportunity to decide the future course of collective efforts for achieving sustained balanced development, creating economic opportunities and securing social justice.

11.4 It was a matter of great concern that even after 50 years of Independence and in spite of implementation of eight five year Plans, India was still amongst one of the poorest nations of the world. Not only had regional disparities increased, the rural areas were being left behind as compared to the urban areas as a result of the lopsided development process.

11.5 He further stated that steps should be taken for the development of a state or a region within the overall interest of the nation as a whole. Actually, the path of development should be such that development of new technology should not displace labour, barring certain special sectors. The commodities produced should be such that majority of them were articles of mass consumption, so that distributive justice could be attained. The process of economic liberalisation should not adversely affect the interest of the poor, and it should not lead to widening of economic inequalities.

11.6 The Chief Minister drew the attention of the Council to the fact that despite the previous policies of industrialisation pursued by the Central Government, industrial development of Bihar could not take place to the desired extent. Even now, most of the Capital investment would be flowing to those States where developed infrastructure was already available.

11.7 He further stated that even though the State of Bihar was endowed with vast mineral resources, fertile land, plenty of water and rich human resources, it was a paradox that post independence investment in Bihar had been low in comparison to other States. Bihar's per capita income was the lowest among the major States of the country. The gap between Bihar and the rest of the country had increased over the last four decades. The development of socio-economic and physical infrastructure in the State had also lagged behind the national average.

11.8 The Chief Minister further observed that the experience of national planning and development in Bihar, which accounts for about 10 per cent of the area and population of the country, should be a matter of great concern. The socio-economic situation of Bihar, despite four decades of planned development, raised a serious question on the policy of planned development. The National Development Council had to take a decision on this vital question as to how requisite amount of resources could be made available for backward and financially weak States like Bihar so that there was no further increase in regional imbalance.

11.9 He requested the National Development Council to consider question of undertaking a study of the factors leading to the slow socio-economic growth in Bihar and the preparation of a multi-dimensional framework for the alleviation of poverty in Bihar in the next 10-15 years. Such a programme of action formulated for Bihar would also be of great relevance for working out the development strategies of other very backward and economically weaker States.

11.10 The Chief Minister stated that the prerequisites for sustainable development were effective citizen participation in decision making in the political system; inbuilt capacity to resolve disputes arising out of disharmonious development; an economic system creating sufficient resources and developing technical knowledge in a continuous and self-sufficient manner, production and technology which was eco-friendly and environment-friendly; international system which was based on an equitable pattern of trade and investment and an administrative system which was responsive and self-correcting.

11.11 The Chief Minister further observed that the poverty alleviation in Bihar was only possible through increase in agricultural productivity, providing new opportunities of employment in rural areas, providing social security to the needy and by adopting the programmes of human resource development. The intensity of poverty could be reduced only if the growth rate of the economy was

7% in the Ninth Five year Plan and thereafter increased to 8 to 9%. He pleaded for endeavour to increase the skills of the poorest class, especially the scheduled castes and the scheduled tribes, small and marginal farmers and the landless labourers, along with the growth rate and to adopt labour intensive techniques and balanced regional development. He further desired to ensure the rights to women and eliminate existing gender bias against them in the allotment of resources for education, health and other social and economic services.

11.12 The Chief Minister stated that the provision of basic minimum services, i.e., providing safe drinking water, primary health services, housing of the poor, nutrition for school children, sound public distribution system with emphasis for poor and provision for universal primary education would have to be accorded highest priority in the 9th Five year Plan.

11.13 The Chief Minister opined that the problem of unemployment and the poverty alleviation was very grave. It was essential that poverty alleviation programmes should be so structured that these provided maximum employment/self-employment. Investment in irrigation and rural electrification should also receive attention for encouraging agricultural development. Agriculture should be planned on the basis of agro-climatic/agro-ecological zones. Rural industrialisation would have a key role in providing employment in the rural areas.

11.14 He pointed out the special problems in road construction and construction of bridges in the State and welcomed the evolution of an integrated policy in power sector. A National Policy would have to be evolved for the rehabilitation of the persons displaced in the process of Coal mining. Discussion on the land acquisition under Coal Bearing Act was also essential and question of royalty on coal should also be decided by the Centre. Regarding the Centrally Sponsored Schemes, the Chief Minister observed that the State Governments must be in a position to determine their own priorities and if schemes were allowed to continue in accordance with earlier decisions, funds earmarked for the State should be made available to each State. The systems and procedures for this purpose should be reviewed.

11.15 The Chief Minister further observed that social justice was an important issue in today's context. Participation of the local people was essential in the formulation of development programmes, because it were only they who could articulate their felt needs. They should also be involved in the implementation of programmes and increased participation of women in developmental activities, politics and administration would have to be ensured.

11.16 The Chief Minister further opined that there was a need to rehabilitate the weak regional rural banks with the help of the Central Government and the sponsoring banks.

11.17 The Chief Minister stated that the other priorities in the 9th Five Year Plan would be Human Resource Development, Education, Health & Family Welfare, people's participation in administration, decentralised planning process under Panchayati Raj and ensuring increased participation of voluntary organisations in the process of development. Poor States like Bihar would need maximum financial resources in the Ninth Five Year Plan to develop physical and social infrastructure, and to implement programmes, relating to basic minimum services agriculture & rural development.

11.18 Concluding his speech, he complimented the Planning Commission for providing a comprehensive paper on the approach to 9th Five Year Plan and hoped that the Plan prepared in the light of discussion would lead to balanced sustainable development in the next century and that all sections of society particularly those living below the poverty line would be benefitted.

12.1 **Dr. Farooq Abdullah**, Chief Minister of Jammu & Kashmir, stated that Kashmir should be taken as national problem. The mainstay of the State was tourism. The State had not been able to provide clean drinking water even after 50 years of Independence. Though every village in the State had been electrified, electricity could not be provided to the users. The State had potential of generating about 15,000 M.W. of electricity and non-tapping of this should be the major concern for the Ninth Plan.

12.2 The Chief Minister observed that the State which had started free and compulsory education from primary to university level, had not been able to provide jobs to the educated youth.

12.3 The Chief Minister further stated that forestry was one of the sources of income but the State would need resources to deal with the peculiar problems of the State. In spite of educating people, the population explosion in the State could not be controlled.

12.4 In his written speech, the Chief Minister observed that a democratic coalition could prove to be a successful form of governance and, possibly, a better one when it came to the sphere of economic development and a consensus approach to the problems confronting the common man. The approach to the Ninth Five Year Plan as envisaged by the present Government flowed from the basic philosophy enshrined in the Common Minimum Programme and the spirit of common approach would continue to guide working in all walks of life and develop healthy Centre-State relations in the years to come.

12.5 The Chief Minister further stated that it was of immense satisfaction for the people of Jammu and Kashmir and for him personally to represent an elected Government in Jammu and Kashmir in this august body after a gap of nine years. The massive mandate given by the people of Jammu and Kashmir had proved to the entire world the unflinching and undeterred commitment of the Kashmiri to a peaceful, secular and disciplined social and political order. There was a visible atmosphere of relaxation, a transparent and healthy discussion on the State's problems and a general urge among the people to make up for the time lost during the last seven years. The people of the State expect a generous helping hand from the Central Government and the assurance of the Prime Minister on this account had built up a sense of confidence amongst us. He assured the distinguished members of the Council to come up to the nation's expectations and work towards a process of bringing the State back quickly to normalcy. He sought the support of all other States in the country to the rebuilding of the social and economic infrastructure in Jammu and Kashmir.

12.6 The Chief Minister opined that the Approach Paper to the Ninth Five Year Plan circulated for deliberation had aptly identified the economic and financial issues of the country. There had been a mixed achievement during the Eighth Five Year Plan though in overall terms growth rate had exceeded the target primarily because of a series of good monsoons which helped the growth in agriculture. The Approach Paper had rightly identified the equity parameters of growth, the quality of life, regional balance and self-reliance as the focus of attention. The economic liberalisation as a new component of development policy had brought these issues into sharper focus. The emphasis on agriculture was very timely. A commitment to common national objectives in the development strategy in a federal system, transcending all political affiliations, would go a long way in building up an economically strong India in the comity of nations.

12.7 Turning to the infrastructure, the Chief Minister observed that infrastructure was a vital component in the process and a time had come when the country was facing a wide gap in the

basic requirements of power, transport, petroleum, tele-communication, ports, etc. It would be desirable to place an added emphasis on the augmentation of the basic infrastructure.

12.8 The liberalisation of the economy and the process of privatisation must not only be sustained at the Central level but carried to the States as well. Incentives need be provided so that massive private investment could be channelised to the backward States to overcome their historic poverty and generate higher resources.

12.9 The Chief Minister noted that it was a matter of great satisfaction that the approach during the Ninth Plan could be to evolve a long term fiscal policy to reduce and eventually eliminate the revenue deficits of the Centre and the State Governments. He hoped that the Central plan assistance for the Ninth Plan would get delinked from the budgetary deficits of the Special Category States which would be separately looked into and not ignored as was done a few years back.

12.10 Referring to the Panchayati Raj Institutions and decentralised planning, he stated that it would be the endeavour of his State to transfer the component of development planning and implementation to the Panchayati Raj bodies and also vest these bodies with revenue raising powers so as to make them effective. Welcoming the approach related to basic minimum services, the Chief Minister observed that it should be ensured that too much of relaxation did not result in disrupting the linkages between the States and the Planning Commission.

12.11 Concluding his speech, the Chief Minister stated that the Centrally Sponsored Schemes brought in a good deal of innovation and act as trend setters in various fields of economic development and should continue in the Ninth Five Year Plan. He wished a happy start to the Ninth Five Year Plan in the country.

13.1 **Shri J.H. Patel**, Chief Minister of Karnataka, stated keeping in view the achievements of the Eighth Plan, the Ninth Plan should be formulated. Control of population should get the due priority to make planning meaningful. The approach should also take care of the imbalance between urban and rural disparities and the planning process should be decentralised. The States should desist from offering cut-throat industrial subsidies to industrialists. Instead, necessary infrastructural facilities should be provided to attract industrial units. Education and primary health, irrigation and land reforms should get due place in the planning process. The Chief Minister stated that 7 per cent growth rate was necessary in order to meet objectives of expanding productive employment, reducing poverty and generating enough public resources to meet the basic social needs of our growing population.

13.2 In his written speech, the Chief Minister stated that during the Eighth Plan period the country had reached a water-shed in Indian planning. It was a matter of satisfaction that GDP had grown annually at 5.9 per cent while agriculture and industry had almost attained the respective targeted levels.

13.3 On the agriculture and irrigation sectors, the Chief Minister opined that the Ninth Plan should envisage innovative measures to adequately step up credit to viable agricultural and allied activities. Central support was necessary to complete the irrigation projects in a time-bound fashion. The Chief Minister observed that the State Government was in agreement with the objectives of the Ninth Plan and felt that emphasis was rightly placed on the Basic Minimum Services that must be made available to the people in time-bound manner. He suggested that developing countries needed to move from dependence on the primary sector to the secondary and tertiary sectors.

13.4 The Chief Minister further stated that the process of clearances for setting up new power plants in the public and private sectors should be simplified. Efforts were required to improve both the level of public savings, as also the level and quality of public investment, to enable attainment of the goal of a 7% annual growth rate during the Ninth Plan.

13.5 Turning to the infrastructure sector, the Chief Minister observed that public investment in core sectors would have to be necessarily higher as the nation was yet to receive the initiative and confidence in private sector investments. At the same time, participation of the private sector in the development of economy should also be encouraged. The funds which were proposed to put into asset creation must be channelled through the mechanism of self help groups to serve their purpose and set the poorest of the poor on the path to growth and self-reliance.

13.6 The Chief Minister further stated that resources to fund the budgetary support component of public investment would be a major task for the State. Karnataka had always depended on its own tax potential and raised revenues from all the levies that were constitutionally allowed to States and would continue to raise resources by mopping up surpluses through fiscal measures. The State had effectively rationalised its sales tax structure and reduced the number of rates to four in the last Budget. Pointing out that the Government of India was yet to implement the recommendations of the Tenth Finance Commission for devolution of 29 per cent of Central revenues to State Governments, the Chief Minister requested the Centre to look at the difficult position faced by the States specially in view of the increased burden in meeting the basic needs of the people.

13.7 The Chief Minister stated that the levy of user charges in irrigation, power etc. would be accepted only if these were accompanied by the participation of users in managing and monitoring these utilities. About the public sector undertakings, the Chief Minister felt that the rationalisation of investment in these units was a priority issue for the Ninth Plan. Restructuring in this area should help improve the return on investment and increased autonomy of functioning of the viable and successful undertakings. The Chief Minister welcomed the emphasis on participatory planning and a shared vision of development. The conversion of the Planning Commission from an approving agency to a consultant and specialist body would be a step in the right direction.

13.8 Turning to the Centrally Sponsored Schemes, the Chief Minister pleaded for the increase in the discretion of States and hoped that the exercises in this regard would result in major changes and not merely in a marginal transfer of additional resources to the States. He also stated funds earmarked under the Special Component Plan and the Tribal Sub plan were being pooled and used for rapid development of minor irrigation, education and housing of the Scheduled Castes and the Scheduled Tribes and expected that this would result in dramatic changes in their quality of life and social status.

13.9 Concluding his speech, the Chief Minister observed that the most significant change in our approach to planned development in the Ninth Plan was the emphasis being placed on people's participation and Panchayati Raj Institutions. Full autonomy in working of these institutions would come with the transfer of some resource raising powers to these bodies. In the meantime, all effective methods of users' participation like NGOs, self help groups and water management bodies to plan and monitor programmes should be resorted to.

14.1 **Shri P. Chidambaram** Union Finance Minister, stated that the Approach Paper to the Ninth Five Year Plan had set a target growth rate of 7 per cent. The Prime Minister and virtually every

Chief Minister had underscored the desirability and need for a 7 per cent growth rate and had rejected the alternative of the lower growth rate. There was no question that we need to achieve this rate of growth in order to meet our paramount objectives of expanding productive employment, reducing poverty, and generating enough public resources to meet the basic social needs of our growing population.

14.2 Sharing the views of the Prime Minister and the Deputy Chairman, Planning Commission, the Finance Minister elaborated on the implications the necessary conditions of the targeted 7 per cent growth. He stated that 7 per cent growth would not happen by itself. It required higher rates of investment, higher rates of savings from both domestic and foreign sources and greater efficiency and productivity from the investments made. All these required policy measures involved hard political decisions that must be taken in the interests of the country and the people, particularly the poor.

14.3 Elaborating further, the Finance Minister stated that the Approach Paper called for an increase in the economy's rate of investment from 25 per cent of GDP in the Eighth Plan to 28.6 per cent in the Ninth Plan. To achieve this, a policy framework which encouraged investment, in both public sector and private sector, was called for. Public finances were finite and limited, hence the Approach Paper had foreseen that two-thirds of total investment would be made by the private sector, both domestic and foreign. This required investor friendly policies of taxation, finance, foreign trade and payments, labour and use of land. Above all, there was need for adequate and efficient infrastructure services in power, roads, railways, ports, irrigation, telecommunications, etc. The recently published India Infrastructure Report had given a blueprint for promoting investment in the infrastructure sector. It had estimated investment requirements of around \$120 billion (about Rs. 4,30,000 crore) over the next 5 years. Policies based on this splendid report must be formulated and implemented. Without adequate investment in the infrastructure sectors there was little hope to achieve the high rate of national investment necessary to attain the 7 per cent growth target.

14.4 The Finance Minister further observed that an overhaul of infrastructure required re-thinking in our approach to infrastructure. To take one example, the problem of power might reach crisis proportions in the next few years, unless urgent action was taken by each and every State. Many State Electricity Boards were on the brink of collapse. The financial, managerial and administrative structure of State Electricity Boards and their policies must be changed dramatically and urgently, so that SEBs could raise tariffs to realistic levels, improve the quality of supply, contain the theft of power and become financially viable. Central and State laws must be changed to allow SEBs and private electricity companies to function autonomously, subject to independent regulatory authorities.

14.5 The Finance Minister pointed out that building a policy framework which encouraged investment and solved our infrastructure bottlenecks would not lead to the high rates of investment necessary, unless we were also successful in increasing savings. We must increase both public savings as well as the savings of households and corporate entities. Households were exemplary savers. The corporate sector had a modest savings rate. Government was a notorious dis-saver. Dis-saving by the Government meant that we were borrowing to finance consumption expenditure as well as investment. There was a limit to the amount of borrowing the Government could do. The Common Minimum Programme laid down a target of bringing the total deficit below 4 per cent. We must ensure that the fiscal correction was achieved over two years. This was possible only if the Government succeeded in putting an end to the revenue deficit. This applied to the Central and the State Governments.

14.6 The Finance Minister opined that to increase public savings, it was necessary to continue with tax reform, eliminate low priority expenditures, increase the efficiency and profits of public enterprises and target subsidies to the truly needy. A rise in household savings required further accelerated reform of the financial sector. As envisaged in the Common Minimum Programme of the United Front Government, “there is a strong link between infrastructure development and financial sector reforms. Infrastructure needs long-term finances. The United Front Government will carry out further reforms of the financial sector so that the flow of both domestic and foreign funds to the infrastructure sector is enhanced substantially.” In more advanced parts of the world, much of household savings was routed through insurance and pension funds which formed the backbone of household savings. These were also the key to development of long term debt market on which accelerated infrastructure development would depend. It was necessary to promote competition, introduction of new products, better fund management and sensitivity to customer needs. These, and other reforms in banking, money markets and the capital markets were necessary if the domestic saving targets of the plan were to be achieved.

14.7 The Finance Minister stressed that the Approach Paper assumed that we would be successful in raising our domestic savings rate from below 24 per cent of GDP in the Eighth Plan to 26.2 per cent in the Ninth Plan. That would leave a gap of about 2.4 per cent of GDP between domestic savings and the high rate of investment required to be achieved to sustain 7 per cent growth of the economy. This gap compared with a much smaller gap of 1.3 per cent of GDP during the Eighth Plan. This higher gap of 2.4 per cent of GDP in the Ninth Plan was a measure of increased need for foreign savings to meet the investment and growth targets of the Ninth Plan. The direct counterpart of this savings and investment gap was a deficit in the current account of balance of payments. For this order of balance of payments deficit to be sustainable over the Ninth Plan and beyond required at least two things:

- Sustained growth of exports at 14-15 per cent per year; and
- A large increase in foreign investment flows from abroad.

14.8 The Finance Minister further stated that as indicated in the Common Minimum Programme, foreign direct investment had to rise to \$10 billion per annum from the present level of \$2 to 3 billion per year. This, in turn, meant that the policies for attracting foreign investment of such level must be put in place. The Finance Minister observed that it should be ensured that the regulations governing the inflow of foreign investment were transparent and attractive in comparison with other Asian economies which were doing well. A review of FERA was underway in this context.

14.9 The Finance Minister further observed that the Approach Paper assumed that in the Ninth Plan our incremental capital output ratio would be lower, marginally above 4. This too would not happen by itself. The Finance Minister opined that public expenditure, especially public investment, should be made more productive. The widespread practice of starting new projects without completing old ones and adding new programmes without merging old ones must be avoided. The portfolio of projects and programmes must be constantly reviewed and some programmes must be dropped. A host of laws, such as the Urban Land Ceiling Act, the Rent Control Acts, the Industrial Development and Regulation Act and various other economic laws and regulations needed to be reviewed with the objective of promoting greater efficiency and higher employment growth. Rapid, efficient and equitable development of Agriculture and allied sectors was crucial for achieving virtually all the important objectives of the Ninth Plan. Resources for more investment in rural

infrastructure must be found out. To accelerate agricultural growth to 4.5 per cent, long overdue decisions to phase out various controls on domestic and international trade in agricultural products and on agro-processing must be taken.

14.10 The Finance Minister concluded his speech by endorsing the growth rate of 7 per cent, the investment rate of 28.6 per cent, the savings rate of 26.2 per cent and the expected ICOR of 4.08. He urged the Members of the Council to understand the implications which these targets entailed and also urged to resolve to take the hard political and economic decisions which were necessary to attain these targets. He stated that these things would have to be done not in pursuit of any ideology but from the pragmatic necessity to get more output, employment and benefits from resources invested for development.

15.1 **Shri Shankersinh Vaghela**, Chief Minister of Gujarat, stated that this meeting of the National Development Council had been convened to discuss new and innovative approach to solve the problems facing the country at this critical phase of its history. He felt that time had come to rethink and redefine plan strategies after a thorough reappraisal and revision of the practices which we had followed in the past. It had become necessary as the villages were languishing today, pushed to decay by the massive urbanisation which was taking place in the country. Admitting the mistakes of the past, would be the starting point for setting a new direction and building a refreshingly new development agenda. For a self-reliant village with a clean identity, it was necessary that proliferating subsidy schemes vying with each other from Centre and State, each in the name of upliftment of the poor were reviewed.

15.2 The Chief Minister further stated that the principal task for the Ninth Plan would be to usher in a new era of people oriented planning, in which not only the Governments at the Centre and the States, but the people at large, particularly, the poor could fully participate. The participatory planning process was an essential precondition for ensuring equity as well as accelerating the rate of growth of the economy. Activating faster and wide-spread process of diversifying agricultural growth and generating more employment thereby was a crucial step. In spite of constraints of land and water resources and problems of recurring drought, Gujarat had been able to maintain a respectable rate of industrial growth and to diversify its agricultural economy. A new industrial policy had already been announced for the small-scale sector. It had been proposed to select artisan based centres in Gujarat which had either shown technological and commercial promise in past, or were already linked with national and world markets and integrate them more effectively with larger national and global demands. The Chief Minister hoped that the Union Ministry of Industry and the Planning Commission would support such innovative schemes.

15.3 The Chief Minister observed that for improving the quality of life and for achieving accelerated economic growth, more efforts would have to be made particularly in the direction of infrastructural facilities like power, communication, irrigation, health and drinking water etc. He also endorsed the priority given in the Approach Paper to provide Basic Minimum Services and programmes for securing better quality of life. He further stated that development of infrastructure was crucial to economic development and growth. In this context, the most important area was the development of power projects. The other important areas for development were irrigation, ports, roads, telecommunication and railway network. In consonance with the approach and strategy of the Ninth Five Year Plan, efforts needed to be made for tapping private initiatives during the Ninth Five Year Plan in development of infrastructure.

15.4 Touching upon financial resources and domestic savings, the Chief Minister observed that to achieve the requirements during the Ninth Plan would necessitate a degree of determination and willingness to evolve uniform National Policy at the Central level, particularly realistic tariffs for irrigation, electricity and other user charges.

15.5 Regarding the Centrally Sponsored Schemes, he stated that in principle, Centrally Sponsored Schemes should be confined to schemes of an inter-State character, matters impinging on national security; selected national priorities where Central supervision was essential for effective implementation; and multi-State externally financed projects where Central coordination was necessary for operational reasons. Except for such schemes, all other schemes should be transferred to States along with corresponding funds.

15.6 On the agricultural and allied activities, the Chief Minister agreed with the strategy to develop agriculture sector which had the vital place in the economic development of the country through a regionally differentiated strategy based on agronomic, climatic and environment-friendly conditions by broad regional characteristics of agro-economic situations. He further suggested that the process of agricultural diversification and income and employment generation had to be backed by a detailed strategy for infrastructure creation, particularly marketing and communications to support the farmer.

15.7 The Chief Minister stated that Sardar Sarovar Project had now reached the stage where, some benefits had accrued during the Eighth Plan and with some concerted action, benefits could be achieved during the Ninth Plan. Gujarat was deficit in its power requirements. While serious efforts were being made to involve the private sector in power generation, the substantial requirement of additional power had to be met by the public sector. In addition, proposals for gas based power and for decentralised power generation and transmission in the cooperative sector needed to be sympathetically considered. Emphasis should also be laid on reducing cost of generation of electricity. The infrastructure facilities at major ports were not sufficient to cater to growing needs and the facilities needed had to be strengthened.

15.8 The Chief Minister pointed out that the idea of incentives and disincentives in State Governments and communities for encouraging the small family norm was a welcome step. The State would support the proposal to link central assistance to the States for this programme in controlling the actual birth rate. Making additional funds available to districts and panchayats related to the success of their effort to control the birth rate would be a positive step.

15.9 Concluding his speech, the Chief Minister stated that the 73rd and 74th Constitutional Amendment on Panchayati Raj and Nagarpalika had laid greater emphasis on decentralised planning. Such bodies, however, needed to be economically viable. Such decentralisation of planning was the surest and most effective method of securing people's participation in development process. He looked forward to achieving accelerated progress under the guidance of the National Development Council.

16.1 **Shri Virbhadra Singh**, Chief Minister of Himachal Pradesh stated that the growth rate of 7 per cent during the 9th Plan was achievable. Land reforms were very important for rural development and should be enforced as these were essential for economic well-being of the people. Irrigation should also be given priority to increase agricultural production and the income of rural population. He felt that in spite of progress achieved in the planned development of the country, the population growth had nullified the achievements made. Noting the progress achieved during the Eighth Plan, the Chief Minister visualised a greater role for the Planning Commission for planned economic development.

16.2 The Chief Minister opined that the Grant-loan ratio for the special category States was a measure of equity and redressal of disparities and should not be diluted in any manner. He further stated that the special category States required a different approach and set of strategies for their development needs and required the preferential treatment in terms of resource flows from the Centre. It should be considered that the preservation of ecology, improving the forest cover, protection of bio-diversity and flora and fauna by the Himalayan Hill States resulted in benefits which were derived by the downstream States in the plains. All these points need to be realised at the national level and the development of Himalayan Hill States had to be the responsibility of the Central Government. This was also necessary because the hilly States had poor financial resource base and the costs of development were more. He desired that the special care during the Ninth Plan need to be taken about the problems faced by the Himalayan Hill States.

16.3 The Chief Minister agreed with the approach that the Centrally Sponsored Schemes should be transferred to the States with greater freedom along with the resources. He further stated that the levy of consignment tax should be implemented and corporation tax should be merged into the pool of taxes and allocated to the States in accordance with the recommendation of the Finance Commission. The financial problems of Himachal Pradesh deserved to be redressed immediately.

16.4 About the power sector, the Chief Minister stated that Himachal Pradesh had a hydel potential of about 20000 MW capacity of which only about 4000 MW had been actualised. He invited all States to come forward and invest in power projects in Himachal Pradesh on mutually beneficial terms. He desired that railway network should be improved to help growth of tourism sector in the State.

16.5 In his written speech, the Chief Minister stated that the track record of Eighth Plan was a matter of great satisfaction as the international credibility of India was restored and foreign exchange reserves were at a comfortable level on the eve of the 9th Plan. The strength attained by the Indian economy in terms of food self-sufficiency, achievement of the State of the art technology and industrial development should be capitalised during the Ninth Plan. But for the population growth, even the issues of poverty and unemployment had been adequately taken care of.

16.6 The Chief Minister further opined that we should be very careful in placing the course of development and enabling policies in such a manner that the problems of poverty, unemployment and inter-regional disparities were adequately addressed during the Ninth Plan. Objectivity in analysing the past performance and forecasting the future course should not be lost sight of. The emerging scenario certainly called for retention of all that had been good and the change in attitude and methodologies in areas of weakness so that India was not left behind in the global context and also simultaneously succeed in ushering in a new era of general prosperity for the masses.

16.7 The Chief Minister further stated that the approach document had highlighted some of issues which required foremost attention of the Government and policy planners and had underlined that the issues could not be side-tracked if meaningful solutions to the problem of development had to be found. It had been globally understood that issues of poverty, unemployment and income and spatial disparities were best addressed in a realm of rapidly growing economy and this aspect should be Central to the policies proposed to be pursued in Ninth Plan.

16.8 The Chief Minister stated that he was in agreement with the Planning Commission that planning process was extremely relevant even though the instrumentalities might require a change. The Approach Paper had suggested changes in the process of planning, in the context of a dialogue between the Planning Commission and the States. Given the rapidly changing scenario, the Chief Minister felt that the necessity to continue with the existing system should not be overlooked.

16.9 Noting that the core theme "Growth with Equity" was a laudable goal proposed to be pursued in the Ninth Plan, the Chief Minister made a few suggestions such as listing of containment of population growth as the prime objective and redressal of the inter-regional disparities in the level of development. He also suggested the need for special care of Himalayan Hill States and stated that the forest wealth of Himachal Pradesh was estimated to be about Rs. 60,000 crore and most of the precious coniferous forests were of such nature that these could not be regenerated by human beings, if these were cut. Commercial felling of trees should be completely banned. The loss of resources to the State on this account should be compensated. In the context of allocations of Central assistance for Basic Minimum Services, should continue to be governed by the general allocation scheme.

16.10 Concluding his speech, the Chief Minister stated that he was happy to note that the Approach Paper laid stress on urgent steps that would be necessary to set in correctives for improving the hydel content of our energy supply due to continued worsening of the thermal hydel mix. He further stated that quality of life enjoyed by Himalayan Hills at the end of the Eighth Plan would be better than what was initially planned. He opined that investment in social services would go a long way in improving the human capital and should be promoted so that productivity of the society was increased. The accent of diversification of power sector in the context of North-Western areas had been rightly emphasised and stated the inputs from the agro-climatic regional planning exercise would certainly help to accelerate the process in Himachal Pradesh. He hoped that the suggestions made by the State would be appropriately incorporated in the final approach document to be adopted by this Council.

17.1 **Shri Hari Shankar Bhabhra**, Deputy Chief Minister of Rajasthan, stated that there was need to accelerate the pace of development and agreed with the approach of the Ninth Plan which rightly laid stress on efforts and poverty alleviation, support to weaker sections, development of backward regions, sustainable development and productive development schemes. He further stated that period 1992-97 was a watershed in the history of planned development in Rajasthan. Not only the Eighth Plan size of the State was achieved but also was exceeded. He was in full agreement with the approach for speedy completion of all on-going projects suggested in the Approach Paper.

17.2 The Dy. Chief Minister further stated that nearly half of the State's water resources arose from its share in the inter-State waters and the claim of the State which were pending for long time need be settled quickly. Equitable dispersal of irrigation facilities and better project management capability also needed to be generated in the field of irrigation. Industrial development had undergone dramatic changes with economic liberalisation and reform. Backward States needed support for improving the quality of infrastructure so that they could compete with the better and more developed States in attracting industries in their States.

17.3 The Dy. Chief Minister welcomed the emphasis on agriculture in the Approach Paper and stated that major dent had been made in poverty alleviation in the State. He requested that the National Development Council must freeze the allocation of Central funds based on poverty on the pattern of freeze on population percentage at 1971 level to reward States which had been able for reduce the poverty in their State. He stated that more Central assistance was required to attain the goals specified in the Basic Minimum Services Programme. Educational and health care institutions needed to be strengthened and population growth had to be checked to ensure better quality of life to the people.

17.4 The Dy. Chief Minister opined that the Panchayati Raj Institutions also needed to be strengthened by providing resources to such bodies. The Gadgil-Mukherjee Formula had not been favourable to the backward States and unless something radical was done, the gap between backward and forward States would continue to widen.

17.5 He further observed that besides unemployment and poverty, issue of regional disparities was also equally important. He hoped that the Centre would devolve all the agreed Centrally Sponsored Schemes with resources to the State Government. The development must be people centred and in keeping with the vision of growth, equity and social justice.

17.6 The Deputy Chief Minister, in his written speech stated that the Ninth Five Year Plan was being mooted in the backlog of fifty years of experience in planning and would be a land mark in the development of our nation in more ways than one. There was need to accelerate if the country had to occupy an important position in the comity of Nations. This could only be done through decentralised planning, better project implementation and focussing on high growth areas, infrastructure development, human resource development and poverty alleviation. He agreed with the proposed strategy adopted in the approach to the Ninth Plan.

17.7 The Deputy Chief Minister stated that the State Government had taken many new policy initiatives to generate more income and employment in the State. Reform in power sector had also been initiated. A Master Plan for utilisation of water was being prepared with the assistance of an Israeli Consultancy Firm. Although the country had attained self-sufficiency in foodgrain production, wide fluctuation in agricultural production were not uncommon. The fluctuations were particularly pronounced in the drought prone State of Rajasthan. Stabilising agricultural production in the face of erratic monsoons deserved the highest priority. Greater emphasis on dry farming besides increasing production would substantially increase employment opportunities in the rural areas. Greater emphasis on minor irrigation works would be necessary to ensure more equitable dispersal of irrigation facilities and efficient use of water through drip and sprinkler irrigation systems. The momentum gained by the Indira Gandhi Nahar Project in the last few years also needed to be sustained through more special central assistance.

17.8 The Dy. Chief Minister noted that major dent had been made in poverty alleviation in the State during the Eighth Five Year Plan. Touching upon Public Distribution System, the Dy. Chief Minister observed that efforts needed to be made to provide viable margins to the wholesalers and retailers in the PDS chain to ensure flow of controlled commodities to the consumers. Though, village connectivity had improved, the State was still below the national average. There should be a new Centrally Sponsored Scheme for providing assistance to States for better road connectivity.

17.9 The Deputy Chief Minister further stated that Rajasthan had low rate of literacy but the State was determined to remove this stigma by the end of the Ninth Plan. More Central assistance was required to achieve this. The health infrastructure and outreach of health care institutions also needed to be strengthened. Preventive health was engaging the attention of the Government.

17.10 On the participatory development, the Dy. Chief Minister stated that significant progress had been made in this regard. There was need to strengthen administrative set up of Panchayati Raj Institutions and Municipalities as Decentralised planning was very essential.

17.11 The Deputy Chief Minister stated that considerable attention to environmental conservation and to curtail wasteful expenditure was being made. On the raising of resources, the Deputy Chief Minister stated that a national consensus about user charges for public utilities like power, water,

transport etc. was needed. The bottleneck in the implementation of the Externally-Aided Projects needed to be removed. There was need for speedy clearance of environmental and transport projects for promoting tourism in the State. The Union Ministry of Finance must force the Bank and financial institutions to make more investment in backward State like Rajasthan. The Deputy Chief Minister suggested that a sub-Committee of National Development Council should be set up to deliberate about what needed to be done to improve living conditions in urban areas during the Ninth Five Year Plan. Unemployment coupled with poverty was the biggest challenge before the nation. In this context, he stated that there was need for reversing the trend of investment in high capital and low labour generation industries.

17.12 The Deputy Chief Minister hoped that the Planning Commission would respond by making a special allocation for addressing intra-State backwardness in Rajasthan. He pointed out that the Working Group for the eco-development of Aravalis, set up by the Planning Commission for the 8th Five Year Plan had recommended its inclusion in the Hill Area Development Programme and suggested immediate acceptance of the recommendation.

17.13 Concluding his speech, the Dy. Chief Minister supported reform in the planning process on a need based and decentralised way. He noted that though Government intervention should be largely as a “facilitator”, necessary infrastructure network had to be developed in the area of tourism. He hoped that more emphasis would be given to the Ninth Plan on Government-Private sector partnership for achieving the goals of sustainable development. The process of liberalisation should make available more opportunities for addressing concerns like poverty, unemployment and deprivation. Globalisation of the economy would allow us to tap international resources of experience, manpower and funds to deal with development of infrastructure in the country. He recommended that the National Development Council, the highest decision making body in the country in this regard, accept the approach paper along with amendments suggested by him.

18.1 **Shri Prafulla Kumar Mahanta**, Chief Minister of Assam stated that the Approach Paper had recognised the high growth rate during the Eighth Plan period and agreed with the objectives of achieving growth with equity aiming at improving the quality of life of the citizen, generation of productive employment, regional balance and self-reliance and participative planning process. There was a big gap in infrastructure available, e.g., power generation, communication, railways, roads etc. Massive investment was required to reduce this gap in Assam where presence of private sector was negligible. The Hon'ble Prime Minister during his recent visit had announced a package for the North-Eastern Region and hoped that required funds to achieve these objectives would be provided over and above the Plan allocation in the Ninth Plan. A substantial part of the resources of the State had to be diverted towards tackling the problem of floods and law and order maintenance. He welcomed the transfer of the Centrally Sponsored Schemes to the State along with the resources.

18.2 On the infrastructure, the Chief Minister stated that power was one of the important basic infrastructure inadequacy of which seriously affected the development process and urged that the Centre would give necessary approval for the 360 MW Amguri Power Project which had been given to the N.T.P.C. The Ministry of Petroleum should take necessary steps to meet the full quantity of gas to all the existing power projects and the proposed Amguri Power Project. The electricity tariff in the State was under constant review in order to bring it to a more realistic level He stated that to achieve 100% rural electrification along with the intensification work, an amount of Rs. 972 crore would be required.

18.3 The Chief Minister further stated that the benefit of economic development would get diluted to a large extent unless the high growth rate of population was contained. In this context, family planning assumed a crucial role and a comprehensive strategy for accelerating functional literacy of women and welfare of children needed to be adopted. The goal of planning in the Indian context should be to eradicate poverty, provide employment, achieve growth with equity and improve quality of life. Absence of gainful employment had created social unrest and a volatile situation. Growth in the economy which the Planning process seeks to achieve must ultimately remove social disparities, provide food to the hungry, job to the unemployed, welfare to the teeming millions of India and provide a foundation of strength for a prosperous Nation.

18.4 In his written speech, the Chief Minister congratulated the Prime Minister and the Planning Commission for bringing out a well conceived document, which addressed itself to the requirement of different sectors of the economy and underlined its basic concern for the betterment of the common man and extended wholehearted support to the approach, objectives and strategies to be adopted for the Ninth Plan.

18.5 The Chief Minister observed that though reduction of inter-regional imbalance had always been an objective of our planning process, the level of economic well-being of North-Eastern Region continued to remain well below the national level. There was no denying the fact that the benefits of economic development had not accrued in the same manner in the North-Eastern region as in the rest of the country. The State of Assam was endowed with abundant natural resources, which could not be exploited to its advantage. In the absence of infrastructure facilities, the natural resources could not be harnessed profitably and consequently, the State was starved of financial resources. He pointed out to the imperative need for increasing sectoral outlays with full funding mechanism.

18.6 He thanked the Prime Minister for the concern he had shown for the development of the North-Eastern region and pleaded that the outstanding Central loan for plan period upto 1990-91 should be written off. The Plan size of the State depends on the capability of the State to raise resources as it was regarded as an important component of plan financing. Assam had extremely limited tax potential because of poor industrialisation. Three major sources viz., tea, petroleum products and timber managed to elude the tax net through stock transfer. The levy of consignment tax which was still under consideration of the Centre should be finalised without any further delay.

18.7 The Chief Minister further stated that royalty of Petroleum crude oil was another major source of revenue for the State and urged the Centre to accept the recommendations of the Sarkaria Commission for reducing the periodicity of revision from three to two years. He pointed out that in order that the regional imbalance did not persist, it was desirable that plan funding was made on the basis of developmental needs and priorities and not linked to the resource raising ability of the Special Category States. The Chief Minister welcomed the transfer of Centrally Sponsored Schemes to the States along with the resources. Such transfers should, however, be an additionality to the Plan and should not be squeezed into an already predetermined Plan size devised to cater to the requirements of the different sectors only. Besides, the funds so transferred should be enhanced annually to provide for its continuation taking into account price escalation etc.

18.8 The Chief Minister opined that the Central assistance was required to tackle the problem of floods in Assam. Rich potentialities of agricultural and allied activities like horticulture, livestock

farming, pisciculture and floriculture had also to be exploited with adequate investment during the Ninth Plan. The Industrial base had also to be properly built up for achieving growth in the economy. The Chief Minister stated that the development of the Brahmaputra national Waterways via Bangladesh would be of great importance in opening up international trade and would also give a fillip to trade and commerce in the region. He also requested that necessary action for developing Guwahati Airport into an international Airport should be taken by the Centre on a priority basis.

18.9 Concluding his speech, the Chief Minister stated that a package of incentive would be necessary for developing industry, tourism and infrastructure in this region and considering the special problems of the North East a separate zone with its headquarter at Guwahati should be constituted for the purpose of accelerated development of the region. The Chief Minister further stated that rural development programme should be intensified both by providing employment and by creation of economic infrastructure and community assets. The Panchayati Raj Bodies should also be strengthened for an effective role in development process and the Planning process should be sensitive to the needs of the vulnerable and disadvantaged sections of the society by providing basic minimum services. He reiterated his firm commitment to the objectives of the Ninth Plan and hoped that the special problems and suggestions of the State should receive sympathetic consideration of the National Development Council.

19.1 **Shri Pratapsingh Raoji Rane**, Chief Minister of Goa, stated that the Approach Paper of the Ninth Plan envisaged a growth rate of 7 per cent for the entire economy. Since domestic savings in all probability would not be able to finance the required level of investment in excess of 25 per cent, foreign direct investment would be essential to bridge the savings investment gap. However, absorption of foreign direct investment was essentially contingent on the availability of social and physical infrastructure. In this regard, it was pertinent to identify those pockets in the national economy that could easily reach the threshold of quality infrastructure.

19.2 He observed that the Western and the Southern belt of the country had a relatively much developed infrastructure particularly the social infrastructure but strengthening of physical infrastructure was called for in these areas. This was inhibited by the objective of balanced regional development which had been the corner stone of the development planning. In order to achieve these objectives, the allocation of funds by the Union Government had been concentrated on backward States. But the Backward States had not only remained backward but also displayed an element of regressive development. It was indeed a sad commentary on our policy regime that gave prudence to a lop sided fund allocation in total disregard to its end use.

19.3 The Chief Minister stated that the Union Government could not directly ensure the effective end use of scarce funds. This matter rested entirely with the State Governments. The Centre, however, could minimise ineffectiveness of end use by instituting a system of incentives that encouraged all States to maximise their own resources. It may be noted that augmentation of resource-base by increasing effectiveness of end use was an exercise of fiscal prudence. Thus, the system of end use could be codified into norms of fiscal prudence. These norms could very well be incorporated in the schemes of devolution under the aegis of Finance and Planning Commission. When fiscal prudence was rewarded, the commitment of the States to ensure the development burden of backward States could be further reinforced. The pecuniary rewards of fiscal prudence could provide the much needed motivation to bolster all round growth.

19.4 The Chief Minister opined that while the formula based Central assistance to States warranted substantial incorporation of norms of fiscal prudence, it also called for an evaluation of the population

criteria. States of smaller size like Goa were not able to meet some of its 'lumpy' capitalised expenditure which had no direct bearing on the size of its population. This expenditure was required in infrastructure support to tourism, mining and irrigation. The population of the State doubled during tourist season which subjected the existing infrastructure insurmountable pressures.

19.5 The Chief Minister stated that it was most pertinent that the existing Gadgil-Mukherjee formula accorded a significant weightage to the contribution of foreign exchange by each State to the national reserves. He pleaded for special dispensation, earmarked for Goa from discretionary quota without modification of the population criteria.

19.6 The Chief Minister noted that the Union Government in its Approach Paper had emphasised on cooperative federalism and freedom to States in formulating and implementing the State Plan schemes. He further stated that keeping in view the national priorities, the Centre could draw programmes like poverty alleviation, employment generation and child development and allow the State Governments to draw its own schemes in line with programme objectives suitable to local conditions. The level of developments in each State were uneven and so was the price level. Therefore, it would be appropriate to devise poverty indicators in a State specific context. The smaller States including Goa had a negligible share of Externally Aided Projects. The common refrain had been that smaller States could only absorb a profit of relatively smaller size in which no donor country/institution would be particularly interested. The Minister of Finance by virtue of proximity to donor agencies could effectively communicate the EAP Proposals of each State and explore with such agencies the possibilities of joint ventures.

19.7 Concluding his speech, the Chief Minister stated that Planning Commission should prescribe a direction towards which the economy was sought to be moved with the view to attaining predetermined goal and objectives. Given the federal character of India, combined efforts of both Union and State Governments and the local bodies in achieving Plan objectives were needed for the constitution of the foundation of any Five Year Plan. The Chief Minister felt confident that the views expressed by him would be treated on merit and not on the weight of fund allocation as devised by the Gadgil formula. He thanked all the participants of the meeting and extended wholehearted support to the cause of nation-building.

20.1 **Shri Bansi Lal**, Chief Minister of Haryana, stated that consignment tax and rationalisation of sales tax were a must to raise resources. The procedure for raising loan by the State should also be rationalised and States should be allowed to raise resources through this source. He also called for the generation of hydel power to overcome acute power situation and to meet the demand of agricultural sector. He suggested that the national power grid should ensure equitable power among the States. In the development of the road sector, levy of toll tax should be permitted.

20.2 The Chief Minister pointed out that Satluj Yamuna Link Project should be completed expeditiously. The satellite towns around Delhi should be encouraged to ease congestion in Delhi. The railway routes in Haryana should be electrified. He pleaded for the rationalisation of the sugar policy. He opined that population growth should be contained.

20.3 In his written speech, the Chief Minister stated that the Ninth Plan had a special place in our efforts towards economic resurgence. It would commence in the 50th year of our independence and would usher in the 21st century. He felt that the deliberations in the NDC and the conclusions at the end of these deliberations would take the country towards new direction in national building

efforts and would accelerate the development process in such a way that India would be able to achieve a position of eminence in Asia and the World. Endorsing broadly the approach, the objectives and strategies in the Approach Paper, the Chief Minister stated that the biggest constraint to economic growth were inadequate resources and their injudicious or inefficient deployment. In this context, he mentioned about the uniformity in sales tax and reducing the number of tax rates coupled with an effective system of exchange of information among the States and the Union Territories to raise additional resources. Apart from the question of the uniformity of sales tax, the problem caused by unhealthy competition among the States in the name of providing incentives to industry, was also mentioned by the Chief Minister.

20.4 He stated that the Planning Commission and the Industry Ministry should work out guidelines for incentives to the States which should be scrupulously adhered to by the States. This should be finalised by the end of February, 1997 so that this could be enforced with the commencement of the Ninth Plan. Any State violating these guidelines should be penalised by an appropriate reduction in their Central Plan Assistance.

20.5 The Chief Minister further stated that linkages between the Finance Commission and the Planning Commission were called for and even a merger of these two institutions within the framework of the Constitution was suggested. There was an urgent need for accountal of resources transferred by the Union to the States and to ensure that this either improve the quality of life or improve the standard of services or strengthen the resource raising capacity of the recipient States. The Chief Minister stated that the non special category States should get Central Assistance on a 50:50 basis.

20.6 On the prohibition, the Chief Minister urged the Planning Commission that States like Haryana who sincerely enforced prohibition should be fully compensated for the loss in revenue. This should be incorporated in the Plan document. He suggested that the Constitution may be amended, if necessary, to enable States to have greater and quicker access to funds from the open market so that pace of development was accelerated.

20.7 On the infrastructure, the Chief Minister pointed out that the NTPC & NHPC should continue to receive the fullest support of the Government and road network should also be given due attention. The Chief Minister stated that the SYL canal should be completed by a Central designated agency immediately as huge investment already made on this project was going waste. Pointing out to the need for better civic amenities and sanitation level, the Chief Minister stated that a National policy on recovery of adequate service charges should be formulated so that at least the operational costs of the services were recovered. Concrete policy initiatives would have to be adopted to keep the interest rates within reasonable limits and availability of finances for housing and infrastructure development. He urged that a decision should be taken urgently to delicense the sugar industry with all consequential deregulation including its marketing.

20.8 Concluding his speech, the Chief Minister stated that Centrally Sponsored Schemes should be confined to schemes of inter-State character, matters impinging on national security, selected national priorities and multi-States externally financed projects where Central coordination was necessary He stated that the objective of achieving "Growth with Equity" in the Approach Paper was laudable and fully supported the four important dimensions of the State Policy, namely, the quality of life of the citizens, generation of productive employment, regional balance and self-reliance. It was necessary that in the formulation of schemes, extra efforts were made to ensure

optimisation of benefits from the investments made specially with a view to reaching the deprived sections of the society and providing basic minimum services to all the people. He endorsed the recommendations contained in the Approach Paper for the Ninth Five Year Plan.

21.1 **Shri Romesh Bhandari**, Governor of Uttar Pradesh, stated that at the outset he would like to place on record his sincere appreciation to the Prime Minister under whose able leadership, the Planning Commission had prepared an excellent Approach Paper to the Ninth Plan. The approach document was very clear and comprehensive and covered very large areas, from policies to sectoral programmes and encompassing some very vital and sensitive issues on Central-State relations in the field of planning and development. Apart from making some projections on macro-dimensions of the Plan, the document pinpointed in very precise terms the strength and weakness of the economy, the areas where performance had fallen short and the direction in which improvements were required in the coming few years. The document made very bold suggestions on procedural and substantial matters connected with formulation and implementation of the Plan. The Governor observed that the document represented very hard and sustained efforts by the Planning Commission and congratulated the Commission for the excellent work that had been done in a short period of time.

21.2 The Governor further stated that he was in broad agreement with the approach as outlined in the document and considered the priorities and strategies described in it as most appropriate in the present situation. He suggested that along with the two main objectives - agriculture and provision of basic minimum services, accelerated development of power should also figure prominently among the top priority objectives of the Plan. The large regional disparities in power, measured by per capita consumption of electricity, would not only continue in the present situation, but would grow still wider with its backlash on regional disparities in levels of overall development. The Governor urged the Planning Commission to ensure some policy measures in this Plan which enjoined upon the Central Government to take steps to bring all the States, more or less, or the same level of development of power and stated that States could be left to develop further on their own.

21.3 The Governor supported the growth target of 7% in the Ninth Plan. The growth of the agriculture had slowed down in the recent past and in order to achieve the higher growth of 4.5% per annum in agriculture during the Ninth Plan, the Centre would have to pay some special attention to States such as Uttar Pradesh. The decline in the share of public investment in the State with inadequate investment was a cause of concern and the Governor felt that the Planning Commission should think of such tangible measures which could ward off this situation and ensure a fair deal to these States. The measure, in this regard should be clearly spelt out in the Plan and enforced through a suitable policy framework.

21.4 The Governor opined that strong measures were needed to phase out revenue deficits in a given period of time and reduce the level of borrowing to a manageable level for financing Government expenditure. He suggested reduction in loan component of Central Assistance from its present level of 70 per cent to about 15 to 20 per cent so that the interest liability of State was substantially reduced.

21.5 The Governor further observed that there must be a national policy on tourism. This sector required massive infrastructure expenditure and private investment should be the best source of resources. The Governor laid emphasis on improving educational and health facilities. He stated

that a private sector investment would also help improve the situation in these sectors. The Governor felt that the division between Plan and non-Plan had led to several unhealthy practices and with growing emphasis on maintenance of assets, as equally important for development as creation of new assets, a more meaningful decision of Government expenditure into development and non-development should be considered. A beginning in this direction could be made from the first year of the Ninth Plan itself.

21.6 The Governor welcomed changes in the role and functions of the Planning Commission as envisaged in the Approach Paper and future of Centrally Sponsored Schemes in the changing scenario of greater autonomy to the State. He stated that the ongoing programme for employment generation and poverty alleviation should be reviewed in the context of the Panchayati Raj Institutions.

21.7 Keeping in view the size and population of the State, the Governor further stated that the backwardness of the State of Uttar Pradesh should be seen as a National problem and also taken up as such at the highest level. The State of Uttar Pradesh remained among the most backward due to lower investment and inadequate development of infrastructure, both economic and social. The share of the State in cumulative loan disbursed by all-India financial institutions had been around only 8%. He pleaded for special consideration for the Eastern and Bundelkhand regions of the State.

21.8 The Governor further pointed out that agriculture and irrigation should be provided with adequate facilities and hydel power generation should get its due place. From the point of view of industrial development, the State was far behind most of the States. A far more rapid development of industry was necessary in the State from the point of view of employment generation, growth in income and to facilitate the shift of work force from agriculture to more remunerative wage employment.

21.9 Concluding his speech, the Governor observed that for improvement of infrastructure development, huge amount of investment was required and the State needed Central assistance to tackle this. He hoped that the points made by him would receive due consideration and reiterated that country would march ahead only when Uttar Pradesh also moved forward. He wholeheartedly supported the Approach of the Ninth Plan and recommended it for approval by the National Development Council.

22.1 **Shri E.K. Nayanar**, Chief Minister of Kerala, congratulated the government that it did not give in to the temptation of postponing the start of the Ninth Five Year Plan, and also that it had convened the meeting of the National Development Council within a short time, after assuming power. He agreed with the statement adopted in the Approach Paper “the principal task of the Ninth Plan is to usher in a new era of people-oriented planning in which not only the government at the Centre and States, but the people at large, particularly the poor, can fully participate” He also fully agreed that “participatory planning process is an essential pre-condition for ensuring equity as well as accelerating the rate of growth of the economy”. He further stated that Kerala had already initiated action in this direction and had decided that 40% of the outlay for the Ninth Plan would be devolved to the local bodies.

22.2 He fully shared with the Planning Commission, the belief that “the principal task of planning in a federal system is to evolve a shared vision of, and a shared commitment to the national objectives”. Basically, of course the over-riding objective, had to be that of “growth with equity” as mentioned in the Approach Paper. The Chief Minister noted with concern that during the past 5

years there were not only substantial shortfalls in investments in agriculture and infrastructure but also the growth which had taken place had not benefitted the poor and the under privileged. Employment growth was also below target and regional income disparities had increased with higher inflation. Marked jump in the prices of wheat, rice and other essential commodities have affected the poor very adversely. Keeping in view this assessment, it should be obvious that major corrections were called for in the policies to be pursued during Ninth Plan.

22.3 Reiterating the goal of accelerated economic growth with equity, the Chief Minister called for work for self-reliance and emphasised that one of the major preconditions for self-reliance was to assign a robust role for domestic savings. He also stated that revenue deficits of Central and State Governments needed to be eliminated altogether. In this context, he noted that major cause of the high revenue account deficit, was interest liabilities which had gone up due to the interest rate policies of the past 5 years.

22.4 The Chief Minister disagreed with the view that Centre had more or less exhausted the scope for mobilising additional revenue, but the states could raise it significantly. He suggested abolition of the list of so-called Declared Goods, abolish additional excise duties and grant power to states to tax consignment transfers, sugar, textiles and tobacco and withdraw the taxation of services in favour of States to help states mobilise more resources. He pleaded for removal of constraints on resorting to domestic borrowing for productive purposes and favoured mobilising small savings on larger scale by restoring and enlarging incentives.

22.5 The Chief Minister welcomed external capital as a supplement to own domestic savings but observed that unregulated inflow of capital in portfolio investment was fraught with dangers. He opposed an early capital account convertibility. He further observed that public sector would have to play a major role in infrastructure investments, specially investments in power and stated that the involvement of private sector in these investments should be on the terms and conditions which could stand objective tests and were consistent with the interest of the country.

22.6 The Chief Minister stated that to promote cooperative federalism, the following suggestions could be considered by the National Development Council.

- i) The share of State Plan outlay in the total public sector plan outlay should be at least 50 per cent;
- ii) State should be assured of corresponding access to funds and all Centrally Sponsored Schemes should be transferred to the States along with the funds. In the case of schemes which had been decided to be retained by the Centre, local bodies should be given sufficient flexibility in implementation;
- iii) Centre should share the total government borrowings equally with the States;
- iv) Inter-State allocation of additional funds to Basic Minimum Services should not be on the basis of just the "identified gaps" in these services. Other gaps in these services should also be taken into account;
- v) Central investments should be equitably distributed among the States; and
- vi) Inter-State allocation of credit by financial institutions and extension of bank credit must also be made more equitable.

22.7 Concluding his speech, the Chief Minister noted that the Approach Paper in essence did not advocate any substantive departure from the economic policies of the erstwhile government which had resulted in continuous price rise, especially of food items, non availability of food grains

in the PDS, mounting unemployment, fall in real wages, reduced real allocation for basic infrastructure, education, health care, drinking water and other social sectors effecting the living conditions of the poorer sections.

23.1 **Shri Digvijay Singh**, Chief Minister of Madhya Pradesh, stated that a review of the Eighth Five Year Plan showed that the Macro performance of the Plan had been satisfactory, but at the micro level the gap of inter-state disparities had widened. He stated that keeping in view the scenario of disparities among the states, the planning should be done keeping village as the basic unit of planning. He suggested that Gadgil Formula, besides population, should also take into consideration the population below poverty line, population of SC and ST, landless labourers, level of unemployment and female illiteracy. In this connection he had mentioned that criterion of population, was not foolproof and instead human development indices and geographical area of the States etc. should also be taken into account. The share of the State in the devolution as per the recommendations of the 10th Finance Commission had come down, as in the case of Orissa and Rajasthan.

23.2 The Chief Minister stated that the State would take necessary action to achieve the projected target of 7 per cent growth during the Ninth Plan. It was paradoxical that the State of Bihar, Madhya Pradesh and Orissa though endowed with natural wealth like minerals, coal, iron etc. were the most poor States. This called for periodical revision of the royalty after every third year. He also called for a rehabilitation policy for the displaced persons from mining areas. The policy should help these displaced persons to get employment and derive the other benefits of the policy. He further stated that 34 per cent of the area in Madhya Pradesh was covered under the forests and called for private capital investment for afforestation of the degraded forest areas. The Chief Minister further stated that the basic minimum services could form a good base for integrated rural development. The gram panchayat should get money directly from the government and migrated labour should also be included in the fund allocation. Rural Industries could provide maximum employment and such industries should be identified and the total package should be prepared for such activities. He suggested for setting up of a central marketing organisation for the Khadi and Village Industries, rural industries, handloom industries to help these industries grow and generate employment. He called for planning for use of urban waste (liquid and solid) by recycling and thus converting it into a rich source of energy. This would also help contain diseases.

23.3 The Chief Minister stated that though universalisation of primary education had been set as one of the objectives of the Plan, fund requirements were yet to be tied up. Full attention on vocational and technical training was being paid by the State Government. Touching upon the health sector, the Chief Minister stated that there was a need for a national health policy so that more attention towards Indian System of Medicine, Ayurveda and Homeopathy could be paid. Empowerment of Tribals was very important. He suggested that Plan and Non-plan division of expenditure should be reviewed so that common man could understand the difference easily. User charges of electricity, irrigation, drinking water etc., should be kept out of the purview of the politics. Financial year should also be made co-terminus with the agricultural year.

23.4 The Chief Minister observed that right to information had become inevitable and pleaded for checking the incidence of corruption.

23.5 In his written speech, the Chief Minister observed that the meeting of the National Development Council was a momentous occasion, as the country stood poised on the threshold of a new plan which would usher into the next millennium of history. He stated that planning had to

play an integrative role in developing a holistic approach to policy formulation. The re-vitalisation of rural and urban local bodies and creation of District Planning Committees had opened new avenues for delivery of essential services and people's involvements. These organisations should become the spearhead of the development effort in future. Stating that fulfilling the social and human aspirations of the people, meeting their essential requirements, raising income levels and the quality of life constitute the core of the development effort. The Chief Minister desired that the human development agenda should now come sharply to the forefront so that a reasonable quality of life to the citizens throughout the country could be assured. Special attention had to be paid at the National as well as State levels in directing investments to those regions which had low levels of literacy, child survival, life expectancy, education and health services. In this connection he pointed out that the State of Madhya Pradesh had published an independent Human Development Report to focus attention and investment on these social services. This approach must be integral for the Ninth Plan.

23.6 The Chief Minister stated that the generation of gainful employment was the major challenge before planners today and therefore, apart from the basic human development agenda, increasing agricultural production and productivity, provision of basic amenities to the population, generating adequate employment, removal of regional & social imbalance and strengthening of growth infrastructure should constitute the major objectives for the Ninth Plan. While endorsing need for accelerated growth in the economy at 7 per cent and higher public sector outlay, more effective method of matching resource availability with needs, both at the level of Centre and States, need be evolved. The Chief Minister stated that to redress regional imbalance, Central Plan Assistance be made available to the backward States, keeping in view only their size, population of SC and ST, incidence of poverty, human development indicators and deficiencies in infrastructure. Agricultural and Rural Development should receive due priority in the States which were dependent on agrarian society. Since most of the programmes being transferred to the panchayat were either beneficiary oriented or had strong elements of community involvement, it was necessary to take up programmes for disseminating information and capacity building in the community. Since an overwhelming proportion of landholders was small or marginal, agricultural production systems followed by them had to be diversified into other allied activities capable of generating higher returns, like animal husbandry, horticulture, sericulture, fisheries etc. This segment of the farming community needed to be nurtured by appropriate subsidies, credit and price support mechanisms.

23.7 The Chief Minister observed that the expansion and improvement of irrigation facilities was a key ingredient of rural infrastructure. He further stated that there was urgent need to delegate necessary powers to the State Government to use forest land for meeting the developmental needs of the people, such as health, education, housing, communications, mineral exploitation, water shed management etc. Touching upon the industrial sector, the Chief Minister stated that deregulation of the domestic economic activity had brought about a qualitative change in the outlook for the manufacturing sector and the modern small-scale sector had shown significant growth in output, employment and even exports. Special attention had to be paid to the programmes for development of rural industries which could Usefully be integrated with rural development/poverty alleviation programmes.

23.8 The Chief Minister Stated that the private initiative must be encouraged to participate in creating infrastructure like power, communication services, roads bridges, irrigation, etc. He stated that in the energy sector, there was growing mismatch between demand and supply of power. The

gap was proposed to be bridged through renovation/modernisation of the existing generating stations and private sector participation in power projects. While effort could be made to increase hydel-thermal mix in the State by completing ongoing projects private sector participation in transmission and distribution could also be encouraged. He observed that programmes to deal with the urban poverty should emphasise both employment generation and provision of basic services to the poor and welcomed centre's initiatives regarding resettlement of urban slums. The Approach to housing development in urban areas should emphasise removal of legal constraints to supply of land as well as rental housing activity in order to clear existing backlog and meet incremental housing needs.

23.9 The Chief Minister further stated that greater attention should be paid to sanitation both in urban and rural areas. Adequate food security and developmental programmes which generate adequate employment, were among the main components of the strategy to take care of the poor. Dependable availability should, therefore, be assured and high subsidy on food grains be given to the poorer sections to provide greater access and affordability. The disadvantaged sections of the population should be brought at par with rest of society in all spheres of national endeavour.

23.10 Concluding his speech, the Chief Minister stated that though the State had made every effort to mobilise resources during the Eighth Plan and made investment according to plan targets, discontinuance of the Plan revenue deficit grant recommended by the Ninth Finance Commission had adversely affected State finances. He stated that State should be left free to determine their own Plan size, keeping in view their priorities and resource availability. The Central Government should also avoid the temptation to determine choices/influence investment through earmarking. Steps must be initiated for strengthening local institutions and cooperatives to support local economic activities. People's initiatives and participation must become a key element in the process of development. The State had resolved to provide the right to information to the people for participative and vibrant democracy.

24.1 **Shri Salseng C. Maraf**, Chief Minister of Meghalaya, stressed that the package announced by the Prime Minister for the North Eastern States should be implemented in a time bound period. The package should be additionality to the State Plan and not a part of the Ninth Plan of the State. He pleaded that central sector outlay should be on the basis of poverty under different sectors covering the area of population. There should be a national policy to tackle unemployment. He requested the Planning Commission to keep in view special needs of the people of NEC while finalising and implementing national plans so that the expectation of the people could be realised.

24.2 The Chief Minister, in his written speech expressed his appreciation to the Prime Minister for convening the meeting. The launching of the Ninth Plan in the 50th year of Independence gave us an opportune moment to take stock of the successes and failures of our planning process with a view to providing appropriate directions for the desired socio-economic development of the country. The principal task in the Ninth Plan would be to usher in a new era of people oriented planning, in which not only the Government at the Centre and the States, but the people at large, particularly the poor, could fully participate to achieve desired aim of providing equity for all, while, at the same time, accelerating the rate of growth of the economy.

24.3 The Chief Minister stated that Meghalaya still remained economically backward due to historical reasons, geographical isolation, difficult terrain and other factors. The resource base was very narrow. The State also lagged behind in socio economic indicators. A substantial stepping

up of public investment was very necessary during the Ninth Plan so as to bring the State to the average national level. This was also true in the case of other States of the North East.

24.4 The Chief Minister further stated that private investment in the State of Meghalaya was almost non-existent. Investments made by the financial institutions and banks was meagre and the credit deposit ratio was also very low. A positive bias of Government investment was necessary to enable Meghalaya and other North Eastern States to make meaningful progress. The Chief Minister requested the Central Government to complete all the formalities relating to clearance of a number of central projects for the North East announced by the Prime Minister during October, 1996 so that implementation of these projects could start in the right earnest for the benefit of the entire North Eastern Region. The Chief Minister emphasised that the planning strategy and investments for the North Eastern States and other special category States should be need based, and on the absorption capability. The present system of sanction of Central Plan Assistance of 90 per cent grant and 10 per cent loan for the Special Category States should be converted into a 100 per cent grant.

24.5 The Chief Minister pointed out that the gaps in the North Eastern Region in terms of power, communication, railways, civil aviation, roads, education etc., should be identified and bridged at the earliest through central intervention to enable this region to join the mainstream of economic development of the country. He stated that the focus of development programmes for this region should be aimed at creation of employment opportunities, provision of basic minimum services, promotion efforts towards land and water management, flood control, communication, credit availability, industrialisation, tourism, exports, transport infrastructure, power etc. Border area development and completion of ongoing projects both in the Central and State Sectors were to be given special emphasis.

24.6 The Chief Minister requested the Centre to consider the urgent need for central investment in the rich mineral resources which provided for industrial development and opined that an area development project approach would be appropriate for achieving optimum results. He suggested that the Central Government should legislate a uniform law to cover all the States to prevent the depletion of forest. Welcoming earmarking of the 10 per cent of the Central Budget for programmes in the North East, the Chief Minister assured that Meghalaya would implement the schemes and programmes under the basic minimum services in the right earnest.

24.7 Concluding his speech, the Chief Minister suggested that the North Eastern Council be also made a major contributing force in the development of tourism in the entire North East. He stated that the time was also ripe to consider re-organisation of NEC to play a more important role as an agent of the Central Government in the region. He requested the NDC and the Planning Commission to keep in view the special needs of the hill people while finalising implementation of the national plan so that hopes and expectations of the people could be realised. He assured that every endeavour in the quest for economic development and progress of the States, the North Eastern Region and the advancement of the country would be made.

25.1 **Shri Rishang Keishing**, Chief Minister of Manipur, stated that this meeting of the National Development Council assumed greater significance in the Golden Jubilee year of Indian independence. He observed that the Approach Paper to the Ninth Plan, was painstakingly prepared by the Planning Commission and there was need to examine how far this would be a catalyst to India's "tryst with destiny" and an instrument of India's effective emergence into the next century.

There was need also to examine whether socio-economic initiatives taken by the Government had brought an equitable results.

25.2 The Chief Minister further stated that the development strategies and policy initiatives for the Ninth Plan should have a directional change and palpably demonstrated a firm commitment to “Growth with Equity” In its multi-dimensional form, this implied self-reliance, better quality of life, productive employment and balanced development. He felt that this could remain a mere statement of intentions unless the instruments of realising these goals were made responsive to actual needs rather than extraneous factors.

25.3 The Chief Minister congratulated the Prime Minister on the initiatives relating to time-bound provision for Basic Minimum Services for the entire population. A high-level Commission set up under the Prime Minister’s initiative for the North-Eastern region, was presently assessing the backlog in the Basic Minimum Services. Observing that without unconventional support, the target for Basic Minimum Services could not be achieved, the Chief Minister observed that the Approach Paper for the Ninth Plan needed to be more categorical with regard to the fund support for Basic Minimum Services. More importantly, it needed to exhibit a positive bias in favour of deprived regions of the North-East. He stated that investment and development in the region had been inadequate leading to socio-economic despondency and unemployment which had fuelled militancy and terrorism and had retarded development and investment. In this context, he hoped that the Prime Minister’s path breaking economic initiatives for the North-Eastern region would be translated into positive action, both in letter and spirit. Referring to the prioritisation of the various facts of quality of life promised in the Approach Paper, the Chief Minister hoped that focus would be on the crying needs of the North-Eastern region.

25.4 Touching upon the infrastructure sector, the Chief Minister observed that adequate funds could be provided to fill the gap in the North-Eastern region. He also hoped that the Approach Paper needed to provide focus for private investment in the desired sectors and regions through an appropriate package of incentives/disincentives. Alternatively, there would be a need to compensate the inadequacy of private investment through supportive funding from other sources. He also pleaded for specific strategies for ensuring credit-flow and foreign investment into the North-Eastern region.

25.5 The Chief Minister stated that he was aware of the resource limitation and need for greater resource mobilisation and fiscal discipline. However, there was also a need for greater appreciation of the socio-economic instability, the law and order environment and the administrative compulsions peculiar to the region. He pointed out that given the low level of past investment in the area as also the predominantly agrarian economy, inadequate infrastructure and mere stagnating economic/trade activities, there were extremely limited possibilities of a radical increase in the internal resources of these States. For the same reason, there was neither great elasticity nor buoyancy in the main sources of tax revenue, on the other hand there were ever increasing additional liabilities on account of pay and Dearness Allowances (DA) as also the liability on account of transfer of plan schemes to the non-Plan side. He stated that the present method of providing plan fund had placed a heavy debt burden on the North-Eastern States and needed to be rationalised. He requested that it was time to approach the problem of resource allocation with an open mind and without pre-conceived notions so that a meaningful and mutually compatible funding structure could be worked out between the Centre and the States.

25.6 Concluding his speech, the Chief Minister stated that there was an urgency in the development needs of the North-East which, if ignored, have grave political implications for the nation. The promises and assurances of the Hon'ble Prime Minister needed to be fulfilled and substantive assets created. A need-based approach was an unavoidable necessity and this must have a fixed time-frame.

26.1 **Shri Keshav Mazumdar**, Minister of Power of Tripura, stated that the speech of Hon'ble Chief Minister of Tripura who was not able to attend this meeting had been circulated and he would touch upon some salient points of the speech of the Chief Minister.

26.2 He stated that the Ninth Five Year Plan had a special significance as it would mark the transition to the next millennium and hoped that these deliberations would enable the NDC to reach a consensus, adoption of which would make our country strong and vibrant democracy as it entered to the 21st century. He congratulated the Government at the Centre for the attempt to make planning people oriented and ensuring greater participation of the people. He further stated that adoption of Common Minimum Programme followed by announcement of Basic Minimum Services had reposed people's faith on a shared vision and commitment which formed the basic premises of our federal structure. Time had come to take stock of achievement, undertake self criticism and work out common strategy for ensuring sustainable development of the country as a whole.

26.3 He stated that due to geographical and historical reasons, the entire North-Eastern region including Tripura had remained economically backward State. Physical and social infrastructure in Tripura were far below the national average and the minimum required for sustaining development. He thanked the Prime Minister for announcing a package of measures for the development of the North-Eastern region. He further stated that a high-level Commission set up for studying the gap existing in Basic Minimum Services and infrastructure would make suitable recommendation. He also requested the Members of the NDC to consider the problem of the North-Eastern region in the proper perspective and take appropriate decisions.

26.4 He further stated on account of poverty and backwardness, the scope for mobilisation of resources by the State was limited and economic development of the State and the removal of regional disparities would be possible only by providing adequate Central assistance as per the actual need. Allocation of adequate assistance from Centre was a pre-condition for solving the problem faced by the North-Eastern States and the Special Category States. Pointing out to the limited resource base of the State, he requested for provision of a one-time grant for liquidating the loan liability at the beginning of the Ninth Five Year Plan to enable the State to utilise the available resources for actual development of the State and building up infrastructure in particular.

26.5 Further, agriculture continued to be the major plank of the economy of the State but the non-utilisation of water resources had resulted in low level of productivity. Additional investments in irrigation for increasing productivity in agriculture was called for.

26.6 Besides policy for pricing of natural gas, policy for use of land required due attention. In view of relatively high population, there was tremendous pressure on land. The policy for use of forest land should be suitably modified so that natural rubber and tea could be raised in the forest land outside reserved forest. Besides Basic Minimum Services, adequate resources would be necessary for the rural employment programme - for providing employment opportunities in the rural areas. He further pointed out that activities of railways, surface transport, telecommunication

and other Central agencies should be suitably reoriented for making their presence felt in the North-Eastern States.

26.7 On the transfer of Centrally Sponsored Schemes to the States, he stated that this may be examined carefully and fund equivalent to the expenditure incurred at present by the Central Government should be transferred along with the schemes.

26.8 Concluding his speech, he suggested that additional central assistance should be provided for assisting Panchayati Raj Bodies to enable them to become vibrant institutions of democratic decentralisation at the grassroot level. He welcomed the observations of the Prime Minister during his recent visit to the North-Eastern States to ensure rapid economic development in the region. He requested the Members of the Council to consider the points raised by the State in proper perspective and adopt a policy for creating a situation conducive for rapid economic development of the region so that this region was able to play a more meaningful role in the development of the country.

27.1 **Shri Z. Obed**, Planning Minister of Nagaland, stated that the Chief Minister of Nagaland could not attend meeting due to unavoidable circumstances. The written speech of the Chief Minister highlighting the peculiar problems of the State in particular and the North-Eastern States in general had been circulated. Highlighting the salient points, he congratulated the Planning Commission for bringing out the impressive draft Approach Paper to the Ninth Five Year Plan within a very limited period of time. He noted that the objectives, strategies and priorities envisaged in the draft document had been worked out considering the social, political and economic scenario of the nation. It was heartening to note the realisation of the Planning Commission that the benefits of economic development had not accrued to the North-Eastern region in the same manner as in the rest of the country, and the development in the North-Eastern region was crucial to the progress of the country. The resolve of the Commission to ensure that the benefits of economic growth should reach the poor was also heartening to note,

27.2 He welcomed the objectives of the Ninth Plan to bring about regional balance and increase the degree of integration between the rural areas and the rest of the country Tribal people constituted over 90 per cent of the population of Nagaland and the objective of empowerment of the socially disadvantaged groups to make them agents of change and development was also welcomed. All these objectives had special implications for the people of the North-Eastern States who fall in the primary category of the target groups to be reached during the next Plan. He was glad that the Drafting Committee had pin-pointed the existing infrastructure gap in the North-Eastern region, particularly in the sector like power, transport and communication, education, irrigation, agriculture etc. and also recognised the urgent need for creation of employment opportunities in the region.

27.3 He further stated that the constitution of the high-level Commission to study the gap in infrastructure and identified sectors under Basic Minimum Services and also the problems of educated unemployed in the North-Eastern region were welcome steps in the right direction. He hoped that the recommendations of the high-level Commission would be translated into action on the ground within the minimum time frame. He reminded the NDC that Nagaland enjoyed a special position among the States of Indian Union, being a creation of an agreement, namely, the 16-Point Agreement of 1960 which called for special consideration in terms of funding of development programmes in the State. He proposed that this should be kept in view while formulation and funding of the Ninth Plan programmes. Secondly, a separate formula for funding the North-Eastern States and special-category States should be evolved to address the chronic problem of a negative

Balance from Current Revenues (BCR) as well as the very high annual debt servicing burdens once for all.

27.4 The Chief Minister observed that one approach was to adopt a policy of “Infrastructure Equalisation” of Nagaland and the other hill States of the North-Eastern Region with the rest of the States or atleast at par with the relatively more advanced sister State of Assam. The other approach was to adopt a two-pronged policy of (a) fully funding maintenance costs including salaries and wages to its work force/employees realistically assessed by the States and (b) making separate provisions for development programmes which should be need-based and delinking the one from the other.

27.5 He urged that the present formula of linking the Central assistance with the States’ ability to raise internal resources be done away with. He also suggested that the formula of equitable sharing of resources between the Centre and States and also among the States should be discarded in favour of a devolution of resources positively tilted towards economically backward and less developed States. Towards this end, the Centre may earmark a suitable percentage out of the States’ share of Central taxes for allocation to the deficit States taking both the capital and revenue accounts together but without taking the devolution of taxes so as to wipe out their respective deficits. In matters regarding the selection of priorities, he emphasised that greater measure of flexibility be permitted and the States may be allowed to decide their own priorities as per their assessed development strategies.

27.6 He strongly urged for the reversion to the erstwhile funding pattern that existed up to 1988-89 to come out of the clutches of the financial crisis. The recommendations of the Rangarajan Committee constituted to suggest durable solutions to the financial problems of the special-category States should be reviewed. He made a strong plea for waiving the loans extended to Nagaland and other special-category States to supplement the Plan resources. He had stated that the State had no objection to the proposal for transferring of some of the Centrally Sponsored Schemes to the State. He, however, added that the Centre should ensure that the requirement of funds for maintenance and implementation of the transferred schemes were fully provided. The heavy erosion of Plan funds on account of maintenance of assets and posts created during the Seventh and Eighth Plan should be checked. He stated that unless a very heavy Plan investment was made for infrastructural development in the Ninth Plan, the North-Eastern States, particularly Nagaland would continue to lag behind other States.

27.7 Concluding his speech he stated that implementation of projects should not be viewed only from the angle of economic and financial viability but from the social benefits provided to the masses. He requested that the funding for the implementation of the Projects and schemes announced by the Prime Minister should be an additionality to the plan fund. He also pleaded for additional funds for the Basic Minimum Services and less rigidity in the guidelines for release of funds and implementation of the schemes to suit local conditions. Some special mechanism should be evolved so that industrialisation in the State was speeded up and the gap between the Nagaland and other advanced States was minimised. He hoped that policies and programmes enunciated for the Ninth Plan would fulfil the hopes and aspirations of the people of Nagaland and North-Eastern region.

28.1 **Shri J. Lalsangzuala**, Finance Minister of Mizoram, stated that the Chief Minister of Mizoram was not able to attend the meeting due to unforeseen circumstances. His written speech had been circulated.

28.2 The Finance Minister of Mizoram stated that the approach document prepared by the Planning Commission gave a fairly clear picture of the country's economy and suggested the broad outline of the strategies for the Ninth Five Year Plan. He indicated that balanced regional development had been an essential component of the country's development strategy and removal of inter-regional as well as intra-regional imbalances had been one of the basic objectives of developmental planning in India. However, he pointed out that the North-Eastern region, particularly the backward hill State continued to remain far behind in the race of economic growth and the gap had further widened. He stated that one of the priorities of the Ninth Plan should be to correct these imbalances through appropriate policy initiatives. The peculiar features of the economies of almost all the States in the North-Eastern Region called for a distinctly separate strategy based on the specific conditions in these States, including the local socio-cultural ethos.

28.3 Expressing deep appreciation of the concern for development of North-East expressed by the Centre, he thanked the Hon'ble Prime Minister for the new initiatives for the North-East which had been announced after his recent visit to that region. He stated that, for the first time, such a prompt and positive response from the Centre to the constraints and problems of development of the North-East had been noticed. Pointing out that a high-level Commission had been constituted to go into the important issues and recommend the remedial measures. He hoped that the Commission would do proper justice to the region and Centre would ensure adequate and timely financial support to help implement these recommendations. He suggested that a separate cell be set up either in the Planning Commission or in the North-East Council Secretariat to monitor regularly the progress of implementation of the Commission's recommendations.

28.4 Agreeing that the problem of resource availability could be solved only by increased resource generation, he stated that the formula for sharing between the States and the Centre needed modification to make it marginally more favourable to the backward States as the existing pattern of devolution of Central funds with tax sharing as a larger component benefitted the advanced States more than the poor and backward States. The pattern should be partially modified by providing for larger share of grants-in-aid specifically in relation to the special- category States, atleast during the Ninth Plan period in order to help these States to improve their financial conditions. He further stated that these States could not mobilise resources in any substantial degree due to obvious limitation but at the same time these States did not want to remain perpetually dependent on Central Assistance. The State had the potential to become self-reliant in course of time. The suggestion to accord priority to schemes which were for the larger benefit of the backward region and the assurance for formulating a National Tribal Development Policy had kindled hope of a much better deal.

28.5 He further observed that the Ninth Plan had also to provide for neutralisation of the negative effect of liberalised economic system in the backward States through direct Governmental intervention particularly in certain core areas. Endorsing the broad objectives of the Ninth Plan as projected in the Approach Paper, he noted that it had correctly laid priority on agriculture and rural development. He pointed out that proper management of region's vast water resources, which was closely linked to development of agriculture as a whole should receive proper attention.

28.6 He further observed that the Ninth Plan Approach Paper rightly laid emphasis on providing Basic Minimum Services to the rural areas by the turn of the century. However, a suitable remedy to the availability of resources for these services had to be evolved. Industries based on local raw materials, local skills and catering to local markets should receive priority. Such an approach would benefit backward hill States like Mizoram where small-scale units based on local resources offered excellent support.

28.7 Concluding his speech, he observed that projected growth rate indicated in the Approach Paper appeared to be reasonable and achievable provided the level of savings could be raised and he endorsed the other policy priorities and Central strategies as also the new approach in regard to Centrally Sponsored Schemes and formulation of State Plan as suggested in the paper. Tourism in the North-East should also be given more focus as the region had excellent potential. Planning had to be a cooperative effort and building the economy jointly by the States and the union, with a guarantee of equitable sharing of benefits.

29.1 **Shri Sahib Singh**, Chief Minister of Delhi, stated that the Eighth Five Year Plan was now coming to an end and hoped that the shortcomings experienced in earlier Plans would be rectified while drawing up the Ninth Five Year Plan to ensure that the socio-economic benefits of plan reach the common man and the poorest of the poor. The Chief Minister was happy to note that the objectives of the Ninth Five Year Plan laid stress on agriculture and rural development, stable prices, food and nutritional security for the vulnerable sections of society, provision of Basic Minimum Services, containing growth rate of population, focus on environmental issues and improvement through participation of people at all levels, empowerment of rural and socially- disadvantaged groups and on self-reliance.

29.2 Pointing out the problems of fast growing metropolis of Delhi, the Chief Minister stated that the population of Delhi had doubled since the time of Asian Games and it was becoming difficult to manage the situation. In such a situation it was essential that the basic civic amenities such as water supply, electricity, sewerage, sanitation, roads and transport and also education and health services became available in matching proportion. About half of the population of Delhi lived in unauthorised colonies, slum basties and clusters. It would be recalled that after Delhi was accorded status of National Capital Territory with legislature, three Annual Plans had been finalised by the Planning Commission in a manner which was neither on the pattern of State nor on the pattern of Union Territory. The Centre had set up a Committee called Dr. Arjun Sengupta Committee in 1992, which submitted its report in June, 1995. However, a final view on this report was yet to be taken by the Centre. It was imperative that before the Ninth Five Year Plan was finalised a view was taken about the pattern of financing of Plan for Delhi. He also requested that Delhi should be given a status of full-fledged State.

29.3 Divergence of Central Plan Assistance to meet the liabilities of Delhi Electric Supply Undertaking had adversely affected the Plan resources and the Chief Minister requested the Centre to reconsider this matter. He further stated that the Government of Delhi was committed on the implementation of Seven Basic Minimum Services and substantial step up was envisaged in the Ninth Five Year Plan. The implementation of these programmes would also be closely monitored.

29.4 The Chief Minister observed that about 90 per cent of the total population in Delhi lived in urban area and agriculture had, therefore, a very limited role to play. Nevertheless, an ambitious mini master Plan for socio-economic development of villages with a projected cost of Rs 883 crore had been introduced in 1994.

29.5 Touching upon the energy situation, the Chief Minister stated that a steep rise in demand of power would imply not only ensuring the availability of more power from Northern Grid but also setting up new generating units in and around the capital city, both in public and private sector. He requested the Centre to expedite the matter of giving counter guarantee for the Bawana Gas Turbine Project with 421 MW capacity. Various measures were also being taken to minimise the transmission and distribution losses.

29.6 He further stated that the present availability of potable water in Delhi was 575 MGD against the requirement of 700 MGD. This requirement was expected to go up to 1050 MGD by the end of the Ninth Five Year Plan. The Chief Minister stated that he was happy that the proposal for environmental friendly Mass Rapid Transit System which had been pending with the Centre had finally been cleared.

29.7 On the functioning of the Delhi Transport Corporation, the Chief Minister stated that he was anxious that only a small fleet of buses became available for operations. Pointing out to the problems of vehicular pollution, the Chief Minister stated that he had decided to tackle this problem on war footing and had no doubt that visible improvements could be seen in the coming months. The judiciary had also played a supportive role in helping the Government to take certain steps towards reducing environmental pollution and he hoped to continue with the good work that was being done but felt that active role and cooperation of the people would greatly help to achieve the objectives of controlling pollution in Delhi. He further stated the upgradation of transport infrastructure development like improvement of roads etc., and construction of bridges and fly-overs would continue to receive the highest priority. It was a matter of concern that the water in river Yamuna was highly polluted. The Government had initiated construction of 16 sewerage treatment plants involving an expenditure of Rs. 300 crores and 15 common effluent treatment plants were also proposed to be set up in industrial areas of Delhi to check the pollution of water caused by industrial effluent.

29.8 Concluding his speech, the Chief Minister stated that various steps were taken with a view to ensure that the entrepreneur and work forces were put to minimum inconvenience because of reallocation of industries. Due priority was being given to the health schemes and education and the problem relating to these socially disadvantaged groups. He stated that the Prime Minister had been most helpful in tackling the various issues confronting Delhi with a very positive outlook and hoped that Centre would continue to render all possible assistance to make city clean and a healthy place to live where common and the under-privileged were able to share the fruits of development.

30.1 **Thiru R.V. Janakiraman**, Chief Minister of Pondicherry, stated that the overall economic growth during Eighth Plan was quite satisfactory but the achievement towards reduction of poverty was far below our expectation. Direct attack on poverty through well-designed anti-poverty programmes coupled with total commitment and dedication at all levels to assist the poor and to lift them above the poverty line should be the approach during the Ninth Plan. In this context, he pointed out that priority to agriculture and rural development with a view to generating adequate productive employment and accelerating the growth rate of economy with stable prices as envisaged in the Approach paper would go a long way towards eradication of poverty in the years to come.

30.2 He further stated that the Approach Paper rightly emphasised that primary objective of the Ninth Plan would be to generate greater productive employment by concentrating on packages which were more labour intensive. He endorsed the proposal to implement a national employment assurance scheme to tackle the problem of unemployment and increasing casualisation of labour.

30.3 Welcoming the suggestions of making the Basic Minimum Services as the most important component of development planning, he fully endorsed that food security needed to be broadened to include people's access to the basic nutritional requirement both physically and economically. He stated that the accelerated growth target of 7 per cent during the Ninth Plan would be achieved. He called for the optimum mix of public and private investment to accelerate economic growth to achieve desired results as envisaged in the draft Approach Paper. He felt that Government's intervention was absolutely necessary for removing the economic and social disabilities prevalent amongst the deprived groups of population to bring them on par with the rest of the society. This should be achieved through training, arranging credit facilities and monitoring of schemes formulated to lift them above the poverty line.

30.4 Regarding agricultural sector, he stated that agricultural land was shrinking day by day due to on-going industrial activities and also conversion of agricultural land for residential and non-agricultural purposes and requested for an appropriate policy to halt the trend.

30.5 As far as funding of plan was concerned, NDC played an important role in determining the size for full-fledged States. But as far as Union Territories were concerned, there was no transparent formula to determine the size. He requested Hon'ble Prime Minister to remove this anomaly atleast for UTs with legislature during the Ninth Plan to enable them get larger share of Central assistance to fund their plan programme. He pleaded for the grant of Statehood to Pondicherry and hoped that this would be favourably considered by the Centre in line with the spirit of cooperative federalism.

30.6 He requested the Government of India to constitute a Standing Committee consisting of the Union Home Ministry, Lt. Governor and the Chief Minister as recommended by the Sarkaria Commission and requested for enhancing of financial powers of the Government of Pondicherry at par with the National Capital Territory of Delhi. He requested that the provision under the Centrally Sponsored Schemes should be transferred to the States/Union Territories Government with flexibility in implementation.

30.7 Concluding his speech, the Chief Minister stated that a suitable arrangement should be made by the Centre for assisting the Union Territory in case of unforeseen natural calamities. He requested that either the Union Ministry of Agriculture or the Union Ministry of Home Affairs should be treated as a single point of reference for dealing with the requests for such assistance.

31.1 **Shri Pawan Kumar Chamling**, Chief Minister of Sikkim, complemented the Planning Commission for drafting a well-conceived Approach Paper to the Ninth Five Year Plan which presented a vision of India in the next millennium articulating the hopes and aspirations of the people of India and striking the right balance between the need of accelerating the rate of economic growth and satisfying the requirement of the disadvantaged segments of the community. The draft rightly laid emphasis on accelerating the rate of growth of the GDP, while expanding the effort with reference to meeting the Basic Minimum Needs of the people and strengthening the infrastructure, energy and transportation sector.

31.2 The Chief Minister expressed his happiness about the views which had been conveyed to the Deputy Chairman finding a place in the document. Particularly the recognition that acceleration of the rate of growth was itself an effective instrument for reducing poverty level and the fundamental need to reduce the rate of growth of population all over the country specially some of the North-Eastern States. He endorsed the broad objectives projected and strategic outline in the paper.

31.3 He pointed out that Sikkim occupied a strategic place in the country being the sentinel on the Northern borders of the country. Peace and tranquility prevailed in the State and the Government had done everything possible to bring about the required degree of emotional integration with the rest of India. The State represented a unique civilization and the people lived in harmony with nature and cultural ethos was attuned to the preservation of the ecological and environmental status.

31.4 Despite the fact that Plan development started only in 1975, Sikkim made impressive progress in every sector of the economy. The progress had been possible mainly due to the strict financial discipline. The State was, however, facing the burden of debt servicing of the loan component of the Central assistance and market borrowing which formed a part of the Central support of the Plan outlays. He suggested that the existing moratorium period be extended and interest on the loan component be reduced to 5 per cent for special-category States.

31.5 The Chief Minister further observed that Sikkim though a small State believed that it was capable of contributing its might to the task of the nation-building. There was abundant potential for development of tourism, power, horticulture and in particular floriculture. However, the prospect of harnessing these potential were affected because of severe deficiencies in the communication infrastructure. He urged introduction of a helicopter service and road link besides an airstrip in Sikkim on a priority basis as a Central sector project during the Ninth Plan.

31.6 He further requested that the case for improving the facilities at the Bagdogra Airport which was the nearest airport to Sikkim and possibly even upgrading it to meet the requirement of international traffic should be favourably considered. He hoped that the project of a rail-link to Sikkim should also be implemented during the Ninth Plan.

31.7 The Chief Minister further stated that Sikkim was bestowed with vast hydel potential which was estimated to be of the order of 8000 MW of energy. This was one of the few areas where the State could earn a substantial revenue, and, therefore, it was imperative that well-planned measures were taken to harness this resource endowment in the most optimum manner.

31.8 Concluding his speech, the Chief Minister drawn the attention of the NDC to the urgent need for conservation and protection of the fragile eco-system of the entire Himalayan belt. He urged the Centre to allocate special fund for the conservation of the Himalayas and also pleaded that all loan availed by the State for the purpose in the past be converted into grants. He observed that it might be prudent to consider setting up a special cell to oversee and monitor the progress made in the overall Himalayan conservation effort. Noting that the reoriented economic philosophy of liberalisation had created a conducive climate for attracting foreign investment in the country, it might be pertinent to mention that due to locational disadvantages and poor state of infrastructure, States like Sikkim in the North-East were not likely to benefit from these developments. He suggested that the Centre should consider locating public sector units in such disadvantaged States in specific

areas which included high tech electronic precision industries, agro-processing units, tourism, tea, etc., and which could be easily fitted with ecological and environmental concern.

32.1 **Shri L.P. Gupta**, Lt Governor, Administrator of Andaman & Nicobar Islands, complemented the Planning Commission for preparing a document which had formulated well defined strategies for achieving “growth with equity”. He welcomed the emphasis given in the document to provide special funding for restoring regional balances in the country and observed that the document had rightly stressed the need for realistic assessment of resources and adequate funding for maintenance and optimum utilisation of already-created assets.

32.2 The Andaman & Nicobar Island which were separated from the mainland by about 1200 kilometres of high seas, were widely dispersed with 86 per cent of the area under forest cover. In spite of heavy rains, the Union Territory faced acute scarcity of drinking water. Heavy rains also led to salinity of the soil which imposed limitations on the potential of agricultural production. The cost of construction was extremely high due to high sea tariff rates and the islands were deprived of the benefits accruing from heavy investment made in the Central Sector in the mainland. Coastal Regulation Zone prescribed by the Ministry of Environment and Forests which prohibited all development within a stretch of 500 metres from the High tide line was coming in the way of development of the Union Territory. The Administrator urged that this matter could be reviewed and opined that perhaps a special dispensation was required for the Union Territory as imposition of these regulations was leading to heavy escalation in the cost of construction.

32.3 The Administrator further stated that the economy of the islands was yet to reach a take off stage and heavy investments were required to be made in the infrastructure sector. The proposals for setting up of a free port or a port for providing bunkering facilities had been jettisoned due to strategic concerns and suggested that the islands should be compensated for these losses. He also requested that the powers of the Lt. Governor for purchase of necessary items and creation of posts etc. should be enhanced. Given the limited land availability in the islands and the fragile eco-system, it was imperative to limit the population.

32.4 The Administrator further stated that the human development would continue to be a thrust area in the Ninth Plan. Special emphasis was proposed to be given to the primary health facilities and education. The Transport and Communication sector had been provided maximum allocation in all the plan periods and it was proposed to earmarked about 42 per cent of the plan allocations for this sector during the Ninth Plan. He further requested that necessary funds should be provided for the purchase of vessels which were planned to be procured as shipping was the life-line of these islands. He mentioned that Union Territory had drawn up a blue print for introducing some innovative schemes under the industries sector on the basis of recommendations of the Expert Group constituted by the IDA and the Planning Commission.

32.5 The Administrator stated that the Union Territory was planning to project the islands as the ultimate tourist destination of the 21st century. The Union Territory had great potential for attracting foreign tourists which could generate considerable foreign exchange earnings and also provide large scale self-employment to the youth. A plan of action had been drawn up on the basis of recommendations made by the Expert Group set up by the UNDP.

32.6 Concluding his speech the Administrator stated that substantial foreign exchange earnings could be generated by the exporting marine wealth available in the Andaman waters. The success of tourism and fishing industry would largely depend upon the adequate availability of power supply which should be increased. The three tier Panchayati Raj structure had been set up in the Union

Territory and the PRIs were empowered to actively participate in the developmental activities. It was, however, necessary to provide these institutions with adequate funds to meet hopes and aspirations of the people. He emphasised that the objective of the Approach of the Ninth Plan needed to be seen in the context of the dimensions of the State policy i.e. quality of life of the citizens; generation of productive employment; regional balance and self reliance. He supported the Approach to the Ninth Five Year Plan.

33.1 **Shri Rajeev Talwar**, Administrator of Union Territory of Lakshadweep, stated that Lakshadweep was a unique place in India because it was the only set of coral atolls in the country. This reason alone was enough for the Union Territory to be declared as a World Environmental Heritage Preserve. There were other equally crucial reasons to take note of these islands. Spread six hundred kilometres from North to South these islands were the natural sentinels for the surveillance, monitoring and safety of the economically important Western coast. These islands also provide India with four lakh square kilometers of area as Exclusive Economic Zone.

33.2 The Union Territory had suffered from extreme under-investment. The investment had to come primarily into areas which lead to the preservation of the Territory's fragile environment, provide Basic Minimum Services to all people, provide employment and enhance value-addition in local products. He further stated that the Union Territory of Lakshadweep was entirely inhabited by the Scheduled Tribe population and should therefore be considered a high priority area. The cornerstone of policies in the Ninth Plan was going to be ecology and environment. The provision of Basic Minimum Services required essential government intervention. Provision of drinking water was a carefully monitored exercise and one of the main priorities of the Union Territory was to convert sea water into fresh water and use bio-digesters to purify any waste that was poured into the Islands.

33.3 The provision of health services and education were also priority issues for the Island. The problem of housing was environment related in Lakshadweep. The proposal of the Union Territory to provide an Indian Airlines Aircraft based at the island of Agatti, and air taxi operations by a tiny four-seater aircraft which could inter-connect six islands deserved approval by the Centre. The Union Territory Plans to make air-strips of only 500 metres each on five of the islands which would be an integral part of the Key Infrastructure needed to be developed in the Ninth Plan. The construction of Jetties on the eastern side of the islands would also be a crucial part of the key infrastructure.

33.4 The Administrator concluded his speech by stating that about 86 per cent of the area of the Territory was under coconut cultivation and there was a dire need to enhance value addition and diversity the product profile of this industry. He suggested new offices of Coir Board, Coconut Development Board and some more nationalised banks should be opened in the Union Territory. Fisheries was covered under the Ministry of Agriculture as well as the Ministry of Food Processing Industries and initiatives involving the private sector and the government of India for providing market facilities to the fishermen had also been taken. He opined that Tourism also could be promoted.

34.1 **Shri B.K.N. Chibber**, Lt. General (Retd.), Administrator of Chandigarh, in his written speech stated that the sustained efforts of development had added to better income and quality of life of the people, and Chandigarh enjoyed one of the highest per capita income levels in the Country. One of the major objectives of planning had been to provide benefits of growth to the poor and the

common man. Through the elections to the Panchayats, Zila Parishads and Municipal Corporation, the participation of the weaker sections of the society as also the common man had been ensured. Basic Minimum Services had always attracted the attention of the administration and emphasis had been laid on the control of environmental pollution and supply of power and water to the populace. Health and education facilities were also improved but a lot more remained to be done as Chandigarh was still a growing city.

34.2 Noting that there had not been substantial increase in the plan outlay of Chandigarh in recent years, the Administrator urged that there should be a substantial increase in the plan outlay of Chandigarh during the Ninth Plan. In line with the Approach to the Ninth Five Year Plan to accelerate growth in employment, provide basic minimum services to the people, eradicate poverty and enhance domestic capabilities in mobilising resources for development, the Union Territory had proposed a tentative allocation of Rs. 622.34 crore for the Ninth Plan which should be in order. The major portion of plan outlay had been proposed for providing basic amenities to the citizen of the Chandigarh.

34.3 Concluding his speech the Administrator stated that there was need to make provision for the development of infrastructure sector, welfare of Scheduled Castes, Panchayati Raj Institutions etc. He endorsed the suggestions contained in the Approach Paper to the Ninth Five Year Plan and assured his complete cooperation and dedicated participation in the building of a strong, confident and self-reliant India.

35.1 **Sardarni Rajinder Kaur Bhattal**, Chief Minister of Punjab, could not attend the NDC meeting, but forwarded copies of her written speech for circulation in the National Development Council. The salient points made in her speech were as follows.

35.2 She observed that the Approach had covered the objectives, the policy priorities and sectoral strategies in a spirit of cooperative federalism for the formulation and implementation of the Ninth Plan. However, the achievements of the objectives were strongly depended on the resources available to the States for their implementation. Pointing out the serious financial problem in finding resources for Annual Plans primarily due to mounting debt burden incurred during the years of militancy, the Chief Minister requested that the special loans advanced to the State during the period of militancy (1984-95) be completely waived off.

35.3 The present formula of Central Plan Assistance to the States should be reviewed and the weightage accorded to population and per capita income needed to be reduced. At least 10 per cent of weightage should be in favour of the States which achieved success in population control besides assigning weight to fiscal performance of the State. Factors like population of the Scheduled Castes, overall literacy rate and female literacy rate should also be taken into account in the revised formula. The amount of loan given to the State against its collection of small savings should be raised to 100 per cent of the net collections as against the present level of 75 per cent. Touching upon the serious problem faced by the State Governments relating to high rate of interest, she suggested that the State and its agencies should be allowed to mobilise funds from the International Capital Market for funding their various developmental programmes under a well formulated policy by the Centre.

35.4 The Chief Minister pointed out that Punjab was perhaps, the first State in the Country to implement the recommendations of the State Finance Commission, which was set up to make

recommendations for devolution of financial resources to the rural and urban local bodies. She indicated that on the basis of the recommendations of the first State Finance Commission, the State had decided to assign 20 per cent of the net proceeds of the five State taxes namely, Stamp Duty, Electricity Duty, Motor Vehicles Tax, Entertainment Tax and Show Tax to the urban and rural local bodies in the next five years beginning 1997-98. The burden on this account on the State would be Rs. 125 crores per annum.

35.5 The Chief Minister stated that with a view to improve the infrastructural facilities and quality of life in the villages, the State had launched 'Unnat Gram' scheme during the 8th Plan period. Particular emphasis had been laid on construction of pavements, drains, rural sanitation etc. Punjab had also covered 60 per cent of the rural population with potable water supply. The economy of Punjab was predominantly based on agriculture and the State had received the National Productivity Award consecutively for the 4th year for excellent performance in agricultural extension. There was a strong case for grant of royalty on foodgrains to Punjab, which should help the farmers and encourage them to boost the agricultural production even further.

35.6 The Chief Minister requested for establishment of a gas-based fertilizer plant in Punjab and also for a Venture Capital Fund for encouraging local innovations by the farming community. The State had been laying highest emphasis on power generation and about 40 per cent of the total plan outlay had been earmarked for the power sector. She however felt that the long-term demand for power in Punjab could only be met if a nuclear power plant was set up in the State. Preliminary steps for site selection had already been taken and a firm decision in this behalf was requested. About the irrigation sector, she stated that efforts were under way to ensure optimum utilisation of the available water resources so that total cultivable area was brought under irrigation.

35.7 She opined that removal of educational backwardness, particularly among scheduled caste women, could be of great importance to overcome the problems associated with the scheduled castes. Scheduled Caste students would be encouraged to take up vocational training to gain occupational mobility. The backward classes constituted about 12 per cent of the population of the State and to ensure their contribution to the nation's economic progress, their skills were being improved with the best technical and managerial education.

35.8 The Chief Minister also referred to the social security for the welfare of needy persons, problems of the urban housing and urban development and stated that the State would continue to take active steps for the environmental improvement and upgradation of quality of life in the urban slums. A major scheme had also been launched for treatment of domestic liquid waste in the four major towns of the State.

35.9 Concluding her speech, the Chief Minister stated that emphasis now was on development of the infrastructure and simplification of bureaucratic procedures in tune with the policy of liberalisation. She hoped that major thrust on technical education should make available qualified and skilled manpower essential for the promotion of industry and generation of employment. She further stated that the State Government was fully committed to improve the road network in Punjab and requested for a rail link between Chandigarh and Ludhiana. She also pointed out that education, containment of population growth and health and family welfare and youth and sports were important issues receiving the attention of the State. She stated that efforts must continue to transfer maximum number of Centrally Sponsored Schemes to the States along with the resources. She observed that the key economic projections in the Approach Paper to the Ninth Plan were quite optimistic and would require utmost efforts to meet the resource target.

36.1 **Shri Yoginper K. Alagh**, Minister of State for Planning and Programme Implementation and Science & Technology, in his speech stated that the Planning Commission was privileged to have the support of the highest political body in the country and assured the distinguished Members of the National Development Council that the points that had been made by the Members would be carefully seen by the Planning Commission while finalising the Ninth Five Year Plan.

36.2 Minister of State (P&PI & ST) mentioned that the approach on Basic Minimum Services which was finalised in the meeting of the Chief Ministers convened by the Prime Minister had been endorsed by all the States. The pragmatic approach governing these basic minimum services and other priority areas would be the approach likely to be used more often in the Ninth Plan. He stated that at the National level, planning would concentrate in a few priority areas e.g. Basic Minimum Services, Water Resources, Agricultural related Infrastructure, Infrastructural Planning and Science & Technology. It may be stated that after policies were framed, implementation of targets would be taken care of by the States

36.3 Speaking about operationalising the concept of Cooperative Federalism, the Minister of State observed that after a joint decision was taken on targets, policies had to be laid and then the planning process should take the responsibility of achieving those targets and also undertake joint monitoring. He further stated that there was some discussions on the whole question of borrowings for the Plan. MOS stated that as the Finance Minister also said, the strategy was to cut down the revenue deficits. The objective was not to cut down the borrowings for productive purposes provided that it met the appropriate financial criteria. The "India Infrastructure Report" also brought out a very powerful case for setting up policy mechanism for productive borrowings for infrastructure sector. He hoped that in this year's Budget, the process of meeting the great demand of infrastructure requirement of this country would be started.

36.4 On Science & Technology, the Minister of State indicated that the intention was to achieve in a few limited sectors like space and certain other priority areas, for example, vision 2020 document. It would be noticed that this Government had implemented some of the best policies in the World in terms of involving the private sector in integrating the technological strength of the country with private industries. The Approach Paper laid emphasis on adopting technology and innovation on a global scale into the faster rate of growth and the reduction in the costs and incremental capital output ratios.

36.5 MOS (P&PI) concluded his speech by soliciting the support of the Chief Ministers for the programmes which were going to be implemented in the Ninth Plan and for the more difficult process of joint monitoring.

37.1 **Shri S.R. Bommai**, Minister for Human Resources Development, in his brief speech stated that the Supreme Court had ruled in a case that primary education for the children up to the age of 14 years was a fundamental right. The court had further directed in another petition in December, 1996 that the Central and State Governments should move in the direction of providing more and more opportunities for education of children under 14 years.

37.2 The Minister stated that the Court had directed that concrete proposals might be brought before it on the next day of hearing in the middle of February, 1997 on the basis of which the States would be given necessary directions to take measures to fulfil the goal of universalisation of

elementary education. The Minister stated that this fact was being brought to the notice of the Chief Ministers so that they could send the requisite information to enable the Ministry to appropriately deal with the direction of the Court.

38.1 **Shri H.D. Deve Gowda**, Prime Minister, then read out the following resolution for the approval of the Council: "The National Development Council hereby approves the Draft Approach Paper to the Ninth Five Year Plan (1997-2002) and requests the Planning Commission to formulate the draft Ninth Five Year Plan based on the priorities outlined in this document and taking into account the views expressed in this meeting." The Council unanimously approved the resolution.

38.2 Concluding the proceedings of the National Development Council, Prime Minister thanked all the Chief Ministers, Finance Ministers, Governors and other participants in the National Development Council meeting for giving their valuable suggestions before Approach Paper was adopted.

38.3 The Prime Minister, in his concluding speech indicated that several Chief Ministers had expressed their views about the problems of population and unemployment which were the major issues. The Prime Minister also wanted to take the Chief Ministers into confidence on the report of the Central Pay Commission before the Government accepted the recommendations of the Fifth Pay Commission.

38.4 The Prime Minister mentioned that he intended to consult the Chief Ministers on the issue of resource mobilisation and desired that an atmosphere and favourable climate for investment should be created, if necessary, by simplification of existing procedures to mobilise resources for the Ninth Plan.

38.5 On the issue of unaccounted money, certain suggestions were made by the industrialists and economists. The Prime Minister wanted these issues to be brought to the notice of the Chief Ministers before taking a final view in the matter.

38.6 The Prime Minister opined that the Chief Ministers and political parties were to be taken into confidence before certain decisions on the concrete proposals could be incorporated in the next general Budget for 1997-98.

38.7 Regarding Basic Minimum Services, the Prime Minister stated that an attempt was made to take Chief Ministers into confidence and observed that unless all political parties were taken into confidence, it was very difficult to implement decisions taken for strengthening the economy of the country.

38.8 The Prime Minister thanked the Deputy Chairman and Members of the Planning Commission for the monumental work of placing the Approach Paper as per schedule before the National Development Council. He again conveyed his sincere thanks to the Chief Ministers, Finance Ministers, Governors and other participants who extended full cooperation and support to adopt the Approach document. The Prime Minister described the unanimous adoption of the Approach Paper to the Ninth Five Year Plan by the National Development Council as a historic decision.

PARTICIPANTS

Shri H.D. Deve Gowda	Prime Minister and Chairman
Shri Madhu Dandavate	Deputy Chairman
Shri P. Chidambaram	Minister of Finance and Member
Shri Chaturanan Mishra	Minister of Agriculture and Member
Shri Yoginder K. Alagh	Minister of State (with independent charge) for Planning & Programme Implementation and Science & Technology and Member
Dr. S.R. Hashim	Member
Dr. J.S. Bajaj	Member
Dr. M.R. Srinivasan	Member
Dr. Arjun K. Sengupta	Member
Dr. (Mrs.)Chitra Naik	Member
Dr. G. Thimmaiah	Member
Shri S.P. Shukla	Member
Dr. Bimal Jalan	Member and Secretary

STATES

Andhra Pradesh	Shri N. Chandrababu Naidu Chief Minister
Arunachal Pradesh	Shri Gegong Apang Chief Minister Shri K. Borang Minister for Planning
Assam	Shri Prafulla Kumar Mahanta Chief Minister Shri Suren Methi Minister for Veterinary
Bihar	Shri Lalu Prasad Chief Minister Shri Tuisi Singh Minister for Planning

Summary Record of Discussions of the NDC Meetings

Goa	Shri Pratap Singh Raoji Rane Chief Minister Dr. Wilfred D'Souza Dy. Chief Minister
Gujarat	Shri Shankersinh Vaghela Chief Minister Shri Babubhai Meghji bhai Shah Minister for Finance
Haryana	Shri Bansi Lal Chief Minister Shri Charan Dass Minister for Finance & Planning
Hemachal Pradesh	Shri Vir Bhadra Singh Chief Minister Shri Gulab Singh Thakur Minister for Revenue
Jammu & Kashmir	Shri Farooq Abdullah Chief Minister
Karnataka	Shri J.H.Patel Chief Minister Shri Siddaramaiah Dy. Chief Minister
Kerala	Shri E K Nayanar Chief Minister Shri T. Sivadasa Menon Minister for Finance Shri. I. S. Gulati Vice-Chairman (SPB)
Madhya Pradesh	Shri Digvijay Singh Chief Minister
Maharashtra	Shri Manohar Joshi Chief Minister Shri Gopinath Munde Dy. Chief Minister Shri Eknathrao Khadase Minister for Finance & Planning Shri Prakash Javdekar Executive President (SPB)

Manipur	Shri Rishang Keishing Chief Minister
	Shri E. Kunjeswar Singh Minister for Planning & CADA
Meghalaya	Shri Salseng C. Marak Chief Minister
	Dr. R. Laloo Minister for Finance
Mizoram	Shri J. Lalsangzuala Minister for Finance
Nagaland	Shri Z. Obed Minister for Planning
Orissa	Shri J.B. Patnaik Chief Minister
	Shri Basanta Kumar Biswal Dy. Chief Minister
	Shri Bhagabat Prasad Mohanty Minister for Planning & Coordination
Punjab	Sardarni Rajendra Kaur Bhattal Chief Minister
	Chief Minister of Punjab did not attend but sent her written speech for circulation in the meeting.
Rajasthan	Shri Hari Shanker Bhabra Dy. Chief Minister
Sikkim	Shri Pawan Kumar Chamling Chief Minister
Tamil Nadu	Thiru M. Karunanidhi Chief Minister
	Thiru Thamiz Kudi Magan Minister for Tamil Culture
Tripura	Shri Keshab Majumdar Minister for Power
Uttar Pradesh	Shri Romesh Bhandari Governor
West Bengal	Shri Jyoti Basu Chief Minister
	Dr. Asim Kumar Dasgupta Minister for Finance

UNION TERRITORIES

DELHI	Shri Sahib Singh Chief Minister
	Prof Jagdish Mukhi Minister for Finance
Pondicherry	Shri R. V. Janakiraman Chief Minister
Andaman & Nicobar Islands	Shri I. P Gupta Lt. Governor, Administrator
Chandigarh	Shri B.K.N. Chibber Lt, General (Retd.), Administrator
Daman & Diu And Dadra & Nagar Haveli	Shri S.P. Agganval Administrator
Lakshadweep	Shri Rajeev Talwar Administrator

CABINET MINISTERS

Shri Ram Vilas Paswan	Minister of Railways
Shri Murasoli Maran	Minister of Industry
Shri Balwant Singh Ramoowalia	Minister of Welfare
Shri C.M. Ibrahim	Minister of Civil Aviation with addl. charge of Information and Broadcasting
Shri Devendra Prasad Yadav	Minister of Food and Civil Supplies, Consumer Affairs & Public Distribution
Shri M. Arunachalam	Minister of Labour
Shri S.R. Bommai	Minister of Human Resource Development
Shri T.G. Venkataraman	Minister of Surface Transport
Shri Indrajit Gupta	Minister of Home Affairs
Shri Janeshwar Mishra	Minister of Water Resources
Shri Birendra Prasad Baishya	Minister of Steel & Mines
Shri Yerran K. Naidu	Minister of Rural Areas and Employment
Shri R.L. Jalappa	Minister of Textiles

MINISTERS OF STATE (WITH INDEPENDENT CHARGE)

Shri Dilip Kumar Ray	Minister of State (with independent charge) for Food Processing Inds.
Shri Raghubansh Prasad Singh	Minister of State (with independent charge) for Animal Husbandry & Dairying
Capt. Jai Narayan Prasad Nishad	Minister of State (with independent charge) for Environment & Forests
Shri Ramakant D. Khalap	Minister of State (with independent charge) for Law, Justice and Company Affairs)
Shri Shees Ram Ola	Minister of State (with independent charge) for Chemicals & Fertilizers

MINISTER OF STATE

Shri S. Venugopalachari	Power
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SPECIAL INVITEES

Dr. C. Rangarajan	Governor, Reserve Bank of India
Dr. Venugopal Reddy	Deputy Governor, Reserve Bank of India

**RECORD OF DISCUSSIONS
FORTY EIGHTH MEETING
NATIONAL DEVELOPMENT COUNCIL**

(19TH FEBRUARY, 1999 VIGYAN BHAVAN, NEW DELHI)



सत्यमेव जयते

**GOVERNMENT OF INDIA
PLANNING COMMISSION**

RECORD OF DISCUSSIONS OF THE FORTY-EIGHTH MEETING OF THE NATIONAL DEVELOPMENT COUNCIL

AGENDA & RECORD OF DISCUSSION

The National Development Council (NDC) held its Forty Eighth Meeting at Vigyan Bhavan, New Delhi on the 19th February, 1999 under the Chairmanship of **Shri Atal Bihari Vajpayee**, Prime Minister and Chairman of the Council, with the following agenda items:

- (i) Consideration and Adoption of the Ninth Five Year Plan;
- (ii) Consideration of the Report of the NDC Committee on Power;
- (iii) Deliberation on the Principles for Revision of Administered Prices;
- (iv) Determination of the Criterion for Allocation of Funds under Major Rural Poverty Alleviation Programmes; and
- (v) Deliberation on the transfer of Centrally Sponsored Schemes (CSS).

2.1 The list of participants is appended. The Minutes of the meeting, approved by the Prime Minister (circulated separately) have also been appended.

3.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission in welcoming the participants said that NDC as an august body represent the apex of a large and complex policy making structure that guides the course of development and economic progress of the country. He said that it was a forum to discuss the alternatives and arrive at a decision in a spirit of cooperation and mutual understanding.

3.2 He observed that the meeting was a momentous occasion as the participants would collectively chart out the development strategy that would take the nation into the coming millennium. He said that while we could look back with pride at our achievements, we cannot be blind to our shortcomings or to the magnitude of the challenges that lie ahead of us. He stated that from the time of independence, a course of planned development was adopted in order to reflect our national aspirations and harmonise our policies and approaches to a common goal. The national five year plans were the embodiment of this process of harmonisation and collective national effort.

3.3 The Ninth Five Year Plan, he pointed out, had gone through a long and intensive process of consultation, as a result of which it was now in a shape where it reflected the collective aspirations. The Deputy Chairman then requested the Hon'ble Prime Minister to inaugurate the 48th Meeting of the NDC and guide its deliberations.

4.1 **Shri Atal Bihari Vajpayee**, Prime Minister and Chairman of the Council welcomed the participants to the forty-eighth meeting of the NDC and said that the most important agenda item for the meeting was the consideration of the Ninth Five Year Plan (1997-2002). He said that the change in government delayed the finalisation of the document, though the plan was being implemented according to the outline set by the NDC in the Approach Paper to the Ninth Plan. He said that his Government firmly believed in maintaining the continuity of the developmental process, and it was in that spirit that the Government continued with the progress of the Ninth Plan.

4.2 The Prime Minister said that we were all legitimately proud of India's multifarious achievements in the first fifty years of independence and especially since the development had taken place within the framework of democracy. Yet, he pointed that there was a deep concern over what we had failed to achieve so far. He said it was depressing that one-third of our citizens still lived below a modestly defined poverty line, that illiteracy was still unacceptably high and that there were many without access to drinking water, health services, housing, sanitation, and proper communication facilities.

4.3 The Prime Minister observed that NDC was an important forum to continually review the development process and take appropriate macro-level decisions to progress in the desired direction. He said that it was the most effective institutional mechanism to conduct this exercise within the framework of harmonious cooperation and partnership between the Centre and the State Governments.

4.4 The Prime Minister added that it was a collective commitment to the people of India to eradicate poverty, to provide full employment, build a strong economy, and create the right conditions for the full flowering of our national genius. For this, he said, it was necessary to speed up economic growth and for the Plan to catalyse the efforts to achieve these goals in a substantial way.

4.5 He said that it was important to make significant headway in building a sound social and physical infrastructure, to double our food production in the next ten years to feed an ever-increasing population and to simultaneously take effective steps to check population growth - an area that we had neglected so far. He pointed out that it was essential to use information technology in all areas of our national life to generate prosperity and lay the foundation for India's emergence as a knowledge-driven society in the 21st century.

4.6 The Prime Minister stated that he had asked the Planning Commission to prepare Special Action Plans on social and physical infrastructure and on information technology and to incorporate these special plans in the Ninth Five Year Plan.

4.7 He pointed out that the Plan document under the consideration of the Council, detailed the programme of action that would set the tone of development in the next century. The target of seven per cent growth for the next three years was not an easy one to achieve, given the current difficulties and uncertainties of the world economy. And, yet, he added, that it could be made possible through a determined effort of the Centre and the States.

4.8 He said that while the private sector, both in agriculture and industry, would provide the needed thrust to economic growth, the Government would have to continue to play a crucial role in strengthening the social and physical infrastructure. For this to happen, he said it was necessary that the fiscal health of the Governments at the Centre and in the States improved considerably and gained strength.

4.9 The Prime Minister said that the realisation of the social and economic objectives of the Ninth Plan depended critically on the ability to finance public investment in crucial areas of social and physical infrastructure, which, in turn, was contingent on improving the Central and State finances. He urged the State Governments to put their finances in order while pointing out that the Centre had started taking certain firm measures to fulfil its responsibility, in that regard.

4.10 He added that recent trends in the finances of the State Governments were alarming. States' own contribution to plan financing had become almost non-existent and States were increasingly borrowing even to finance their current consumption. He said, the reason for this was

a reluctance to mobilise additional resources to meet increasing expenditure. While it was essential, he pointed out, to increase revenue through a greater attention to efficiency and productivity of the enormous human and financial resources that we had invested in our various schemes, there was a need for austerity all around to contain wasteful public expenditure. He said, this could be accomplished only through a political consensus on ending competitive populism.

4.11 The Prime Minister said that the Government was aware that the Centre had taken certain measures in recent years that have had serious, though indirect, repercussions on State finances, for example, the implementation of the Fifth Pay Commission's recommendations. Adoption of these at the Centre has had a snowballing effect on States. He assured that in future, the Government would be more considerate of States' interests in such matters. He further urged that all Central Ministries should enforce expenditure management rigorously and suggested an introduction of performance audit of the resources, rather than the usual expenditure audit. He said that the resources, thus saved, could be diverted to meet more essential expenditure in the social sector.

4.12 The Prime Minister pointed out that in today's context there was both a need and scope to raise resources through levying reasonable electricity tariffs and irrigation charges. Untargeted and unintended subsidies often led to distortions in resource allocation, besides failing to benefit the really poor. In this regard, he said that the reforms in the power sector, which the Centre was laying stress on, must also be quickly and effectively implemented by States. In addition, there was also a need to address the issue of implicit subsidies, such as those for higher education. He added that no Government could afford to provide costly services, free of cost, universally and that the Governments must levy reasonable user charges wherever possible, particularly for non-merit goods and services. This, he said, required a change in the mindset. Subsidised public services he pointed out, should be restricted to only those who cannot afford to pay.

4.13 The Prime Minister observed that the tax competition among States to attract private investments was proving to be harmful as States were losing tax revenue without succeeding in influencing investment decisions. He said it was better infrastructure, faster decision-making and investor-friendly environment that were more important in the decision matrix of the investor community. He added that ready extension of guarantees to the borrowings of State-level public enterprises was pushing States towards fiscal crisis. These guarantees may devolve on State Governments due to the poor financial health of many such enterprises. He noted that this practice will hurt States' credibility and adversely influence their credit ratings.

4.14 The Prime Minister stated that regional disparities were a matter of concern, both across and within States and that even some of the faster growing States had pockets that were lagging behind. He said that there was a need to exchange notes on lessons of such unbalanced development. He added that faster and widespread development was the medicine for many of the ills of our economy, polity, and society and that we need to strive to live up to the expectations of the people, especially of the poorest. He said that many of the social, political and communal tensions that we see today were due to the non-realisation of these expectations.

4.15 The Prime Minister said that the 73rd and 74th Amendments to our Constitution, five years ago, provided for a third tier of government and that there were several States that had not yet imbibed the spirit of these Amendments. He pointed out that there was an urgent need for genuine devolution of political, administrative and financial powers to the Panchayati Raj institutions. He

added that enriching and extending this process at the grassroot level would strengthen democracy at the national and State levels.

4.16 The Prime Minister stated that good governance was essential for a peaceful and orderly progress and the rule of law was a pre-requisite for good governance. He said that both Centre and States should together strive to restore the faith of the people in the Government's ability to legislate sound laws and implement them.

4.17 He observed that people often perceived the bureaucracy as an agent of exploitation rather than a provider of services and that corruption had become a low-risk and high-reward activity. Frequent and arbitrary transfers, combined with limited tenures, were harming the work ethic and lowering the morale of honest officers. He said that while expecting discipline and diligence from the administration, the political executive should self-critically review its own performance so as to regain credibility in the eyes of the people who had elected them.

4.18 As regards the role of the Planning Commission in a liberalised economy, the Prime Minister stated that while detailed micro-economic planning may no longer be needed, the Commission still had a crucial role in long-term direction-setting. He felt that the Planning Commission should emerge as a Think Tank for addressing the critical policy issues facing the economy, to formulate pro-people policies, and to improve the implementation of such policies through a better delivery system. He added that he was directing the Planning Commission to pay greater attention to identifying policies that rejuvenate the economy and help the poor.

4.19 While summarising, the Prime Minister said that we needed greater fiscal discipline and responsibility, both at the Centre and in the States, so that public sector investment was not jeopardised. He added that this would also help the private sector to perform its due role in the many difficult tasks it had to perform to achieve the target of seven per cent economic growth in the next three years. In addition, he said, it would facilitate greater inflow of foreign direct investment that was needed in many critical areas. Scarcity of public resources meant inadequate investment in roads, railways, power generation, etc., which were vital for a strong economy. He added that the biggest loser would be the poor, the weakest, the underprivileged, in whose name many of the existing populist policies were often justified. He urged the-participants to rise above partisan politics and work together to build a strong, prosperous, and modern India.

5.1 The Deputy Chairman, Shri K.C. Pant, began his speech by thanking the Prime Minister for his inspiring address. He observed that the forty-eighth meeting of the NDC had a heavy agenda on its hands. The first item of agenda was the consideration and adoption of the Ninth Five Year Plan. He said that this was a historic document, in that it represented, like no other, the continuity of governance in the country and the convergence of views on the development strategy among various political parties. He pointed that the plan was initiated in 1995 by the Congress government, developed to a substantial extent by the United Front government, and put forth for finalisation by the present government. During this long process, he said, there had been considerable degree of consultation, both formal and informal, with diverse political parties, civil society representatives and the State governments, making it a truly collective effort.

5.2 He pointed that the focus of the Ninth Plan was "growth with social justice and equity" and its objectives, strategy and approach were consistent with those approved by the NDC in the Approach Paper. A few changes had, however, been necessitated by the events of the two intervening years between the adoption of the Approach Paper in January, 1997 and the presentation of the document in February, 1999. He said that although the NDC had originally approved the target growth rate of 7 per cent, the actual growth in the first two years of the Ninth Plan fell short

of the target for a variety of reasons, both internal and external. He added that it was proposed to return to the target of 7 per cent for the remaining three years of the Plan. This would make the average growth in the Plan period to 6.5 per cent. He further added that the public sector plan outlay consistent with the revised growth target was placed at Rs. 8,59,200 crore at 1996-97 prices.

5.3 The Deputy Chairman stated that the Plan required action on several fronts in the public and the private sectors, both at the Centre as well as in the States. He began by emphasising the enormity of the fiscal problems. He said, the Centre and every State were borrowing not only to finance their development activity but also to cover a significant portion of their non-developmental expenditure. This, he pointed, was a recipe for fiscal disaster. The Centre's Balance from Current Revenues (BCR), that used to contribute significantly to plan investment till the mid-eighties has turned negative in 1986-87 and growing, more or less, steadily since then. The negative BCR meant that even the non-plan revenue expenditure at the Centre was being financed in part from borrowings. He said, the Centre had been financing its entire plan expenditure, including the Central Assistance to the State Plans, from borrowed funds. The Centre's interest payments, that constituted less than a quarter of its net revenue receipts till the mid-eighties, had steadily increased to reach almost 50 per cent in 1993-94 and 1994-95. The BCR of the States he added, were also showing an alarming trend in recent years. The BCR of the States collectively turned negative in 1991-92. A negative BCR meant that the States had started depending more and more on borrowings to finance their Plans. The major sources of States' borrowings were from the Centre, markets and small savings. He emphasised that borrowed resources added to interest burden in the future, which was not sustainable. He said that the mounting interest burden was eating into the revenues available for financing the provision of public goods and services. This problem, he pointed, would become even more unmanageable as more States implemented the Fifth Pay Commission award.

5.4 Elaborating further, he said that while the Tax - SDP ratios for some states like Tamil Nadu, Karnataka and Kerala had improved, for some others with high per-capita income like Gujarat, Maharashtra and Haryana, had declined. He added that the realised Eighth Plan, as a percentage of projected Eighth Plan, varied across the States. For three States, namely, Karnataka, Maharashtra and Tamil Nadu, it exceeded the projected Plan; Andhra Pradesh and Kerala came close to achieving the target and Bihar and Orissa could achieve only 36 and 53 per cent respectively. As regards external aid as a percentage of Central Assistance for the Eighth Plan, he said that a few States, namely, Maharashtra, Karnataka, Andhra Pradesh and Tamil Nadu attracted significant amounts for financing their Eighth Plan.

5.5 The Deputy Chairman said that the Ninth Five Year Plan explicitly recognised that the main constraint to growth and development in the country was not the overall or aggregate availability of investible resources but the efficiency with which resources were used and the ability of government at all levels - Centre, States and PRIs - to mobilise a sufficient proportion of these resources for public intervention in critical sectors that were unlikely to receive adequate flow of private investment. He added that the Plan proposed a number of measures to tackle this problem.

5.6 The first task, he said, was to increase revenues. The Plan points out that there was scope to tap a number of revenue sources in adequate measure. He said, it was necessary to harmonise the tax systems in a manner that benefited all and check, particularly, the deleterious effect of the inter-State tax competition, which was becoming increasingly acute. He added that it was essential that each State benchmarked its tax performance to the best performing State in the country in order to ensure that loopholes were plugged and tax administration was made more efficient. In

addition to tax revenues, user charges for power and irrigation were extremely important. He pointed that despite these measures the developmental resources were unlikely to increase significantly unless efforts were made to control the growth of non-developmental expenditure for which a political will and a collective resolve was imperative.

5.7 The Deputy Chairman observed that given the scarcity of resources, the deployment of public funds had to be made more efficient, if the development targets were to be met. He said, there was a growing scepticism about the linkage between expenditure on plan schemes and the physical outcome in terms of delivery of benefits and that the system was not able to ensure that expenditure was efficiently deployed with adequate monitoring to prevent leakage and deliver results effectively on time. There was little accountability in the system making it difficult in practice to identify the precise points that were the cause of problems. He added that as new capacities were being built, old capacities were deteriorating faster than warranted, resulting in a situation where the net addition to capacity was perhaps fairly small. The erosion of existing capacities due to improper or inadequate maintenance and upgradation had to be checked. At the same time, he pointed that there was a considerable wastage of resources through duplication of both schemes and agencies leading to sub-optimal patterns of expenditure. To check this, convergence of schemes and agencies were of utmost importance. A related problem, he mentioned, was that of the gap between projected annual plan size and the realised plan. The projection of a plan, beyond what the resources permitted, led to distortions of priorities and a thin spread of resources.

5.8 He mentioned that a greater emphasis had to be placed on the delivery mechanism and, in this regard, the suggestions made in the Ninth Plan had to be translated into policy and institutional change. He said that the responsibility for delivering local services should be devolved on Panchayati Raj institutions and local authorities rather than being managed from the higher tiers of government. This, he said, was consistent with the 73rd and 74th Constitutional Amendments and, therefore, should be carried out as a part of Constitutional responsibilities. A related issue, he mentioned, was the reform of civil administration system in the country to make it consistent with the changing responsibilities for public provision of social and economic services. He said, greater transparency and accountability in the implementation of government programmes was also critical and could be obtained through a process of democratic decentralisation, sharing of information with the public and Gram Sabhas and through operationalisation of the scheme of social audit. A related issue in this was the concept of joint monitoring requiring a close interaction between the various tiers of government.

5.9 Deputy Chairman stated that the biggest challenge facing the country in the coming years was to provide employment for a growing work force and to eradicate poverty and other forms of deprivation. He said that despite a decline in the expected growth rate of population, the labour force growth reached a peak level of 2.5 per cent per annum during the Ninth Plan period, presenting both a challenge and an opportunity. He pointed that if adequate employment opportunities could be provided to the people over the next ten years, a significant dent could be made on the incidence of poverty in the country. In order to achieve this, he said that the economy would need to grow at over seven per cent per annum in a sustained manner. There was a regional dimension to this problem, which could not be ignored. He said that the objective was to ensure that work opportunities were created commensurate with the skill profile of the emerging work force and with a focus on locations that were likely to experience population and work force growth in excess of the national average.

5.10 The Deputy Chairman stated that the Ninth Plan accorded a place of primacy to agriculture recognising that the objectives of food and nutritional security, poverty eradication and adequate employment generation were all intimately related to agricultural development. Agriculture contributed substantially to growth and lent a degree of stability to the growth process. He said that the emphasis during the Ninth Plan would be on regionally differentiated strategies of agricultural development, diversification, both in terms of activities and in terms of regions and accelerating the productivity growth. Towards this end, he said, investment in agricultural research and infrastructure, strengthening of appropriate people oriented institutions as well as expansion of markets was being emphasised.

5.11 The Deputy Chairman said, the economic reforms pursued by all governments in the past several years, had created a new and more competitive environment, where industrial growth and modernisation, in the days to come, would be driven by micro-level decisions of individual corporations and firms. He added that foreign investment would also play an important catalytic role in this process. He pointed out that rapid industrial growth needed a massive improvement in infrastructure, especially power, roads, railways, ports and telecommunications and towards these areas, Ninth Plan laid major emphasis. He also said that these were the areas where public investment had to play a major part, along with creating an investor-friendly environment to attract private investments. The Central Government, he said, had taken steps to streamline clearances needed by investors and it was upto the State Governments to take further initiatives in this area.

5.12 The Deputy Chairman observed that human development and improvement in the quality of life of the population were the ultimate objectives of planned development. He said that the State had to make adequate investments and introduce appropriate programmes and policies for providing a universal access to basic services. He said that though the Fifth Five Year Plan introduced the Minimum Needs Programme with the objective of establishing a network of facilities and services in respect of selective items of social consumption within a stipulated time-frame, a review of various programmes reveal that while in some sectors considerable progress have been achieved, there was significant inter-state difference in the level of achievement in others. He added that a conference of Chief Ministers held in 1996 identified seven Basic Minimum Services (BMS), namely, access to primary health care; primary education; safe drinking water; shelter for the poor; provision of nutrition to selected vulnerable groups; provision of connectivity to all unconnected villages and streamlining of the Public Distribution System for priority attention. Towards this end, the Central Government allocated funds as Additional Central Assistance for BMS. He, further added that in the Ninth Plan, Special Action Plans have been drawn up in the areas of primary health care, primary education, housing, water supply and sanitation in order to achieve substantial expansion and improvement in the availability and access to social infrastructure facilities in a time-bound manner.

5.13 The Deputy Chairman pointed that it was widely accepted that human development creates the necessary preconditions for sustainable economic growth. He said, the Human Development Reports prepared by the UNDP had drawn attention to the relatively low level of achievement in several developing countries including India. He added that the Planning Commission had decided to support the preparation of State level HDRs, which would be an important tool for identifying areas that were deficient in social infrastructure. Towards this end, he said, it was proposed to hold a workshop on this subject to identify common social indicators in order to enable comparisons over space and time and develop a human development index appropriate for Indian conditions.

5.14 The Deputy Chairman stated that since independence balanced regional development had been an essential component of Indian development strategy, as the various parts of the country were not equally endowed with social and physical infrastructure to take advantage of growth opportunities. He said that since historical inequalities had not been eliminated, intervention in future was required to ensure that such regional imbalances do not occur; He added that under the current development strategy with greater freedom and choice of location and given the prevailing market imperfections, there was a strong probability that many less developed regions may remain out of the mainstream of development and fail to get the benefits of its present tempo. Therefore, it was necessary for the plan to ensure better opportunity for public and private investment in social and physical infrastructure by use of appropriate policies in favour of less well-off states. He said, the problem of imbalance operated not only at an inter-state, but also at intra-state level. There was a need to address each in a framework that was more flexible than the political and administrative boundaries of each individual state.

5.15 The Deputy Chairman then commended the draft Ninth Plan document for/ endorsement and approval of the NDC. He said that the second item on the agenda was the Report of the NDC Committee on Power. This Report, he said, was being placed before the NDC for adoption and implementation after some debate. However, he stressed that the Centre had already taken a number of steps that had been recommended by the Committee. He also said that several states have begun the process of implementation of these recommendations. Given the importance of this issue and the precarious financial state of most State Electricity Boards, he urged the NDC to endorse the recommendations and to implement them as early as possible.

5.16 The third item on the agenda was the Revision in Administered Prices of certain Essential Commodities. The Deputy Chairman said that this was a vexing issue that needed to be depoliticised. He said, a balance had to be struck between the interests of farmers, on the one hand, and that of consumers, particularly the poorer sections of society, on the other, within limitations placed by the macro-economic imperatives of growth and stability.

5.17 The fourth agenda item related to the Criterion for Allocation of Funds under Rural Poverty Alleviation Programme. The Deputy Chairman pointed, that this issue had arisen because of the change in the methodology of poverty estimation adopted by the Planning Commission recently. He said that while there was near unanimity on the superiority of the new methodology, the shift had led to a reordering of allocations between States as a result of which the gainers and losers from the change in methodology were on two sides of the fence. He added, the methodology that had been proposed to tackle this problem, namely, the use of an average of the two sets of poverty estimates appeared to be a fair compromise that could satisfy both parties, and it was upto the Council to consider it.

5.18 The final agenda item was the issue of transfer of Centrally Sponsored Schemes (CSS). This, he said, was an issue where there was considerable divergence of opinion, not only among the States but also between the States, on one hand, and the Central Ministries, on the other. These differences pertained not only to the selection of schemes to be transferred but also to the modalities of transfer.

5.19 The Deputy Chairman concluded by requesting the Hon'ble Prime Minister to conduct the proceedings of the Meeting.

6.1 The Chief Minister of Andhra Pradesh, **Shri N. Chandrababu Naidu**, thanked the Prime Minister and the Deputy Chairman, Planning Commission for convening the forty-eighth meeting

of the NDC to deliberate on some of the major issues concerning the country and also to finalise the Ninth Plan.

6.2 He said that the Ninth Five-Year Plan had a special significance as it had been launched in the Golden Jubilee Year of our independence. The achievements of these years, he pointed, had to be evaluated against our expectations. Despite notable successes in certain sectors, we were extremely backward in several areas like literacy, health, employment generation, etc. Even in sectors where we had achieved a measure of success, the fruits of success had not been distributed equitably. He observed that the brunt of poverty and adversity was being borne by women and children and their condition continued to be a cause of serious concern. Environmental degradation was also posing a serious threat to sustainable development.

6.3 In exploring the causes of this distressing scenario, he pointed that Government institutions and Local Bodies had not succeeded to the extent expected. He said that there was a failure in effectively harnessing the latent creativity of the people in formulating and implementing schemes for their development. Instead of becoming 'partners in development', the people, particularly the poor, have become 'passive beneficiaries'. He added that the excessive centralisation in planning and decision making had dampened the initiative of the people. Values and principles, which once formed the core of the Indian ethos and which were so forcefully reflected in the freedom movement had got deeply, eroded. He said that we needed to wage another freedom struggle and this time to liberate the people from morass and despair, restore the lost values and build an egalitarian society based on the principles of equity and sustainability.

6.4 The Chief Minister observed that the focus of the Ninth Five Year Plan on "growth with social justice and equality" was laudable. However, he pointed, allocations for agriculture and irrigation were coming down in the Plan and even for rural development there was a meagre increase. He said that while the allocations and spending on energy, industry, mining, transport and communications to attract private investment was a priority, as a part of the on-going economic reforms, there was a need to spend more money, especially on social services, agriculture, irrigation and rural development. He added that social mobilisation and participation of people at all levels and particularly empowerment of women and the disadvantaged would strengthen the implementation process.

6.5 He stated that Andhra Pradesh had unleashed this process by launching 'Janmabhoomi' programme in January, 1997, which was a people-centred development process aimed at achieving overall growth and improving the quality of life of every individual in the State, by enabling them to identify and priorities their felt needs sharing the cost of community works, executing community works through self help groups without any middlemen, reviewing and auditing the expenditure incurred, taking ownership of the assets created and managing their institutions. In the process, he added, the institution of Gram Sabha was being strengthened and the functioning of the Government at the village level was made accountable.

6.6 The Chief Minister said that constitutionally created institution of gram sabha has been further strengthened by holding quarterly meetings, providing opportunities for the people and the government functionaries to collectively make the exercise of identifying the felt needs of the people and preparing micro plans for economic development, harnessing the local natural and physical resources with active community participation. The functioning of government departments and institutions at the village level had been made more transparent and responsive. Access to

information on the functioning of government institutions and implementation of various developmental programmes and schemes had been guaranteed to the people. He said that so far nine rounds of Janmabhoomi had been held and Rs. 1,200 crore had been spent.

6.7 The Chief Minister observed that the participation of the stakeholders in planning, implementation and monitoring of any development programme was extremely critical for its success. The success of self-help groups in his state in the management and regeneration of natural resources, development of human resources and in employment generation had attracted national and international acclaim. The six self-help groups of Water Users' Associations, Watershed Development Committees, Vana Samrakshana Samithis, School Education Committees, Development of Women and Children in Rural areas and the Chief Minister's Empowerment of Youth had tapped the latent potentialities of the people and provided opportunities for the growth of grass root level leaderships.

6.8 The Chief Minister said that in Andhra Pradesh there were more than 10,200 Water Users Association organised in a three-tier structure - the Primary Water Users Association, the second one for distribution and the third one at the project level. These had been given the responsibility of management and maintenance of water supply with a one-time grant. Thereafter, the money raised through user charges was being distributed amongst them. He said that except head works, all other works were being handed over to such associations, which were farmers' bodies. 6.9 As regards the Watersheds Development Committees, he said that the State had constituted nearly 4,000 of them with an Action Plan for ten years covering 100 lakh hectares of land. The Vana Samrakshan Samithies in Andhra Pradesh were pursuing the concept of joint forest management. He said that there were nearly 40 lakh acres of degraded forest land that had been given to these Samithies at Rs.4000 per hectares over a period of three years for forest management. The Programme was to bring about an ecological balance, the environment was protected with the produce going to the people themselves, which benefited poor. He added that under DWACRA more than 50 per cent of societies in India were in Andhra Pradesh. The Programme for Empowerment of Youth was strengthening the self-employment opportunities for the youth in the State.

6.10 The Chief Minister stated that the grass root level people's institutions had to shoulder the responsibility of rural development, poverty alleviation and human development and these institutions had to be strengthened with adequate transfer of resources, responsibilities and functions. Such institutions provided the foundation on which local self-government could flourish.

6.11 The Chief Minister said that he was happy to inform that his State had released the draft 'Andhra Pradesh Vision 2020' document on 26th January, 1999, which articulated the development goals and aspirations to be achieved by the State over the next two decades. He said that the exercise was started over a year ago by constituting 14 Task Forces covering various facets of development comprising officers and subject matter experts and consultants. He added that ambitious goals like the growth in State's Economy by 9-10 per cent a year, on an average, average per capita income to increase nine times over a period of 25 years, with incomes for the poor growing much more rapidly and the population growth to be contained at less than 1 per cent a year and creating at least 18-20 million new jobs, had been targeted in the said document.

6.12 The Chief Minister said that they were trying to telescope into one generation what took decades and, possibly, centuries, for other societies and other States to achieve. This could be

attained because of new technologies in the field of information and communications, biotechnology, delivery of health services and education as also in a variety of other fields. Besides, learning from the experiences of others, it was possible for us to leapfrog over several stages of development.

6.13 On the issue of allocation of Central funds under Rural Poverty Alleviation Programmes, the Chief Minister said that the methodology recommended by the Expert Group for estimation of poverty ratio of states, was highly erroneous and distorted, particularly, in respect of Andhra Pradesh as the price index used under this methodology was significantly influenced by large food subsidy programme being implemented by the state government. He said that the state's entitlement based on poverty ratio could not be reduced on account of a programme financed by the public exchequer and that the poverty ratio of the state under this methodology was an under-estimate.

6.14 He pointed out that on his representation to correct the situation, the Planning Commission had simply recalculated the additional expenditure to be incurred if the rice supplied under PDS were, in fact, to be bought in the Open Market. They had added this additional expenditure to the household expenditure for determining the cut-off point. However, this was not in conformity with the estimation of poverty for other states under the Expert Group methodology. He suggested that the following should be considered.

- (i) Consumer Price Index Number for Agricultural Labourers (CPIAL) for rural areas and Consumer Price Index Number for Industrial Workers (CPIIW) for urban areas should be reworked taking into account the respective open market prices.
- (ii) Based on these revised indices, the general index should be re-estimated for rural and urban areas.
- (iii) The corresponding poverty line cut-off point should be determined on the basis of the above general index separately for rural and urban areas.

6.15 The Chief Minister added that the Planning Commission had frozen the population for devolution of funds under normal Central assistance with 1971 census as the base year.

A similar freezing was also called for devolution of funds under various anti-poverty programmes. Secondly, the performance of the states under various anti-poverty programmes should also be taken into consideration and better performing States should be given certain special incentives as was being done under Mukherji formula for devolution of central assistance. He said that it was, at the same time, interesting to note that the poverty ratio had increased in some of the states as per the Expert Group estimates, though those states have achieved higher rates of growth in the recent past. Such an iniquitous situation was also a matter of great concern that needed to be probed. He strongly recommend that the poverty ratio as per the Task Force methodology of 1987-88 should be frozen for considering the devolution of funds under various anti-poverty programmes. However, if the Expert Group estimates were to be used for this purpose, then the following steps should be taken.

- (i) The Expert Group Estimates of poverty ratio for 1993-94 for Andhra Pradesh should be reworked taking into account the open-market price of rice. The share of the State in the transfer of funds under Anti-Poverty Programmes, should be consequently recalculated in accordance with the revised poverty ratio.
- (ii) The recalculated relative share of Andhra Pradesh should be used in calculating the weighted average percentage share as per the Task Force Estimates of 1987-88 and the Expert Group Estimates of 1993-94 as suggested in the Agenda.

(iii) The weighted average, so worked out, should also be taken into consideration as the criteria for allocation of rice through the Targeted Public Distribution System.

6.16 He also observed that the financial responsibilities of the state governments had increased enormously over the years, and it was unfortunate that despite the decisions taken long back no action had been taken by the Government of India with regard to the devolution of 29% of the central tax revenue to the states, which should go up to 50% progressively.

6.17 On the issue of Centrally Sponsored Schemes, the Chief Minister reiterated his position that all these schemes should be abolished altogether. The full Central share of such schemes should be transferred to the states to implement the schemes and programmes, which were of priority and importance to the states. This would be in the true spirit of co-operative federalism. He added that in order to cushion the States against inflation and future needs of a growing economy, the devolution of resources should be related to earmarking a desirable level of percentage of G.D.P. for such transferred schemes which should in no case be less than the current percentage of G.D.P. spent on such schemes. He said that devolution of resources in future years should progressively increase towards the desirable percentage of G.D.P. and inter-se allocation to States may be done as per norms established by the Planning Commission from time to time.

6.18 On the issue of power reforms, the Chief Minister said that the State had chosen to go in for total reform and restructuring of the power sector. He informed the Council that the A.P. Electricity Reforms Bill 1998 was passed by the Legislature on 28-4-1998 and after obtaining the President's assent, the Act has been made effective from 1-2-1999. As part of the reform and restructuring process, two companies namely, the 'Transmission Corporation of Andhra Pradesh Limited' and 'A.P. Power Generation Corporation Limited' were created and incorporated under the Companies Act. Under a Transfer Scheme, the two companies have taken over the T & D activities and Generation activities respectively from the Andhra Pradesh State Electricity Board (APSEB) on 1-2-1999. He said that the reform could not be expected to yield miraculous and instantaneous results as transition was often painful and with attached costs. He added that his government had proposed to the Govt. of India and the concerned Central Public Sector undertakings for a suitable reschedulement of liability and for even distribution of the burden of transition costs over a longer period.

6.19 The Chief Minister said that his government whole-heartedly supported the recommendations and the move to provide speedy clearance of power projects under Single Window System either with the CEA or any other appropriate agency, which the Government of India may think fit. While supporting the initiative taken by Govt. of India for achieving the full potential of hydel power generation, particularly with regard to mobilisation of resources, the Chief Minister said that his government was against imposition of a Central levy for this purpose. He added that it was for the State Governments concerned to mobilise the necessary resources and that it was not an area warranting Central legislation as envisaged in the policy on Hydro Power Development. He also added that taking up of Hydro Electric Projects in the Central Sector or as a joint venture, pending settlement or without any reference to inter-state disputes, was not acceptable to his government. He further said that there was a need for a long-term fuel policy and that power stations should ordinarily be located either at pitheads or at port locations with imported fuel, as transmission of power was globally acknowledged to be more rational and economical than the transportation of fuel. To take advantage of economies of scale, he said, it was desirable to promote mega projects as was being planned by the Ministry of Power in the recent past.

6.20 On the issue of revision in the administered prices, the Chief Minister regretted that Govt. of India had unilaterally revised the Food Corporation of India (FCI) issue price of rice from Rs. 700 to Rs. 905 per quintal. This, he said, was imposing an additional burden on his state. He said that the argument that economic cost of rice should be recovered by upward revision of issue price, hides the fact that there was considerable scope for improving the efficiency of FCI. Further, the increase in price penalises only those states, which have embarked upon the policies of food security to all people in their respective areas. He requested that the price of rice be reduced to Rs. 7 per Kg. from the revised, rate of Rs. 9.05 per Kg. He added that it was essential to immediately implement decision taken in the Chief Ministers' Conference held in November, 1998 to set up a price monitoring cell in the Cabinet Secretariat, which would have access to and share data with states on cropping pattern, production, health of the crops and prices of the essential commodities in the country. He said that a similar cell has already been set up in his State. The Chief Minister drew attention to the experiment being done in Andhra Pradesh wherein by initiating farmer's bazars, the consumers had been brought in direct contact with the farmers to their mutual benefit.

6.21 On rural cooperative credit, the Chief Minister said that the issue had now assumed serious proportion. The revamping of the Cooperative Credit Structure had already been recognised by the Ministry of Agriculture and Cooperation as a significant issue, which needed to be addressed immediately. He suggested that a one-time assistance to cooperatives for cleansing the balance sheet and removal of imbalances was essential and a scheme amounting to Rs. 7000 crore, prepared by Ministry of Agriculture and Cooperation, Govt. of India, in this regard, should be quickly approved and implemented.

6.22 In his conclusion, the Chief Minister said that growth and development were possible provided peace, amity and communal harmony become the guiding principles for all. He said that it was their obligation to protect the secular traditions of the social fabric and strongly condemned religious fundamentalism trying to subvert the pluralistic society and democratic framework. The Chief Minister stated that the forum of the NDC should be used as a platform to condemn the dastardly acts of violence perpetrated recently against the minorities in certain parts of the country and to solemnly pledge to protect the secular framework of the polity. He said that it was necessary for a commitment to establish mechanisms to ensure that such ghastly incidents did not recur in the future. He then proposed a resolution for the consideration of the NDC.

"The National Development Council expresses its deep concern over the recent religious factionalism in some parts of the country. The shocking and disturbing trends have adversely affected the honour, prestige, moral stature and social credential of our country".

7.1 **Dr. Ashim Kumar Dasgupta**, Finance Minister of West Bengal, started by saying that a discussion on Ninth Plan would be meaningful only if it was possible to locate the financial resources for the Plan. He said that many states were in the midst of overdraft and unless something was done about it, the plan expenditure of the states would become very insignificant. He added that a major reason for the current state of finances was the additional burden on the state governments on account of decision of the Central Government to implement the pay revision of the government employees. The other problem he pointed out was that despite an agreement in the Inter-State Council, an additional devolution to the States of about Rs. 5,000 crore had not been put into effect.

7.2 The two suggestions he made included the phasing out of the interest burden mainly on loans to be repaid to the Centre, for a period of 13 months beginning 1.3.1999 and that this arrangement could be there for five years or so. The other suggestion put forth was a special ways

and means advance in terms of a loan from the Reserve Bank of India equal to half of the additional burden on account of pay revision for the State.

7.3 The Minister also suggested some modifications in the objectives outlined in the Ninth Five Year Plan Document and an alternative approach to reforms sans conditionalities of external loans and agreements. He said that the basic thrust should be placed on generation of adequate employment through sustainable increases in production in various sectors and that the required growth should be mentioned specifically for the domestic industry, large and also the small-sector, with proper positioning of public sector units and revival of potentially viable units. On the objective of price stability, he stated that it would be necessary to add the provision of public distribution system, with socially appropriate subsidies. Finally, in the statement of objectives, consistent with all other goals, he said that the need for decentralisation in the Centre-State relations should also be mentioned.

7.4 Elaborating further, he emphasised, an alternative approach to reforms in order to attain the objective of employment generation through productive growth in various sectors. He said that the essence of these reforms would always be in moving from a situation of less to more competition. In the market structure, this would mean creating conditions of more equal competition domestically in the spheres of agriculture, industry, etc. But, in situations of market failures or incompleteness, such as, several areas of infrastructure and social sectors, including education and health social action in some form was desired. This could be through decentralisation from the Centre to the States, and then from the State level to the districts and below, by involving, the local people through democratically elected Panchayats and municipalities. This participatory decentralisation would become the counterpart of competition in the context of planning.

7.5 Referring to the objective of Growth with Employment in the Ninth Plan Document, he pointed that a somewhat partial view had been taken of the concept of self-reliance, and rigid specifications had been made on the values of elasticity of employment generation with respect to output, domestic saving potential, and ICOR in the country.

7.6 He said that it would be possible to achieve a higher rate of growth of output and employment generation within the Ninth Plan vis-a-vis the stipulated target in the Draft Document, if alternative possibilities of reforms were accommodated in the approach.

7.7 Referring to the definition of self-reliance, primarily in terms of the need for export performance, so that higher import growth can be sustained, he suggested that an alternative, more comprehensive concept of self-reliance could emerge from the definition of economic reforms together with the objectives of food security and employment generation,

7.8 He added further that the essence of economic reforms, lies in moving from a less competitive to a more competitive situation, and if the present structure of international trade was dominated by global monopolistic interests, then for a vast country like India, moving towards a core of efficient domestic self-reliance, and then participating in external trade, would basically be moving towards a position of more bargaining power for the country, and therefore also moving from a position of less to more competition in the matrix of international trade. He said that for a vast country like India, it was logical to have an efficient self-reliance with a balanced participation in both imports and exports rather than have indiscriminate liberalisation. He emphasised the importance to identify the basic needs of the vast majority of people in terms of food grains, clothing, medicine, health care and to assess how much of these could be more cheaply and efficiently produced within the country, given its vast natural and human resources, and then take

a decision to participate in the trade in specific areas. He added that this alternative balanced approach would not only be more consistent with a proper concept of economic reforms but would also ensure food security and lead to more employment generation from domestic production.

7.9 Taking into account the objective of efficient self-reliance, he emphasised that the priority in the sphere of resource mobilisation should be one of moving from dependence on external loans to more reliance on domestic resources. He also raised the issue relating to accretion of black money and the need for its unearthing. He said that the addition to black money in the country by evading the Central taxes could be estimated, to be at least Rs. 1 lakh crore per year. He said even if a part of this black money could be unearthed it would go a long way in reducing the dependence on external loan and make available domestic resources for the much-needed infrastructure development and social sector programmes. There would also be higher domestic saving-GDP ratio to sustain an annual rate of growth higher than the stipulated 6.5 per cent with greater employment generation.

7.10 He suggested that with a collective political will if a comprehensive vigilance-based programme was adopted at the national level with the co-operation of the States, and built-in incentive was given for sharing the resulting additional revenue with the States, then a breakthrough could be achieved in domestic resource mobilisation which would also reduce the fiscal deficits of both the Centre and the States.

7.11 Referring to the performance relating to infrastructure, **Dr. Dasgupta** pointed that despite the relatively larger role given to the private sector investment in this sector, the inadequacies in infrastructure could not be taken care of. In fact, during the Eighth Plan period, actual performance in the sphere of irrigation, roads and power was not only far below the targets but was even significantly below the performance in the Seventh Plan period.

7.12 He further observed that the market failure and incompleteness in many spheres characterised by economic externalities, required a much more significant role to be assigned to the public sector, and the role of private sector could be combined with it in an innovative way. He called for an appropriate role for the Government sector in the sphere of infrastructure, as also in the provisioning of basic needs with adequate emphasis on resource mobilisation in the public sector.

7.13 In the industrial sphere, Dr. Dasgupta said that there was a need for moving towards a situation of more competition with an appropriate place for the small-scale industry and large industry. Adequate positioning of the small-scale units, forging, where necessary, linkage with the large units would reduce average cost of production, improve the competitive strength and increase employment elasticity of the industrial sector as a whole. Accordingly, the banking policy needed to be reoriented towards the small-scale sector. He further stated that adequate provisioning of credit to agriculture, with emphasis on small and marginal farmers, was required. The nationalised banking system also needed to be reoriented along with expansion of the cooperative banks and self-help groups.

7.14 He emphasised the need to introduce internal competitive forces within the structure of the public sector organisations' with accountability at each stage of management and operation. Regarding the potentially viable sick units, where significant assets and labour skills were already embedded, he suggested the need to examine each case separately, and make efforts to revive them with critical minimum investment, retraining facilities and induction of professional management. An appropriate blending of social direction and efficiency could also be made in

specific cases through formation of joint sector companies between the Government and the private sector.

7.15 In agriculture sector, the Minister emphasised the need to go for distributive land reforms along with an appropriate package of non-land inputs, including credit and marketing arrangements for attaining the objectives of growth and employment generation. This, he said, would raise purchasing power and savings of the vast majority of common people in rural areas in the entire country and this could provide the real domestic basis for sustainable industrial growth and expansion of capital market.

7.16 Regarding employment programme, he made a pointed reference to the lack of specification of targets etc., on land reforms which could have ensured productive employment generation in the surest possible way, and also made possible effective reduction in the percentage of population below poverty line. He strongly urged for a collective political will in favour of land reforms, and its inclusion, in the final version of the Ninth Plan with well-defined targets along with a system of monitoring for the remaining period of the Ninth Plan.

7.17 He also emphasised an appropriate social balance in land use and cropping pattern, between production of food grains and other commercial crops. Then, in the choice of technology relating to seeds, fertilisers, etc. an emphasis should be placed on improved technology, which could make efficient use of local resources, and bio-resources and labour. This, he said, would not only reduce ICOR and increase growth rate, but would also lead to more employment generation than stipulated in the Draft Document.

7.18 In order to protect the common people against ravages of inflation, he emphasised the need to have an appropriately subsidised system of public distribution for essential commodities, organised from the national level. It would act as a countervailing force against the quasi-monopolistic powers active in the trade sector, and help contain the price level by bringing in competitive forces.

7.19 In the context of the issues relating to Basic Minimum Needs, he said it was essential to specify targets to be achieved within the plan period and provisioning of the required funds from the Centre, in the form of transfer of funds to the States (and not in the form of Centrally Sponsored Schemes), with the provision of joint Centre-State review in an appropriate manner. He reported that West Bengal Government had decided to adopt with corresponding provisioning of funds the target of achieving within the Ninth Plan period 100 per cent coverage for drinking water, universalisation of primary education and higher norms relating to reduction in infant mortality and crude death rate.

7.20 He further said that the programmes on Basic Minimum Needs should not be at the expense of the employment programmes relating to wage-employment and self-employment. Along with these programmes on Basic Minimum Needs, there should be augmentation of these employment programmes in both rural and urban areas. There should be a simultaneous and convergent basis in the two programmes through the Panchayats and the municipalities in the local community and ensure the direct involvement of the local people. He mentioned that in West Bengal, such an integrated approach had already been adopted through decentralised planning.

7.21 In the sphere of public health, he stated that apart from the existing importance to primary health care, there was also a need to emphasise on preventive health care and its co-ordination with curative health care with appropriate decentralised development of institutional facilities.

7.22 In the sphere of education, along with the targets on literacy and elementary education, he stated that there would have to be consequential expansion of educational facilities at secondary

and higher secondary school levels with special emphasis on vocational education from the secondary school level and setting up of community polytechnics and technical institutes in adequate number to match the stipulated targets of growth and employment generation. In higher education, along with necessary expansion, he said that attention should be constantly given to improving the quality of education.

7.23 In addressing the issues relating to women and socially disadvantaged groups, he said that priority should be placed in terms of empowerment of land (distribution of vested land with priority to Scheduled Castes and Scheduled Tribes and for joint Pattas as attempted in West Bengal), education, training facilities and access to credit and employment programmes. It was then necessary to fix targets on these issues, and monitor at appropriate level, the sector-wise performance on a regular basis.

7.24 He also emphasised the need for consideration of a strategy of decentralised urban development planning in tune with the sectoral growth impulses within each State. Urban planning should not be restricted to provisioning of infrastructure only, but should also include planning for production and employment generation activities, with preparation and implementation of corresponding land-use plans. In all the aspects of urban planning, the local people should be involved through the elected municipalities.

7.25 Expressing his concern on environmental issues, he stated that the latter should be an integral part of all major development activities in every sector, as a part of overall District level and State level plans. In formulating and implementing such integrated plans concerning environmental issues, local people would also be closely involved, since they would be the beneficiaries.

7.26 He also urged that in formulating the objective of reduction in regional disparity, indicators should be concretely identified in terms of indices of physical and social infrastructure, credit-deposit ratios of nationalised banks, credit disbursement of all-India financial institutions, Central investment, particularly in the spheres of railways, national highways, ports and important national projects. Over the Ninth Plan period, it should be possible to adopt a target relating to narrowing down of inter-regional gaps measured in terms of such indicators, and adopt policies from the national level accordingly, with periodic reviews involving the concerned regions.

7.27 Referring to the decentralisation in the Centre-State relations, he said that States' due claim to the increased share of devolution from the combined pool of Central taxes to at least 33 1/3 rd per cent had been denied. The sharing of 29 per cent of the pool, as per the Alternative Scheme of Devolution, had also been delayed. Moreover, a severe assault had been made by the Centre on the small-savings-based resource of the States by unilaterally reducing the interest rates on small savings schemes by amounts more than what was recommended by the 'Gupta Committee'. He added that all the States had asked for a reversal of this decision and it was important that a positive decision was taken in favour of the States on these issues, in view of actual availability of resources for plan expenditure by the States.

7.28 In addition, he pointed out that there were long-pending issues for West Bengal, such as payment of coal royalty at the revised rate, particularly after reduction of coal cess rate by the State.

7.29 The Minister observed that decentralisation was necessary not only from the Centre to the States but also from the State to the level of districts and below. It was important to choose carefully the appropriate tier of the Government relevant for different types of schemes, and combine the Government actions with efforts of the local people. He further said that many of these schemes

were districts (and below)-level schemes where the local Government would be the appropriate tier of the Government, and it would then be necessary to involve the local people through Panchayats and municipalities. He pointed out that these attempts at appropriate decentralisation and accountability would bring about a reduction in average cost of construction and maintenance as also reduction in the delivery cost of service. A systematic adoption of these efforts, he said, may eventually, lead to an effective reduction in the overall incremental capital output ratio which could then sustain a higher growth rate.

7.30 Regarding the Report of the NDC Committee on Power, he stated that the West Bengal Government had initiated a number of steps to implement the recommendations. Some of the steps that had already been initiated include:

- (i) Conversion of the loan capital of West Bengal to WBSEB into equity in stages together with waiver of interest component.
- (ii) Formation of the State Electricity Regulatory Commission.
- (iii) All thermal generating stations to be brought under the West Bengal Power Development Corporation.
- (iv) The proposal for the formation of a State Hydro-Power Corporation was under consideration.
- (v) Formation of Rural Energy Development Corporation
- (vi) Energy Audit.
- (vii) Judicious use of renewable sources of energy

7.31 Addressing the issues related to the revision in administered prices of PDS commodities, he stated that a sizeable percentage under the APL belonged to lower income groups, and it was important to protect them from ravages of inflation. He strongly urged reduction by at least half of the administered price-hike for food grains for the APL and provision for the BPL at the scale of at least 20 Kg. per family per month. Similarly, he desired that the price-hike relating to sugar, LPG and urea should also be reduced by at least half in the interest of the common consumers and farmers. He also suggested that if the decision of these price-hikes were taken to reduce the fiscal deficit in the Central Budget, the same could certainly be achieved by unearthing even a fraction of 'black money'. That would be more anti-inflationary, and involve not passing the burden on to the poorer sections.

7.32 Regarding the criteria for allocation of funds under Rural Poverty Alleviation Programmes, he strongly suggested sticking to the formula based on Expert Group Estimates of poverty in 1993-94. Alternatively, he said that the time-tested Gadgil Formula could be considered for determining inter-State allocation for anti-poverty programmes.

7.33 He also reiterated his agreement in principle to the agenda on transfer of Centrally Sponsored Schemes with certain modifications. Regarding the schemes mentioned in Annexure-I, he said, the schemes on Integrated Child Development Services (ICDS) and Integrated Development of Small and Medium Towns (IDSMT), because of their being intrinsically related to State subject matters, be placed along the schemes under Annexure-III and be transferred to the States with funds and necessary earmarking. He added that the schemes mentioned under Annexure-II could be transferred to the States with funds and modified Gadgil Formula could be used only for distribution of funds among the States. But the form of transfer of funds should be in terms of grants only. He

added that there should be an annual growth of these funds at a rate equalling the average of the annual growth rates for the past three years.

7.34 The guidelines for these schemes should be of general nature with flexibility given to the States regarding the choice of priority suiting local characteristics. He suggested that there may be periodic Centre-State joint review and a growth of fund flow at a rate equalling the average growth rates of the past three years. These funds should be regarded as additionality to the States, and should not be deducted from any other provision of funds from the Centre. Finally, he said that even if the funds were earmarked for Panchayats and municipalities, these should be routed through the States with appropriate earmarking, if necessary.

Arunachal Pradesh

8.1 **Shri Mukut Mithi**, Chief Minister of Arunachal Pradesh was represented by the Finance Minister of the State Shri Wanglat Lowangcha. Referring to the development priorities of the regions, the Minister stated that the people-oriented development works had taken a back seat, leaving the people of Arunachal Pradesh far behind the rest of the country. He said that development planning in the State had largely been subservient to the administrative needs rather than generating an articulate and vibrant economic activity for the people. He drew attention to the dismal infrastructure availability and stated that the separate industrial policy, promised for the region by the then Prime Minister **Shri H.D. Deve Gowda** was yet to be implemented.

8.2 Since two decades, he pointed out that the State was facing stagnation in production, severe fund crunch and insurgency. He stated that the poor growth in the State, in particular, and North East in general had to be addressed. He referred to the problem of acute unemployment and said that the percentage of placement out of national live registers for employment in North East was less than one percent.

8.3 He said that industrial performance, was in shambles, although the region had vast tapped and untapped natural resources. He pointed that the geographical isolation from the rest of the country could be more than compensated by the proximity to the South East Asian market. The region could grow with South East Asian countries by opening up trade and commerce opportunities using the silk routes, provided the national planners were seriously interested in rejuvenating the economic health of the North Eastern States in general and Arunachal Pradesh, in particular. The Minister observed that the package of Rs. 6,100 crore announced by the Prime Minister for the region was yet to be implemented. He emphasised that the growth via industrial development could be facilitated if the main thrust of the Central Government is on financially supporting the infrastructure development in the region.

8.4 Focussing on the prevention of ecological degradation, he said that in the guise of development and industrialisation, ecology degradation has continued in the rest of the country, however, the North-East States were being penalised. He suggested that the timber-based industrialisation in the State should be activated in a planned manner. .

8.5 He pointed out that the State was yet to gear up for free market economy with sustainable market management. Infrastructure being the main bottleneck, the State had not been able to lure private investment that could initiate meaningful fiscal measures to mobilise its resources to support economic development. Under these circumstances, he pointed out that there was a justification for continuing additional support from the Union Government for some more years. He pointed out that the recommendations of the Shukla Commission that examined various facets of development

backlogs in respect of Basic Minimum Services and gaps in infrastructure in the North-East were yet to be implemented. The additional fund which was proposed to be accommodated in the plan proposal through the mechanism of a special pool created for North East Region in the Union Budget was yet to be provided. Referring to the legacy of financial mismanagement, he said that for the last three years, the State Government had been opening its account with the Reserve Bank of India, with a massive negative balance and overdraft. The State Government continued to be in a debt trap as the non-developmental expenditure had increased tremendously over the years without any corresponding creation of productive assets. He requested the Central Government to help the State to tide over the present difficulty.

8.6 He also focussed on the need to streamline the North East Council as this institution had not been able to achieve the objectives that were outlined at the time of its creation due to want of funds. He said that in the field of development the Council's Inactivities should proceed along a clear operational plan, to be approved by the members of the Council. He also said that the Council should meet from time to time, primarily, to review the progress and remove bottlenecks, if any, in implementing the Schemes.

8.7 He urged the Union Government to give assent to the Panchayati Raj Act passed by the Arunachal Pradesh Assembly so that people's participation in the grass-root levels of governance could be facilitated.

8.8 He averred with the issues and aspects mentioned in the Ninth Plan Document about the strategies and precautions to be taken in starting the development process. He further pointed out that the thrust of economic development should be sustainable management of human and natural resources available in the State. He urged the Union Government to expedite the setting up of the Institute of Bio-Diversity and an early clearance of the projects submitted for World Bank assistance with appropriate tie-ups.

8.9 In the area of agriculture and allied activities, he emphasised on the need to encourage the use of appropriate technologies, to upgrade the traditional productive system on a priority basis. He also referred to the possibility of increasing horticulture production by more than 25% by the end of the Ninth Plan, if the appropriate technologies were adopted and marketing support provided to the farmers. Cash crop was another avenue wherein the State of Arunachal Pradesh could benefit many fold if proper organisation and availability of funds were ensured.

8,10 He further emphasised that for the backward and insurgency infested areas the State Government had an ambitious plan to create special projects, for instance, the cooperative tea plantation on the model of Tamil Nadu was under consideration. Special assistance from the Government of India to the tune of Rs. 200 crore for the remaining part of the Ninth Five Year Plan for such a project could help in bringing lasting peace to Tirap, Changlang and Lohit Districts. In this regard, he said Planning Commission could extend help.

8.11 Since the State was facing financial hardship, he urged that the Government of India could facilitate the exploitation and harnessing of the existing hydro-electric potential for the economic benefit of the people through early clearances of proposals pending with the Ministry of Environment and Forest. He further suggested that it would also be an added advantage if Government of India could stand as a guarantor to private foreign investors as and when such proposals were submitted. The Power Grid Corporation could also take up appropriate mechanism to transfer the power for sale to the rest of the country. The implementation of these projects would not only generate

revenue for the State but also help Assam as it would control floods that destroyed more than Rs. 500 to 600 crore worth of property in the Brahmaputra valley every year.

8.12 He earnestly urged the Central Government to takeover the State University at Doimukh and convert it to a Central University as the State Government was finding it difficult to finance the present institution because of limited resources.

8.13 On the issue of the transfer of Centrally Sponsored Schemes, he requested that in so far as Special Category States were concerned, all the Centrally Sponsored Schemes should be fully funded by the Union Government.

Assam

9.1 **Shri Prafulla Kumar Mahanta**, Chief Minister of Assam dwelt upon the objectives of the Ninth Five Year Plan and expressed his happiness in noting that in the face of changing economic environment, both at the global and national level, some changes in the targets and strategy for the Ninth Plan had become necessary, but the basic objective and approach of the plan had been retained. He observed that the process of globalisation was sweeping the entire world. Every country and every region of the world was more and more dependent on and inter-related with each other now than ever before. He added that some destabilising and worrisome aspects of the globalisation process had already manifested themselves with varying degrees of virulence in various parts of the world, however, the process of globalisation was irreversible, largely due to information technology and communication revolutions. In this context, he said that the Ninth Plan assumes great importance for the future of the Indian economy. The national economic policy had to be harmonised with the globalisation process, avoiding at the same time the policy errors that some of the East Asian countries made.

9.2 He emphasised that the infrastructure deficiencies must be removed through the efforts of the Government, supplemented by the private sector and foreign direct investment if India had to become a dominant economic power in the world. In the area of soft infrastructure, such as public administration, labour market practices, efficient adjudicating mechanism and financial markets, Government had to play the role of the benign facilitator much more efficiently than at present. He hoped that the implementation of the Ninth Five Year Plan would focus on these issues and realise the latent potential of vast natural resources and manpower of the country.

9.3 Elaborating further the infrastructure scenario, the Chief Minister said that the North East remained far behind the rest of the country and insurgency thrived on the economic backwardness and unemployment. He said that it was imperative to reverse this process and the recommendations of the Shukla Commission needed to be implemented. He suggested that the North Eastern Region needed a special and comprehensive, time-bound infrastructure development and Basic Minimum Services Programme.

9.4 He requested the Union Government to provide adequate financial support to the State Government to meet the financial liability that would result from giving pay parity to the State Government employees with their central counterparts as also from the implementation of UGC Pay Scales.

9.5 The Chief Minister was of the view that in order to make the financial position of the State healthier all central tax revenues should be shared as recommended by Tenth Finance Commission in its alternative scheme of devolution. He demanded that at least 50 per cent of the total central tax revenues should be devolved to the States.

9.6 He appreciated the fact that the draft Ninth Five Year Plan Document had taken note of balanced regional development with special emphasis on the development of the North East. He was of the view that balanced regional development was extremely important for the integrity and general economic development of the country as vast as ours. The identification of appropriate projects and adequate investments in this regard were imperative for its actualisation.

9.7 He referred to a few points with particular reference to Assam and the other Special Category States:

- (i) The deficit on revenue account or negative balance of current revenues of Special Category States should be met either through non-Plan grants recommended by the Finance Commission or through Central Plan assistance as per the practice prevailing till 1988-89;
- (ii) The assessment of the Shukla Commission with respect to fund requirement for investment in infrastructure and BMS should be provided through State's Annual Plan. The State's Plan size should be determined by its developmental needs and not by its resource position;
- (iii) Requirement for maintenance expenditure should be determined on the basis of the norms formulated for this purpose rather than on the basis of actual expenditure incurred. Also, adequate provision for the committed liabilities of the completed Plan schemes should be made under non-Plan which, because of the State's resource constraint, has not been possible;
- (iv) In case of Assam, debt relief should be given in respect of outstanding central loans availed prior to 1.4.90 on the basis of 90:10 pattern of plan financing. Central loan assistance for Brahmaputra Flood Control may be converted into grants and outstanding amounts thereof should be fully written off;
- (v) Royalty on crude oil should be fixed on the basis of import parity price and should be raised to Rs. 1204 per tonne on the basis of this principle;
- (vi) Adequate and timely release of fund for the projects/schemes covered under Prime Minister's new initiatives for the North East should be ensured;
- (vii) Government of India had already announced a new package of incentives for the industries located in the North East. But it has remained inoperative because the necessary notifications were yet to be issued. He requested the Prime Minister and the Minister of Industry, to issue orders for expeditious issuance of the notifications;
- (viii) The validity of the transport subsidy scheme may be extended at least upto 31st March, 2007 to help industries located in the North Eastern Region; and
- (ix) As an additional boost for industrialisation of the North Eastern Region, the growth centres and IIDS may be declared as total tax free zones for the next ten years.

9.8 The Chief Minister also desired the upgradation of Lokpriya Gopi Nath Bordoloi Airport to an international one. He was of the view that it should be made regional hub with direct flight connection to the neighbouring SAARC and ASEAN regions.

9.9 The Chief Minister agreed with the recommendations of the report of the National Development Council Committee on Power. He said that the improvement in the financial health and operational

efficiency of the State Electricity Board and the required reform in the power sector were on the anvil. Referring to the revision in the administered prices of rice, wheat, sugar, LPG and Urea, he strongly felt that irrespective of the compulsion, the Government had a responsibility to provide the basic necessities to the people living below the poverty line at reasonable prices and if necessary, through the mechanism of subsidy. Similarly, the farmers should be provided with basic inputs like Urea at reasonable price, again, if necessary, through the mechanism of subsidy.

9.10 Regarding criteria for allocation of funds by the Union Government to the State for major poverty alleviation programmes, he said that a rural infrastructure deficiency index may be devised and used, with due weightage, in addition to percentage of people below the poverty line. In the context of his State, he further added that due to the State Government's inability to contribute its matching share against various schemes, the releases from Government of India had been reduced proportionately, based on the funding pattern of each programme. As a result, the people living below the poverty line had been deprived of substantial central funds that would have otherwise gone to improve their economic condition. He admitted that it was the State Government's difficult financial position which was primarily responsible for this. The allocations under Rural Poverty Alleviation Programmes could be made irrespective of the extent of the State's contribution. If this suggestion was not acceptable, he suggested an alternative wherein all major Poverty Alleviation Programmes for the special category States should be funded on 90:10 ratio between the Centre and the State. This would be in conformity with the reality of the financial situation of the State Government and the ground reality of the economic condition of the people living below the poverty line.

9.11 Regarding transfer of Centrally Sponsored Schemes, he had no objection to retain certain important schemes as listed in category-I as Centrally Sponsored Schemes. Regarding schemes in category-II, he observed that the schemes should be transferred with full funding, annualised into the future to neutralise price rises. Such transfer of resources should be treated as an additionality to the State Plan. Regarding schemes at category-III and IV, he expressed no objection except that the more important schemes, among them be continued because such schemes could face fund constraints if the State failed to accommodate the schemes adequately in their Plan. In this context, he mentioned about the Rhino Conservation Schemes. He observed that in view of the importance of Kaziranga National Park in the sphere of Wild Life, Tourism and preservation of Bio-Reserves, this scheme should be reinstated as a 100% Centrally Sponsored Scheme.

9.12 Referring to the Tea industry in Assam, he observed that the most effective way of protecting the interest of the consumers would be to increase the production of tea rather than by allowing unrestricted import from outside. He suggested that all aspects of the matter should be examined in detail before taking a final decision as it could have far reaching consequences for a traditionally competitive industry like tea.

9.13 Concluding his address, he reiterated his firm commitment to the Objectives of the Ninth Plan and hoped that their special problems and suggestions would receive sympathetic consideration of the National Development Council.

Tripura

10.1 **Shri Manik Sarkar**, Chief Minister of Tripura insisted that the NDC should explore the reasons for the failures in the past and should come up with a more effective strategy so that the expectations of the people were not belied any more.

10.2 He said that the basic objective of the Plan ought to be improvement in the general standard of living of the common people, especially of the disadvantaged sections like the SC, ST, OBC, Minorities, Women etc., alleviation of poverty and provision of employment. He emphasised that the Plan should be employment-oriented; and also there had to be a definite time frame for solving the problem of poverty. In this regard, he pointed out that the land reforms should be one of the priority areas in the Ninth Plan Document and the eradication of illiteracy and development of minimum health facilities were necessary for the development of human resource. He referred to the balanced regional development and removal of inter-regional as well as intra-regional imbalances. He said that even after 50 years of independence, the level of economic development of the north-eastern region continued to remain well below the national level and benefits of economic development had not accrued in the same manner as in the rest of the country. He said that the North Eastern Council was set up in 1972 with the objective of balanced regional development of the north east, however none of the state capitals in the region had a rail link with the sole exception of Guwahati. He observed that the air services provided the main link for the North Eastern Region with the rest of the country. These services were expensive for the people of the region but essential. Unfortunately the number of flights in the region were grossly inadequate. The standard of National Highways, particularly, NH 44 was not comparable to the national highways elsewhere in the country. Natural resources like petroleum and gas were not properly exploited. Despite an excellent potential for hydel power generation, the region was still dependent on other regions for power.

10.3 Further, he focussed attention on the growing unemployment and the associated insurgency in the region. He said that the Tripura's insurgency problem was also rooted in the ethnic mix of its population and the historical changes that had taken place in the ethnic mix. The tribals were reduced to a minority after partition and were the poorest in the country. Even the non-tribals were economically backward. He emphasised on the socio-economic development of the region and routing of the misguided youth into the mainstream for national integration. He emphasised that the success depended on Central Government's attitude and help.

10.4 The Chief Minister also referred to the big gap in infrastructure. He disapproved of the excessive emphasis on private sector participation as private investment was almost non-existent in the north-eastern region. He, therefore, emphasised a massive investment by Central Government. He referred to the fact that no additionality for Basic Minimum Services (BMS) had been released by the Central Government under the aegis of Shukla Commission. He said that the non-lapsable Central pool of resources, created recently, was far from adequate. The Chief Minister urged that unless large investments were made for infrastructural development in the Ninth Plan, the north-eastern region would continue to lag behind the other regions of the country.

10.5 He made a pointed reference to socio-economic instability, the security environment and the administrative compulsions peculiar to the north-eastern region. In view of the low level of investment in the past, Tripura was primarily agrarian with inadequate infrastructure, stagnating trade activities, and narrow tax base, with extremely limited capabilities of increasing internal resources. On the other hand, there were ever increasing additional liabilities on account of establishment charges and transfer of plan schemes to the non-plan side. The situation had worsened after implementation of the recommendations of the Pay Commission by the Central Government. In view of their limited potential for resource mobilisation, the Chief Minister said that the Central Government would have to provide the additionality on account of pay revision to the State Government.

10.6 He further suggested that the Central Government could raise additional resources by unearthing black money and progressive taxation so that the burden was not felt by the poor. He emphasised the need for an austerity drive and greater emphasis on eliminating non-essential expenditure. He further said that the dependence on imports needed to be reduced and exports increased so as to make foreign trade favourable to the country.

10.7 The Chief Minister desired that the Central Plan Assistance for Special Category States should be provided as 100% grant and the demand for setting apart at least 40% of Central Plan Assistance for Special Category States should be met without delay.

10.8 He said that in Tripura, interest payments constituted 12.77% and debt servicing 16.12% of the total non-plan expenditure and the State Government was not in a position to discharge debt obligations of this magnitude. The Minister emphasised that the Central Government should immediately consider waiving at least the interest burden to enable the State to find resources for developmental activities.

10.9 Referring to the criterion of allocation of funds under major rural poverty alleviation programmes, he pointed out that a poverty percentage of 45.01% (accepted for Assam and extended to all the North-Eastern States) for Tripura was unjustified as the State had much higher incidence of poverty. The Chief Minister stated that as per the policy already accepted by the Central Government 10% of all developmental funds must be allocated to the north-east.

10.10 The Chief Minister emphasised the need to exploit the proximity to South East Asia and the long international border with Bangladesh. He said that the talks for getting trade and transit routes for Tripura through Bangladesh needed to be continued more vigorously as this would not only help Tripura but the entire north-east region and the entire country and the export policy for the north east which was included in the 10.11 Regarding the new industrial Policy announced for the North East in December, 1997, he said that the follow up action by the Ministry of Finance and other concerned Ministries was still awaited.

10.12 He pointed out that the relaxations in Prime Minister's Rozgar Yojana (PMRY) norms were far from satisfactory, particularly, the relaxation in age limit given to all categories in the north east had not been taken into account in the latest guidelines. The upper age limit needed to be fixed, at least at 45, for all categories in the north east. Keeping in view the problem of unemployment in the North East, the Chief Minister said that there was a need for increasing the coverage under the PMRY or introduce a special programme with emphasis on self-employment and in this context the recommendations of Boparai Committee needed to be implemented on priority.

10.13 Turning to the resources of the State, he emphasised that the exploration efforts for natural gas needed to be intensified by the ONGC or other agencies, domestic or foreign. The Chief Minister also said that the review of the forest policy was also a long felt need as 60% of the land in Tripura was categorised as forest land. He emphasised that unless developmental schemes for these jhumias and primitive groups which constituted of the State's population, were permitted on forest land, poverty could never be removed from the State. Referring to the Shukla Commission which had recommended inclusion of "rubber" and "tea" as forest species, he said that the policy for use of forest land should be suitably modified so that natural rubber and tea could be raised on forest land for rehabilitation of tribals.

10.14 He pointed out that Special projects needed to be taken up for the integrated development of the tribal areas and the Autonomous District Council established under the VI Schedule needed to be given greater powers, through constitutional amendment.

10.15 He observed that the effectiveness of Panchayati Raj Bodies was constrained by inadequate devolution of resources. He suggested that additional Central assistance be provided for assisting and empowering these bodies, routed through the State Government, which would also be responsible for monitoring the progress.

10.16 Regarding the increase in the Central Issue Price of essential commodities, as well as urea and LPG, the Chief Minister said that the Central Government needed to reconsider its decision in this regard at least in respect of the backward States/regions and the public Distribution System needed to be strengthened by distributing more essential items through PDS. He also emphasised that the Essential Commodities Act was required to be made more stringent.

10.17 He favoured continuation of the Centrally Sponsored Schemes. Taking the local factors into account, he said that some of the schemes, which need to be implemented could be transferred to the States, with the resources, along with an in-built provision to neutralise inflation in the years to come.

10.18 Referring to the widening regional disparities in the context of economic liberalisation and the negligible foreign investment in the entire north eastern region, he emphasised the role of Central Government in developing the infrastructure in the north east.

10.19 Concluding his speech, he mentioned that the National Development Council had to play a more active role in the planned development of the country and the Council should not only finalise the Plan but take up periodic review of the implementation of the Plan. He said that this would be more effective if carried out region-wise. He also emphasised that the NDC ought to become a lively and living body for periodic discussions and taking decisions on important issues affecting the economic well being of the country.

Bihar

11.1 **Shri S.S. Bhandari**, Governor of Bihar highlighted the need for containing the economic disparities and adoption of special policy for the states with special problems. He emphasised the fact that despite the earlier liberalisation policy of the Union Government, there was no industrial development in Bihar and the capital investments were forthcoming only in the prosperous states. This was in spite of the abundance of mineral resources, fertile land, adequate water and abundance of human resources in Bihar. The growth of economic, social and physical infrastructure in the State was also much less in comparison to the national average. He stated that the National Development Council needs to deliberate on this grave problem of mobilising adequate resources for the weaker and backward states like Bihar.

11.2 He also suggested, that National Development Council could study the causes, responsible for the slow pace of the social and economic development of Bihar and prepare a multilateral outline for the alleviation of poverty in the next 10-15 years so that development of the states like Bihar could be brought to the level of the national average. He also stated that the Gadgil Formula should also accord special priority to such states which were backward in basic infrastructure and socio-economic development.

11.3 Regarding the large spread of poverty in Bihar, he said that provision of new opportunities of employment, protection to the downtrodden and weaker sections of the society, increasing

agricultural productivity and ensuring implementation of development programmes of human resources should be given importance. He emphasised the need to develop the methods of protecting the environment and degeneration of land and water resources.

11.4 The Governor also stated that the priority of the projects related to poverty eradication had to be fixed in such a way that more employment/self employment could be provided. For this, 60% of the Plan outlay need be earmarked for targeting the accelerated growth of the rural areas.

11.5 He requested the need to evolve the rural society and rural economics, favourable to Indian context and direct a process of rural reconstruction so that the process of rehabilitation could be completed expeditiously. He emphasised that the burden of national development should not be on the poor states.

11.6 Further, he referred to North Bihar which was flood-affected by the rivers originating in Nepal and the solution for it had to be sought at an international level. A consolidated policy would have to be evolved for all-round development of North Bihar.

11.7 He also drew attention to the acute shortage of highways, construction of bridges and strengthening of damaged ways and emphasised on Centre's participation in these areas as the State had limited resources.

11.8 Referring to the public sector participation in coal quarrying, he emphasised the need to determine the question of royalty and the need to formulate a national policy for the rehabilitation of the displaced persons.

11.9 For the Centrally Sponsored Schemes and Central plans, he observed that policy would have to be determined in such a way that State Governments could accord their own priorities and ensure resource availability and implementation. There was a need for improvement in the amount received by the states for the central plans so that need based amount could be released by the centre in a timely manner for the realisation of the set targets. He emphasised that the Centre's participation in the Centrally Sponsored Schemes should be at least 80 per cent. He also pointed out that co-operative system was already weak and in these circumstances Narsimhan Committee's recommendations regarding banking reforms would adversely affect the development of agriculture in states like Bihar. Due to pending cases in the Supreme Court, he pointed out that election to the Panchayats and Municipal Committees could not be held.

11.10 He further said that the development pace needed to be accelerated for the fulfillment of minimum needs in a manner that all areas and sectors could have the required benefits and after providing special facilities and resources, the areas below the national average could be brought to the national level.

11.11 He also pointed out that States like Bihar should be provided with resources for the Minimum Needs, agriculture and rural development programmes and projects of physical infrastructure development.

11.12 In conclusion, he hoped that this meeting would pave the way for balanced development and people would get the desired benefits.

Tamil Nadu

12.1 **Dr. M. Karunanidhi**, Chief Minister of Tamil Nadu was represented by Thiru Pasumpon Tha Kiruttinan, the Minister for Highways. The Minister stated that the Tamil Nadu Government

was firmly committed to achieve accelerated economic growth and improve the living standards, as envisaged in the Ninth Plan Document. He stated that Tamil Nadu had also taken several initiatives to harness the Information Technology potential for the development of the State. He assured that Tamil Nadu would strive hard and contribute its best towards the realisation of the goal of India emerging as Information Technology Superpower within the next ten years.

12.2 Referring to the infrastructure scenario, he pointed out that the Sethusamudram Canal Project had not figured in the Ninth Plan Document. He emphasised that the project should be taken up immediately and completed expeditiously in 3 to 4 years' time frame. He hoped that the Government of India would take note of the State's concern and include it in the Ninth Plan. He stated that in the wake of rapid industrialisation a new major international airport had been proposed to be set up at Chennai taking into consideration the increasing international air passenger traffic into Tamil Nadu. The Tamil Nadu Industrial Development Corporation was also taking the requisite action in this regard. He explained that it would be executed on Build-Own-Operate-Transfer format in conformity with the policy guidelines of the Department of Civil Aviation, Government of India. The proposed facility, he said, had also taken into account the imperative need for augmenting the capacity so as to meet the requirements of international air traffic upto the year 2020. The High Level Committee constituted by the Government of India was also examining the issues related to this proposal. He requested the Government of India for expeditious clearance in this regard.

12.3 He urged the Government of India to extend the jurisdiction of Mahanagar Telephone Nigam Limited to cover Chennai keeping in view the need to meet the rapid growth in demand and to improve the quality of service.

12.4 Regarding the power sector, he welcomed the initiatives of the Centre and the proposal to set up the Mega Power Projects at Cheyyur and Cuddalore. However, he requested the Prime Minister that the Mega Project proposal should not be linked with the privatisation of distribution system. He desired that the States should consider each proposal on its own merit. He also pressed for expeditious action to augment the transmission capacity between Cuddappah and Sriperumpudhur so that the additional power requirements of Tamil Nadu could be met from the surplus available in the eastern grid. He emphasised that the interests of the lower riparian States should be protected while harnessing inter-state rivers.

12.5 Referring to Cooperative Federalism and the provisions delineated therein in the Ninth Plan Document, he placed a number of issues before the National Development Council for decision. On the question of distribution of Central assistance to the States, he observed that if the 2001 census figures were to be taken as the basis, Tamil Nadu would lose quite a few parliamentary seats and this would amount to penalising the progressive population policy adopted by the State. He stated that the 1971 census should form the basis for all such criteria in future. He also conveyed that his State had given suggestions for evolving a suitable criteria for the performance indicators to be included for computing Central assistance. The Minister also reiterated his request to consider the suggestion for enhancement of the grant component of the Central assistance to 50%.

12.6 Referring to the issue of transfer of Centrally Sponsored Schemes, he requested the Planning Commission to consider the elaborate views expressed by his Government. On the fundamental issue of the future role of Centrally Sponsored Schemes, his Government had already indicated that if these Schemes were meant to serve certain goals of national importance - employment generation and provision of basic minimum services, then the goals and the resources to be devoted to them must be decided after discussion with the States. These should be based on

a consensus at the National Development Council and then schemes could be re-designated as National Programmes.

12.7 Referring to the formula for allocating funds for the major rural poverty alleviation programmes, the Chief Minister also appreciated that the State's representation to the Prime Minister for its correction was considered, partly. He pleaded for restoring the earlier share of 7.062% as against the existing revised weighted average share worked out by the Planning Commission for the State and the same should be continued for a decade.

12.8 Referring to the issue of increase in administered prices, he observed that the Central Government had withdrawn the increase in prices for the quantity allotted to the people below poverty line after many State Governments, including the Government of Tamil Nadu, had voiced their protests. He said that the impressive improvement in the socio-economic development indicators of the State was a result of a consistent policy and sustained efforts to meet the basic minimum needs of the people. The State Government had made huge financial commitments in running an efficient Public distribution System and other programmes pioneered by the State such as Nutrition Noon Meal Schemes, as a part of the overall development strategy. He requested the Central Government to reconsider the increase in the administered prices, particularly that of rice, in the true spirit of co-operative federalism. He said that it was appropriate that the Centre evolved a mechanism for consultation with the States on a sensitive issue such as the revision of prices of essential items.

12.9 He further emphasised that the State looked forward to adequate support from the Central Government to realise the growth objective. He appealed to the Centre that the marginal downsizing of the Ninth Plan by the Centre should in no way result in a drop in the Plan assistance from the Centre to the States.

12.10 Concluding his address, he assured the co-operation of his Government in realising the growth objectives and the task of taking the country forward into the next millennium.

Delhi

13.1 **Smt. Sheila Dikshit**, Chief Minister of Delhi, observed that Delhi being the capital of the country required a high standard of civic amenities, keeping in view the burgeoning population and constant migration from neighbouring States. She stated that even after 14 years of the conception of National Capital Region (NCR) and planning under the NCR Act having come into force, nothing concrete had been achieved in developing it. There is no correlation between the development needs and the allocation of funds to this region. The low allocation did not indicate the seriousness that was called for developing this region. She requested for the implementation of the NCR plan, which offered an opportunity to implement the concept of cooperative federalism by the Centre, Delhi and the neighbouring States, with greater vigour and a spirit of cooperation in a time-bound manner. One of the incentives was to create an economic zone in the NCR to ensure uniformity in taxation and an equal standard of facilities and services.

13.2 She thanked the Planning Commission for providing the benefits of a share in Central Taxes, Provident Fund, Market Borrowing & Negotiated Loans etc, in deciding the outlay for Ninth Plan of Delhi. She also requested a status of Special Category State for Delhi in matters of allocation of Central Plan Assistance keeping in view the heavy population influx and the corresponding huge investment in infrastructure.

13.3 The Chief Minister made some observations about the major financial issues affecting the plan resource position of the Government of Delhi. She requested for release of the amount deducted from the share in Central Taxes of Rs. 140 crore during 1997-98 and 1998-99 to Delhi Government.

13.4 Keeping in view the principle of their share in central taxes, she said that the Government of India should urgently release Delhi's share under VDIS-97.

13.5 With reference to the 10th Finance Commission and the recommended grant of Rs. 1000 crore to the Urban Local Bodies to meet their primary obligation during 1996-97 to 1999-2000, she stated that no allocation was made for Delhi from this grant since it was not covered under the terms of reference of the 10th Finance Commission. She also pointed out that in financial matters, Delhi was being treated like a State, as such she requested the Government of India to take necessary action for inclusion of Delhi under the terms of reference of the 11th Finance Commission. She added that the decision of the Government of India in this regard was still awaited.

13.6 Regarding matters of rate of Sales Tax in various zones, she emphasised on harmonisation and uniformity within a time frame, and giving the example of her State, she urged that the other states specifically, the neighbouring ones, could also take necessary steps to implement VAT and make it a success. She also mentioned some major legal hurdles faced in raising resources. Under the existing dispensation, Delhi Assembly was not competent to amend any law either passed by the Parliament in relation to Delhi or extended to Delhi by Ministry of Home Affairs without obtaining prior approval of the Government of India. She pointed out that this was a time consuming process and several of these laws had become outdated and needed to be amended or replaced. She further observed that in the absence of a Legislative Assembly, the Parliament had to enact various laws for the governance of Delhi but with the election of a full-fledged Legislative Assembly, it should be competent to amend or repeal any law, which had been enacted by the Parliament specifically for Delhi. By the same token, she stated that the Assembly of Delhi should be competent to deal with the laws extended to Delhi from other States by the Ministry of Home Affairs. Any legal hurdle in this regard needed to be removed expeditiously and the Assembly of Delhi should have the same power for enacting all laws in respect of the subjects assigned to the Government of National Capital Territory of Delhi as was the practice in any other State of the Union of India.

13.7 The Chief Minister spoke about one of the major problems that Delhi Government had been facing since 1994-95 regarding diversion of its Central Plan Assistance directly by the Government of India to BTPS against the dues payable by Delhi Vidyut Board (DVB). She stated that according to the Government of India's decision, only 15% of the Central Plan Assistance may be diverted to meet the liabilities of State Electricity Boards towards Central Government undertakings. If the Government of Delhi had to manage DVB and meet its liabilities, the necessary financial support had to be provided by the State Government to enable DVB to discharge its responsibilities. She also stated that the Delhi Government has already brought this to the notice of the Government of India and requested that Central Plan Assistance should not be diverted.

13.8 Further she stated, another issue that has been pending for quite some time with the Govt, of India, was regarding the assured compensation on account of abolition of Terminal Tax. The Government of India abolished Terminal Tax in Delhi with effect from 30.1.1993 with the assurance to provide for the compensation in the form of a lump sum grant along with 10% increase every year. The Chief Minister said that, initially, the Govt. of India provided for this in the Budget of Delhi

but discontinued the same once the GNCTD Act came into force. Consequently, the flow of substantial funds from the Delhi Government to the Local Bodies on account of this decision had imposed a severe strain on its resources. She urged for an early favourable consideration of this matter.

13.9 She also referred to the fact that the supply of drinking water to the citizens of Delhi was one of the plan priorities in the current five year plan of Delhi. She appealed to the Chief Ministers of Himachal Pradesh, Uttar Pradesh and Haryana to honour the agreement for sharing of Yamuna water signed in May, 1994. She also said that Lakhwar-vyasi, Kishau and Renuka reservoirs, Hathnikund Barrage and also a parallel channel from Munak to Haiderpur could be constructed on top priority. She pointed out that the construction of Tehri Dam needed to be speeded in view of the revised schedule for completion by 2001. She said that the Govt. of Delhi had taken up the construction of new Water Treatment Plants to meet the drinking water requirements of the growing population of Delhi but these plants could become functional only when adequate raw water was made available to Delhi through construction of various Reservoirs/Channels as per the Yamuna Water Sharing Agreement which had the concurrence of these states.

13.10 On the environment front, she observed that one of the priority programmes was to protect the Yamuna water from pollution and it required construction of a parallel channel from Wazirabad to Okhla so that no untreated water from drains or even treated water being discharged from the sewerage treatment plants fell into this river. She emphasised that this project needed to be implemented within a time frame which could be possible if sufficient funds were made available by the Govt. of India under Yamuna Action Plan.

13.11 The Chief Minister also suggested that the problem of pollution in Delhi due to vehicular exhaust could be reduced if adequate number of CNG buses were made available for public transport. She said that the efforts in this direction could succeed if the manufacturing companies could meet requirement of CNG buses within a stipulated period. She requested the Finance Minister to consider Delhi Government's request to allow Custom and Excise exemption on import of CNG Kits for use by various types of vehicles for promotion of CNG fuel in place of Petrol/Diesel as it would help in the control of pollution in Delhi. She also requested the concerned authorities for timely completion of the MRTS project which would contribute to a large extent in reducing pollution in Delhi on the one hand and in providing an alternative mode of Public Transport on the other. Action could also be taken to ensure that the Ring Railway system was simultaneously developed in a co-ordinated manner.

13.12 In the direction of improving physical infrastructure, she mentioned about the Energy Sector in Delhi and said that a number of steps had been initiated to improve the generation of energy and its transmission and distribution. The implementation of these measures, she added, would take certain time before a worthwhile improvement on the energy front could be visible in Delhi. She remarked that the proposed measures needed adequate and sustained support from the northern Grid. She also referred to the fact that there was a tendency on the part of the States in the Northern Region to overdraw power from the Grid resulting in fall in the frequency. She said that though Delhi Vidyut Board had installed under-frequency relays in their system but the neighbouring States were yet to install these which resulted in frequent power breakdowns in Delhi. The Chief Minister pleaded to the concerned States drawing power from the Northern Grid to do the needful immediately to maintain stability of power supply. She also requested the

Government of India to ensure supply of Gas for the Power Station to be set up at I.P. Estate as it had been decided to replace the existing I.P. Thermal Station with a new Gas Turbine Station during the Ninth Five Year Plan.

13.13 The Chief Minister observed that the implementation of many of the plan schemes had been delayed for want of timely availability of land and this had also resulted in substantial cost escalation. She pointed out that Delhi perhaps was the only Government in the country which did not have control over the primary input of development i.e. land and the DDA was not accountable to the Delhi Government. She emphasised the need to remedy the situation by transferring the control of DDA to Delhi Government and furthermore, she said that the experience had shown that the land development and the housing activities of DDA had not kept pace with the growing demand resulting in mushroom growth of unauthorised colonies. She emphasised that it was time that the DDA concentrated on its primary task of land development. In this regard, she said that a Housing Board was also being set up to meet the housing shortage, particularly of the middle and low income groups and it would also help in the planned growth of Delhi. She also added that keeping away DDA from Government of Delhi had also deprived it of a major resource on account of income from the commercial exploitation of land. She insisted that the Central Government should give special assistance in lieu of the income earned by DDA as a result of increase in value of land due to investment of plan funds of the Delhi Government.

13.14 The Chief Minister deliberated on the Delhi Urban Arts Commission, an agency entrusted with the task of ensuring aesthetic all round development of Delhi. She said that the Commission should be accountable to the local Government and should have an obligation to clear the schemes of Delhi Government within a stipulated period. Moreover, there should be some guidelines for sending only specific types of schemes to the Commission. She urged that the required administrative and legal action be taken to make this Commission accountable to the Delhi Government.

13.15 Regarding the issue of transfer of Centrally Sponsored Schemes to States, she agreed with the proposal of the Planning Commission to transfer these schemes with funds.

13.16 The Chief Minister concluded with a request to all concerned to provide the requisite help in making Delhi the most beautiful among the National Capitals of the world. She emphasised the need for a collective approach and decision to control the phenomenal growth of population as it negated the progress made on the growth front.

Sikkim

14.1 **Shri Pawan Kumar Chamling**, Chief Minister of Sikkim stated that his State had already introduced the broad objectives and strategy outlined in the Draft Ninth Five Year Plan. He fully endorsed the focus of the Ninth Plan, i.e., Growth with Social Justice and Equity. He stated that the Central Government would have to ensure equity in the form of regional development in a fair and equitable manner. This he said would need a more balanced and innovative approach in plan funding and allocation.

14.2 He said that the State had initiated the process of evaluating its Human Development Index so as to gauge the quality of life and link it to this indicator and thereby have a transparent and worthy assessment of development programmes. He added that the State had already started

the process of empowerment of women at the political level with 33% reservation for women in the Panchayat elections conducted in 1997. A Joint Forest Management Act had been introduced and notified to involve village level committees. The process of social mobilisation and community participation had also been given a fillip with decentralisation of funds and powers to the Panchayat with a view to ensuring that the development approach was as people centred as possible.

14.3 The Chief Minister emphasised that the State lacks resources to meet the developmental needs due mainly to its remoteness, lack of proper communication network, roads and adverse climate. All this added to the burden of debt servicing of the loan component of the Central assistance and market borrowings, which formed a part of the central support of the Plan outlays. He added that the situation had been further aggravated with the implementation of the 5th Pay Commission recommendations. Under the public distribution system, the State was burdened with a subsidy component of Rs. 12 crore per annum which was likely to increase with the recent hike in prices. He requested to extend the existing moratorium period and reduce the interest on the loan component to 5% for special category States.

14.4 He pointed that even while the nation had embarked on its Ninth five year plan in the 50th year of its independence, Sikkim had begun development as a vibrant democratic state of the Indian Union only in the year 1975. In trying to catch up with the rest of the States, Sikkim was facing some growing pains which was leading to fiscal stress. He requested the Centre to find ways and means of alleviating some of the fiscal related problems. He also stated that areas of competitive advantage had been identified so as to generate more resources for the State to fund the plans of the future.

14.5 He requested that the National Highway from Silguri in West Bengal to Sikkim be broadened and made into a standard highway with double laning. The potential for development of tourism, Power and Horticulture in the State could only be successful if the road infrastructure was improved. The Tourism potential could be fully realized if an Airport was established so that revenue as well as employment could be generated for the people.

14.6 He requested the Centre to extend help in terms of plan funding as well as Private Sector Investment. The Chief Minister also appealed for a National Water Policy on the preservation of the Himalayan region as this region had numerous glaciers and was a source of safe drinking water. He added that this ecologically fragile region had to be protected before it was too late.

14.7 Further, he endorsed the views of the Government of West Bengal who had requested Reserve Bank of India to help the States, particularly for the problem of ways and means advance. He further stressed the need to overhaul the financial sector.

14.8 Regarding Centrally Sponsored Schemes, he broadly agreed to the retention of the schemes in view of their addressing inter-state and national concerns. The schemes that had to be transferred, should be done so with adequate funds. Some schemes could be transferred in a phased manner.

14.9 He did not support any increase in the administered prices as these have direct bearing on the common man and his quality of life. He called for alternate means to meet the fiscal gap.

14.10 He thanked the Prime Minister for inclusion of Sikkim in the North Eastern Council which would evoke a more positive and worthwhile response.

Goa

15.1 **Lt. Gen. (Retd.) J.F.R. Jacob**, Governor of Goa stated that even though Goa had achieved some of the best human indicators in the country and that it was one of the few States that spent more than 6% of GDP on Education, it had been consistently penalised for good performance. He said that a drastic reduction in central assistance due to the introduction of Gadgil-Mukherjee formula in 1990-91 had a severe impact on the development activities in the State. He expressed the need for an urgent revision of the devolution formula with the weightage for performance criteria to be increased from 7.5% to 50% so that there was a healthy balance between efficiency and equity. He expressed his concern about the impact of Fifth Pay Commission which had plunged the State from a revenue surplus to a revenue deficit, with growing dependence on loans and a mounting debt burden. He urged the NDC to consider altering the loan-grant ratio for central plan assistance from 70:30 to 60:40 as an immediate interim measure.

15.2 He stated that in the absence of adequate flow of central assistance there was a greater reliance of the State Government on small savings but the reduction in interest rates on small saving instruments would have an adverse impact on collection of small savings and reduce the Plan size. This required remedial measures so that mobilisation of resources through small savings was not adversely affected.

15.3 The Governor observed that the State Government appreciated the initiatives taken by Government of India to finance irrigation and other projects through the Rural Infrastructure Development Fund (RIDF) and the Accelerated Irrigation Benefit Programme (AIBP). While funds had begun to flow, the terms for sanction of assistance needed a review. He referred to the unrealistic nature of financing rural infrastructure projects through RIDF loans with maturity period of only 5 years. The minimum maturity period, he said, should be 10 years. In the special action plan in respect of National Water Policy prepared by the Planning Commission, he recommended that the suggestion to alter the funding pattern under AIBP loans from 1:1 to 1:2 between States and the Centre should be adopted and implemented at the earliest as it would provide a strong impetus for development of rural areas and would enable Goa to complete irrigation projects which were presently facing cost and time overruns due to resource constraints.

15.4 He said that State Government was of the view that the number of poor people in Goa, below the poverty line, was at least double the number estimated by the Expert Group. Goa stood to lose substantially and hence it recommended that the share of Goa be retained at the existing level of 0.041% and not reduced to 0.028% for Central assistance under JRY, IRDP and Allied Programmes.

15.5 The Governor emphasised the need to institute a mechanism at the level of Planning Commission or Finance Ministry to develop multi-state external assistance projects so that participation of small States like Goa could be increased in these projects, He said that it was necessary that a single window system be established in the Planning Commission to assist small States in seeking clearances for multi-sectoral projects. On the issue of CSS he was of the view that these be continued with some pruning. All CSS schemes which require a national perspective, vision and strategy need to be continued.

Rajasthan

16.1 **Shri Ashok Gehlot**, Chief Minister of Rajasthan, began by highlighting the issue of resources for the Ninth Plan for the States. He observed that the Ninth Plan envisaged total resources at Rs.

8,59,200 crore out of which States resources constituted Rs. 3,50,138 crore. Analysing the funding pattern, he said that the States' Plan would be funded with over Rs. 2,84,545 crore of loans/borrowings which amounted to over 81% of the total resources of the States. This he said was not sustainable. If it did materialise, it would push up the debt burden of the States to an unbearable level. The measures to garner over Rs. 40,000 crores by way of additional resources, he said, would essentially depend upon the revision of user charges, tariffs and curtailment of subsidies etc. He observed that no State could take these measures on a stand alone basis. It required a national consensus and for the Central Government to take a lead. The discontinuation of incentives and concessions to industries, minimum of commercial taxes and the revision in user charges were some of the areas in which such a consensus had to be formalised. He called for an immediate correction of the structural imbalance, that had crept into the Centre - States financial relationship. By way of immediate support, he said, debt relief must be extended to the States. He added that the alternative scheme for devolution of taxes must be passed in the Parliament and arrears given to States in the current financial year. Interest rate on small savings loan must be reduced, and by way of immediate measure, the repayment of principal of Central loan and interest thereon must be converted into medium-term loan.

16.2 On the Ninth Plan, the Chief Minister said that it would be necessary to provide substantial additional resources to the States by way of Central Assistance. He said that States like Rajasthan with difficult geographical conditions, vast desert area and poor infrastructure had to incur additional expenditure on delivery of services to its people. Keeping in view the initial handicaps and given the lower indices of social development, he emphasized that there was a strong case for revising the proportion of grant in Central Plan Assistance to 50 percent, with 50 percent loan, as against the present ratio of 30 percent grant and 70 percent loan.

16.3 He urged for an early decision to make adequate provision under State Plans for undertaking superior deferred maintenance, modernisation, technological upgradation and renovation of existing assets. He drew attention to the omission of the Urban Development and Heavy and Medium Manufacturing Sector and Services Sector of the economy as focus area in the plan Document. He said that though the rural sector needed highest priority, immediate attention was required to check steady and constant migration from the rural areas to the urban areas.

16.4 Keeping in view the balanced regional development as an essential component of the Indian development strategy, the Chief Minister pointed out that it was necessary to bias public investment in infrastructure in favour of the less well-off States, like Rajasthan. He strongly suggested the need to chalk out an effective, realistic and time bound Action Plan in this regard.

16.5 He emphasised that the perspective presented in the draft Ninth Five Year Plan projected a strong prospect of increasing migration from Rajasthan, Bihar and Uttar Pradesh to Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Orissa and Maharashtra. Thus government-sponsored employment programmes should be reoriented in favour of the States of Rajasthan, Bihar and U.P. He suggested an effective and time bound integrated Action Plan right from the start to implement the Special Employment Programmes.

16.6 The Chief Minister referred to the problem of resources for the Externally Aided Projects in the Ninth Five Year Plan as many External Funding Agencies like SIDA etc. had backed out after the Pokharan explosion. He requested the Central Government to find an alternative to finance these projects.

16.7 Based on the Report of the National Development Council Committee on Power, he said that Rajasthan was the first state in the Country to follow the competitive bidding route and finalise some projects but the progress of these projects was held up as the appraisal by CEA was based on cost plus rather than on tariff based approach based on competitive bids. He further stated that despite persistent efforts of the State Government it had not been possible to secure a review of existing procedures for techno-economic appraisal by the CEA to enable project implementation. He pointed out that it was vital that the existing procedures for power project were urgently streamlined so that the stalled projects could be expeditiously cleared.

16.8 The National Committee on Power had also recommended tariff rationalisation through reduction in subsidies. He concurred that the implementation of these recommendations was a pre-requisite for improvement in SEBs' financial health. He said a national consensus was needed for rationalizing tariff in the agricultural sector, as it was difficult for States to pursue this in isolation. He affirmed that in respect of Hydro power development, all basin states should be beneficiaries. In some cases, the sharing of power among various basin States had been finalised after prolonged negotiations and was incorporated in MOUs/Agreements. He suggested that the respective shares of States as enshrined in the MOUs/Agreements must be retained. Similarly, the Inter-state Agreement of 12.5.84 on the five hydro projects in Punjab must also be honoured and a reference should be made to the Supreme Court regarding the share of Haryana and Rajasthan in these projects. He added that only where there was no agreement among basin States for sharing hydro power, allocation must be made on the basis of river water sharing and in its absence, the Central allocation formula.

16.9 The Chief Minister said that the practice of unilateral and arbitrary deductions of dues of the SEBs by the Central PSUs, from the Central Plan Assistance ignored the provisions of agreements and commercial relationship between them and that it badly affected the progress of plan works. He added that the SEB finances were generally under strain and such deductions complicated the situation further. He requested the Prime Minister that this matter should be urgently reviewed and pending its resolution no further deductions be made directly.

16.10 On the recommendation of the NDC Committee for a review of the central allocation formula and introduction of a scheme of incentives in the allocation of power, he suggested that the allocation formula should be reviewed and based on factors such as population of the State, projected deficits, deviation from per capita availability of power in the State with respect to National/Regional average, requirement of agricultural sector, and desert spread. Besides this, there should be an incentive of additional allocation of power for timely payment. The power shortage in Rajasthan, as per electric power survey, was anticipated at around 44%. The deration of Rajasthan Atomic Power Project's (RPAP's) 1st and 2nd units would further add to the shortage of power. In view of these and past precedents of dedication of power stations to Delhi, Haryana and Andhra Pradesh, he requested to consider the dedication of Units III and IV of RAPP to Rajasthan.

16.11 Referring to the revision in the Administered Prices of Wheat, Rice, Sugar, Urea and LPG, he felt that the need to bring down the fiscal deficit should not become a ground to erode the food security for the poor. He suggested that items, like Sugar and Kerosene under the Public Distribution System should also be included in the Targeted Public Distribution System (TPDS). The allotment of 10 kgs/ ration card (family) for Wheat to the Below Poverty Line (BPL) population should be revised to 5 kgs/ person to meet the actual requirement of the poor. Similarly, the allotment of 425 gms/unit should be increased to 1 kg/ unit for the BPL family. The basis of allotment under the PDS/ TPDS should be the latest estimation available.

16.12 Referring to the criterion for allocation of funds under major Rural Poverty Alleviation Programmes, he stated that the estimates of the Expert Group were again being modified by an adjustment formula to benefit only 7 States at the expense of 20 States, including Rajasthan. He also stated that a clarification was required on how the figure of 15% had been arrived at for adjustment.

16.13 He further observed that the Government of India had proposed exclusion of 35 of the existing 85 Desert Development Programme (DDP) Blocks and 24 of the 32 Drought Prone Areas Programme (DPAP) Blocks in Rajasthan.

16.14 He called for a discussions with the State Governments on the criterion for exclusion and the data applied in these cases before taking decision. He requested that the Government of India should not stop the flow of funds to these blocks, under DDP and DPAP Programmes till a considered decision was taken, after due consultation with the states.

16.15 He also suggested that in the scarcity affected areas, like the famine affected districts of Rajasthan, no condition should be attached to the release of funds during the period of relief operations for poverty alleviation programmes. He suggested that the Government of India should also release the major chunk of the annual allocations to the States to meet the Employment Generation requirements of these areas. The insistence on prior furnishing of Utilization Certificates (UCs) and audit reports etc. should not be an obstacle for these releases. He also made a pointed reference to the number of complaints regarding the BPL census. The procedure of elimination of the families on the basis of information provided in Part A of the census had excluded a number of deserving families from being identified.

16.16 The Chief Minister agreed to the stand on Centrally Sponsored Schemes as envisaged in the Ninth Five Year Plan. Referring to the proposed pattern, for the schemes coming under category II, i.e., the premise that resources should be pooled and distributed among the States as per the Gadgil formula, he said that this was totally unacceptable.

16.17 He also disapproved of the transfer of allocated funds for the Centrally Sponsored Schemes on the basis of the Gadgil Mukherjee formula as the existing heavy debt burden of the State would get accentuated leading to higher interest burden, fiscal deficit and financial crisis.

16.18 He strongly recommended that the transferred funds along with the Centrally Sponsored Schemes should be as 100% grant. In case this was not acceptable, the present ratio of 90% grant and 10% loan could continue. He recommended that the basis of calculation for the transfer of funds along with the Centrally Sponsored Schemes should be the actual transfers of the immediately preceding financial year and the amount should be increased annually by 15-20%.

16.19 He also suggested that earmarking of funds should be done for the sectors rather than for specific schemes. The States should be endowed with greater responsibilities and flexibilities in formulating and implementing developmental schemes and programmes duly supported with necessary funds.

Gujarat

17.1 Deputising for the Chief Minister, the Minister for Water Supply, Mines and Minerals of Gujarat Shri Narottambhai Patel fully supported the Ninth Plan objectives and endorsed the priority for the provision of Basic Minimum Services (BMS). He also fully endorsed the approach and strategy of the Ninth Five Year Plan to attract private initiatives in the development particularly of infrastructure sectors of power, ports, roads, telecommunication and railway network. He informed

that Gujarat State had already initiated several steps in related fields consistent with the general approach of the Ninth Five Year Plan.

17.2 He said that there was no justification for the Income-tax authorities to levy tax on earnings from temporary parking of the funds in Sardar Sarovar Narmada Nigam Limited as such funds were not for any commercial purpose/benefit. He urged the Government of India to consider the amendment of the Income-tax Act suitably to allow the Special Purpose Vehicles set up by the State Governments to implement large infrastructure projects outside the purview of the Income-tax Act. He also mentioned that a time had come to consider extending the benefits of tax exemption such as under Section 10 (23 G) of the Income-tax Act to finance infrastructure projects.

17.3 He also said that the State Government had represented to the Government of India for periodic revision of different royalty rates of mineral, petroleum and natural gas. Timely decision on these issues would enable a correct assessment of the flow of financial resources to the State and in turn a precise development plan.

17.4 He said that the implementation of various recommendations of the Committee on Power would go a long way in improving the financial and commercial viability of the State Electricity Boards. He informed that the State Government had gone ahead with reforming and restructuring the power sector. The State Government had already set up a State Regulatory Commission and several reforms and reconstruction measures were already in the process of implementation.

17.5 He also emphasised that the Government of Gujarat had urged the Government of India to extend support for the power projects on the lines of irrigation projects. He also said that the benefits like import of equipment for Mega Power Projects without any custom duty should also be extended to other power projects irrespective of their size and location in order to create a level playing field. He observed that all benefits which have been extended to the Mega Power Projects should also be applicable to the River-bed power project of Sardar Sarovar Project.

17.6 On the issue of the revision in the administered prices of wheat and rice, he stated that the increase in Above Poverty Line (APL) prices would add an additional burden of Rs. 45 crore per annum to the State Government. He requested that the Central Government should increase the quantum of food grains and it should also be allotted on actual figures of BPL families, as the existing provisions for BPL families, had led to an annual burden of Rs. 45 crore for subsidy on the State.

17.7 He also observed that economic cost was 60% higher than the procurement cost and that there is no difference between the market price and the economic price. He was of the opinion that there would not be much demand if the price of BPL food grain was kept that high. In order to make the APL more attractive, he said that the overhead cost should be reduced specially by the Food Corporation of India. He also requested that sugar allotment should be based on the calculation of projected population.

17.8 On the issue of the criterion for allocation of funds under major Rural Poverty Alleviation Programmes, he stated that the share of Gujarat in the allocation of funds was 2.707% on the basis of weighted average share of the States/UTs which had been calculated giving equal weight to the share of Task Force Estimates for 1987-88 and Expert Group Estimates for 1993-94. He added that it gave a slightly lower share to Gujarat than the earlier formula. He had no objection if the revised formula was adopted for all States/UTs as a basis for allocation of funds for Poverty

Alleviation Programmes. He also added that the loss suffered by Gujarat in the current year on account of the application of an unreasonable formula earlier could be compensated for in the remaining years of the Ninth Five Year Plan.

17.9 He concurred with the proposal for transfer of Centrally Sponsored Schemes. He stated that the State's consent had been conveyed for the transfer of 27 schemes, being implemented in the State on the condition that funds allocated to the State under Gadgil Formula were not reduced from the present level. Regarding the schemes to be transferred with earmarking, it was apprehended that transferring these schemes from the Centrally Sponsored Schemes to the earmarking category could lead to a loss of central assistance to the State. He emphasised that the Government of India should assure that there would be adequate flow of funds in such cases.

17.10 He concluded by saying that the State had no objection to transfer schemes, falling within Panchayati Raj Institutions and Urban local bodies as per 73rd and 74th Amendment of the Constitution, along with earmarking of funds to these bodies. This step, he said, would go a long way in providing resources to these institutions.

Maharashtra

18.1 **Shri Narayan Rane**, Chief Minister of Maharashtra observed that the Ninth Five Year Plan was an important landmark in the country's planning era as it was finalised in the wake of radical changes brought about by economic liberalisation and, secondly, the Plan would usher the country into the twenty-first century, when India should assume its rightful place as a major economic power. He stated that the approach to the Ninth Five Year Plan outlined in the Approach Paper showed a remarkable resemblance with that of State Government. He emphasised the commitment of his State to dovetail the important recommendations of the Action Plans with the Annual Plans to the maximum extent possible.

18.2 In the agricultural sector, he said that the limited irrigation potential was a major constraint for doubling of food grain production in ten years. The deficit could be made good by higher production of fruits, vegetables, milk, poultry, fisheries, meat and meat products. He also suggested that the Ninth Plan could stress on increased investment in agricultural infrastructure rather than individual beneficiary schemes.

18.3 Referring to Water Supply & Sanitation he said that the State had accorded high priority to Urban Water Supply Scheme. He observed that the Government of India was yet to approve the increase in population limit from 20,000 to 1 lakh though the decision to this effect had already been taken in the Conference of Chief Ministers in July, 1996. The Government of India had also to approve the State Government demand of increasing the norms of water supply in Urban area from 70 lpcd to 100 lpcd. For the rural areas, he stated that the Government of India gives 100% grant with the norm of 40 lpcd, but the State Government had raised this to 55 lpcd making allowance for the requirement for cattle etc. He said that the Govt of India should also consider reducing the distance norm from 1.6 km to 0.5 km.

18.4 For Rural Sanitation Programmes, he requested that Government of India could increase its share from Rs. 1000 to Rs. 1600 per latrine as the cost of building material had increased. In addition to 20% State's share, Government of Maharashtra had incurred an additional burden of Rs. 52 crore. He called for an upward revision of said ceiling.

18.5 He said that the Credit-cum-Subsidy Scheme could succeed if the Government of India made arrangements for refinance to lead institutions and lay down specific targets.

18.6 The Chief Minister said that the State Government had given priority to the eradication of illiteracy. He reported that the total literacy campaign had been completed in 17 districts of which 5 districts had also completed the post-literacy campaign. Education had been made free for girls up to Standard XII. He also drew attention to the Urban Health Services as Maharashtra was highly urbanised. The State had 224 Urban Health Posts for which Government of India provided 100% Central Assistance. He asked the Government of India to consider financing an additional 190 posts. He appealed to the Government of India to provide 50% contribution to the corpus of 'State Illness Assistance Fund'.

18.7 He further said that the State Government had decided to set up the State Electricity Regulatory Commission. It was expected that the Commission would start functioning from the middle of March, 1999. Regarding the development of Port infrastructure facilities, he stated, that a requirement of about Rs. 250 crore with an assistance on a 50:50 basis was desirable during the Ninth Plan. He said that a proposal to this effect had been submitted to the Union Minister for Surface Transport on the 24th January, 1997.

18.8 He requested the Government of India to take an early decision on initiating planning for a new domestic-cum- international airport for Mumbai so as to develop the airport and the associated infrastructure before the existing airport reached its saturation level. The State Government had also taken the initiative for upgrading its airports and provided incentives for airlines to destinations of industrial and tourist interest. Government had also exempted sales tax on fuel lifted by regional feeder services and waived payment of parking and landing fees on State Government airports. He insisted that the Central Government should assist the State Government for the development of these airports on a 50:50 basis.

18.9 He also said that the provisions in the Inter-State Water Disputes Act were adequate to resolve all Inter-State disputes. Implementation should be entirely with the State Government and the activity of the River Basin Organisation (RBO) needs to be limited to co-ordination, planning, monitoring of water resources and collection, compilation and analysis of data. The RBO should play only an advisory role. He said that the cost of development of data banks of the RBO should be entirely borne by the Government of India.

18.10 He further said that in the case of Inter-State River Basins, for which water dispute tribunals had already given awards, appointment of RBO was not necessary. As the concerned States were bound to act according to the Tribunal Awards and the Government of India could oversee that the States abide by the Tribunal Awards, a large RBO armed with excessive powers was not needed.

18.11 The Chief Minister stated that the State Government has announced its Information Technology Policy 1998. During the year 1999-2000, data communication links were being strengthened in all the Parks. A range of fiscal and non-fiscal incentives had been announced as part of Information Technology Policy. A comprehensive policy package and programme had been formulated to computerise the working of the Government upto district level while extending activities of certain priority sectors to sub- district level.

18.12 Turning towards resources for the Plan, he stated that over successive plan periods, the flow of funds to Maharashtra both by way of share in Central taxes and plan assistance had sharply declined. This decrease had caused severe strain on the capacity to raise additional

resources to deal with the growing problems of slum, urbanisation and infrastructure bottlenecks. A number of programmes were to be implemented through privatisation. Bonds were issued in the open market for the impounding and utilisation of Krishna Valley waters, according to the Inter-State Tribunal Award. Bonds were also issued for road development, water supply, major and medium irrigation projects and power generation. He also made some suggestions to the Union Government to assist the State in resource mobilisation for the plan.

18.13 He referred to the consistent decline in the percentage of Central Assistance for Maharashtra despite good performance. The Chief Minister stated that Maharashtra had a 7% migrant population according to the 1990-91 Census and the Gadgil Formula did not take cognisance of the strain on the resources of the State on account of such immigrants. He felt that due weightage must be given to this important factor in computing central assistance. He again urged for an allocation of at least Rs. 1000 crore per year by way of Central assistance for the problems of Mumbai City during the Ninth Five Year Plan period. He emphasised that the Centre should share Burden of Pay Revision during the initial years. The Union Government should grant financial assistance on a tapering basis to the States, that is, 50% of the burden in the first year and 10% in the succeeding years.

18.14 In conclusion, the Chief Minister said that since the investment needs of the country in the Ninth Five Year Plan period could not be met without substantial foreign investments, the policies of the Centre and the States should reflect this reality. He pointed that often clearances from Government of India took considerable time, even after approval had been granted by the Foreign Investment Promotion Board. Procedures, therefore, needed to be simplified and made more transparent. Moreover, powers had to be delegated to States, particularly in regard to environmental and forest clearances.

Haryana

19.1 **Shri Bansl Lal**, Chief Minister of Haryana, congratulated the Prime Minister for calling this meeting for deliberating the policies and programmes of the Ninth Plan.

19.2 He concurred with the Finance Minister of West Bengal that the overdraft for the coming year should be converted into a loan by the Reserve Bank of India (RBI). He expressed his gratitude to the Govt. of India for taking a decision to enhance the devolution of Central Resources to the level of 29 per cent and called for its immediate implementation. He also suggested enhancing the devolution up to 33%. He further said that the Central Government had decided to refer this matter to the Eleventh Finance Commission. Since, the report of the said Commission was not likely to become available in near future, the Central Government should enhance the devolution up to 33% with immediate effect.

19.3 He said that the Special Action Plans were a laudable effort to provide minimum basic services to the under privileged and for giving a special thrust to improve the basic infrastructure and development of the agricultural sector. He suggested that the Govt. of India could chalk out 100% Centrally Sponsored Schemes or grant Special Assistance to the State so that the targets in the different fields were achieved in a time bound manner.

19.4 He broadly endorsed the approach; objectives and strategies and the programmes contained in Ninth Plan Document.

19.5 He focussed attention on the paucity of resources with the States and the decline in share

of the States in the public sector plan outlay and total market borrowings. He suggested that the level of Market Borrowings to the well managed States like Haryana should be substantially increased as Haryana State had the capacity to repay its debt liability without any loss in efficiency and productivity.

19.6 Drawing attention to the Gadgil Formula, he said that the population was the only natural factor which truly reflected the needs of a State. Consequently, the population weightage should be enhanced from 60 per cent to 70 per cent. He suggested that 1991 Census figures should be used for the population criterion. He requested for a reduction in the per capita income weightage to the minimum so that efforts of the hard-working people and better financial management of the States were not penalised. He also had no objection to the continuation of the other criteria of Performance and Special Problems. He added that performance criterion should include better financial management which included positive Balance from Current Revenue (BCR), minimum overdrafts etc.

19.7 He urged the Government of India to provide Central Assistance for the Plan to the non-special category States on 50 per cent loan and 50 per cent grant basis so as to contain the debt burden of these States.

19.8 He also raised the issue of uniformity in taxes among the neighbouring States in order to avoid unhealthy competition among them for attracting trade and commerce. He asked the Council to direct the Planning Commission and the concerned Central Ministries to work out guidelines for giving incentives to industry which should be scrupulously adhered to by all States; and similarly, action should be taken for uniformity of taxes among the neighbouring States.

19.9 He stressed that any State violating these guidelines should be penalised by an appropriate reduction in their Central Assistance. He also emphasised at this juncture, the need to pick up the threads from the 46th Amendment to the Constitution, in the year 1983, enabling the Central Govt. to levy the consignment tax on goods. Since 1983, several commitments had been made by the Centre to bring the desired legislation before the Parliament but the needful had not been done. As a result, business units continued to avoid tax by sending their goods on consignment despatches or branch transfers. The Sarkaria Commission in its report had also recommended imposing consignment tax. He urged that the legislation on the subject be brought in the forthcoming budget session of the Parliament.

19.10 He referred to the Small Saving loans and stated that the unilateral decision of the Central Government to reduce the interest rates would seriously affect the States resource position. He urged that the States should be compensated suitably for the loss of resources on this account. He further proposed that the entire net small savings collection, originating from the States, should be returned to the concerned States in the form of loan and these loans be treated as loans in perpetuity and only interest thereon should be required to be repaid.

19.11 He said that without the Central Assistance, the State would not be able to achieve progress in national priority areas and made a pointed reference to the fact that once the Centrally Sponsored Schemes fold up, the States were required to continue with the staff liability which was created for these Schemes. This placed an enormous burden on the State's resources. He requested for a suitable mechanism to look into the problem. He said that it could be necessary to restrict the scope of Centrally Sponsored Schemes to capital expenditure and on application of state of the art technology with no additionality of staff.

19.12 He further said that the progress in the provisioning of Basic Minimum Services was not satisfactory because of the population explosion. He suggested stringent measures and disincentives for population growth and incentives for small family. He added that some legislation, if deemed necessary, could be brought in the Parliament in that regard. He emphasised the need to achieve the goal of zero growth rate in the next ten years.

19.13 He also urged the Govt. of India to compensate the State suitably for the heavy financial burden on account of the Fifth Pay Commission.

19.14 He stressed on the need for evolving a National Policy for sharing of river water and putting in place a suitable mechanism for resolving disputes in a reasonable time frame.

19.15 In the context of Haryana's agricultural achievement, he said that the State could further increase the production if the surplus Ravi-Beas water was made available to the State through SYL Canal. He emphasised that the Prime Minister should use his good offices for the early completion of SYL Canal through a designated Central Agency.

19.16 Referring to the losses suffered on account of terrorism, he said that Haryana should be treated at par with Punjab. He asked for a special grant of Rs. 2,650 crore as compensation. He also sought the intervention of the Prime Minister to direct the Central Government to act swiftly in releasing the Central assistance to compensate the farmers who had suffered due to natural calamity and requested for the extension of crop insurance facilities.

19.17 He raised the issue of the development of National Capital Region (NCR). He said that the NCR Planning Board was constituted about 15 years ago, but no significant development of the region had taken place. He desired that the Government of India should issue directions to Delhi Government not to pursue such policies that could make Delhi more congested. He said that the development of NCR was primarily meant to decongest Delhi and it was unfair to ask his State to make provision on this account from its limited resources. He requested that either this amount should be paid by Delhi Government or the Government of India as the State had already spent a large amount on creation of social infrastructure & improvement and maintenance of existing facilities in the NCR region in Haryana territory.

19.18 He said that the Haryana Govt. had been incurring huge liability in terms of subsidised supply of power, irrigation water supply and other agricultural inputs to farmers so as to increase agricultural production, which enabled the State to contribute the maximum to the central food grains pool. For this, he requested for a special central assistance in the form of royalty to the State as given to mineral and oil rich States.

19.19 He also requested the Hon'ble Prime Minister to direct the concerned Ministries to issue necessary directions for time bound clearance of power and other projects by the concerned Central agencies.

19.20 Regarding the power sector, he informed that almost all the recommendations of the NDC Committee on Power had been adopted by Haryana and quite a few of these had already been implemented. He also observed that the imposition of Power Development Cess of 10 paise per unit would go against the interest of States having large agricultural power consumption.

19.21 He stressed the importance of having a national policy on recovery of adequate service charges so that at least the operational costs of the services, such as power etc. were fully recovered. He said that the NDC could resolve this issue and also work out a proper enforcement mechanism.

19.22 In the context of strengthening of the physical infrastructure, he felt that the road network in

the State had to be given due attention. He appreciated that some of the State Highways had been raised to the status of National Highways but pointed out that the condition of these highways was very bad and that they required immediate repairs on an extensive scale. He urged the Ministry of Surface Transport, Government of India to improve these National Highways in a time bound manner.

19.23 He also desired that the Central Government should roll back urea prices keeping in view the hardships faced by the farmers of the State due to natural calamities in the last two years. He also requested the Planning Commission not to reduce the earlier adjusted State share of 1.249% given by the Modified Expert Groups under the Rural Poverty Alleviation Programmes.

9.24 He fully expressed his support to the specific objectives of the Ninth Plan, as laid down in the Draft Document and endorsed it.

9.25 In conclusion, he hoped that the NDC would hold its meetings at regular intervals in future and provide valuable guidance for solving the problems before the nation.

Manipur

3.1 **Shri W. Nipamacha Singh**, Chief Minister, Manipur stated that he considered it privilege to participate in the NDC meeting to discuss the important issues relating to the Ninth Five Year Plan and other matters concerning the country.

3.2 He stated that 47 years of planned development had not resulted in the desired reduction in disparity among different regions of the country. He pointed out that the geographical isolation, difficult terrain, meagre investment, and lack of commitment from the Central Government, were factors responsible for the economic backwardness of the north-eastern region in general and Manipur in particular. There was a need for a special effort for the development of the North-East and Manipur. He congratulated the Prime Minister for addressing these concerns by creating a Non-lapsable Central resources Pool, at the Centre, for funding key projects in the North-East. He hoped that this pool would be operationalised expeditiously and key projects would start getting funded from the current year.

3.3 He emphasised that there was a need to spell out a policy for infrastructure development of backward areas like the North East in the Ninth Plan Document. In this context, he said that an earlier decision of the Centre had called for earmarking of 10% of the budget of various departments for projects in the North-East. It was not seriously implemented and the outlays in the Ninth Plan needed to be modified to take care of regional disparities.

20.4 He gave his concurrence to the NDC Report on Power. The Chief Minister stated that if necessary, large and medium hydel projects could be taken up in collaboration with the neighbouring countries like Bangladesh, which were also in need of power and such venture would pave the way for speedy development in the region as the region had immense hydro power potential.

20.5 Regarding the revision in price of wheat, rice, sugar, urea and LPG., he said that considering the need to limit subsidy in areas where it was not required, the issue prices for rice and wheat for people above the poverty line could be as per the economic cost. For people below poverty line the issue price could be subsidised to an extent that the poorest of the poor were able to afford thereby ensuring that a minimum level of nutrition was available to all in the society. He also desired the rolling back of the increase in the price of urea. He said that the Government of India should also

fully reimburse the primary and secondary freight charges as the present limit was not sufficient to meet the actual cost.

20.6 He strongly objected to the criteria for apportionment of funds for major rural poverty alleviation programmes on the basis of equal weightage to Task Force estimates of 1987-88, and the Expert Group estimates for 1993-94. The Task Force Report was based on a low cut off line of per capita consumer expenditure and as such it was not related to the actual poverty in the State. The Expert Group Report was more reasonable. He said that the Planning Commission did not use the data for Manipur but instead calculated the number of people below the poverty line based on the indices of Assam which needed immediate correction.

20.7 As regards the Centrally Sponsored Schemes (CSS), he stated that it was necessary to transfer most of the CSS to the State along with the resources. He also concurred with the approach to the Ninth Five Year Plan.

20.8 He requested the Planning Commission to revert to the pre 1989-90 method of neutralising the BCR by way of additional plan assistance while determining the size of the Annual Plans. He appealed to the Prime Minister and also the Minister of Finance for considering the writing off of the accumulated debt burden as a one time measure, and also for considering making the Central Plan assistance as 100% grant.

20.9 The Chief Minister further said that there was a need for adopting a mechanism or suitable policies by which either financial investment could be directed to States like Manipur or appropriate Central Public Sector investment was directed to the North-Eastern States to compensate for the lopsided investment across the regions.

20.10 He also mentioned the problems faced by his State as also the other States of North Eastern region because of the revision of pay as per the recommendation of the Fifth Pay Commission. He said that in future, the Centre should not unilaterally revise pay scales of employees, but also take into account the views of the States.

20.11 He referred to the lack of banking facilities and low credit disbursement which affected the implementation of the poverty alleviation programmes. He urged the NDC, particularly the Ministry of Finance, to impress upon the RBI to direct the commercial banks, operating in the State, to give full credit support to the schemes sponsored by the State Government.

20.12 Concluding his speech, he thanked the Planning Commission for convening the meeting and hoped that it would result in concerted efforts to solve the problems discussed in the meeting.

Punjab

21.1 **Shri Parkash Singh Badal**, Chief Minister of Punjab could not attend the meeting. The Finance Minister of the State Capt. Kanwaljit Singh who attended the meeting expressed his agreement on the basic focus of the Ninth Plan. He mentioned the heavy additional burden arising out of the implementation of the Pay Commission recommendations, the problems on the agriculture front, the recession in Industry, and the precarious financial health of all the states. He emphasised the need to spell out a package of concrete steps that were required in order to get out of the financial and economic morass.

21.2 He mentioned about the problem of water logging particularly in the South-West region of his State. He said that during the last Plan meeting, the State had requested for setting up of a

Commission to look into the problems of pests, untimely rain, bad weather, non-availability of inputs, crop specification and to suggest remedial measures. He was sure that Punjab and its neighbours would benefit from such a Commission.

21.3 He spoke about the commitment of Punjab to carry out reforms in the Power sector. The State was separately taking steps to set up a State Electricity Regulatory Commission. He said that besides the completion of Ranjit Sagar Dam, another Thermal Project at Goindwal Sahib was being set up in the private sector. In the neighbouring State of Himachal Pradesh, he pointed out that, a large number of Hydro Electric Projects could be set up. He suggested that the Government of India could take the initiative for taking up such Projects by pooling the resources of the States in the region, to tap the full potential of Hydro Power, which was pollution free and cheapest. Though Punjab State agreed in principle, with most of the recommendations of Chief Ministers Meeting on Power held on 18.12.1998, yet a word of caution was required regarding corporatisation of the operations with ready co-operation of all workers and employees.

21.4 To ensure optimum use of Ranjit Sagar Dam, the State Government had decided to take up the construction of Shahpur Kandi Project, for which Central Assistance was required on priority basis. For speedy resolving of Inter-State disputes regarding water sharing, a national policy based on riparian rights needs to be evolved through consensus. Thereafter, all the waters should be harnessed and used optimally.

21.5 He drew attention to the need for a Comprehensive Crop Insurance keeping in view the crop-diversification. Some crops would have to be brought under the support price regime, in order to protect the farmer from the vagaries of nature and the open market. The Minister further observed that proper inputs in human resource development in the allied sectors were required to take pressure off Agriculture. Adequate investment in the processing and marketing, storage and export of agricultural products with backward and forward linkages between raw material and the end product would ensure increase in income generation and reduce income disparities.

21.6 Elaborating further on the agriculture front, he observed that the agricultural credit institutions and the commercial banks should make credit available to the farmers at a low rate of interest and the terms and conditions for the sanction of the loans and their disbursement need to be simplified so that the farmers were able to avail credit easily. Regarding fixation of prices of agricultural commodities, he stated that it was rightly pleaded before the Sarkaria Commission that "price control" being a subject in the Concurrent List, it would be desirable to associate representatives from the States with the Agricultural Costs & Prices Commission, at least in an advisory capacity. In fact, there should be adequate representation from the major food producing States/farmers' bodies on the apex bodies of price fixation so as to make terms of trade of agriculture favourable to the farmers. This objective would be facilitated if the farmers were allowed to market their produce freely within and outside the country and thus secure the most remunerative returns from their produce. Agriculture being a vital sector, it should be declared an industry for all intents and purposes.

21.7 Further, referring to the provisions of basic minimum services in the State, he observed that Punjab was lagging behind in safe drinking water. Due to intensive agriculture practices of the last 30 years and industrialisation of cities such as Ludhiana and Amritsar, the sub-surface water in Punjab was badly polluted. So, Punjab needed to take up larger schemes to tap water at greater

depth which increased the cost of safe drinking water manifold. He said that it was the endeavour of the state to finance this sector, but the State was not in a position to achieve safe drinking water for all by the year 2000 unless the Centre provided substantial aid on this account.

21.8 The Minister also stated that the sheer increase in number of unemployed youth was a danger signal and the government should evolve a focussed policy on family planning throughout the country.

21.9 Referring to the Gadgil formula for devolution of resources to the state, he said that there was a need to revise it so that the large size of population becomes a disincentive and not used for manipulating increased largesse from the Centre.

21.10 He pointed out that 50% weightage in Border Area Development Programme (BADP) should be given to the security sensitivity of the particular border. He said that a major cause of the Punjab problem of terrorism was the lack of employment opportunities and economic deprivation in the border areas of the State. He reiterated that in view of its special geo-strategic position, Punjab must be accorded a Special Economic Status.

21.11 As far as the transfer of Centrally Sponsored Schemes was concerned, he requested the Government to take a final decision in the matter and requested for some autonomy for the States in deciding their priorities and the necessary finances need to be devolved to the State Governments for utilisation according to their felt needs.

21.12 Going back to the issue of agriculture development, he said that there has been a serious degradation in soil health due to erosion of micronutrient wealth consequent upon intensification of agricultural effort in the last three decades and no further achievement on the production front was possible unless an improvement was effected in the soil conditions through a judicious blend of organic/green manures, bio-fertilisers and bio-pesticides etc. A shift from chemical fertilisers to bio-fertilisers was necessary. New practices of vermiculture, composting etc. need to be introduced. Research and development in this sector needed to be strengthened and encouraged. The Government of India should set up a Centre for Excellence in biotechnology. The State Government would make its contribution to the Centre as and when it comes up. Punjab had three of the national Wetlands, Harika, Kanjli and Ropar. Government of India needed to further support the State Government in its efforts to preserve these for future generations. He said that the states needed substantial assistance from the Centre in taking path-breaking measures in non-conventional energy also.

21.13 The Minister observed that the Scheduled Caste Population of the State was the highest in the country. For the upliftment of the Scheduled Castes, the mechanism of the Special Component Plan had been devised. The states were often unable to provide the requisite funds according to the guidelines. Since this was a major thrust area of the Ninth Five Year Plan, he said that there should be provision for Special Central Assistance under the Special Component Plan.

21.14 He further said that the poverty alleviation programmes need to be revised since there seemed to be no decrease in the number of people living below the poverty line. The central assistance for tackling problems of poverty and unemployment should be as per the State's requirements. He added that the apportionment of funds for poverty alleviation programmes must be on the basis of the recommendations of the expert group's methodology and not on the weighted average shares.

21.15 He said that the State Government required the support of the Central Government in its endeavour to attract private investment in infrastructure projects. The national infrastructure institutions like Industrial Development Finance Corporation (IDFC) and the Government of India could strengthen the efforts of Punjab Government by contributing to the Punjab Infrastructure Initiative Fund. He also said that the Punjab Government was keen to participate in important Infrastructure Projects like four-laning of the national highways, the North-South Expressway and international air-ports.

21.16 Concluding his address, the Chief Minister observed that while increasing the administered prices and reforming the PSUs, adequate care should be taken to subsidise the poor and safeguard the interest of employees in the PSUs. Government of India should also take the initiative in respect of reforming its PSUs. He appreciated that subsidies had to be reduced to contain the fiscal deficit but in the strategy proposed for phasing out subsidies, urban consumers should not be pampered and at the same time farmers should not be discriminated. The Agriculture Costs and Prices Commission must take into account the increased cost of inputs to the farmer while deciding the support price.

Himachal Pradesh

22.1 **Prof. Prem Kumar Dhumal**, Chief Minister of Himachal Pradesh started by complimenting the Central Government for the initiatives it had taken for infrastructure development, by way of setting up a special task force on infrastructure, evolution of a Mega Power Projects Policy, initiation of an ambitious road investment development programme etc. He said that liberalisation and reforms had progressed at the All India level, but little had been done to replicate at the State level. He agreed that because of the need to control Central fiscal deficits within the current year, help on a one time basis could not be given to the States to address their fiscal crisis but it had become absolutely essential, that during the next financial year, the Finance Commission should be asked to address the deteriorating fiscal scenario in the States and undertake corrections in full measure. In the interim the Central Government could consider grants to Special Category States to cover 100% impact of Pay Commission recommendations.

22.2 He referred to the issues specific to his State. He pointed out that hydel power could help the State to become economically self-reliant. He said that several issues, having inter-State ramifications, relating to this sector were under consideration with the Union Government. He emphasised that cess should be imposed on the power generated within the territory of each State on the generating companies. He requested that it should be implemented expeditiously so that Himachal Pradesh could, to a significant extent, benefit from this measure.

22.3 He focussed on another issue relating to granting Himachal Pradesh its legal share of 7.19 percent in the Bhakra Beas Management Board (BBMB) power system in accordance with the provisions of the Punjab Reorganisation Act, 1966 and 12 percent free power to Himachal Pradesh in all hydel installations irrespective of their dates of commissioning. He called for an early resolution of these issues which would pave the way for speedy exploitation of the enormous hydro-electric potential in Himachal Pradesh and lead to mitigation of power shortage in the region.

22.4 The Chief Minister stated that the central plan assistance should be converted to 100 percent grant as against the current dispensation of 90 percent grant and 10 percent loan basis. Similarly, he suggested that the small savings loans should be converted as loans in perpetuity.

Both measures would go a long way in restructuring the debt burden of the special category States and give these States considerable relief.

22.5 He emphasised that there was a need to consider a specific developmental strategy for the Himalayan hill States. Any environmental degradation would have negative impact over millions of hectares of agriculture land in the Northern States, He said that in spite of the commitment of his State to continue with its ban on felling of trees and losing revenue to the extent of 5% of the GDP, the compensation in this regard was yet to be considered by the Centre. Further, he emphasised on a national recognition and devolution of adequate funds so as to check the utilisation of these resources.

22.6 He articulated that the issues of empowerment were now beginning to be recognised in terms of their effectiveness for the developmental process. There was a need to ensure far greater devolution, both financial and administrative, to the village community. He supported the suggestions that had been made in this regard.

22.7 The Chief Minister referred to co-operative federalism. He strongly pleaded that no change should be effected in the present dispensation for allocation of central assistance to the special category States. Further, the Central assistance to these States for plan financing should be entirely by way of grant. This measure would reduce the debt burden of the States which were in great financial difficulty due to increased non-plan revenue expenditure.

22.8 Referring to the important role of the States in the upgradation of social sector, he said that the Centre should ensure that the abilities of the States to go to the market with transparent resource mobilisation instruments were not constrained by technical and other considerations. Simultaneously, widening of the divisible pool needed to be accomplished expeditiously. For investment in Health, Education and Drinking Water, the efforts for mobilising resources should be given automatic approvals under Article 293 for Non-SLR Bonds.

22.9 He endorsed the macro-economic dimension and policy framework envisaged for the Ninth Five Year Plan. He articulated that Himachal Pradesh had also attained an average growth rate of 5.28% by the end of Eighth Five Year Plan 1992-97.

22.10 The Chief Minister supported the target of provision of electricity to every household in the country by 2010. He said that the H.P. Government had been working towards this target. He also concurred to the general proposal that, the State Power utilities must be allowed to act with requisite autonomy in the interest of their financial health and better service to the consumers at large. He said that the State had already adopted gradual conversion of loans into equity towards improving the financial position of the SEBs. Action had already been taken to institute a one member State Electricity Regulatory Commission which would be in place before the end of the financial year.

22.11 He said that the restructuring should be State-specific. He said that there was a need for greater investment in the transmission and distribution Sector. As Himachal Pradesh was a small State, the general policy was not applicable to it.

22.12 He fully agreed with the National Hydel Policy of the Government of India. He stressed that the proposal for levying hydel cess should be cleared without further delay and a cess of 10 paise per unit should be levied on generation of hydel power in the State so that adequate funds were available to exploit this Sector.

22.13 He further pointed out that 14th of the total hydel potential in the country was in Himachal Pradesh. Due to limited absorption capacity of the State, there was a need to set up a Power Trading Corporation to purchase power from the planned hydel projects. He said that Himachal Pradesh has technical capability to execute new hydel projects but due to lack of financial resources this know-how was not fully utilised. The Government of India may consider providing additional funds for taking up new projects in this Sector. He added that a 'One Time Assistance Grant' could be given so as to resolve problems in the power sector.

22.14 He further referred to the need for time bound clearances by central Electricity Authority and Ministry of Environment & Forests. He said that there was a need to decentralise the powers of the Ministry of Environment & Forests extending to an area of 100 ha. to the respective State Governments so as to avoid cost over runs. Soft loans should also be provided to SEBs to tap non-conventional energy sources.

22.15 He concurred with the recommendations of the NDC Committee on Power. He also suggested that a monitoring committee under the chairmanship of the Deputy Chairman of the Planning Commission could be set up to oversee the implementation of these recommendations.

22.16 Keeping in view the potential in the field of hydel generation to meet the needs of the Northern Region well into the next century, he said that the process of projectisation had been accelerated but the constraints on investible surpluses negate ambitions to become the 'Power State' of the country. He pleaded for the creation of a Hydro-Development fund with external assistance on a mega-scale so that major projects could be simultaneously activated in large parts of the State. He was certain that Central Agencies like NHPC and NTPC would effectively intervene to push forward accelerated Power Development. He added that the SEB in the State had shown continuous & enduring profits and private sector participation could be easily subsumed within their system.

22.17 The State Government concurred with the decision of the Government of India to reduce the overall subsidy burden in respect of food and fertiliser items which ensured at the same time that the families below the poverty line were protected. However, he said that the State needed to take specific steps so as to ensure that the subsidy was devaluated in a more-focussed manner and leakages within the system were minimised. He also said that the Hill States should be exempted from any (including the recent) hike in selling prices of the alternative to fire-wood as the State was attempting to conserve Forest Resources.

22.18 He fully supported the adjusted share for Rural Poverty Alleviation Programmes, as worked out on the basis of the recommendations of the Expert Group. However, taking into account the higher calorific intake required in the hilly regions and also the higher expenditure on shelter in a hostile climate, he suggested that for purposes of estimates of income based on consumption expenditure such income criteria be kept at Rs. 400 per capita instead of the present cut off of Rs. 290 per capita per month.

22.19 He endorsed the suggestion of the Approach Paper to the Ninth Five Year Plan for Centrally Sponsored Schemes. However, he viewed that the Soil Conservation Schemes impinging on River Valley Projects, NSAP, DPAP & DDP, schemes like growth centres set up to develop the Industrial base of special category States and Inter State Roads & Bridges may continue to remain under Central control. He also referred to certain centrally sponsored schemes which were being implemented but the ultimate beneficiaries of these schemes happen to be the States located downstream. The funding pattern of such schemes was 50% loan to the State which resulted in a

worsening of the debt burden of the State. He suggested that such schemes should be funded on a 100% grant basis. Additionally, he said that the schemes connected with direct devolution to Panchayati Raj Institutions should be retained and the allocations increased. He also said that Himachal Pradesh had been discriminated against in the matter of development of railway infrastructure. He requested that the Railway Ministry should further accelerate the implementation of Nangal-Talwara Rail Link and also consider participating in funding the equity of the special purpose vehicle proposed to be established for Bhanupalli-Bilaspur-Beri Railway Line. The request for participation by the Central Ministry was being made after a detailed survey of the proposed line had been got conducted through IRCON. The cost of the project had gone up considerably due to two bridges which would be of a unique kind in the world.

22.20 In concluding his speech, he said that the retirement age should be reduced to 58 years keeping in view the unemployment problem, scope for promotion and that it would send a good signal to the youth.

Meghalaya

23.1 On behalf of the Chief Minister, the Deputy Chief Minister of Meghalaya, **Shri D.D. Lapang** attended the meeting. Referring to the security scenario in his State, he said that the State Government had pleaded for additional weightage for devolution of central funds to Meghalaya so as to maintain the rate of development. He said that it was a pre-requisite for its peace and tranquillity as the unemployment problem for the educated youth was adding to the social problems. He pleaded for urgent corrective steps for Meghalaya and the entire North-Eastern Region.

23.2 He referred to the issue of price rise in the context of his State. He said because of poor communication facilities, the price level was high as the essential commodities were transported from other parts of the country by road. He said that high unemployment combined with high price rise along with negligible or non-existent investment were creating a crisis situation in the society. He stressed the need for adequate assistance from the Centre to tackle the problem.

23.3 He stated that none of the North-Eastern States including Meghalaya have received any benefit under the recommendation of the Shukla Commission so far. He further said that Meghalaya had already furnished the list of projects to the Planning Commission in order of priority, but the funds were yet to be released from the Central Pool of Resources for the North-Eastern Region. He suggested that the Planning Commission should decide upon an objective criteria or norms in order to avoid delay in the release of funds. He appealed to the Prime Minister to consider steps to improve the confidence building measures between the North Eastern States and the Centre.

23.4 He also pleaded the Central Government to redeem the shortfall in the loans from financial institutions under the aegis of Planning Commission by increasing the Central Assistance so that the level of investment in Meghalaya and other sister States of the North Eastern Region would not fall short during the Ninth Plan.

23.5 He focussed on the low level of institutional investment. The State's Plan investment was suffering on account of shortfall in soft loans. The only solution to it was sanction of special grant-in-aid or soft loans of Rs. 30 crore on annual basis, for financing the State's Annual Plans during the Ninth Plan period.

23.6 He said that the Credit-Deposit ratio in the State was a mere 13% and the State was solely dependent on Government investments. He requested the Prime Minister to take corrective steps

as required in this regard. He also requested the Central Government to sanction Rs. 100 crore of Additional Central Assistance to enable the Meghalaya State Electricity Board to clear the outstanding dues of LIC/REC Ltd. and restart the loaning activities by them. Further, he requested the Central Government to ensure that the loans were provided to the State Government either through LIC or as Central Loan for implementing socially oriented Plan schemes, without linking these with the outstanding dues of Meghalaya State Electricity Board.

23.7 The Deputy Chief Minister stated that till 1988-89, the State depended exclusively on Central Assistance for financing of the Plan. In the scheme of financing the Plan, the non-Plan gap was fully covered by Central Assistance. However, from the year 1989-90, the system of financing the Plan had changed and the Planning Commission had laid emphasis on institutional loans and externally aided projects in financing the Plan but the non-Plan gap remained uncovered. Due to inherent problems and lack of capability for project planning in many sectors, the State had not been able to attract external funding for its development. Institutional loans were also not available virtually due to defaults on the part of Meghalaya State Electricity Board as mentioned earlier. Thus, the State which depended exclusively on central support was facing great problem in funding the Annual Plans and Five Year Plans due to the shrinking devolution of central assistance in real terms.

23.8 He stated that the Central Plan Assistance for the State Plan, the NEC Regional Plan and the Central Pool of Resources should be made on the basis of an objective and equitable criteria by taking into account the topography, composition of population, level of development of the State, the quality of its fiscal management and the efforts of additional resource mobilisation, etc.

23.9 He referred to the recommendations of the Rangarajan Committee. The diversion from Plan assistance towards non-Plan expenditure had resulted in the curtailment of investment in development activities which was not healthy from the planning point of view. He said, taking over the maintenance of completed Plan Schemes towards the Plan expenditure had served to reduce the Plan allocation available for development schemes and that the grants-in-aid under Article 275, were not enough to take care of the increasing non-Plan gap because of their inflexibility. He added that the State Government could not balance its budget due to inelastic resource position coupled with ever increasing expenditure, fuelled by inflationary pressures, as also by the security related problems.

23.10 He felt that the cure to the problem depended upon the willingness of the Central Government to restore the pre - 1989-90 system of financing the Plan and non-Plan needs of Special Category States. This system would be flexible since annual assessment would be mandated, and would take into account the fact that Plan and non-Plan expenditure form part of the same budget. In this fashion, the finances of the State of Meghalaya, as also the other Special Category States, would be rescued from the morass in which these were at present.

23.11 He implored the Planning Commission and the Government of India to provide the means with which to turn Meghalaya into an economically strong and self-sufficient State. He also thanked the West Bengal representatives who raised important issues which could help the region and the country and endorsed their views.

Uttar Pradesh

24.1 **Shri M.N. Pande**, Planning Minister of the State who addressed the Council in the absence of **Shri Kalyan Singh**, Chief Minister, Uttar Pradesh, requested the Prime Minister to evolve an

effective mechanism for convening the meeting of the National Development Council at least once in a year.

24.2 He said that in Uttar Pradesh over 80 percent of the population faced deprivation of necessary facilities. Further, he said that it was one of the three large States where 15-59 age group work force was increasing along with an increase in unemployment and this trend shall continue for a few more years to come. In addition to these twin anomalies, he drew attention to backwardness of the State. He stated that 42.3% of the rural population (1993-94) of the state were living below poverty line and was afflicted with grave unemployment and underemployment. He said that in Uttar Pradesh large tracts of land were still available which could be brought under cultivation and with irrigation facilities in such areas, intensive cropping could be achieved and perceptible increase could be ensured in total cropped area of the state. Besides this, income intensive commercial crops, agriculture based industry, agriculture and non-agricultural occupations could be increased in rural areas for employment generation to reduce and eliminate poverty. However, sustained efforts would have to be made and sufficient funds had to be provided in public sector. He said that the Plan Document needed to mention as to what specific efforts were to be undertaken and what order of funds were needed to be applied to fructify the great potentialities in the agricultural development of the state.

24.3 He observed that in Uttar Pradesh, shortage of electricity was still the greatest stumbling block in the development of agriculture and industry. He suggested that when investments were not forthcoming from the private sector to the desired extent, maximum possible funds have to be arranged through the public sector. He said that at present, the state had been undergoing an unprecedented financial crunch and the reforms in the power sector would be undertaken to attract private entrepreneurs in this area. He further suggested that the hydro-electric projects should be finalised both by Centre and State in a similar pattern as of Tehri Dam.

24.4 He concurred with the view expressed with regard to strategy for, agriculture in the Ninth Plan and said that capital formation in the agricultural sector was declining continuously over the years. Even in the Ninth Plan, the outlays for the agriculture and irrigation sectors had been reduced vis-a-vis the Eighth Plan with private sector investment also declining.

24.5 He supported the view that unproductive expenditure should be curtailed. He asked for Centre's help to check further deterioration in the State's debt burden. He said that the Centre should re-examine the financial position as a consequence of increased non-productive non-plan expenditure due to Fifth Pay Commission and arrange resources for the States. He stated that Uttar Pradesh would need at least Rs. 5000 crore in lump sum to tide over this problem. He also said that the quantum of state's share regarding transfer of 29% of the net tax revenues should be based on the formula on the recommendations of the Tenth Finance Commission.

24.6 The Centre should also increase the quantum of loan from Small Savings from the existing 75% to at least 90%. The rate of interest charged on these loans should be one percent above the rate prevalent for deposits. The Centre may consider transferring the work relating to small savings certificate to the treasuries of the State Government or rural banks, as an economy measure. Central Assistance for Social Sector Schemes should flow as 70% grant and 30% loan and not vice-versa as hitherto as the social sector schemes were not economically viable. The scheme for socio-economic development in the rural areas should be financed by loans at the rate of interest

as low as 4 per cent. He also said that to tide over the lack of institutional finance for development Schemes, financial institutions and corporate bodies owned by the state government could be permitted to raise non-SLR bonds in which commercial banks should compulsorily subscribe and improve their credit-deposit ratio.

24.7 He strongly felt that provision of high quality infrastructure and a hassle free commercial environment should be encouraged by the central government, rather than let each state entangle itself in competitive federalism and land up in financial deficits.

24.8 The Minister also highlighted the increasing role of the State in the area of development and on the other hand, the shrinking share of each state in public sector outlays. He also stated that the Plan document contained valuable suggestions to improve implementation through institutional developments which needed to be implemented effectively.

24.9 Referring to the agenda on the transfer of Centrally Sponsored Schemes, he suggested that the centrally sponsored schemes should be transferred forthwith and the resources therein should be pooled. These resources should then flow as per the formula for the normal central assistance on the condition that such assistance would be 100 per cent grant. He said that it should be the discretion of the state government to decide on the future of these schemes and the concerned central ministries should liaise with their counterparts in the state in an advisory capacity only. He added that in future, there should be only two categories of centrally sponsored schemes. In the central sector, those schemes should be included which fulfil the requisite criteria enumerated in the agenda document on the subject. The criteria for central sector scheme should be firm and should be modified only in exceptional circumstances, with the approval of this august body. The remaining schemes should be in the state sector as mentioned earlier.

24.10 He further observed that the quantum of central assistance flowing to the states gets eroded because the number of Schemes kept on changing which hampered the states' discretion and functional autonomy to plan their development. It was not only adversely impacting on the states' resources, but also distorting the plan priorities of the states. He humbly requested the Prime Minister for an expeditious final view to be taken in this forum.

24.11 He suggested that the share of states like Uttar Pradesh in the cess-proceeds on petrol and diesel must be granted in proportion to its highways. He also said that the increasing urbanisation had already put a strain on railway routes and inter-city transport. He said that the Ministry of Railways had to pay attention towards completing the on-going projects on time and also towards formulating and implementing new schemes for these routes. He also referred to the fact that Uttar Pradesh had many perennial rivers suitable for water transport. The Government of India had decided to develop the Allahabad-Varanasi-Patna-Haldia Waterway. He requested for expediting the project as an alternative to reduce the burden on the rail and road transport.

24.12 He observed that modalities of accepting and implementing the recommendations of the National Development Council Committee on Power would have to be appropriately devised at the national level in a pragmatic manner. Already the Policy on Energy Sector Reorganization had been announced. Further, he said that Uttar Pradesh was in agreement to the levying of Energy Development cess of 10 paise per unit as recommended by the Committee of the NDC. He said that the Government of India must provide financial assistance to the projects identified in the state sector and to the on-going projects and the centre-state joint sector model as formulated for the Tehri power project, could also be utilised for such ventures. He also said that the private sector participation in power projects was catching up, however, an increasing financial investment

in energy sector was essential to fulfil the demand for financial resources for such projects.

24.13 The Minister also concurred with the revision in the Administered Prices of Wheat, Rice, Sugar, Urea and LPG. He referred to the determination of suitable criteria for allocation of Central Funds to States/UTs, under major Rural Poverty Alleviation Programmes. He said that the main objective was not only to ensure uniformity in economy and an accelerated growth rate but also to instil in the people, specially the poorer sections, the wholesome feeling of being partners. Remunerative, adequate and self-sustaining employment opportunities were essential to any enduring solution to the problem of poverty. He said that with a view to realise these objectives a number of programmes were under implementation. In this context his suggestion was to accept the recommendations of the Expert Group, 1993-94, set up by the Planning Commission, for allocation of funds under poverty alleviation programmes.

24.14 He further observed that Uttar Pradesh was a large state comprising of ten agricultural zones and five physical regions. There was no doubt that the considerable difference in the infrastructure facilities in the different parts of Uttar Pradesh had also resulted in the needs of these regions. He was of the view that if these felt needs were fulfilled by creating facilities through employment opportunities to the people, not only would they feel satisfied but also such programmes would be a success. The schemes seeking to redress the regional imbalances in a state with the diversity and size of Uttar Pradesh, must have flexibility as an essential feature, with this objective in view, his suggestion was to do away with the fixed percentages in the components of water and soil conservation, minor irrigation, primary schools and anganbaris under the employment assurance scheme. He also referred to the problem of floods in the State and asked the Centre for protecting the agriculture and the people through various programmes.

24.15 He concluded by assuring the Prime Minister, the determination of the State to attain the development objectives set by the NDC.

Jammu and Kashmir

25.1 **Shri Farooq Abdullah**, Chief Minister, Jammu & Kashmir could not attend the meeting. **Shri Mohammad Shall**, Finance Minister of Jammu & Kashmir who attended the meeting called for greater efforts toward working out consensus through the process of consultation amongst various political parties from different regions of the country on all important national issues including socio-economic development of the country.

25.2 Referring to some emergent issues concerning the State, he focussed on the tapping of Hydel potential in the State and drew attention to the Indus Water Treaty between the Governments of India and Pakistan. He also referred to the fact that the State was debarred from building any reservoirs of water over their rivers. Therefore, the State had been going for the execution of only small run of the river power projects whose generating capacity goes down by about two third during winter months, at times, for a period of more than half a year. This meant that the cost of generation of power from hydel projects was much more than what it would be if dams were allowed to be constructed across these rivers. Notwithstanding the above position, he stated that an attempt was made by the State to create a navigational lock at Tulbul over river Jhelum a couple of decades back which would firm up generation of energy from the power houses located downstream. However, he said that the Tulbul navigational lock remained to be cleared under the Indus Water Treaty.

25.3 He also demanded compensation from the Centre on account of the loss of right to generate adequate hydel energy from its rivers. He referred to the issue of enhancing the share in Bhakra/Beas and from other power houses in the Northern region, for which there had been repeated representations to the Centre.

25.4 The Minister focussed on the State's hydel potential of about 15000 Mega watts of which a fraction only had been tapped. He emphasized on Mega Hydel Projects which required guarantee from the Union Government against loans negotiated from various organisations. He said that the problem of funding of the equity requirement for these Mega Power Projects had to be taken care of.

25.5 He also referred to the question of old liabilities and requested the Prime Minister and the Finance Minister to take an early decision in the matter so that some financial relief was available to the State in the current year itself. He said that this situation had arisen because the ratio of 90% grant-in-aid and 10% loan for Plan Assistance, as a special category State, had been adopted only in the recent past. The Minister requested for relief which he said was due to the State on this account for the past years before the 90:10 formula was extended to it.

25.6 The Minister articulated that the Central Government was committed to reimburse the Security Related Expenditure (SRE) to the State. However, in actual practice the cash flow had not only been slow but also considerably lower than the actual expenditure incurred. Consequently, the State had to borrow huge amounts from the Jammu and Kashmir Bank at heavy interest. He suggested that if proper cash flow against the approved items covered by SRE was maintained and arrears cleared by the Centre, the State would be saved of much of the avoidable interest. He urged the Centre to consider other pending proposals of the State and provide adequate funds for taking up development and reconstruction of economy. He expressed his gratefulness to the Centre for releasing the amount for reconstruction of the major gutted bridges as part of the State annual plans.

25.7 He further emphasised the need for providing adequate funds to meet the requirements of newly elected Panchayats as the State had inadequate resources. He also requested the Planning Commission to reconsider the reduction of the State's plan outlay to 9,500 crore as against the assured amount of Rs. 10,000 crore. He also emphasised the need to provide adequate funds for the current year's plan outlay before the closing of current financial year.

25.8 Keeping in view the prolonged militancy problem and the need to restart economic progress, the Minister emphasized the need to have full back up from the Centre in the State's efforts to provide employment to the youth within or outside the State. He said that even after restoration of normalcy in the State, banking remained the weakest link in the Government efforts to revive the economy of the State. The year was about to close, but all branches of the nationalised banks had either not become operational at their original places or these were dealing with the savings accounts and other routine banking matters and not coming forward to lend money in the market, not even to fulfil the physical targets prescribed under the important national programmes. He requested the Finance Minister for his intervention in the matter as the banks were supposed to commence their normal operation from 1998-99 onwards.

25.9 He further observed that it had been decided by the Ministry of Railways that the crucial link between Udhampur and Qazigund be deferred. He reiterated the need to consider the State Government's request for an early linkage of Kashmir Valley with the rest of the country as it had

been accepted by the Union Government and the then Prime Minister had also announced that this should be treated as a national project.

25.10 He referred to the intensity of railway traffic in the State which he said has resulted in a serious problem of choking train movement between Jalandhar and Jammu as it was a single track railway line and abnormal delays in running of almost all the trains coming to Jammu. It further resulted into difficulties to the Vaishno Devi pilgrims and other passengers. He hoped that there would be some announcement for this during the next year's railway budget.

25.11 Concluding his address, the Minister said that decisions which effect directly or indirectly the State Governments should be taken only in consultation with the States and after evolving a consensus through a forum like NDC. In this regard, he made a mention about the Fifth Pay Commission's recommendations and the decision to increase retirement age which resulted in a huge financial burden on the States.

Mizoram

26.1 **Shri Zoramthanga**, Chief Minister of Mizoram stated that the removal of intra-regional imbalance has been one of the basic objectives of developmental planning in India, but the North East Region, particularly the backward hill States, continued to remain far behind in the race for economic growth, even after more than four decades of planning.

26.2 He said that the era of Planning in its true term, dawned on Mizoram only in 1986 when a separate State for Mizoram was created as a result of the 'Peace accord. He emphasised that there was a need to have a special thrust by devising a 'Special Sub-Plan' within the 9th Plan for the State. The existing disparity between the advanced States of the country and the under-developed States of North East, would be further widened by the economic liberalisation policy. The peculiar features of the economies of almost all the States in the North Eastern Region called for a distinctly separate strategy based on the objective conditions in these States, including the local socio-cultural ethos, with the level and quality of infrastructure as it existed today. The Central Government and the public sector would have to play a bigger role in the developmental efforts in the region. He appreciated the concern of the Planning Commission for development of North East. He emphasised the need to focus attention on the infrastructural gaps and on efforts to bridge the same. He said that a High Level Commission popularly known as the Shukla Commission had gone into this important issue and had recommended remedial measures. He hoped that Government of India would ensure adequate and timely financial support to help implement the recommendations of the Shukla Commission. He also suggested that a separate cell should be set up either in the Planning Commission or other appropriate authority to monitor regularly the progress of implementation of the Shukla Commission's recommendations.

26.3 Then he focussed on the problem of resource availability. He said that the existing pattern of devolution of central funds, with tax-sharing as a larger component, benefited the advanced States more than the poor and backward States. This pattern could be partially modified by providing for larger share of grant-in-aid, specifically in relation to the special Category States at least during the Ninth Plan period, which would help these States to revamp their financial condition. He also said that the efforts to reduce non-plan gap had to be supplemented by additional Central assistance for sometime.

26.4 He also endorsed the broad objectives of the Ninth Plan. He emphasised that the National Policy must aim at boosting the region's agriculture by fully exploiting the vast potential. He referred to the North East's proximity to the South East Asian countries which would provide markets for agro horticultural products of North East Region. However, it would require a 'package approach' for import supply appropriate technology and integrated marketing system. He suggested a comprehensive agro-export policy initiative for North East.

26.5 He hoped that the formulation of New Industrial Policy for North East and adequate strategical support of the 9th Plan, would help to initiate a beginning in North East. He also said that the package of assistance worked out during 9th Plan for North East should also have a flexibility of mid-course correction, if necessary. He said that North East in general and Mizoram in particular had the worst power scenario. The Centre should have a special thrust towards power generation in North East. He apprehended that the desired target of power generation in North East could not be attained within the contemplated allocation.

26.6 With regard to provision of Basic Minimum Services, he observed that the existing resources were not adequate to provide the minimum basic services to the people as desired. In view of this, he said that special attention of the Centre was required to bring the State at par with other States of the country.

26.7 He also said that the Central Government's support and involvement for development of private sector in North Eastern States was required and the problem of educated unemployment also had to be given a serious consideration,

26.8 He pointed out that self-sufficiency in food-grains was the foremost priority of State as a major chunk of the State's funds were being spent on importing food-grains and other edible items. However, shifting cultivation, was a destructive method of cultivation but was being practised by poor farmers. He was also grateful that the Centre has been continuing a Central Scheme for controlling Jhum Cultivation. He requested that such schemes on Jhum cultivation should be continued in future also.

26.9 He endorsed the policy priorities and sectoral strategies as also the new approach regarding the Centrally Sponsored Schemes enumerated in the Agenda of the NDC.

26.10 He also desired a clear indication in the transport sector regarding setting up of the National Road Transport Finance Corporation as recommended by Planning Commission's Working Group and also the need to revise the pre-partition surface and river links between the North East and the rest of the country through Bangladesh. He mentioned in this connection that the Shukla Commission had recommended investment of Rs. 832 crores for development of the road sector in this region.

26.11 Focussing on tourism he said that the North East should be given importance as the region had excellent potential. The development of tourism would directly promote tourism related industries and indirectly benefit the labour intensive traditional handloom and handicrafts.

26.12 He strongly recommend that 50% of the Ninth Plan outlay for Youth and Sports Programme should be earmarked for the North Eastern Region for identifying and training promising and talented local youths in selected disciplines of games and sports, as well as to create the necessary infrastructure within the region. He said that this would provide productive diversion to the youths of the region, many of whom were going astray at present.

26.13 He concluded by assuring full co-operation in building the economy as a joint venture of the States and Centre through cooperative effort.

Karnataka

27.1 Chief Minister, Karnataka could not attend the meeting. **Shri M.P. Prakash**, Minister for Rural Development and Panchayati Raj, for the State of Karnataka, who attended the meeting suggested some special measures to enable States to tide over current financial difficulties. He said that the level of market borrowings allocated to States should be substantially increased for 1999-2000. Normal Central Plan assistance should be augmented, debt repayments from States to the Centre should be rescheduled and the devolution of 29 per cent of the taxes should be implemented without waiting for amendment of the Constitution.

27.2 He urged strongly for a thorough revamping and rationalisation of existing clearance procedures for different kind of infrastructure projects and clarity in policies to avoid delay.

27.3 Referring to the report of the NDC Committee on Power, he strongly urged for a pragmatic approach since the rural markets were not uniform. He said that once a market was restructured, some parts of it could be served by renewable technologies and others by combinations of renewable and conventional means. This would facilitate the establishment of the most economic energy delivery system. He suggested that the rural cooperatives could also take over the delivery of services without necessarily owning the transmission systems themselves. He said that Karnataka had already initiated the reform process of the Electricity Board and supported the recommendations of the Committee in this regard. He also supported the recommendation relating to tripartite agreements between coal companies and railways with power generating companies to ensure quick despatches and handling of coal and improvement in efficiency.

27.4 He further said that the hydel power projects of institutions like the NHPC were welcome provided an agreement was reached about power sharing. The use of LNG as fuel for generating power required a coordinated approach at the Central level since it should be backed by adequate pipeline and terminal facilities. He also said that the recommendations regarding levy of a power development cess on consumers for every unit of power sold required further examination as private sector participation may not materialise. He added that the non-conventional energy units should be integrated with the rural grid. Energy conservation needed to be given adequate attention. For establishing inter-State hydel power projects, resolving of inter-State disputes needed to be expedited.

27.5 Referring to the recent revision in administered prices and the consequent additional burden on State finances, the Minister said that the States should have been consulted on this matter as most of the PDS families were low income ones. The Minister strongly urged a return to the 1987-88 (pre-Lakdawala) methodology so that State Governments were not penalised for social security schemes relating to the poor.

27.6 Regarding the transfer of Centrally Sponsored Schemes, the Minister said that schemes should be formulated only in areas which required joint action among several States and in sectors of crucial importance like the provision of basic minimum services. He said that ideally, these Schemes should be of a pilot nature, testing ideas for universal applicability. These should then be evaluated against quantified objectives and a decision taken regarding the need to generalise them over the entire country. The Schemes which had continued for more than two decades

should be transferred to States; only schemes with externalities must be retained with the Centre as also those targeted to special groups.

27.7 He also pointed out that the transfer of Centrally Sponsored Schemes to States with allocations limited to the expenditure level of the latest year as done in the past could result in inadequate resources for running the scheme at a later stage. Therefore, fund allocations should have an in-built mechanism to take care of cost escalations for two Plan periods at least and there must be a provision to index them to the inflation level. Schemes concerned with poverty alleviation should be indexed at a higher level to enable States to get adequate Central aid to help the poorest of the poor.

27.8 As far as the time schedule for transfer of these Schemes was concerned, he urged an immediate decision on the matter and its implementation in the current year itself. He said that there was no need for joint formulation and monitoring of schemes transferred with earmarking, nor for earmarking funds for local bodies as these issues could safely be left to the States.

27.9 The Minister concluded by referring to other major issues requiring the consideration of NDC. He said that the discussion had been pending for revision of the Gadgil-Mukherjee formula and for determining the loan-grant components of Central Plan assistance to States. Raising of consignment tax and a tax on services were yet to come up before the NDC. The size of calamity relief funds should be increased on the basis of the expenditure incurred by the States in the latest year. He said that the calamity relief assistance had also been extended as advance Plan assistance subject to future adjustment during the Plan period and this practice should be dropped as it placed an additional burden on States which had to face calamities.

27.10 He added further that the formula adopted by the Planning Commission for allocating market borrowings to States was also not transparent, nor was it based on market acceptability or resource raising capacities of States. He said that despite several representations, the total quantum of unearmarked Central Plan assistance to States had also remained stagnant for some years. The States which had taken the initiative in introducing reforms in the power sector should be given an incentive by the Power Finance Corporation in the form of rescheduling of debt owed to it by the electricity board as it would give a thrust to reform all over the country.

Nagaland

28.1 **Shri S.C. Jamir**, Chief Minister of Nagaland said that the thinking in the Document on various development issues was comprehensive in scope and the approach outlined in the paper were by and large acceptable. He was particularly happy to find specific mention of issues such as regional balance and historical inequalities.

28.2 He, however, observed that the Plan projection of the State was based on an unrealistic assessment of the State's resources and expenditure requirements, and the Ninth Plan document does not seem to hold out promise for a better future for States like Nagaland.

28.3 The Chief Minister pointed out that despite the NDC's endorsement of the recommendation regarding raising the States' share in the divisible pool to 29% by the Tenth Finance Commission, the Central Government was yet to take necessary legal and constitutional measures to give effect to this proposal. He also called for special dispensation from the Central Government to meet the burden of Fifth Pay Commission.

28.4 He pointed out that no final decision on the acceptance of the Shukla Commission's recommendations and the resultant flow of funds to the States to bridge gaps had been communicated to the States as yet. He also desired a clarification on the Non-Lapsable Pool Account, as to whether it had been in lieu of the Shukla Commission's recommendations. Further, the actual fund flow from this Pool was yet to begin for financing properly identified and prioritised development projects in the North Eastern States.

28.5 He said that it was imperative to tackle the problem of Non-Plan gaps of these strategically located States before making out development doles from time to time. The objective of co-operative federalism in so far as these States were concerned could not be fulfilled.

28.6 The Chief Minister focussed his attention on the building up of the resource and revenue base of the States in the region. He pointed out that the forest was the major economic activity of the people. However, all forest related income generating activities had come to a complete stand still following the ban imposed by the Supreme Court. The respective Governments were also doing their utmost to wean away the people from Jhum cultivation to plantation of trees and the people themselves were also undertaking massive tree plantation exercises. He said that in case the situation does not change and the ban continues, the people were likely to give up their present enthusiasm for planting. In the long run, this would be disastrous not only for the ecology of the region but also for the economy of these States.

28.7 He further articulated that the State had ambitious plans for the exploitation of oil and natural gas resources but legislation in this respect was still pending with the Centre and asked for a decision on it.

28.8 Turning to the issue of globalisation, the Chief Minister observed that the liberalisation, foreign trade and the funding of State plans through private investment flows and externally assisted projects had hardly any visible impact in the States of the North East due to the general inaccessibility of the region and the numerous infrastructure bottlenecks, legal restrictions such as the RAP under which foreigners were not allowed to come to the region freely. He also emphasised the need to address the ground realities prevailing in the North Eastern States.

28.9 The Chief Minister said that Nagaland was still carrying on with the liabilities of the posts and other assets created during the Seventh Plan. The Chief Minister called for meaningful Five Year Plans, as the Finance Commission's recommendations do not exactly coincide with the Five Year Plans.

28.10 He also supported the efforts being made to give an impetus to development of the power sector. He said the action on most of the recommendations of the NDC Committee on Power had already been initiated in the State. However, the State was almost 100% dependent on power purchased from Central Sector agencies. In addition, he said that the transmission tariff at 35 paisa per unit was almost 2½ to 3 times higher than in the other regions, any increase in tariffs would further retard the industrialisation efforts. He strongly urged that the tariff determination for his State by the Central Electricity Regulatory Commission (ERC) for the Central sector generating and transmission agencies, be taken up on a different footing as compared to the rest of the country. With the new power generating capacities coming up during the 9th & 10th Plans in this region, considerable power would need to be evacuated from the North-Eastern Region to other parts of the country for several years before the States' internal demand picked up. He, further requested that the transmission networks be treated as 'national lines', so that the transmission tariff could be brought down to reasonable levels.

28.11 He strongly recommended that a specific policy package be worked out for tapping the hydel potential as the private sector investment was not forthcoming. Furthermore, the project cost was high because of infrastructural disability inherent in its distinct geographical conditions.

28.12 He also said that the removal of food subsidy does not arise for the States in the North East as all requirements were imported from other parts of the country. He concurred with the restructuring of the PDS to provide food grains at substantially lower prices to the poor in a focussed manner. He also suggested a dual pricing policy for the nation - one for the rich States and the other for the poorer regions, while continuing with the preferential treatment towards the poor even in relatively advanced States.

28.13 He also endorsed the weighted average shares worked out by the Planning Commission as a criterion for allocation of funds under major Rural Poverty Alleviation Programmes. He pointed out that the concurrence to the transfer of the CSS schemes was not possible as long as the resource and budgeting position of the States with extreme resource constraint were not rationalised.

28.14 Before concluding, the Chief Minister also referred to serious problems on account of the BMS which were earmarked schemes but included in the State's outlay without any additionality to the State's overall outlay. Consequently, a large portion of Plan funds got diverted to meet the Non-Plan gap. Implementation of the ongoing CSS schemes was not possible unless there was a separate allotment for these Schemes. He favoured a status quo with regard to the Centrally Sponsored Schemes.

Kerala

29.1 **Shri E.K. Nayanar**, Chief Minister of Kerala urged that in a 15-year perspective, it should be the endeavour to achieve growth rate of 10 per cent with terminal Five Year Plan. He stated that Employment Promotion could not be left to emerge as a by product of economic growth. It would have to be consciously striven for and growth specifically aimed in sectors and sub-sectors which have maximum employment generation potential. Besides employment, the Chief Minister touched upon issues relating to price rise, social justice and participatory Planning and regional balance. The interest rate reduction would also help the budgets of the States because of the corresponding fall in their interest liabilities.

29.2 The Chief Minister stated that in actual terms the share of the Plan outlay of the States in the total Ninth-Plan outlay might fall well short of the projected ratio. He further stated that the Plan document had talked of the inability of the States to raise resources as targeted, leading to shortfall in the share of the States in the total Plan outlay. The blame for the States' inability to raise resources could be laid partly on the Central Government. Despite repeated pleas, the Central Government had not shown much interest in initiating appropriate legislations for taxing the commodities and services, that could yield sizeable revenues to the States. The States also have had to surrender the powers to levy sales tax on some of the commodities in the larger national interest, but were not adequately compensated even though promises were made to that effect. The State had suffered a substantial loss of revenue on this score. He Said that a consensus arrived at on the subject of Consignment Tax had been awaiting appropriate Central action to permit its implementation. The failure of the fiscal transfer mechanism to provide adequate funds to compensate for the erosion of the powers of taxation of the States has accentuated the fiscal crisis of the State. A related issue, he pointed out, that had adversely affected the resources of the States is the pay revision that States had to incur once the Centre had revised the pay scales and other benefits for its employees.

29.3 He urged that the accounting procedure for Small Savings should be changed to directly accrue to the State Governments without passing through the Central Budget. This would help to avoid the increase in Centre's fiscal deficit.

29.4 He welcomed the proposed strategy for increased income and employment in the agriculture sector and the projected growth rate of 4-5 per cent per annum. He also felt that the emphasis should be on a regionally differentiated agro-climatic planning, taking into account the topography of different regions and State's strength in diverse crops. He pointed out that for a State like Kerala, where predominant perennial crops were affected by old age and diseases, massive investment was required for replanting and rehabilitation of the aged and diseased plants to sustain the dynamism of the farm sector. As a general principle, he urged that the commitment to decentralisation should be made a criterion for plan assistance to the States.

29.5 The Chief Minister referred to the contribution of the migrant labour as a steady and reliable source of foreign exchange inflow. He said that the State Government's request for the formation of a Migrant Workers' Welfare Fund, to provide appropriate protection against various problems faced by them was yet to be acted upon.

29.6 The Chief Minister also emphasised the need for developing an evolutionary approach in introducing power sector reforms. He said that the Central Government should continue to pursue a regional approach and encourage and participate in regional projects through central institutions such as NTPC and NHPC. In order to reduce regional imbalances, adequate weightage should be given to States which do not have coal or hydrocarbon resources and lack other energy sources. He also said that the State Government had initiated reforms in the power sector.

29.7 Keeping in view the interests of the poor, he strongly opposed the recent steep hike in the prices of PDS commodities. The Chief Minister further observed that the estimation of poverty and the manner of fund allocation for anti-poverty programmes do not capture adequately the local situation.

29.8 He said that although the estimation of poverty by the Expert Group could be considered as an improvement, the proposal for adjusted shares or a weighted average of poverty estimates, was not acceptable as the State would tend to lose by way of lower allocation of funds on poverty criterion. Given the estimates, it was worthwhile to build some suitable incentives into the allocation criterion for poverty reduction.

29.9 He said that CSS which were anti-poverty in nature should be transferred to the States along with funds. Similarly, while transferring the schemes the present pattern of funding of CSS should be continued.

29.10 Concluding his address, he stated that NDC should be made more active by meeting once in a year so that there was an opportunity to discuss matters of mutual interest and find solutions.

Orissa

30.1 **Shri Giridhar Gamang**, Chief Minister of Orissa complimented the Planning Commission for having formulated a Draft Plan Document which articulated the major developmental concerns.

30.2 On the basis of the official estimates of the Planning Commission, he said that Orissa had the second highest percentage of people below the poverty line. He informed that significant

disparities existed between States and it was disquieting that the disparities were getting accentuated from plan to plan and it was of utmost importance to halt this process. He referred to the financial position of the State in the context of declining State's share in the total Plan outlay which adversely affected the social sector. The implication of a negative BCR to the State was that an equal amount of resources which would otherwise have been available for financing the plan would get diverted to meet the non-plan liabilities resulting in a smaller plan and borrowing at a high rate, thereby, making it more difficult to service the loan as non-plan revenue expenditure seldom resulted in generation of additional resources. He also said that it was difficult for the State to adequately fund even the ongoing plan schemes or to meet the committed plan liabilities in full.

30.3 Referring to Orissa's revenue deficit and the existing tax potential, he said that the direct accrual of revenue from the primary sector being nominal, the scope for mobilisation of tax revenues was limited. He emphasised on levy of consignment tax on the products of major industries. He also referred to inadequate infrastructure as a result of which mineral based industries had been slow in coming up. Orissa was losing on account of abnormal delay in revision of mining royalty by Government of India despite recommendations of the Sarkaria Commission for revision once in two years. The growth of tax from secondary sector, therefore, had also not been significant. He said that despite these constraints, the compound growth rate of Orissa's own tax revenues during the period 1989-90 to 1996-97 was 14.35% which was higher than a number of major States. He said that the State had also made concerted efforts to maximise non-tax revenues. Despite utmost efforts, he pointed that the compound growth rate of revenue expenditure during the period 1987-88 to 1997-98 was 15.26%. It was also significant to note that the State's own revenue growth rate was higher than the rate of growth of transfer from Centre.

30.4 He also drew attention to the latest revision of pay scales based on the recommendation of the Fifth Pay Commission by the Government of India which had resulted in an additional liability of Rs. 700 crore in the first year which would keep on increasing from year to year. The two doses of D.A. alone accounted for a burden of Rs. 200 crore annually. He said that unless problem of the non-plan revenue deficit was solved satisfactorily, financing of the plans would continue to be a serious problem for under-developed States like Orissa. While the Eleventh Finance Commission would be looking into this problem, he felt the need for an interim measure and asked for provision of special accommodation through debt relief.

30.5 He strongly urged the Government of India to consider waiver of interest payment and moratorium on repayment of principal till the recommendations of the Eleventh Finance Commission were available and the matter be reviewed, thereafter. As a long-term measure aimed at containing the non-plan revenue expenditure, he suggested for a debate in arriving at a national consensus on a wage policy for employees of the State and Central Governments.

30.6 He strongly urged for restructuring the financing of the Central Plan Schemes and Centrally Sponsored Plan Schemes as also the procedure for funding of the Externally Aided Projects. He said that 70% of the Additional Central Assistance provided for financing the Externally Aided Projects was in the form of a loan and 30% in the form of grant irrespective of whether the external assistance had been received as grant or loan. As there was no risk of exchange fluctuation in respect of assistance received as grant, there could be no justification for a part of it being passed on to the States as loan. A large number of schemes under which the Central Assistance was provided do not have potentialities for generating revenues for servicing the debt. This, he said, increased the debt burden without the means of servicing it. A number of central schemes were

transferred to the States at the end of the plan period. While the assumption was that over a period of time, the State would be in a position to generate adequate revenue to absorb additional expenditure, such an assumption was unrealistic when the non-plan gap kept on widening.

30.7 He referred to regional disparities at the intra-State level. A Long Term Action Plan for development of three most backward undivided districts of Koraput, Bolangir and Kalahandi (K-B-K) had been formulated and was launched in 1995. But the implementation of the Action Plan had not taken off for the next three years. A small beginning had been made only in the current year. He urged that the requirement of Central Assistance for implementation of the Revised Action Plan for the K.B.K. Districts of Orissa should be included as a specific component of the Ninth Plan.

30.8 He said that the objective of the regional balance could not be achieved without addressing the problem both at the Inter-State and Intra-State levels. The Central Government could launch fully funded schemes for implementation of area specific developmental programs for the development of intra-State backward regions and the State Government would be happy to submit to Government of India detailed schemes for this purpose.

30.9 He strongly urged the forum to take a decision to include Orissa within the special category, as Orissa was worse off as compared to most of the Special Category States and Orissa's financial resources-base was weak and fragile as that of the Special Category States.

30.10 He suggested that the list of Centrally Sponsored Schemes now in operation could be reviewed to exclude schemes which had become irrelevant and schemes which had substantially achieved the objectives originally envisaged and schemes which do not conform to priorities identified for the Ninth Five Year Plan. Of the schemes that were retained, schemes relating to a common sector or a sub-sector and schemes of similar nature could be grouped together and the central assistance provided for each group of schemes with freedom to the States to make inter se allocation on the basis of their felt needs and priorities. Resources allocated for schemes identified for closure could be transferred to strengthen schemes, which in the current context, deserved to be accorded higher priority or schemes that were transferred to the State. The State's share in respect of schemes, other than fully funded schemes, should be fixed at 15 percent as in the case of BMS. He urged for the acceptance of the proposal of the State Government as it would ensure that funds meant for priority sectors would not get diverted while at the same time provided the needed flexibility to the States. Since the subjects and functions transferred to the Panchayati Raj Institutions could differ from State to State and change over time, funds relating to all schemes selected for transfer should appropriately be transferred to the State Government who would, on their part, earmark funds for the Panchayati Raj Institutions and local bodies keeping in view the system prevailing in their State and the constitutional imperatives.

30.11 He pointed out that a substantial part of the public sector investment in the infrastructure sector should flow to the under-developed States as these States were not in a position to reap the benefits of liberalisation and larger flows of private investment. Efforts at attracting private investments by State Governments had already led to a high degree of competition among States in granting fiscal and other concessions. This had adversely affected fiscal viability. He further observed that unhealthy competition should be eschewed and a consensus arrived at with regard to future policy.

30.12 The Chief Minister agreed with the recommendations of the NDC Committee on Power and stated that the Government of Orissa had already initiated a large number of measures which were in conformity with the recommendations of the Committee. He pointed out that Orissa had been the pioneer in power sector reforms. He also expected Orissa to be the first State in the country to privatise distribution of electricity. He expressed his inability to support any proposal for levy of cess on electricity consumption unless the proceeds of the cess were wholly transferred to the States from which such cess was collected.

30.13 He expressed his concern over delay in clearance of projects by the Central Electricity Authority. Two thermal projects namely the AES Ib Valley Project and Duburi IPS Project for construction of two thermal power stations of 500 Mega watt each were awaiting CEA clearance for a long time. He suggested that the State Governments should be empowered to accord clearance for run of the river hydro projects which do not envisage creation of large reservoirs. Similarly hydro power projects on Inter-State rivers which utilise down-stream discharge to the sea should be allowed to be cleared by the coastal States without insisting on Inter-State agreements. He also said that the Government of Orissa was concerned about injection of high frequency power by Central Sector Power Stations. He also suggested the introduction of a frequency-based tariff structure.

30.14 The Chief Minister observed that by 2002, when all power projects under implementation or in the pipeline were expected to be complete, Orissa would be surplus in power. Wheeling of the surplus power, which would be of advantage to other States, would be possible only if the National Grid was strengthened and gaps in the Grid were bridged. He suggested that the Ninth Plan could include a scheme for this purpose. States which had initiated electricity reforms should be encouraged through lower interest loans.

30.15 He further said that the emphasis on village and small industries including handloom must continue. However, with a view to ensuring that this sector becomes viable, technology upgradation, marketing and credit support, quality certification, product diversification and upgradation of skills of workers would need particular attention. Within this sector, food-processing industry deserved a higher priority as it had enormous scope for growth. The value addition in this sector would trickle down and, therefore, be of direct benefit to the primary producers. Referring to the agricultural scenario, he said that the net area sown was likely to decline in future with increasing market orientation. Shifting of land from production of food-grains to commercial crops was also a possibility. Development of infrastructure, establishment of new industries and similar other needs would progressively reduce the land available for cultivation. If the food security had to be ensured for growing numbers, he said that the measures to increase productivity of land would assume critical importance.

30.16 He observed that the required increments in yield level could not be expected from high yielding States. Moreover, these States only account for around one-fifth of the total crop area. Hence, yield improvements must come from the low-yielding States. While a multi-pronged strategy would be necessary to achieve this objective, an important component of this strategy would be expansion of area under irrigation. This had to be achieved by completing the on-going irrigation projects quickly by providing additional investment, and by sustainable utilisation of ground water. He said that a scheme of incentive should be evolved so that resource-poor farmers could take up dug wells or similar other devices for private irrigation. Agricultural research must address itself to evolving high yielding varieties of oil seeds and pulses. He added that with a view to optimally

utilising the ground water resources, lift irrigation points should be encouraged in private and cooperative sectors for which a scheme of incentives should be provided. It should, simultaneously be necessary to ensure effective transfer of dry land technology, generate new ones and to emphasize on watershed development for raising yields of rain-fed crops.

30.17 He referred to the Conference of Chief Ministers held in July, 1996 which decided to accord high priority to Seven Basic Minimum Service with a view to securing better quality of life for our people. He said that the Conference of Chief Ministers had also recommended that in determining allocations for these services, the special needs of the States below the national average should be taken into consideration. Unfortunately, this part of the recommendations had not been taken care of. He reiterated that allocations to the States should be proportionate to deficiencies, to be made good by each State and the time frame for full coverage and not on the basis of the conventional formula for distribution of central assistance. It was also emphasised that the central assistance to be made available for the Seven Basic Minimum Services should be available as 100% grant.

30.18 He suggested that rural electrification should be treated as Basic Minimum Service. He said that the State Corporations do not find it commercially viable to undertake a major programme on rural electrification because of commercial compulsions. Loans available for the purpose could not be easily serviced. He also suggested that if rural electrification could not be treated as one of the Basic Minimum Services, a central sector scheme could be formulated for ensuring adequate funding of accelerated rural electrification programme. He pointed out that keeping in view the fact that the State had the highest percentage of persons below the poverty line among all States excluding Bihar, because of the large percentage of SC & ST population, the strengthening of the poverty amelioration programme and programme for provision of rural employment must continue to receive high priority. In this context, he suggested that a shift in strategy from individual beneficiary approach to a group or cluster approach would be welcomed. He called for restructuring the rural employment programme so as to increasingly provide employment of a sustainable kind instead of only providing short duration casual employment. Assistance under the Indira Awas Yojana and Million Wells Scheme should be related to the number of homeless and potentialities for exploration of ground water for irrigation purposes.

30.19 He stated that in dealing with the problem of unemployment, the problem of the educated un-employed would require special attention. Expansion of general education in areas which were reasonably well served must be discouraged and the youth must be diverted to vocational training and professional education. One of the essential pre-conditions for successful implementation of this strategy would be a reasonably precise forecast of manpower needs during the Ninth and subsequent Plans so that vocational training and programmes could be designed to meet that need. The dangers of over production in conventional trades and vocations had to be avoided so as to obviate wasteful investment and frustration.

30.20 He stated that on the basis of the data generated by the last decennial census, the rate of population growth in Orissa was significantly below the national average and the birth rate was also lower, population stabilization measures needed should continue to receive priority in the Ninth Plan. The main thrust in this area should be given to measures aimed at motivating eligible couples to adopt small family norms and to improved access to reproductive and child health services through a decentralised system. Simultaneously, effective measures were also required to prevent epidemics such as malaria and for total eradication of diseases like leprosy and

tuberculosis. He said that an intensive drive must be launched to promote health education so as to derive optimum benefit of various poverty alleviation and health programmes. He said the aim should be selective upgradation of public medical institutions with technical and financial support of the centre so that such services could be made available at an affordable cost to the poorer sections of the society.

30.21 He desired that the protection of the environment and preservation of natural resource base should continue to receive high priority. He said that the most cost-effective strategy would be to promote natural re-generation wherever possible with community support. The State had large areas of degraded forest land. The effort should first be to re-generate forests over such land. The Chief Minister recognised the need for reduction in subsidy. But with the recent increase in the BPL issue prices of rice and wheat having been rolled back, he said that it would not be proper to consider revision of these issue prices once again after such a short interval. The present market price of rice in the State was around Rs. 800 to Rs. 850 per quintal which was lower than the revised issue price for APL rice effective from 21.1.99. There was no justification for further increase in the central issue price of APL rice. If the price of PDS rice for consumers other than the BPL families was revised upward, there would be an increase in the open market price adding to the inflationary pressure. Therefore, the scope for enhancement of issue prices of food grains in the present context would seem to be rather limited. Some marginal increase in the issue prices for sugar and retail selling price of LPG could be thought of after some time as these had been revised recently.

30.22 He said that the State had no objection if the subsidy on fertilizer was reduced for States which had already achieved high levels of productivity and whose present level of consumption of fertilizer was above the national average but the subsidy must continue for less developed States where the consumption of fertilizer was below the national average. He added that the aim of reducing poverty would be greatly jeopardised if at this stage incentives for increasing productivity in agriculture were reduced or withdrawn.

30.23 He focussed on the estimates of State specific poverty lines prepared by the Expert Group which was primarily based on the consumer price index of agricultural labourers and the consumption pattern of the poor. Even though allocations under poverty alleviation programmes were utilised for developing social infrastructure, deficiencies in such infrastructure were not reflected in the estimates of the Expert Group. The estimates of the Expert Group had given rise to an anomalous position. He pointed out that a person having a monthly income of Rs. 250 in Orissa would be deemed to be above the poverty line whereas a person having monthly income of Rs. 325 in Kerala would be regarded below the poverty line. Moreover, the composition of the consumption basket in 1973-74 which was the basis for both estimates would have undergone significant changes over the years. The reason for the differences in the estimates based on the Task Force method and those of the Expert Group should be made explicit and then methodology which was rational, realistic and takes into account the other factors contributing to the social backwardness of the State could be adopted. Pending revision of the estimates, he recommended that the estimates for 1993-94 arrived at by adopting Task Force method could be followed. There could be no rational justification for averaging two estimates when validity of one of these had been questioned.

30.24 The Chief Minister concluded his speech by emphasising the need for coordinated development of inter-State borders of Orissa, Madhya Pradesh, Andhra Pradesh and Maharashtra keeping in view the law and order problem.

Madhya Pradesh

31.1 **Shri Digvijay Singh**, Chief Minister of Madhya Pradesh stated that finding resources for the implementation of the Ninth Plan was a major challenge for the States. In this connection, he referred to the reduction in the Central assistance and share of the states in Central taxes. He mentioned that the revision of the royalty on minerals was overdue and the implementation of the Fifth Pay Commission recommendations had further weakened the resources of the States. Besides the above constraints, the difficult overdraft situation and ways and means position of the States called for immediate remedial measures for finding adequate resources for the Plan. The Chief Minister observed that the NDC should meet more frequently to evolve a political consensus for taking hard decisions to improve the difficult financial situation of the Centre as well as the States and also oversee that the available scarce resources are put to efficient use. The Chief Minister welcomed the preparation of Special Action Plans covering specific aspects of social and physical infrastructure, agriculture, information technology. He urged for liberal Central support for State Plans so as to increase investment in Basic Minimum Services. The policy framework must attempt to create a congenial atmosphere for infrastructure development through private investment.

31.2 He emphasised that the meeting should evolve a more effective method of matching resource availability with needs, both at the level of the Centre and the States. The Chief Minister referred to the unequal fiscal devolution measures keeping in view the growing needs of the States in developmental activities. He further reiterated that the poorer states got less money. However, the Deputy Chairman refuted this statement. The Chief Minister said that the NDC must also continuously harmonise / update the effect of Finance Commissions' recommendations on State resources - especially when these were asynchronous with Plan periods - and cushion the impact of changes in the economy, tax behaviour, inflation and expenditure regimes like decennial pay revisions, etc.

31.3 Emphasising the need for uniform tax rates for the country, the Chief Minister also made a mention about the overdraft and subsidy. He further stated that in spite of repeated exhortation by the States, royalty rates remain static for years together. Mining legislation should, therefore, be amended to make it more responsive to developmental needs, introduction of competition in the grant of mineral concessions, enabling ad-valorem determination of royalty and provision for an equitable share in benefits to the local population.

31.4 The Chief Minister also pointed out that inclusion of fiscal performance indicators in the Gadgil formula only penalised the backward States. The State Government had repeatedly urged the Planning Commission to redress regional imbalance. Central Plan assistance be made available to the backward States, keeping in view only their size, population of scheduled castes and scheduled tribes, incidence of poverty, human development indicators and deficiencies in infrastructure. He also called for review of charging interest rate higher than 12% per annum for small savings loans granted to the State keeping in view the **R.V. Gupta** Committee's opinion.

31.5 He observed that the burden of Fifth Pay Commission should be borne by the Government of India and the Union Govt. should either give a special grant equivalent to the additional burden or in the alternative, accord a 2-year moratorium on the repayment of Central loans by low-income States.

31.6 He urged the Prime Minister for a definitive strategy to provide gainful employment and called for diversification of rural economy into non-agricultural activities to provide productive

employment to the growing labour force, and to reduce the economic differences between rural and urban areas. He said that upgradation of skills and technology needed to be given a special thrust, with the aim of generating wage / self-employment. He observed that direct wage employment would have to be provided to the unemployed and under-employed, particularly among the vulnerable sections, but the plethora of employment generation schemes should now be consolidated into one Comprehensive Scheme for rural and another for urban areas. Employment Assurance Schemes should also be restricted to areas which were hunger prone and where migration was endemic to provide credible guarantee of employment and food security.

31.7 He called for direct participation of States in the working of the NDC through Standing Committees so that the States' needs were adequately reflected in national priorities and sharing of national resources. Madhya Pradesh being the State with the largest tribal population in the country, the Chief Minister urged that grants for upgradation of administration in scheduled areas under Article 275(1) of the Constitution should not be earmarked out of normal Central assistance, but should represent significant additionality to the State. The Chief Minister suggested that the Union Government should also review the 73rd and 74th Amendments in order to create an effective instrument of district governance.

31.8 He emphasised that the NDC should also consider some separate plan devolution to sub-State planning bodies, so that these organisations could gain financial autonomy and could be perceived as respectable instruments of self-governance.

31.9 He said that for maintaining the ecological balance, the State must be compensated by the Union Government, at least in proportion to the excess of forest land above the national average. He articulated that rapid afforestation was only feasible if private investors were permitted to raise plantations on degraded forest land, with strict terms and conditions to safeguard the interest of the local people and resource creation. He sought intervention to effect necessary amendment of Forest Conservation Act in this regard. He also urged that Ministry of Environment and Forest should be persuaded to accord sanction at an early date for settlement of forest encroachments.

31.10 The Chief Minister stated that the plan resources were drastically curtailed for the current year, with attendant ways and means problems, because of the steep shortfall in the State's share in Central Taxes due from the Union Government. He added that the pernicious practice of Government of India to restart deduction from Normal Central Assistance (NCA) for making payments to central PSUs had also adversely affected the States.

31.11 He emphasised the need to increase the investment in the agricultural sector. In this connection, the implementation of watershed development schemes should move to a more people-centred approach like the one adopted by the Rajiv Gandhi Watershed Mission (RGM) in the State. He requested for the modification of the guidelines of the National Watershed Project in Rained Areas (NWDPPRA) as these were, rather inflexible and techno-centric. To enable farmers to earn higher incomes, he emphasised that agri-business and processing had to be combined with farming activity.

31.12 He also said that the local bodies and institutions should be assigned greater role in the exploitation of natural resources and management of environment. Resource management policies should also delineate the rights of weaker sections, such as tribals, nomads and women, in terms of access and control over natural resources.

31.13 He further emphasised that the Govt. of India should consider levy of antidumping duty as a measure of support to indigenous industry. Indiscriminate imports of raw silk under OGL would

adversely affect sericulturists, the majority of whom belong to the disadvantaged sections. He said that the Govt. of India should allow import of high quality silk only against exports through strict channelising mechanism.

31.14 He said that funding mechanisms, like the RIDF, need to be devised for other areas also like water supply, where the private sector was still shy of participation. In the transport sector, a larger road / rail network was necessary for opening up the rural hinterland and better integration of the rural and urban economy. He also proposed that the Union Government should formulate a special time-bound plan, giving priority to tribal areas and villages with population over 1500.

31.15 He suggested that the construction of housing for the poorest sections should remain an important component of wage-employment generation programmes in the rural areas. The Chief Minister called for provision of safe drinking water to uncovered habitations on a priority basis. He also said that adequate funds should be provided under AUWSP, to enable the State Government to take up more schemes, including towns up to a population of 1 lakh. LIC's lending policy should also be revised, so that it could be possible to receive larger loan support from it. He called for a change in the education policy with greater emphasis on vocational education. He said that the quality of technical education needed improvement through modernization and upgradation of infrastructure and strengthening industry - institution relationships. He requested that Union Government should formulate a new project for strengthening and upgradation of women's polytechnics.

31.16 On the Health Sector, the Chief Minister said that the Jan Swasthya Rakshak scheme should be revived, because it appeared to be the only viable means of ensuring minimum health care to people in remote rural areas. Due to paucity of resources, existing State owned, medical care institutions were inadequately maintained and services provided were deficient. He said that there was a strong case for restricting free medical services to poorer sections and requiring the better off sections to pay for these services.

31.17 The Chief Minister then referred to the problems of the scheduled tribes in accessing programmes and services which needed to be identified and removed. He also said that the efforts for empowerment and educational upliftment of Scheduled Castes need to be accelerated.

31.18 On the issue of the recommendations of the National Committee on Power, the Chief Minister said that the State had initiated reforms. Further, he suggested that it would be better to privatise distribution in stages, after initial corporatisation. He referred to problems in tapping the existing hydel potential. He suggested that the Union Govt. should evolve a National Rehabilitation and Resettlement Policy to avoid undue interference by NGOs and water use for hydel power generation should also be exempted from the water cess imposed by the Ministry of Environment and Forests. He said that a longterm fuel policy was also required.

31.19 He pointed out that the levy of Power Development Cess would be at the cost of financial viability of the SEBs; these should be exempted from its imposition and the State Governments should also be left free to impose equivalent levy at an appropriate juncture and earmark the proceeds for hydel generation within the State.

31.20 The Chief Minister referred to the issue of revision in the administered prices of Wheat, Rice, Sugar, Urea and LPG. The increase in consumer sale price of Sugar had not been accompanied by any increase in margins/ transportation cost payable to the State Civil Supplies

Corporation and fair price shops. He said as a result the consumers would be expected to pay more than the economic cost of sugar. Further, he added that Madhya Pradesh, having the largest tribal population, the erstwhile Revamped Public distribution system, covering ITDP and the DPAP blocks, served a more useful purpose. He suggested that the food security for the poorest sections of society living in remote, inaccessible regions, however, would be best provided through community grain banks rather than behemoths like the FCI.

31.21 He emphasised that the Rural Development programmes which were linked to poverty ratio should not be changed on the basis of newer methodologies till reliable data were available. He urged that the Task Force methodology should not be abandoned, simply for the sake of statistical refinement. He said that a 15 - per cent adjustment was not the right answer to this problem.

31.22 The Chief Minister expressed reservations regarding the principle to be employed for inter-se determination of State shares and the classification of Centrally Sponsored schemes under different categories. Till necessary changes were made in the **Gadgil Mukherji** formula, he suggested that State entitlements should be worked out on the basis of most recent allocations for the State. He further said that Centrally-sponsored schemes like Employment Assurance, which were substantially demand-driven, should be retained in the Central plan because any rigid formula of distribution would reduce flow of assistance to poverty-ridden States with high incidence of disguised under-employment. He added that the transfer of schemes like NSAP, before the achievement of the requisite coverage, was also likely to retard the objective of providing reasonable social security to poorer citizens in the country.

31.23 He pointed out that the Union Government had been unable to provide requisite funds for transferred schemes. The future transfer should, therefore, be accompanied by matching devolution of resources to the States, with adequate provision for growth and inflation. He said that the Union Govt. should also disburse arrears and remaining assistance due for incomplete projects sanctioned by it under different Centrally sponsored schemes even after these had been transferred, so that these do not impose a burden on the States.

31.24 In his concluding statement, the Chief Minister urged that along with the endorsement of the Ninth Plan it was essential to take specific and clear decision on the issue of resources. He requested that, in that regard, the suggestions made by the Finance Minister of West Bengal should be considered and some solutions arrived at.

Pondicherry

32.1 **Dr. (Smt.) RAJANI RAI**, Lieutenant-Governor of Pondicherry supported the projection of the Ninth Plan, but added that it had to be ensured that in the remaining years of the Ninth Plan there was no let up from the 7% average growth rate originally envisaged. She also welcomed the suggestion for evolving a technology policy for improving the technological capabilities within the country as it would improve the competitive abilities in the global market scenario.

32.2 She also focussed on India's potential to become a super power in the field of Information Technology and concurred with the constitution of the Task Force. She said that the UT had also taken action to set up a Software Technology Park and an Electronic Industrial Estate which would be commissioned shortly. She felt that the NDC should recommend adequate financial

support to States/UTs for setting up of Centres of Excellence in Information Technology and development of IT related industries in the next three years of the Ninth Plan.

32.3 She agreed with the Ninth Plan emphasis on private sector participation in the generation, transmission and distribution of power as the availability of finances was limited, and there was no other option. However, as regards formation of the State Electricity Regulatory Commission, she sought financial support from Government of India for setting up a Commission for Pondicherry, as it would cause additional burden of Rs. 50 lakh per annum. As an alternative, she suggested that one single Regulatory Commission could be formed under the Ministry of Power for all Union Territories. She mentioned that the power transmission loss in the UT of Pondicherry was the lowest in the country at 13.8% against the national average of 23%.

32.4 She strongly felt that Government intervention was absolutely necessary for removing economic and social disabilities prevalent amongst the SCs, STs, and OBCs and minorities and to bring them on par with the rest of the society. She fully endorsed the strategy outlined in the Ninth Plan for welfare of these deprived groups. She also requested that States/UTs could be consulted and a consensus could be arrived at before increasing the prices of essential commodities supplied through PDS. She said that the States had financial and administrative powers to absorb the hikes in prices of essential commodities within their overall budget but a Union Territory had no option but to increase the price. She also requested the Prime Minister to reconsider the decision regarding reduction in the interest rates on various small savings instruments in the context of the enormous burden on the States to mobilize additional resources under Small Savings and fund a part of their plan outlay.

32.5 With reference to Centrally Sponsored Schemes, she reiterated, that the schemes could be transferred only with full funding. She emphasised the need to ensure that the committed expenditure was fully reflected in the non-Plan. As regards identification of schemes to be transferred out of the list of 184 circulated, she suggested the constitution of a small sub-group to decide on the issue.

32.6 She referred to the revised criterion for allocation of funds under major Rural Poverty Alleviation Programmes based on the methodology adopted by the Expert Group and endorsed it.

32.7 She drew attention to the lack of a broad gauge rail linkage between Pondicherry and the rest of the country which had severely affected industry and development of tourism in Pondicherry. She earnestly requested the Prime Minister and the Minister of Railways to give special attention to Pondicherry in this regard and provide a broad gauge line between Tindivanam and Pondicherry which could be extended further to Cuddalore, Chidambaram, Karaikal and Nagapattinam. She was of the view that it would give tremendous boost to the development of not only Pondicherry and Karaikal but also Cuddalore and Nagapattinam Districts of Tamil Nadu.

32.8 Before concluding, she mentioned that Karaikal, which was the second largest region of Pondicherry was at the tail end of the Cauvery delta and agricultural activity in this region was fully dependent on Cauvery Water. She observed that the historic agreement reached by the riparian States to share Cauvery water within the framework of the interim award of Cauvery Tribunal under the Centre's stewardship last year was considered as a memorable event in the last decade of the twentieth century in Indian history and the people of Pondicherry were grateful to the Prime Minister for the speedy action in bringing out an amicable settlement on an issue which had been pending for more than two decades.

Andaman & Nicobar Islands

33.1 **Shri LP. Gupta**, the Lt. Governor of Andaman and Nicobar Islands stated that the identification of areas for providing basic amenities to the weaker sections of the society, i.e., primary education, primary health care, water for drinking, nutrition to the expectant mothers and the children, housing, recognition and care for the senior citizens, connectivity of the villagers for marketing the agriculture produce and for linkage with other rural, urban and state highways, strengthening the highways, supply of energy to the villages and all other basic minimum needs were well taken care of in the documents prepared by the Planning Commission. Also rapid improvement in physical infrastructure, expansion and improvement of social infrastructure, doubling of food production and making India hunger-free in 10 years and the National Water Policy included in the draft Ninth Plan document, would give a stimulus to the economic growth while balancing the gap in sufficiency in the fields of (i) electricity (ii) petroleum and natural gas (iii) non-conventional energy sources (iv) railways (v) roads (vi) ports (vii) air ports (viii) telecommunication and financial services. He said that these were sectors requiring rapid improvements in any developing nation. Doubling of food production and making India hunger-free was equally an improvement and a welcome programme. The National Water Policy could play an important role in achieving targets of food production.

33.2 He focussed attention on the manifold problems of the UT. Only 4% of the land mass comprising 8249 sq. kilometres spread over 572 islands and islets was available for economic activity. Of this, only 55,000 hectares of land was available for cultivation and other activities. Rest of the land was reserved forests which was not available for any economic activity.

33.3 Reverting to connectivity between different islands, he pointed out that being an island territory, shipping was the lifeline. But, the Union Territory was dependent on the mainland shipyards for requirements of ships and boats. The process of construction was very slow and lengthy. The requirements were restricted by Plan funds of the Union Government. He said that in the current financial year, the administration was placing orders for over 20 vessels of different sizes and carrying capacity. The support of the Planning Commission was required in the next year for larger allocation of funds in order to make stage payments to facilitate purchase of bigger and larger ships, when nearly 40 of the ships would be outliving their lives.

33.4 The Lt. Governor articulated that the Andaman & Nicobar Islands had many natural harbours enabling ships to anchor in safety. The ports of the Islands could be declared "transit ports". Ships, could call at the Andaman & Nicobar Islands, unload the cargo and depart. Thereafter, vessels, both Government and private, could conveniently carry the cargo to its destination, i.e. Calcutta, Chennai, Mumbai or other ports in India. This could fetch considerable revenue to the islands and would also give employment opportunities to the unemployed youth of the territory, besides giving a thrust to the economic activities in the region. He stated that the plan proposals include a proposal for creating fresh water lake in a "bay" in the sea. This lake would be able to provide water to the ships and also drinking water in the entire South Andamans and cater to the needs of irrigation also. This would again fetch considerable revenue to the territory. It was an irony of nature that these islands surrounded by sea received 3000 mm of rain which was more than sufficient for all purposes, but in summer the problem became acute as water was not available for human consumption. This was due to the absence of rivers and the structure of the soil of these islands. Besides extension of the agriculture area under National Water Shed Development Projects, rain

water harvesting, structures for storing rain water from roof tops for consumption during summer was also being constructed. These projects were planned in accordance with the National Water Policy. He also looked forward for the budgetary support of the Government for these projects in a big way.

33.5 The Lt. Governor said that the issue of exploiting the sea wealth required amendments to the Regulation in force dated 1936. He said that fisheries would not make head way unless power sector received due support and a chain of cold storage were set up.

33.6 The Lt. Governor pointed out that there was only one highway in the Islands called the Andaman Trunk Road of about 300 Kms length which was not recognised as a National Highway and so no fund was provided separately for its maintenance by the Centre as was done in the case of other States and the UTs in the mainland of India. This road was the only one linking Andaman group of islands lying in a row, and needed to be widened and strengthened. He requested that this road be declared a “road of economic importance” so that central assistance could be made available to a much larger extent for its strengthening and maintenance. He said that the road needed three bridges to connect the islands for carrying the traffic from South to North. Construction of one bridge at “Austin Strait” had already been sanctioned and investigations for sites, testing of soil etc. was being undertaken in respect of the other two bridges. He added that special emphasis would be given for the completion of studies during the year 1999-2000 and at present vehicles were transported through creeks by vehicle ferry. He further pointed out that the construction costs in the Territory were very high, due to non-availability of good quality stones and sand, cement, steel and all other construction materials had to be imported from the mainland. This was further jeopardized by environmental restrictions for quarrying and mining.

33.7 He focussed attention on the provision of adequate electricity for the islands. The rise in prices of articles of PDS and transportation cost had increased the burden on consumers. He said that there were no perennial rivers in the Islands. The proposal for a hydro-electric project on the one small river near Diglipur on North Andaman Island was under consideration but this could cater to the needs of only a part of North Andaman. As the distance between one island to the other widely varied, all the 29 inhabited islands required independent power stations which needed adequate plan funding. Non-conventional energy sources needed high initial investments.

33.8 He said that the Ministry of Petroleum was expected to undertake exploration of natural gas in the islands with the help of ONGC, but work on it was yet to commence. He said that more financial support for creating infrastructure in the tourism sector from the Central Government was required as private entrepreneurs were shy of investment. He also said that there was a need to reorient the financial services. The scope of Andaman and Nicobar Islands Integrated Development Corporation (ANIIDCO) needed to be re- oriented/widened with a view to attract private participation in exploitation of fisheries and expansion and participation of private entrepreneurs in tourism industries in a big way. The support of the Central Government by way of more capital investments in ANIIDCO was needed to achieve the goal.

33.9 He also emphasised the need for a systematic ground water survey so that wells could be dug up to meet the needs of the people. He also emphasized the provision of adequate funds for Panchayati Raj Institutions to enable them to function effectively.

33.10 He pointed out that the islands were facing acute shortage of qualified doctors especially specialists. It was proposed to create a separate health cadre for Andaman & Nicobar Islands to overcome the crisis.

33.11 He further observed that the unemployment problem in the islands, was acute and multi-pronged attack on it was required. The employment-oriented development schemes needed to be implemented fast and financial support made available particularly in rural areas through various watershed schemes.

33.12 Regarding the issue of criterion for allocation of funds under "Major Rural Poverty Alleviation Programmes", the Lt. Governor had no objection. In respect of Agenda item on "Transfer of CSS to the States and UTs", he said all the tax revenue collected was credited to the Central Fund. Therefore, he suggested that when the Centrally Sponsored Schemes were transferred, the resources for implementing also have to be provided.

33.13 While concluding, he concurred with the Ninth Plan Document.

34.1 During the course of the discussion on the issues raised in the meeting, the Finance Minister of West Bengal pointed out that there was a need to find resources for the proper implementation of the Ninth Plan. He stated that at least nine or ten States were in the midst of overdraft and by the end of March, there was an apprehension that all the States may get into overdraft. Therefore, unless something was done about it, the plan expenditure from the standpoint of the States would become very insignificant. The two main reasons for this difficult situation that were pointed out included :

- (i) Additional burden on account of revision of pay of the employees in pursuance of the Fifth Pay Commission's recommendation; and
- (ii) Non-implementation of the alternative scheme of devolution recommended by the Tenth Finance Commission.

34.2 In order to overcome the difficult financial position of the States, the Finance Minister of West Bengal suggested two alternatives :

- (i) Beginning March 1, 1999, the interest on Central loan should be rephased for 13 months. The rephasing could be there for five years or so; alternatively
- (ii) Special ways and means advance in terms of a loan from the Reserve Bank of India equivalent to half of the additional pay revision burden of the States for one year and one month.

34.3 The Union Finance Minister, **Shri Yashwant Sinha** stated that India was inextricably linked with the rest of the world and there was no way in which this basic fact could be ignored and that there were certain advantages as well as disadvantages growing from this linking up. In this background the fiscal situation of the country, i.e., of the Centre and the States has to be seen.

34.4 Elaborating further, **Shri Sinha** stated that there were only two ways in which money could be borrowed. These were : (i) market borrowings; and (ii) printing notes.

34.5 In the present context, both the above ways were likely to create other difficulties as these involve higher repayment obligation on account of repayment of loans/interest and increase

in prices. He further stated that the matter was discussed with the Governor, Reserve Bank of India and he had agreed to increase ways and means limits of these States w.e.f. 1st March, 1999. This was again a temporary solution to meet the problem of resource crunch. The medium-term solution to the problem had to be found to overcome the difficult situation. The Finance Minister also stated that the alternative scheme of devolution recommended by the Tenth Finance Commission would become effective after the legislation in that regard was passed by the Parliament. The Standing Committee on Finance to whom the Bill in this regard was forwarded, had already submitted its report.

34.6 Touching upon the need to clean up the taxation system, the Finance Minister stated that a Committee of six Chief Ministers which has been formed to look into the question of rate wars was likely to evolve a consensus amongst the various States to overcome this problem. As a first step, the States were being requested to implement uniform floor rates of sales tax w.e.f. the financial year 1999-2000. He made a mention about the non-utilization of rural infrastructure development fund by the State Governments. There were delays in the execution of the externally aided projects also. The Finance Minister noted with satisfaction the enthusiastic support of the States for empowering the Panchayati Raj Institutions. He stated that the Panchayati Raj Institutions have to be empowered in various ways and a number of State Governments have taken very significant initiatives, the experience of which was very satisfactory. He said that the remaining States should also follow the examples set by some of the States.

34.7 The Finance Minister stated that both Centre and the States have to exercise utmost fiscal discipline to overcome the problems faced by them and hoped that solutions could be found in a cooperative spirit.

34.8 In response, the Finance Minister of West Bengal reiterated his earlier mention about the special ways and means advance in terms of loan, the rephrasing of interest on the Central loan and increase in ways and means advance limits of the States. The Chief Minister of Madhya Pradesh, the Union Finance Minister and Finance Minister of West Bengal took part in the discussion, that followed.

34.9 After hearing the views of all concerned, the Chairman stated that the deliberations which were held during the day on the various issues would have a profound impact not only on the future course of growth and development of the country but also on the nature of economic relations among the States and between the Centre and the States. He emphasized that the States have to put their house in order and fiscal discipline would have to be observed both by the Centre and the States. He reiterated that in order to address the medium-term fiscal problem of the States, a meeting with the Chief Ministers of the States would be convened within the next fifteen days. The Chairman also referred to the issue of increase in PDS prices and the need to reiterate confidence in secularism in the context of reference made by the Andhra Pradesh Chief Minister.

34,10 The Deputy Chairman, Planning Commission concluded the deliberations by stating that if there was an agreement on the given two issues of 'poverty criterion' and 'Centrally Sponsored Schemes', the Prime Minister could be authorised to set up a joint Committee with some Central Ministers and the Chief Ministers to sort out this matter. This was endorsed by the NDC.

MINUTES OF THE MEETING OF THE NATIONAL DEVELOPMENT COUNCIL HELD UNDER THE CHAIRMANSHIP OF THE PRIME MINISTER ON FEBRUARY 19, 1999 CIRCULATED VIDE PLANNING COMMISSION'S U.O. NO. O-11011/5/99-PC DATED 9.3.1999.

“The National Development Council met under the Chairmanship of Prime Minister at 10.00 A.M. on 19.2.1999, and considered the following agenda items :

- i) Ninth Five Year Plan, 1997-2002;
- ii) Report of the National Development Council Committee on Power;
- iii) Revision in the Administered Prices of Wheat, Rice, Sugar, Urea and LPG;
- iv) A criterion for allocation of funds under major Rural Poverty Alleviation Programmes; and
- v) Transfer of Centrally Sponsored Schemes (CSS).

After detailed discussions, the following decisions were taken :

1. The NDC approved the Ninth Five Year Plan 1997-2002 document as placed before the Council.
2. The NDC endorsed the recommendations of the NDC Committee on Power and urged the Union and the State Governments to implement these recommendations on priority. The meeting took note that the Union Government and the several State Governments had already started implementing some of the recommendations of the NDC Committee.
3. While appreciating the concerns surrounding the periodic revision of administered prices of essential commodities it was felt that though the interests of the farmers and the consumers, particularly of poorer sections of the society, must certainly be the primary concern, yet the macro-economic imperatives of fiscal stabilization and control of inflation, which hurts the poor more than others, cannot be ignored. A balance has to be struck in taking such decisions.
4. The NDC decided to set up a Sub-Committee under the chairmanship of the Deputy Chairman, Planning Commission, with members drawn from Central Ministries and States to go into the criteria for allocation of funds under major rural poverty alleviation schemes.
5. The meeting noted that there is a wide divergence of opinion among the States and between the Central Ministries and the States on the transfer of Centrally Sponsored Schemes and the modalities of transfer of the schemes. After discussions, the NDC decided to constitute a Sub-Committee of the NDC under the Chairmanship of the Deputy Chairman, Planning Commission, with a few Union Ministers and some State Chief Ministers as Members.
6. The Finance Minister informed the NDC that the Governor, RBI has agreed to implement the revised ways and means advances to States from 1.3.1999 as against the earlier decision of doing so with effect from 1.4.1999. In addition, the RBI would consider allowing the States to roll over outstanding Overdrafts beyond the end of the current financial year as a short-term measure to tide over the financial problems.
7. In order to address the medium term fiscal problems of the States, the Union Finance Minister will hold a meeting with the Chief Ministers in the next fifteen days.”

RECORD OF DISCUSSIONS OF THE FORTY-EIGHTH MEETING OF THE NATIONAL DEVELOPMENT COUNCIL

PARTICIPANTS

PLANNING COMMISSION

Shri Atal Bihari Vajpayee	Prime Minister and Chairman
Shri K.C. Pant	Deputy Chairman
Shri Yashwant Sinha	Minister of Finance and Member
Shri Ram Naik	Minister of State for Railways, Parliamentary Affairs and Planning & Programme Implementation and Member
Prof. S.R. Hashim	Member
Dr. M.S. Ahluwalia	Member
Dr. D.N. Tewari	Member
Dr. S.P. Gupta	Member

STATES

Andhra Pradesh	Shri N. Chandrababu Naidu Chief Minister
Arunachal Pradesh	Shri Wanglat Lowangcha Finance Minister
Assam	Shri Prafulla Kumar Mahanta Chief Minister
Bihar	Shri S.S. Bhandari Governor
Goa	Lt. Gen. (Retd.) J.F.R. Jacob Governor
Gujarat	Shri Narottambhai Patel Minister for Water Supply, Mines and Minerals.
Haryana	Shri Bansi Lal Chief Minister
Himachal Pradesh	Prof. Prem Kumar Dhumal Chief Minister
Jammu & Kashmir	Shri Mohammad Shafi Finance Minister

Summary Record of Discussions of the NDC Meetings

Karnataka	Shri M.P. Prakash Minister for Rural Development and Panchayati Raj
Kerala	Shri E.K. Nayanar Chief Minister
Madhya Pradesh	Shri Digvijay Singh Chief Minister Col. (Retd.) Ajay Mushran Minister for Finance & Planning
Maharashtra	Shri Narayan Rane Chief Minister Shri Gopinath Munde Dy. Chief Minister
Manipur	Shri W. Nipamacha Singh Chief Minister Shri E.K. Singh Minister for Planning
Meghalaya	Shri D.D. Lapang Deputy Chief Minister
Mizoram	Shri Zoramthanga Chief Minister
Nagaland	Shri S.C. Jamir Chief Minister
Orissa	Shri Giridhar Gamang Chief Minister
Punjab	Capt. Kanwaljit Singh Finance Minister
Rajasthan	Shri Ashok Gehlot Chief Minister Shri Chandan Mal Baid Finance Minister
Sikkim	Shri Pawan Kumar Chamling Chief Minister Shri D.D. Bhutia Minister for PWD
Tamilnadu	Thiru Pasumpon Tha Kiruttinan Minister for Highways Thiru K.N. Nehru Minister for Food, PDS and Coop.

Tripura	Shri Manik Sarkar Chief Minister
Uttar Pradesh	Shri Om Prakash Singh Minister for Irrigation and Sugarcane Development Shri M.N. Pande Minister of State for Planning (Independent Charge)
West Bengal	Dr. Asim Kumar Dasgupta Minister for Finance, Excise, Development and Planning

UNION TERRITORIES

Andaman & Nicobar Islands	Shri I.P. Gupta Lt. Governor
Chandigarh	Lt. General (Retd.) B.K.N. Chibber Administrator
Delhi	Smt. Sheila Dikshit Chief Minister Shri M.S. Sathi Finance Minister
Daman & Diu And Dadra & Nagar Haveli	Shri Sanat Kaul Administrator
Lakshadweep	Shri Rajeev Talwar Administrator
Pondicherry	Dr. (Smt.) Rajani Rai Lt. Governor

CABINET MINISTERS

Shri George Fernandes	Minister of Defence
Shri Nitish Kumar	Minister of Railways
Shri Sikander Bakht	Minister of Industry
Dr. Satyanarayan Jatia	Minister of Labour
Shri Ananth Kumar	Minister of Civil Aviation with Addl. Charge of Tourism
Shri Surjit Singh Barnala	Minister of Chemicals and Fertilizers with Addl. Charge of Food & Consumer Affairs

Summary Record of Discussions of the NDC Meetings

Shri Pramod Mahajan	Minister of Information and Broadcasting with Addl. Charge of Food Processing Industries
Dr. Murli Manohar Joshi	Minister of Human Resource Development with Addl. Charge of Science & Technology
Shri M. Thambi Durai	Minister of Law, Justice & Company Affairs with Addl. Charge of Surface Transport
Shri Rama Krishna Hegde	Minister of Commerce
Shri Lal Krishna Advani	Minister of Home Affairs
Shri K.V. Ramamurthy	Minister of Petroleum and Natural Gas
Shri Naveen Patnaik	Minister of Steel & Mines
Shri Ram Jethmalani	Minister of Urban Affairs and Employment
Shri Kanshi Ram Rana	Minister of Textiles
Shri Jagmohan	Minister of Communication
Shri Suresh K. Prabhu	Minister of Environment & Forests
Shri P.R. Kumaramangalam	Minister of Power and Parliamentary Affairs

MINISTER OF STATE (INDEPENDENT CHARGE)

Shri Dalit Ezhilmalai	Minister of State for Health & Family Welfare
Shri Dilip Ray	Minister of State for Coal & Parliamentary Affairs
Shri Babagouda Patil	Minister of State for Rural Areas and Employment

SPECIAL INVITEES

Dr. Bimal Jalan	Governor, Reserve Bank of India
Shri S.K. Sharma	Secretary, Inter State Council.

RECORD OF DISCUSSIONS
FORTY NINTH MEETING
NATIONAL DEVELOPMENT COUNCIL
(1st SEPTEMBER, 2001 VIGYAN BHAVAN, NEW DELHI)



सत्यमेव जयते

GOVERNMENT OF INDIA
PLANNING COMMISSION

RECORD OF THE DISCUSSIONS OF THE FORTY NINTH MEETING OF THE NATIONAL DEVELOPMENT COUNCIL

AGENDA & RECORD OF DISCUSSIONS

The National Development Council (NDC) held its Forty Ninth Meeting at Vigyan Bhavan, New Delhi on the 1st September, 2001 under the Chairmanship of Shri Atal Bihari Vajpayee, Prime Minister and Chairman of the Council, to consider the following agenda items:

- (i) Draft Approach Paper to the Tenth Five Year Plan;
- (ii) Report of the NDC Sub-Committee on the Criterion for Allocation of Funds Under Major Rural Poverty Alleviation Programmes;
- (iii) NDC - Sub-Committee on Transfer of Centrally Sponsored Schemes (CSS) Status Report;
- (iv) Placing Uttaranchal on the list of Special Category States; and
- (v) Placing Mid-Term Appraisal of the Ninth Five Year Plan before the NDC.

2.1 The list of participants is appended.

3.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission while welcoming the participants said that the process of Plan development has harmonized our aspirations with available resources for a common national goal. The National Development Council, at the apex of our policy making structure, has been guiding the course of this development process. It is a forum, which has fostered consensus building amidst diverse and varying perspectives. The plans embody this spirit of cooperation and mutual understanding. Indians could be proud of this unique example of democratic decision-making in a federal polity.

3.2 The Five Year Plans lay down the road map and strategy for realizing our developmental aspirations. They seek to bring together various development agencies in both the public and private domains, for the attainment of our goal. They provide the basis for the Center and States to act in concert. The Deputy Chairman stated that we have gathered here today, on this momentous occasion, to primarily discuss the Approach Paper to the Tenth Five Year Plan, the first of this millennium. There were some other items also on the agenda.

3.3 Shri K.C. Pant said that while preparing Approach Paper to the Tenth Five Year Plan, we were conscious of two issues. First, that it should reflect a broad cross-section of public opinion and expertise in identifying the objectives and also the instrumentalities for realizing them. Accordingly, we have carried out consultations with experts, academicians and representatives of agriculture, industry, social sectors, voluntary organizations and labour unions. The Planning Commission took note of their suggestions and circulated a draft to all State Governments and Central Ministries for comments. He further stated that most of the views had been reflected in the draft that was before the National Development Council.

3.4 Concluding his welcome address, Shri Pant stated that there was a definite time frame for completing this exercise and after the endorsement of the Approach Paper by the NDC, with cooperation of all, the Planning Commission shall press ahead to launch the Tenth Five Year Plan, on schedule, i.e., on 1st April, 2002.

3.5 He then requested the Hon'ble Prime Minister to give his Inaugural Address.

4.1 **Shri Atal Bihari Vajpayee**, Prime Minister and Chairman of the Council welcomed the participants to the forty-ninth meeting of the NDC and said that the most important item on our agenda for today was the consideration of the Draft Approach Paper to the Tenth Five Year Plan. This would set the broad policy directions for the Plan covering the period 2002 to 2007.

4.2 He said that the Tenth Plan would be a major landmark in the history of development in India as it would be the first Five Year Plan of the new century and as such, the nation awaits that with high hopes and great expectations. He further said that our people wanted to know :

- Will the Tenth Plan chart a new path of sustainable development, fully harnessing the enormous natural, human, and financial resources in the country?
- Will it fully take into account the new national and global realities, especially the expanding capabilities of the non-State sector in India's socio-economic development?
- Will it preserve the many achievements of the previous Five Year Plans and build a solid foundation for all-round development in the new era?
- Will it also carry the lessons from the failures of the previous Plans and reliably reassure the nation that the backlog of unmet targets and unfulfilled objectives will soon be cleared

4.3 The Prime Minister said that we in the National Development Council, as representatives of the Governments elected by the people, have a responsibility to answer these questions in the affirmative as we cannot disappoint them.

4.4 He further stated that the country believed, with good justification, that our economic performance so far has not matched our potential. So too does, the rest of the world. Our endowments of productive resources - human, natural, technological, and financial - were the envy of many. However, we have yet to harness them in a manner that yielded the best results. The shackles that have bound the productive energies of our people must be cast off. We must take the economy to a significantly higher path of growth. The Planning Commission has been asked to set the goal of doubling our per-capita income within the next ten years. Though it was a difficult target, but it was surely not an impossible target. After all, several countries with lesser resources have succeeded in achieving such high growth rates.

4.5 **Shri Vajpayee** referred to the empowerment of the Panchayati Raj Institutions to function as effective agents of decentralized development. He said that the private sector has grown phenomenally, both in size and capability, and now plays a pivotal role in India's economic development by mobilizing investments and executing projects, including in infrastructure and core sectors. The private sector has received, especially after the advent of economic reforms a decade ago, a larger mandate to contribute to the realization of our growth targets. The past five decades have also seen a tremendous growth in, both, the number and diversity of non-governmental organizations and community-based organizations, and in the scope of their contribution to the development of our social and environmental sectors.

4.6 **Shri Vajpayee** stated that India needed a strong partnership between five agents of development the Union Government, State Governments, PRIs, the private sector and non-governmental and community-based organizations - to achieve all-round development. One of the main reasons for the wide gap between India's developmental potential and her actual performance lies in insufficient appreciation, in the planning process, of the need for a partnership between all the five drivers of national development. He noted that the Approach Paper to the Tenth Plan seeks to correct this critical shortcoming.

4.7 He said that this meeting was an occasion for all of us to look at the Indian economy in perspective and, also, to dispassionately view the difficult situation we were facing at present.

4.8 The Prime Minister said that the decade of the Nineties witnessed an impressive rate of growth of our national economy. Yet, it was also true that growth has currently slowed down to a level that must make all of us sit up, think, and act. The rate of growth of India's agricultural production, industrial production, and exports have come down. Credit off-take has considerably reduced in spite of abundant deposits available in our banking system. New investments have dried up. This was due to cyclical and episodic factors as well as structural weaknesses within our economy. It was also partly due to the slowdown in the global economy, although India was relatively better off compared to the downturn in many developed economies in the world. This, however, could not be a consolation to us. He said that he would like the Chief Ministers to know the realities of the present economic situation. There was no easy or quick solution to the problems facing the country, especially since many of them were systemic in nature.

4.9 He further stated that we must also bear in mind that the slowdown has come at a time when the legitimate aspirations of our people, especially those belonging to the poor and deprived sections of society were rising. All of us know that these aspirations could be fulfilled only if our economic growth become faster, sustainable, and more capable of removing regional, social, and gender imbalances. To fulfil peoples' hopes and aspirations was our common commitment, irrespective of the parties or coalitions we belong to. He said we cannot dilute this determination. The Approach Paper has set a growth target of 8 per cent a year during the Tenth Plan and proposed to further step it up during the Eleventh Plan. Moving from the present level of slightly more than 5% growth rate to Tenth Plan target of 8% would require removal of the many policy, governance, and infrastructural impediments that were coming in the way of faster economic growth. This will entail some difficult decisions - both by the Centre and the State Governments. He said that we must have the courage and will to accept this challenge.

4.10 He stated that we could not afford to be complacent. Nor could we afford to make promises that we know we could not fulfil without taking the correct decisions, be they for the moment unpopular. The people expect all of us to act. They expect us to take such necessary decisions that would infuse confidence and impart a new momentum to the economy. Our citizens will support our actions if we properly explain what the situation was, and how our decisions, while sometimes causing temporary hardships to some, would ultimately benefit all.

4.11 The Prime Minister outlined some of the areas where we needed urgent action, namely, improvement of weak finances of Centre and States, downsizing of the Government both Centre and States, reduction of non-merit subsidies, increasing food production, reforms in power, financial, judicial and labour sectors, removal of barriers and elimination of perverse laws and regulations, disaster management, population control, devolution of powers to PRIs and poverty eradication by giving economic reforms a strong pro-poor focus.

4.12 The Prime Minister further stated that the revival of the economy must become our highest collective priority. The Centre and the State Governments should together take steps to end the crisis of investment - both public and private - that has arisen in the economy. Towards this end, the Centre will accelerate large-scale public investments in infrastructure development.

4.13 Turning to the recent initiatives in highways and rural roads, he observed that the country was determined to initiate long-pending reforms in the functioning of the Railways. The Government has already announced Rs. 17,000 crore Railway Safety Fund to be spent in the next five years. Major investment package for the early completion of many critical and remunerative projects shall soon be flagged off.

4.14 The Department of Programme Implementation was presently monitoring 461 projects that cost Rs. 100 crore and more and were at various stages of non-completion. Many of them have been under implementation for ten years and more. The Centre proposed to take up one hundred of these projects, which could be completed in a short time. The investments needed for this would be suitably provided for.

4.15 **Shri Vajpayee** said that we should also identify a shelf of new bankable projects, in the areas of irrigation, agricultural infrastructure, drinking water, urban infrastructure, state highways and district roads, bridge construction, etc. to give additional fillip to the economy. Given the resources in the financial sector and multilateral agencies, it should be possible to devise suitable financing mechanisms and implement these projects without causing additional fiscal pressure.

4.16 He further observed that the Approach Paper, while emphasizing acceleration of economic growth, has rightly pointed to the need for innovative and more effective ways to develop our social sector. The key here was to increase the scope as well as the depth of public-private partnership in developing our abundant human resources. Such partnership was possible, and has also become necessary, in education, healthcare, and sanitation.

4.17 Referring to his Independence Day address, wherein he said that the Centre would observe the coming year as the "Year of Implementation", he called upon all the Chief Ministers to do the same in their respective States. Together, he said, let us strive to set new standards of implementation, monitoring, and follow-up, which alone could guarantee achievement of the challenging objectives set in the Approach Paper to the Tenth Plan. Over the years, we have significantly narrowed our ideological and conceptual differences over a wide range of issues. He said we are now poised to move decisively on the measures recommended by the Approach Paper on the strength of our collective political will.

4.18 He urged all to resolve to rise above partisan politics and lend their combined support to the proposed Approach to the Tenth Plan and direct the Planning Commission to prepare a Plan document which would detail the tasks to be performed and the responsibilities to be discharged by the Centre, the State Governments, and Panchayati Raj institutions. He further urged the Chief Ministers to seek the participation of the public and private sectors, civil society organizations, and, above all, the people themselves.

4.19 Concluding his address, **Shri Vajpayee** said that the Tenth Plan be made a People's Plan, a Plan that can inspire all stakeholders to be participants in our development process. This meeting of the NDC, the apex development body of our Union of States, be remembered for sending this message loud and clear - India can and will stand tall in the comity of nations on the strength of her own capabilities and collective resolve.

4.20 Text of the Inaugural Address of **Shri Atal Bihari Vajpayee**, Prime Minister of India is appended.

4.21 **Shri Vajpayee** then requested Deputy Chairman, Planning Commission to introduce the agenda for the day.

5.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission, while thanking the Prime Minister for his inspiring address and setting the tone for the meeting, emphasized that there has been progressive convergence in our ideological and conceptual positions on economic and social policies. He said that we have to channelise this consensus into decisive action for the welfare of the people. The country expects this apex body to send a clear signal of our collective political will to pool our resources and energy for the greater good of the nation.

5.2 **Shri Pant** made a lucid presentation on the first item, i.e., consideration of the Draft Approach Paper to the Tenth Five Year Plan. His presentation included important areas e.g. GDP growth target, objectives of the Tenth Plan, monitorable targets covering economic, social and environmental dimensions of human development.

5.3 The Deputy Chairman said that a multi-pronged approach has been adopted to integrate growth with equity and social justice. Agriculture development was appropriately a core element of the Plan. There was also an added emphasis on bringing about rapid growth in sectors with high quality employment opportunities. The sectors that needed special focus include information technology enabled services, entertainment, real estate and housing, modern retailing, tourism and transport. In his presentation, he also highlighted some of the areas of concern such as deceleration in economic growth, global economic environment, precarious fiscal position of both Centre and States, borrowings for meeting revenue expenditure, abnormal increase in pension bill, continuous decline in the ratio of Plan outlay to GDP both at the Centre and the States, persistence of many controls in agriculture, trade and industry, and flow of private investment in infrastructure being below expectations.

5.4 The Deputy Chairman said that the stipulated growth rate and changes in its sectoral composition required a significant increase in the investment rate to 30 - 32%. He, however, emphasized that neither the growth target nor the social indicators of well-being could be attained merely by increasing the quantum of financial resources. Efficiency and effectiveness must be the touchstone of the policies and programmes.

5.5 He said improving Government's interface with the public, quality of public expenditure and, above all, enhancing the productivity of existing assets have to be the corner-stone of our strategy and stated that the Approach Paper has outlined a number of measures in this regard.

5.6 **Shri Pant** also referred to the increase in the number of Central and Centrally Sponsored Schemes and the efforts being made to subject them to Zero Based Budgeting, the success of concept of Core Plan,' and the gaps that were emerging in infrastructure sector, particularly in power, railways, agriculture and irrigation.

5.7 He said that a national blueprint for administrative and procedural reforms needed to be devised and implemented. Administrative framework and the delivery mechanism have to be transparent accountable and non-discriminatory. Corruption and inefficiency could not be tolerated. There must be rewards for performance and penalties for failure. Reforms and strengthening of the judicial system and procedures was an important element of this strategy. He said that let us resolve to meet these challenges. Let us make the Plan a true success.

5.8 In his presentation, **Shri Pant** also highlighted the consequences of inaction and said that they were too serious to contemplate. India of the 21st Century has to be a nation of growing capabilities and equal opportunities for all. It has to take steps for mainstreaming of the deprived and the excluded. It has to make an all out effort for empowerment of Scheduled Castes, Scheduled Tribes and weaker sections. It has to also address gender concerns. It has to be a land where regional and sectoral perspectives were not allowed to cloud a holistic national vision. He then commended the Draft Approach to the Tenth Five Year Plan for endorsement and approval by the NDC.

5.9 Concluding his address, Shri Pant presented the other agenda items, i.e., Report of the NDC Sub-Committee on Criteria for Allocation of Funds under Major Rural Poverty Alleviation Programmes, Status Report of the NDC Sub-Committee on Transfer of Centrally Sponsored Schemes (CSS), placing Uttaranchal on the list of Special Category States and placing of Mid-Term Appraisal of the Ninth Five Year Plan before the NDC.

5.10 **Shri K.C. Pant** then requested the Hon'ble. Prime Minister to guide the deliberations of the NDC.

5.11 Text of the Address of **Shri K.C. Pant**, Deputy Chairman, Planning Commission is appended.

5.12 At this stage, the Deputy Chairman stated that there was some constraint on the Prime Minister's time towards the end of the day. Therefore, the number of hours available were limited. He, therefore, requested the Chief Ministers to take the written speeches as read and to make their remarks, if possible, in about six or seven minutes. He said that he would not have made this suggestion, realising especially that many of the Chief Ministers have many important things to say, but then others would get left out. He, therefore, requested all to adhere to the time-limit, as far as possible.

5.13 The Prime Minister then invited the Chief Ministers to give their comments.

6.1 **Shri N. Chandrababu Naidu**, Chief Minister, Andhra Pradesh, complimented the Prime Minister as well as the Deputy Chairman, Planning Commission for convening the forty-ninth meeting of the NDC to deliberate on the approach to the Tenth Five Year Plan and some of the outstanding issues affecting centre-state relations. He observed that the planning process during the last five decades has accelerated economic growth, substantially reduced poverty and improved the quality of life of the people. Though, some of the achievements stand out as examples for the other developing countries, certain critical areas like poverty eradication, population control and achieving total literacy need utmost priority and urgency of public action. Our development strategy should, therefore, focus on consolidating the gains, reinforcing the strengths and addressing some of the weaknesses of our past planning process through the Five Year Plans. The lessons learnt from the mid-term appraisal of the Ninth Five Year Plan should also be taken into consideration while formulating the strategy for the Tenth Five Year Plan.

6.2 He said that the Tenth Five Year Plan aims at achieving an average growth rate of 8% during the plan period of 2002-2007 as against an average growth rate of 6.5% achieved during the Eighth and Ninth Plan periods. Andhra Pradesh had also envisaged a GSDP growth rate of over 8% during the same period in its Vision 2020 which has articulated the development goals for the State. The agriculture sector contributes about one third to the GSDP. Though the sector was

growing currently at an average growth rate of about 4% in Andhra Pradesh, it was proposed to be stepped up to a level of 6% during the next five years. This sector was the backbone of the State's economy as over 70% of population depend on agriculture for their livelihood. He stated that such an aggressive growth rate can be achieved by reformulating the strategy, and making agriculture globally competitive with suitable policy initiatives. The Chief Minister strongly endorsed the suggestion made in the approach paper for recognising agricultural development as a core element of the strategy for the Tenth Five Year Plan and said that the impact of global competition on the farmers should also be incorporated into the strategy. Similarly, steps should also be taken to eliminate gender discrimination in the payment of minimum wages in the agriculture sector wherever it existed as it has a vital bearing on the poverty eradication efforts.

6.3 **Shri Naidu** stated that the goal of doubling the per capita income in the country within the next ten years was highly laudable. However, the same could be achieved provided the country was able to bring down population growth substantially.

6.4 Rising unemployment has been a key issue in the development strategy. The country need to focus its attention on fully exploiting the existing potentialities in all the sectors of the economy with a time bound programme of concrete action. Producing quality man power for attracting global opportunities will also be a challenge for India and it needed to restructure its educational curricula at various levels, accordingly. Andhra Pradesh have launched an Employment Generation Mission to address such issues at the State level.

6.5 The Chief Minister stated that the improvement in the health and nutritional status of the people has been the core of development strategy and some of the demographic indicators have been showing positive trends in the recent past. The State of Andhra Pradesh will perhaps be able to achieve the total fertility rate of 2 in the next two years. However, the State would like to focus its attention on reducing infant mortality rate, maternal mortality rate, under five mortality rate and malnourishment.

6.6 Shri Naidu said development of human resource was extremely critical to the development of any society. Expansion of educational infrastructure has, therefore, been the State's priority. He also indicated the efforts being made by the State for enrolment of children and their retention, adult literacy and special programmes launched in this regard. He hoped that the State would be able to achieve total literacy in the State by 2005 as envisaged in its Vision 2020 and stated that elimination of child labour would be State's top priority and time bound action plans have been drawn up accordingly.

6.7 He further stated that supply of potable drinking water for all the households and provision of sanitation facilities have been the main concern in the development strategy of the State as water and sanitation were extremely critical for eliminating some of the diseases and improving the quality of life of the people and specific action plans have been drawn up accordingly.

6.8 He said that macro economic growth cannot eliminate poverty unless the wealth created was redistributed to the poor and the downtrodden through focused policies and targetted programmes. Therefore, all schemes and programmes needed to be restructured to provide for convergence at all levels towards poverty eradication on the lines of Poverty Eradication Mission constituted by Andhra Pradesh at the State level to bring about sectoral convergence at all levels and also to study the best practices for replication with suitable modifications.

6.9 Shri Naidu stressed that environment conservation need to be mainstreamed into the development strategy during the Tenth Five Year Plan. Protection of forest resources through people's participation, pollution control and action against the environmental degradation should be built into policy and programme formulation at all levels.

6.10 He also emphasised that development of infrastructure like power, roads, ports, railways and telecommunications was extremely critical to the development process. The approach paper has highlighted the existing gaps and the need for capacity upgradation during the next five years to meet the increasing demands. He felt that there was an urgent need to critically review the existing policies and procedures to make them investor friendly as it was crucial to public-private collaboration in infrastructure development. Suitable policy and regulatory framework needed to be created for providing transparency and accountability. Rural connectivity was extremely important and a time bound action plan was needed to connect all the villages with all weather road facilities during the next five years and the required resources should be mobilised accordingly.

6.11 He said expansion of communication infrastructure should be accorded top most priority. Exemption from the payment of central and state taxes and duties should be given for the import of machinery and equipment to promote e-governance, tele-medicine, distance education and other IT enabled services benefiting the common man.

6.12 In view of the importance of fiscal reforms at the State levels, it was proposed in the approach paper to create a fund at the Planning Commission to augment plan resources of those States who agree to wipe off their revenue deficits in a period of five years and improve governance. State specific targets were proposed to be laid down in different sectors and development assistance was proposed to be linked to performance. The above proposal needs to be seriously considered and debated for evolving a suitable formula of allocation based on performance. Certain States have mobilised additional resources for poverty eradication and social development which has significantly added to their debt burdens. Such States have been penalised for their good performance in reducing poverty as the allocation of central funds in certain sectors have been linked to poverty criteria. He suggested that the population criteria should be freezed to the level of 1971 as per the existing formula and at the same time release of central assistance should be linked to performance. Poverty estimates as per the Planning Commission Task Force report of 1987-88 should be freezed for the allocation of central funds under different schemes wherever poverty criteria were taken into consideration. Secondly, the performance of the States under various anti-poverty programmes should also be taken into consideration and better performing States should be given special incentives, as was being done under the Mukherji formula for devolution of Central assistance. The existing interest rates of the central loans need to be reduced to a reasonable level as the repayment of such loans at the current rates of interests, particularly on small savings, has severely strained the limited resources available with the States.

6.13 The Chief Minister was happy to note that governance reforms have been considered as a critical element in the development strategy in the Approach Paper to the Tenth Five Year Plan. The role of the Government has to be re-examined and it has to be transformed to play a facilitating role in economic development. The Government will need to shift its spending from unproductive areas towards achieving high priority developmental goals. He stated that the State has introduced Performance Monitoring and Evaluation System at all levels in the Government with clear cut goals and targets based on Vision 2020. Allocation of budgetary resources to each department has been linked to performance outcomes and accordingly outcome indicators have been identified for each department for measuring the performance of employees at all levels.

6.14 The people centred development process launched in the State in January, 1997 has provided the opportunity of tapping the latent capabilities of the people and the communities. Gram Sabhas were organised three times in a year providing the forum for the people to identify and prioritise their felt needs. The Government functionaries and the institutions at the grass roots level have been made accountable to the people. Large number of community works have been undertaken with the contribution by the people. Exhibitions have been organised as a part of the Gram Sabha to demonstrate to the people on the achievements made in the village in some of the key areas and sectors like agriculture development, population control, literacy, health and sanitation, water conservation, women and child development. The proposal in the approach paper to raise community contributions at the rate of 15% in general areas and 5% in tribal areas may be uniformly adopted for all the development schemes and programmes to create a sense of ownership and participation among the people instead of limiting to only rural development schemes.

6.15 He said that participation of the people was extremely important for the successful implementation of the plan schemes and programmes. The participation of the stakeholders through their self help groups in the State has been quite successful in reducing leakages in the delivery system while creating a sense of ownership among the people benefiting from such development schemes and programmes.

6.16 He observed that the methodology recommended by the Expert Group for estimation of poverty ratio of States was highly erroneous and distorted particularly in respect of Andhra Pradesh as the price index used under this methodology was significantly influenced by the large food subsidy programme being implemented by the State Government. The State's entitlement based on poverty ratio should not be reduced on account of a programme financed by the public exchequer.

6.17 **Shri Naidu** reiterated that all the Centrally Sponsored Schemes should be abolished altogether. The full central share may be transferred to the States as grants to implement the schemes and programmes which were of priority and importance to the States. The States should be given the choice, freedom to devolve part of the funds so transferred to the States, to the Local Bodies to implement the programmes and schemes responding to the local felt needs. In order to cushion the States against inflation and future needs of a growing economy, the devolution of resources should be related to earmarking a desirable level of percentage of GDP for such transferred schemes which should in no case be less than the current percentage of GDP spent on such schemes. Devolution of resources in future years should progressively increase towards the desirable percentage to GDP. Interse allocation to States may be done as per norms established by the Planning Commission from time to time.

6.18 The States were put to serious disadvantage whenever decisions were taken by the Central Government to introduce new schemes during the plan period itself resulting in reallocation of the limited resources available with them to provide necessary matching assistance. Such decisions also affect the implementation of State's priority schemes and programmes. Moreover, transfer of schemes introduced by the Central Government to the States at the end of the plan period also adds to the liability of the State Governments who were seriously resource constrained. The proposal worked out by the Planning Commission in consultation with the concerned Central Ministries and Departments to transfer only 21 schemes with an outlay of Rs. 388 crore out of 256 schemes currently under implementation as Centrally Sponsored Schemes with an outlay of Rs. 24460 crore should be reconsidered.

6.19 Special category status for allocation of central assistance to State Plans has been accorded in the past to the States that were characterised by a number of features requiring such special central consideration. These features include hilly and difficult terrain, low population density, sizeable share of tribal population, strategic locations along borders with neighbouring countries, economic and infrastructural backwardness and non-viable nature of state finances. The planning process in the country has not so far been able to address adequately the specific requirements of the backward areas and regions in different states which need a special focus and attention. There were areas which were chronically drought affected and there were also areas which were affected due to extremist activities. These disparities in the levels of development will have to be eliminated and such areas should be considered under the special category for providing suitable central assistance for their holistic and integrated development. He suggested that special category status should be given to such areas in all the states instead of including states as a whole under the special category.

6.20 He urged for having a consensus on the common agenda on important issues and requested the Prime Minister to call an all-party meeting to discuss subject which may include even Tenth Five Year Plan. He felt that such a consensus of important issues would be better for the nation and help States to have Coordination amongst them.

6.21 Concluding his speech, Shri Naidu said it was pertinent to debate and consider some of the critical issues in the centre-state relations while formulating the development strategy for the Five Year Plans in the new millennium. Greater devolution in favour of the States within the spirit of cooperative federalism was absolutely essential for the successful implementation of the various development schemes and programmes and for achieving national goals. He suggested the National Development Council to work out a frame work for such a devolution in favour of the States.

7.1 **Smt, Rabri Devi**, Chief Minister, Bihar thanked the Prime Minister for convening the meeting of the National Development Council to discuss the Tenth Five Year Plan and some other issues.

7.2 On the Report of the NDC Sub-Committee on criteria for Allocation of Funds under Major Rural Poverty Alleviation Programmes, she said that the losses suffered by Tamil Nadu, Bihar & Uttar Pradesh as a result of its implementation have not been compensated. She said that earlier arrangement should have not been changed during the Ninth Five Year Plan and expected that newly constituted Expert Group would consult all the State Governments before making any recommendations.

7.3 Regarding the Status Report of the NDC Sub-Committee on the transfer of Centrally Sponsored Schemes, she said that the examination by the Central Ministries in this regard were likely to be completed before the commencement of the Tenth Five Year Plan. After the said examination, it was possible that some schemes may be continued, some may be discontinued and some may be transferred to the States. She urged that in case of discontinuation or transfer of the schemes to the States, there should not be any reduction in the total amount being granted according to the criteria of different Centrally Sponsored Schemes and the State Government should have full freedom in the determination of details of the schemes to be continued.

7.4 On the Mid-Term Appraisal (MTA) of the Ninth Five Year Plan, she drew the attention of the Prime Minister to Chapter 30 of the MTA wherein gap relating to the different indicators of development among the States had been indicated. This gap pertained to the G.D.P. growth rate,

percentage of poverty, literacy, level of expenditure on the basis of approved plan outlays and the utilization of foreign aid etc. To set right regional imbalance there was a need to formulate special programme for Bihar.

7.5 Touching upon the main targets mentioned in the Approach Paper to the Tenth Five Year Plan, she said that 8% GDP Growth was laudable. However, its achievement looked difficult. The mid-term appraisal of the Planning Commission and subsequent situation was indicative of fall in gross domestic saving rate. Due to shortfall in the GDP growth rate, investment rate and savings in the base year itself, the targets in respect of these for the Tenth Five Year Plan appeared to be too ambitious.

7.6 She said that the present policies were mainly responsible for non-achievement of the increased rate in the gross domestic savings. Due to the policy of liberalisation, there had been a decrease of 3 to 4% in interest rates in the past few years affecting the investors who invested in loan funds.

7.7 She urged the Centre to look into the matter and act on the recommendations of the Joint Parliamentary Committee as soon as these were available to safeguard the interests of the investors specially the small investors. She felt that the Securities and Exchange Board of India which controlled the Capital Market should be strengthened and made effective. In addition to this, the management of financial institutions should be improved. Unless the investors confidence was restored, it may not be possible to achieve the desired savings rate. Since in the last few years there had been a decrease in the foreign direct investment, the target of the foreign savings also appeared doubtful.

7.8 Touching upon the other proposals contained in the Approach Paper, she agreed that current projects should be completed expeditiously before the commencement of new projects. The suggestion to utilise plan funds for the maintenance of assets was also acceptable. She said that Plan and Non-Plan categorisation of expenditure had led to gap in expenditure management and this should be settled expeditiously.

7.9 She said loss making Public Enterprises were being closed, and felt, if provided with the required capital and efficient management, these may turn into profit making. She suggested that measures should be taken to revive sick enterprises which could be turned into profit making. If this was not done, there would be large scale retrenchment and a huge amount of assets would go into the private hands. The public sector should not be wound up as in a developing country like India and its States, it continued to be useful.

7.10 Regarding the proposal to make the financial assistance project-linked, she said that she agreed with the proposal in principle. However, before implementing this proposal, backward States should be helped in preparing the project reports as they lack capacity to prepare acceptable project reports. Regarding changes in the labour laws, she said that changes in these should not adversely affect interest of labourers. Government should also have its say in the private sector industries.

7.11 As far as foreign technology was concerned, only such technology should be made use of where displacement of labour was minimal. She said that the policy of globalisation also needed a review to avoid recession in the domestic industries. She welcomed monitorable targets fixed for the Tenth Five Year Plan because it appeared a fresh change in the existing planning procedure. At the same time, she urged for ensuring freedom to the States to select their projects.

7.12 She said not much had been done during the last fifty years to remove regional imbalance. Rather these have increased between the States. The main reasons for this situation were globalisation and absence of measures to help backward States like Bihar. She said that Central assistance needed for tackling the floods, irrigation, transport had not been forthcoming. She felt that no change was called for in the present arrangement of Central assistance to the States. If, at all changes were considered necessary, these should help backward States like Bihar. She drew attention towards low credit deposit ratio of Bihar and requested Centre to help raise it to help poor States like Bihar.

7.13 Concluding her speech, **Smt. Rabri Devi** said inclusion of States which were eligible to be included in the list of Special Category States like Uttaranchal was a welcome step. However, she strongly pleaded for the inclusion of Bihar also in the list of Special Category States as it fulfilled almost all the laid down conditions of eligibility.

8.1 **Shri Manohar Parrikar**, Chief Minister, Goa while conveying the warm wishes of the people of Goa expressed his deep sense of pleasure and gratitude for the opportunity to express his views before the august body and said that he was acutely conscious of the heavy responsibility which was placed on all of us today, i.e., a responsibility to deliberate and decide on the future and the quality of life of the people of this country. He pledged his most sincere efforts towards the goal of a better life for all our people. While commending the Planning Commission in the preparation of the Approach Paper to the Tenth Plan, he informed the NDC that as per the Report of the National Commission on Population, Goa has been ranked No. 1 amongst all the States and Union Territories in terms of 12 key indicators determining the quality of life.

8.2 He said that Goa's respect and concern for its people was reflected in the unique Mediclaim scheme under which all persons with an annual income of Rs.50,000 and below were entitled to full specialized medical treatment upto an amount of Rs. 1.25 lakhs. Realizing that this amount was not sufficient for certain serious cases such as kidney failure and cancer, the State have decided to raise financial limit to Rs. 3 lakh and to increase the eligibility to all persons with an annual income of Rs. 75,000. The introduction of the "Freedom from Hunger Project" on 15th August 2001, which provides pension and insurance cover to all needy senior citizens was a very significant step towards ensuring a more secure life for the elders. The recent increase in the amount of assistance being disbursed per person through other social welfare schemes has also had a tremendous impact. He informed that Goa was the only State in the country which has a Uniform Civil Code.

8.3 He stated that almost all the loopholes have been plugged and the tax administration has been tightened and made more efficient. User charges across a broad spectrum of services have been introduced. A very significant benefit of this fiscal buoyancy has been an increase in the resources now available for developmental use. In fact, during the first 4 months of the current financial year the State have been able to raise 40% more revenue than during the same period last year. The State was also in the process of setting up a State Guarantee Redemption Fund which would serve the dual purpose of enhancing the credit worthiness of the State and provide a cushion for any further invocation of guarantees given.

8.4 The Chief Minister said that the Voluntary Retirement Scheme (VRS) for Government servants which was introduced last year on the lines of those available in the Public and Private Sector was extremely successful in Goa, and he conveyed his gratitude to the Union Government for accepting Goa's request for extending income tax exemption to the benefits under the VRS.

As a result of this, he recently announced the second VRS for State Government employees in Goa. He hoped that the State would be able to right size the Government by reducing 5% of all posts by March 2002.

8.5 Aware of the fact that the ultimate objective of planning was to ensure human development and improvement in the quality of life of the people, Goa has already achieved a preeminent position in this regard. However, he said that the State was not resting on laurels but looking to new vistas and expanding horizons. Goa was already allocating more than 6% of its GSDP on education and its emphasis now was on the quality of education. He also gave the details of various steps being taken by the State Government in this regard. Infrastructural development was a high priority area and extensive and ambitious projects in the tourism, Information Technology, Water and Road Sectors were currently underway. Each citizen in Goa would soon have a social security card and number, and the efforts would soon see all our people gainfully employed. The Chief Minister said that the State was constantly striving to achieve higher targets so as to meet people's aspirations of a better and happier life.

8.6 He said that his comments to the Approach Paper to the Tenth Plan and other agenda items need to be seen against this canvas of Goa which have just been painted. To all people in Goa, this tiny and verdant State lying between the sparkling turquoise waters of the Arabian sea and the lush greenery of the Western Ghats has been blessed by God and by the hard work and dedication of its generous and happy people who have led Goa to the enviable position it is in today.

8.7 He said that good efforts need to be rewarded as people need and deserve motivation and encouragement. He welcomed the acknowledgement in the Planning Commission that good performance should be recognized. He felt that there was tremendous scope for the Planning Commission to participate in a more proactive way towards Goa. He observed that with all its advantages, Goa was the most progressive State in the country and it was set to become the first Model State. He requested the Planning Commission to join hands with Goa in its endeavour by taking a totally fresh new look at the exciting possibilities that Goa has to offer.

8.8 Placing emphasis on investment in human capital, the Chief Minister said that Goa today has reached the take off-stage and was poised to leap into the next phase of development. He invited the Planning Commission and the Government of India to boldly go with the Goa where no State has gone so far.

8.9 He welcomed the suggestion to transfer Centrally Sponsored Schemes to States. He, however, cautioned that this would have to be based on an assessment of the utility of each scheme for the State. States should also be allowed the flexibility of modifying the parameters and norms of the schemes. He felt that any increase in project based support to the State should not be at the cost of the normal central assistance being received by States. He appreciated a detailed enunciation of the components of the "Core" Plan at the Central level, and also the composition and the terms of reference of the joint team proposed. The programme of reforms would need to be finalized in consultation with the States.

8,10 **Shri Parrikar** concluded his speech by stating that Goa has been able to translate into reality many of the dreams envisioned in the Approach Paper and would be happy to collaborate with any State which was interested in learning from Goa's experience with development.

9.1 **Shri Keshubhai Patel**, Chief Minister, Gujarat expressed his happiness to participate in the deliberations of the 49th meeting of the National Development Council (NDC) and said that the most important item on the agenda was the Approach Paper to the Tenth Five Year Plan (2002-2007).

9.2 Economic reforms were started in the country in the last decade. In the context of the globalization, it was the common aim to have an economic structure in place so that India could become a leading developing country in the World in the coming years. He welcomed the draft Approach Paper formulated by the Planning Commission.

9.3 The Chief Minister said that the Approach Paper has proposed a GDP growth rate of 8 per cent as against the present trend of 6.5 per cent growth. The growth rate of 8 per cent may appear to be rather ambitious but he firmly believed that if necessary steps were taken to increase agricultural production and develop agro industries, this growth rate could be achieved with ease. He said that Gujarat has provided an outlay of Rs. 31,300 crore for the Ninth Five Year Plan against the targeted outlay of Rs. 28,000 crore.

9.4 The Chief Minister stated that Gujarat has spent Rs. 1450 crore towards relief after the devastating earthquake. Rs. 500 crore have been paid as first instalment towards reconstruction/repairs of 9 lakh houses which were destroyed or damaged. Temporary arrangements have been made for 10,000 school rooms which were destroyed and regular education work has started in full swing. Ample precautions were taken after the earth quake to see that no epidemic broke out. Further all primary health centres, community health centres and other health institutions damaged or destroyed during the earth quake have been restarted, wherever necessary in temporary structures. The Government has announced packages for reconstruction of houses and rehabilitation of agriculture, commerce and industry.

9.5 He said that the Asian Development Bank and the World Bank have sanctioned loans of 900 million dollars for earthquake rehabilitation and requested the Central Government to transfer these funds to the State at the same rate of interest at which these funds are received from the International Financial Institutions.

9.6 He mentioned that Gujarat faced natural calamities repeatedly. The areas of Saurashtra and Kachchh repeatedly face either cyclone or drought. He, therefore, urged that the Central Government should provide adequate finances to cope up with such calamities fully.

9.7 He said that the National Development Council has constituted a Committee to consider the question of transfer of Centrally Sponsored Schemes to the States. He urged that as far as possible CSS should be transferred to the States but at the same time the State should continue to get the funds for such Schemes from the Central budget. Further, such transfer should provide for escalation due to inflation and time bound increases. If the N.D.C. decides to continue with some Centrally Sponsored Schemes after considering the report of the committee, the Centre should not insist on a common administrative structure for the whole country. The States should be free to make changes to suit their special administrative circumstances.

9.8 He agreed with the proposed strategy for agricultural development in the Approach Paper. Higher investment in irrigation, roads, electricity generation etc. would certainly help to accelerate agricultural development. At the same time, he said, the issue of reduction in subsidies needed deep consideration. Agriculturists should get proper returns for their cash investment as well as hard labour. The country have attained self-sufficiency in food in the last fifty years. This hard

earned achievement has to be conserved and the food security system has to be consciously monitored.

9.9 He further stated that the Approach Paper has rightly considered agriculture as a core sector. In this context, he mentioned that Gujarat had already formulated a Gujarat Agro Vision 2010 for agricultural development in the coming 10 years and has started its implementation from this year. He also mentioned the main programmes included in this Vision.

9.10 He also welcomed the importance given in the Approach Paper to Animal Husbandry, Dairy and Poultry Development and stated that Gujarat had planned to create grass banks in the good monsoon years by storing grass, green fodder and dry fodder. The grass depots would be dispersed widely over the scarcity affected areas.

9.11 He proposed to achieve rapid progress in the multi-purpose Inter-State Sardar Sarovar Project through the cooperation of all participating States. Gujarat has taken an initiative in the direction of people's participation in the field of irrigation through Sardar Patel Participatory Water Conservation Scheme. Under this scheme, the State have constructed 15,000 check-dams in the last two years in the areas of Saurashtra and Kachchh, which would not be served by the Narmada water. These check-dams were expected to provide irrigation to 1,50,000 hectares of land. He proposed to continue with the scheme during the Tenth Plan. Gujarat has also made appreciable progress during the last three years under the Accelerated Irrigation Benefit Programme (A.I.B.P.).

9.12 He emphasized the need to renovate the old existing irrigation schemes to get the full benefit of their irrigation potential and suggested that Central Government should draw up a new scheme for this apart from A.I.B.P. Further for better utilisation of the irrigation potential in the command areas, the Central Scheme for Participatory Irrigation Management needs to be revamped. He also requested to formulate a new Central Scheme for the renovation of minor irrigation work like village tanks, percolation tanks and check-dams.

9.13 He further said that the Central Government has regrouped various Poverty Alleviation Programmes under Swarn Jayanti Gram Swarojgar Yojna. As has been acknowledged in the draft Approach Paper, Gujarat has made good progress under this scheme. Gujarat has taken effective steps for the economic and social development of families living below the poverty line. Thus, incidence of poverty which was 24.21% in 1993-94 has come down to 14.07% in 1999-2000.

9.14 Regarding Agenda Item No. 2 on the criterion for allocation of funds under major rural poverty alleviation programmes, he said that the allocation should not be based only on incidence of poverty as this gave no credit to the State for its efforts in elimination of poverty. He felt that efforts made towards composite human development should also be taken as one of the factors for this purpose and suggested the following criteria for allocation of funds under Major Poverty Alleviation Programmes:

- (a) 60% on the basis of the proportion of population below poverty line;
- (b) 20% on the basis of efforts of the State towards poverty reduction;
- (c) 10% on the basis of the needs of the pockets of acute distress covering arid/semi-arid areas and backward hilly areas; and
- (d) 10% on the basis of the improvement in the Human Development Index.

9.15 The Chief Minister stated that Gujarat has undertaken an innovative experiment for comprehensive village development through Gokul Gram Yojana. The forest cover in Gujarat at present was 9.61%. He proposed to increase forest cover to 12% by the end of the Tenth Five Year Plan by reclaiming degraded and waste lands.

9.16 Industrial concentration in certain areas of Gujarat without proper effluent treatment and disposal coupled with inadequate sewer drainage facilities has polluted certain rivers/nalas. The State have established common effluent treatment plants in most industrial estates having polluting industries. The State have also taken up a project under the National River Conservation Plan for the purification of the Sabarmati river. Similar schemes have to be undertaken for Tapti and other rivers. He strongly urged the Central Government to have a marine policy which would contain the framework to regulate vessel traffic movement in the Gulf of Kachchh and discharge of ballast from ships.

9.17 He further stated that Gujarat was making rapid strides in e-governance and explained the steps being taken by the State Government in this regard and also the initiatives being taken for strengthening of Panchayati Raj and decentralization of Power. He observed that all the District Collectors and District Panchayats were implementing programmes of Citizens' Charter. The Approach Paper has suggested that the 3 tier Panchayati Raj system should be modified to a 2 tier system. The Centre should legislate necessary enabling provisions in the Constitution and leave it to the States to decide about their Panchayati Raj set up.

9.18 He mentioned that Gujarat has abolished octroi in areas other than the Corporation areas to give a fillip to trade. The State was raising alternate resources to compensate the local self-government bodies for the loss of octroi and even those municipalities or panchayats which were not levying octroi would be entitled to be compensated.

9.19 **Shri Patel** said that the Approach Paper rightly focused attention on Human Development. Gujarat has prepared a Human Development Vision 2010 and was implementing it from this year with 41% allocation for Social Sector. The draft Approach Paper lists monitorable targets for human development for the Tenth Plan and beyond. The State has planned to achieve these targets on infant mortality, maternal mortality, total fertility rate, primary school enrolment for all children for 5 years etc. even ahead of the targeted dates in the Approach Paper. Under Human Development Vision-2010 the State has planned an outlay of Rs. 48,313 crore in the next ten years through budgetary support, institutional finances and contributions from the Private Sector.

9.20 He said that the Government has in the past three years, taken a massive enrolment drive (Praveshotsav) and enrolled 5,26,000 children in the 1st Standard this year. The target of all children completing five years of schooling would be achieved by 2007. The State successfully constructed 7000 school rooms through pre-fabrication technology to reduce the shortage of school rooms. The State have started an incentive scheme Vidya Sahayak to reduce the shortage of teachers for the last two years. Encouraged by the success of this scheme, the State have undertaken a big programme to provide employment to one lakh boys and girls this year by employing them on an honorarium of Rs. 1000/-. These persons will spread literacy and strengthen the social infrastructure in health and agricultural extension etc. in the rural areas.

9.21 Drinking water was the most important problem in Gujarat. During the last two years, failure of rains created scarcity conditions and water shortages in large areas of the State. He urged the

Government of India to provide necessary finances for various drinking water projects in the State from HUDCO and through Externally Aided Projects. He said that Gujarat has established an Electricity Regulatory Commission and a programme has been drawn up to revamp the Gujarat Electricity Board with 500 million dollars aid from the Asian Development Bank.

9.22 In this age of globalization India has to compete with China and South East Asian Countries. The electricity tariff in China was reportedly less than 50 per cent of the tariff in India. He said that a National Energy Policy should be evolved.

9.23 **Shri Patel** said that Gujarat has a coast line of 1600 Kms. and has one major and a large number of medium and minor ports. These ports serve not only Gujarat but also North-Western and Central India. To exploit the full potential of Gujarat's ports in the context of increasing India's share in the world trade, it announced a Port Policy in 1995 for setting up modern and world class port infrastructure with increasing participation of the private sector. As a result of this policy, the annual cargo handled on Gujarat's Ports has significantly increased and Gujarat has been able to attract Private Investment of more than Rs. 6200 crore for the development of Pipavav, Mundra, Sikka and Dahej. By the end of Tenth Five Year Plan, it was proposed to achieve the figure of 150 million tonnes for the annual cargo handled. This would require provision of adequate rail and road connectivity to the Ports. In this context, he welcomed the proposals for modernization and privatization of railways contained in the approach paper and observed that if the missing railway links to Gujarat Ports are completed early, Gujarat would be able to better serve the hinterland of India for export and import of goods.

9.24 He stated that after globalization, it was expected that sizeable private investments would flow into infrastructure projects in the fields of power, ports, roads etc. Gujarat prepared an Infrastructure Vision 2010 which was being implemented since the last three years. Under this agenda, it was proposed to complete 383 projects with an investment of Rs. 1,16,000 crore mostly through private investment. The State have created the necessary regulatory mechanism for the power sector and independent authorities were contemplated for Ports and other sectors.

9.25 As per the suggestion made in the Approach Paper to expedite the process of dis-investment in the public sector, the State has formulated and implemented Disinvestment Policy under the Public Sector Restructuring Programme with the aid of Asian Development Bank. So far, 7 loss making public sector undertakings have been closed down and 4 public sector units have been amalgamated with others. 16,000 workers have been retrenched under the V.R.S. Scheme without causing undue hardship,

9.26 He added that Gujarat was one of the States which have exercised financial discipline in incurring public debt and imposed a statutory limit on State Guarantees. The Approach paper touched on Administrative Reforms and especially on reducing the number of employees. This was a step in the right direction. Government of Gujarat has taken an initiative in this direction and imposed a 20 per cent cut in various non-technical cadres in the State since 1995-96. New recruitment was confined almost entirely to teachers and doctors. This has helped the State in controlling non-plan expenditure.

9.27 The rate of industrial growth in Gujarat has been as high as 11.5%. Many industries in Gujarat especially small scale industries have suffered in the process of globalization. Many units have either closed down or became sick which has affected the viability of the State finance

institutions. He stated that urbanization was progressing at a rapid pace in Gujarat with 37.67 per cent of the population living in urban areas.

9.28 Concluding his speech, Shri Patel hoped that the Tenth Five Year Plan would fulfil the aim of raising India to the level of a leading developing country in the world.

10.1 **Shri Tarun Gogoi**, Chief Minister, Assam said that he deemed it as a great privilege to take part in the deliberations of this highest National Body with Prime Minister in the Chair. This 49th Meeting of the NDC was of crucial importance to all of us since this would give a shape to the Tenth Five Year Plan determining the growth and development of our economy to face the challenges of rapid globalization in the new millennium. In a way, it was going to be our trust with the New Economy.

10.2 He said that it was a worthwhile proposition to accept Tenth Plan as a document of reform instead of merely being a resource plan. Its emphasis on sectors with employment generation capability, particularly the service sector and empowering women, tribals and under-privileged sections of the society was admirable. The promise to attempt an equitable development process which provides equality of opportunity was indeed encouraging. He fully agreed that mere resource allocation was not enough. The productivity of capital was equally a crucial factor. Therefore, scarce resources need to be carefully deployed in order to maximize the output. The approach document also puts emphasis to unleash the capability of the private sector to augment the investments under the Plan. In short, the broad parameters of the Approach Paper to the Tenth Five Year Plan have been encouraging and at the same time ambitious.

10.3 He said that economic growth should lead to a harmonious united society narrowing the gap between the poor and the rich, the rural and the urban, the mainland and the periphery. In other words, it should not prompt these divides which in the long run harmed the process of national integration. The only way to undo the wounds inflicted by history was to provide North East and Assam a level playing field with the rest of the country through a socio-economic package that worked. Therefore, he suggested that equity be the primary concern along with growth and sustainability in the Tenth Five Year Plan.

10.4 Drawing attention to some of the crucial indicators of development, he said that economic incursion of North East from across the border may prove to be extremely worrisome in the near future like the cross border terrorism of the day. Therefore, he suggested that the Tenth Five Year Plan should address these problems more adequately. In the past, the Planning Commission used to have "Special Area Problem Approach" which used to take care of such critical requirements. He suggested that this approach should be integrated into the Tenth Five Year Plan in order to bridge vital gaps wherever these exist. In this context, he emphasised two such areas - infrastructure and connectivity. Unless substantial investment was made at an accelerated pace, the State would not be able to regenerate its economy in the near future. He made a special mention about the devastating floods and erosion which occurred every year in Assam. Apart from huge revenue loss, the floods washed away vital infrastructure including the top soil. As a result, the whole of North East suffers from high prices and lack of essential commodities for several months each year. He pleaded that it has to be recognised as a national calamity and national loss and a permanent solution was called for, which involved treatment of catchment areas lying beyond the boundaries of Assam and management of river system which required investment beyond the capability of Assam.

10.5 He broadly agreed with the proposal envisaged in the Approach Document regarding the concept of a “core plan” and “project based support”. He, however, pointed out that increasing trend over the years for project tied funds was leaving behind very little resource for development in large number of non-core sectors. A total project based plan support would make it more difficult for allocating resources to a number of important sectors. Therefore, some inbuilt flexibility would be required, recognizing the special handicaps a State might be currently having. In this regard, he made particular mention of the case of Assam, continued insurgency in Assam which has eroded the productive capability of the economic and social infrastructure and suggested that under such extraordinary situations, a compensatory formula should be adopted which would quantify the production loss in assessment of resource generation so that Assam could have an opportunity to achieve development in the face of insurgency.

10.6 Coming to specific issues as outlined in the Approach Paper, he welcomed the initiatives proposed in adopting agriculture and rural infrastructure as the main bedrock of development strategy. He said that it was very encouraging to find that the document emphasised on increasing and diversifying agricultural production by extending irrigation facilities and better watershed management programmes. The Eastern India (which should also include the North East) and the rain-fed areas of central region have been identified as the thrust area for these programmes. This was a very welcome suggestion. He congratulated the Hon'ble Prime Minister for his decision to take up the mega Rural Road Programme. It was indeed a great initiative which, if fully implemented, would change the face of rural India.

10.7 He stated that, reform of labour laws, reform of judicial systems and administrative reforms were very desirable objectives and welcomed the inclusion of these vital areas of reforms in the Tenth Five Year Plan document. He hoped that the details of these reforms would be finalized after due consultation with the States. He also endorsed the necessity for privatization as well as closure of non-viable PSUs for better health of the economy. He said Assam has started a detailed review of the functioning of PSUs in the State and would rejuvenate those PSUs which have the capability to sustain, privatise others and close the rest if found totally unviable. But in a State where private capital and employment market have not developed adequately, these PSUs have also a social function to perform which could not be easily ignored. Similarly downsizing of governmental organizations was also another area of attention. In a State like Assam where private sectors have not grown adequately to provide alternative to government sector employment, outright downsizing without corresponding growth in the employment market may cause social unrest and therefore, needs to be carefully executed in a properly phased manner in order to avoid any social fall out. Growing unemployment has been the root cause of social unrest in Assam. It could only be ignored at a great social and economic cost.

10.8 **Shri Gogoi** said that the Approach Paper outlined the phasing out of both direct and indirect subsidies which have not been able to generate desired economic impact. There was no doubt that those subsidies which have not helped the poor but only have benefited the rich should be done away with. This would also help us to redeploy the scarce resources in more critical areas besides making us compatible with WTO regime. But at the same time one has to take cognizance of the critical areas where an alternative method of funding would be required. There was a need to distinguish between subsidy and developmental imperatives while doing away with the subsidy regime in a phased manner.

10.9 **Shri Gogoi** said that the Approach Paper has rightly raised the issue of corruption and transparency in administration. Leakage particularly through corruption has been a national menace. He, therefore, emphasised that transparency and accountability needed to be established to counter this growing malady.

10.10 In the context of the Panchayati Raj Institutions, he mentioned that Assam was one of the very few States which had very successfully adopted a two tier system -Mahakuma Parishad and Gaon Panchayat. It was a very rewarding experiment. Unfortunately, over the years Assam did not have the benefit of these vital grassroot organizations for quite sometime. He said that Assam has decided to hold Panchayat Election at the earliest and see these institutions empowered by effective devolution of financial and planning process so that the "felt needs" were adequately integrated into governmental planning and implementation. The State Government was determined to take the administration to door steps of the villagers.

10.11 About the fiscal discipline and reforms which the Approach Paper has very succinctly analysed, he said that there was no two opinion that fiscal reforms and expenditure control were inescapable alternatives for regenerating the financial health of the economy. He fully endorsed the view that the non-plan expenditure has to be curbed. He said that the State have appointed a high powered committee to specifically suggest a blue print for fiscal reforms. He apprised about some hard realities regarding the financial base of the State for the consideration of the NDC. A situation has arisen, when the State spend nearly 60% of the plan money for salary under plan projects. That was because it did not have the capability to pay the salary component for plan from non-plan resources. Therefore, resource availability for actual projects was shrinking over the years. On the other hand, its resource base was becoming narrower and narrower every year. The main resources were Tea, Oil and Timber. Due to embargo put by the Hon'ble Supreme Court of India, timber harvesting has been completely stopped. Tea also was having a difficult international market for the last few years. Due to persistent, adhocism followed by the Ministry of Petroleum, the State was not getting its due as royalty from the precious oil. He requested for the intervention of the Hon'ble Prime Minister on this issue. He said that the base of the State has been completely eroded. The situation was brought to the notice of the Eleventh Finance Commission. However, the State got a raw deal from the Finance Commission and it certainly felt deprived and pushed to a very difficult position. Unless the situation was retrieved with a suitable dose of grant to tide over the current revenue deficit, it may not be possible to achieve fiscal reforms in a time bound manner and transfer the salary component to non-plan in order to make planning process a viable exercise.

10.12 Regarding criteria for allocation of funds under poverty alleviation programmes, he suggested that the findings of the Expert Group (1993-94) may be taken as the base data for allocation of resources. It seems that an adjustment formula has been adopted to compensate some States. He agreed to this adjustment as a one time measure till the next evaluation takes place.

10.13 On the NDC Sub-Committee Report on transfer of Centrally Sponsored Schemes, he said that the State had no objection provided the schemes were transferred with full funding including the salary component. Because of the transfer of a number of Centrally Sponsored Schemes over the years, the State Government was over burdened with both plan and non-plan salary. While he agreed to the rationalization of these schemes, he said that the State would not be able to accept them without full funding. In this regard, the Planning Commission had categorized Centrally Sponsored Schemes into four groups and recommended variable funding pattern for each category. Probably this suggestion could be further examined in the emerging scenario.

10.14 Welcoming Uttaranchal to the group of Special Category States, he hoped that there would be a proportionate increase in resources set out for this category as new States were added to the list. He mentioned that when a decision was taken in 1969 to create this category, there were only three States Assam, Nagaland and J & K. Unfortunately, Assam was given the benefit of special category funding only from 1.4.1990 although it was declared as a Special Category State in 1969. He pleaded for giving retrospective benefit of 90% grant and 10% loan as a Special Category State from 1969 to Assam. The Planning Commission currently allocated 30% of the balance of central assistance for State Plans after setting apart funds for externally aided projects and for special area programmes. As the allocation for externally aided projects and special area programmes were becoming larger and larger, the actual allocation for Special Category States in real terms was becoming less and less. This was a matter of concern which needed to be examined.

10.15 Concluding his speech, **Shri Gogoi** said that all of us came here with great expectations. This was an unique opportunity to apprise the highest committee of the country regarding our developmental needs. He hoped that under dynamic leadership of Hon'ble Prime Minister, the Tenth Five Year Plan would be suitably fine tuned in the light of the deliberations of this august House and said that let this document be a strategy for growth without disparity and let it establish one of the most fundamental rights of every Indian citizen - the "Right of Development".

11.1 **Shri Buddhadeb Bhattacharjee**, Chief Minister, West Bengal, at the outset, welcomed the convening of the meeting of the National Development Council which had the Approach to the Tenth Five Year Plan as the main item of agenda for discussion. He felt that there could not have been a more opportune moment for interacting on the fundamental parameters of the plan on the basis of a consensus among the State Governments and the Government of India.

11.2 Noting that the observations of Government of West Bengal" on the Draft Approach Paper had already been circulated separately, the Chief Minister said that in his brief response to the Approach Paper, he would like to highlight some of the selected areas of concern which should merit serious consideration and suggest a few alternative courses of action.

11.3 He said that the target of average GDP growth rate of 8 per cent over the Tenth Plan period, as it appeared, was based upon premises almost akin to the package of economic reforms being imposed on the Indian economy under the IMF and WTO conditionalities. He observed that there was, therefore, an inherent difficulty with the approach itself.

11.4 He stated that while the public expenditure on capital formation and social sectors were being substantially squeezed in the post liberalisation period, the question arises as to how resources were going to be mobilised to raise the investment rate. The Approach Paper "called for significant increase in domestic savings to nearly 29.8 per cent and the foreign savings (current account balance of payments) to 2.8 per cent. It also assumed that the problem lied at savings and not at the investment end. The two major suggestions for resource mobilisation made in the Approach Paper include disinvestment in the public sector which was expected to yield about Rs. 17,000 crore per year over the first three years of the Tenth Plan period and downsizing Government employment. Both the measures, he said, ignored the question of social safeguard or social security. Moreover, the thrust on improving the efficiency to bring the Incremental Capital Output Ratio (ICOR) down would inevitably call for reckless resort to privatisation and change of labour laws to the detriment of the workers.

11.5 Government of West Bengal was of the firm view that rapid agricultural growth and all-round development of the rural sector would largely depend on the implementation of land reforms followed by an effective system of decentralisation of power through the Panchayati Raj.

11.6 He insisted that the target of employment generation be correctly placed at a rate sufficiently higher than the rate of growth of the labour force so that the backlog of unemployment was significantly reduced within a definite time-frame. In the context of a lack of emphasis in the Approach Paper on rural self-employment, it also needs to be emphasised that given the foundation of land reforms and Panchayati Raj, a range of measures involving non-land inputs should be considered essential to enhance agricultural productivity and provide for employment opportunities.

11.7 The Agreement on Agriculture signed by Government of India at the end of the Uruguay Round under the GATT would have far-reaching consequences in distorting the cropping pattern of the country, undermining 'food security as well as the interest of the major foodgrain producing States. The recent decision of the Central Government to withdraw 'quantitative restrictions' in respect of more than 750 items including agricultural commodities has further aggravated the situation. Unless the entire decision was reviewed, the 'negative' multiplier effect on agricultural growth as well as the overall growth of the economy would be enormous with a drastic rise in the rate of unemployment.

11.8 Coming to the issue of disinvestment strategy of the Central Government, he observed that the twin objectives of improving efficiency of the public sector by bringing in private sector participation and raising resources and reducing the fiscal burden on the exchequer could hardly be achieved. International experience also provides little evidence in support of this strategy. In India, the management of profit-making public enterprises was being handed over to the private sector by selling shares at throw-away prices thereby losing access to dividends and profits from some of the cash-rich public sector undertakings. In a demand constrained economy, public investment and expenditure based on fiscal deficit need not be inflationary and thus, should not be an excuse for selling off public assets.

11.9 Another important issue which merits serious consideration, he said, was the public distribution system of essential commodities. An efficient public distribution system was known to act as a countervailing force against monopolistic forces in the trading sphere and, thus, help in containing inflation. He urged that in a regime of liberalisation and with the entry of large-scale private trade including multi-nationals, the regulatory law relating to essential commodities needs to be strengthened rather than weakened. He suggested that the public distribution system should supply about 60 kg of grain per capita per annum or roughly half the daily cereal requirements as per the recommendations of Indian Council of Medical Research. The required quantity of grain should be available at a reasonable and uniform price to all those who wish to purchase from the fair price shops.

11.10 He said that there was a reference in the Approach Paper on the loan burden of the State Governments. What has not been mentioned explicitly was that most of this burden has been created by the Central Government itself. For instance, 70 per cent of the Central Plan "Assistance" for most of the States was in terms of loans. Similarly, most of the Central schemes such as RIDF, AIBP were either totally loan-based or have a significant loan component. These policies of the Union Government should be reversed so that the loan burden of the States could be reduced significantly with a corresponding fall in the revenue and fiscal deficits of the State Governments.

11.11 He said that the proposal in the Approach Paper to even withhold a part of the Central Plan Assistance unless the States follow the pattern of economic reforms, needed to be appropriately changed after discussion with the State Governments. He also suggested that a proper five year plan should also include a scheme for exercising control over stock exchanges.

11.12 Concluding his speech, the Chief Minister re-emphasized that hitting the target of annual rate of growth during the Tenth Plan period would depend on a right choice of techniques and cost-effective methods in the implementation of plan schemes. What was urgently needed was proper decentralization of powers both financial and administrative. This decentralization has to be participatory by involving directly the people at the grass-roots level through the elected Panchayats and municipalities which were accountable to the people. This process of accountable decentralization could go a long way in achieving the Plan objectives and it should find adequate recognition in the Approach Paper to the Tenth Five Year Plan.

11.13 Regarding the other agenda items, **Shri Bhattacharjee** said that his Finance Minister would make brief observations.

11.14 **Shri Asim Dasgupta**, Finance Minister, West Bengal, said that this was a brief and preliminary response to the Draft Approach Paper to the Tenth Five Year Plan prepared by the Planning Commission of India. The Government of West Bengal would present a more elaborate and comprehensive note on the Approach Paper at a later stage.

11.15 He reiterated the views expressed by the Chief Minister, West Bengal on selected areas of concern with respect to approach paper. He said that the problem with this approach, as has been noted by economists, was that it assumed that the problem lies at the savings and not the investment end. It ignored the facts that the Indian economy was today characterised by a high degree of slack, reflected in unutilised capacity, surplus food stocks, comfortable foreign exchange reserves and unutilised resources including human resources. This situation would boost investment, stimulate demand, improve utilisation and, therefore, increase employment, incomes and savings. In the Approach Paper, it has also been assumed that Government expenditures could not be translated into capital expenditures because of the revenue deficit on the Government's budget, which implied that borrowings were being used to finance current expenditures. Here again, given unutilised capacity, even deficit-financed capital expenditures would result in improved utilisation and, therefore, higher incomes, profits and revenues for the Government, so that it need not worsen the savings performance of the Government.

11.16 He said that the thrust of the Draft Approach Paper was on improving efficiency to bring the ICOR down from 4.28 to 4.08 per cent. Since the Approach was essentially guided by the IMF-WTO tailored economic reforms, it was but quite natural that the whole range of recommendations would be in keeping with the fundamental principles of liberalisation and privatisation where incentives to private sector, change of labour laws to the disadvantage of workers, particularly with respect to retrenchment, were the basic features and the Draft Approach Paper truly reflected these principles.

11.17 He said that West Bengal believed that it was important to raise resources for public investment both for the direct role that public investment could play in raising growth and also because of the positive linkages between public and private investments. One of the most important sources of revenue was progressive non-inflationary direct taxation. The tax/GDP ratio in India was not only very low (even among developing countries), but has declined after liberalisation. The bitter pill of higher direct tax rates had to be taken if the Government was keen at resource

mobilisation. Policies of tariff reform in line with the WTO Agreement have also to be re-examined as the sharp reduction in tariff rates has major adverse effect on revenues. Unearthing of Income tax-evaded black money with annual accrual rate exceeding Rs. 1 lakh crore was yet another area to mobilise additional resources, which the Draft Approach Paper has not mentioned.

11.18 With regard to agriculture and the rural development, he said that the Government of West Bengal was of the firm opinion that the foundation of a programme for agricultural growth and all-round development in the rural sector principally depend upon the implementation of land reforms. Land reforms should form an integral part of the Approach Paper to the Tenth Plan with the need for Statewise targets in terms of vesting and distribution of ceiling surplus agricultural land within a definite timeframe. In absence of land reforms, the Panchayat system cannot genuinely be representative of the poor and the majority of rural producers; and without such representation, in turn, effective and real decentralised rural development cannot be ensured. This emphasis on land reforms needs to be supported simultaneously in terms of non-land inputs and measures, such as irrigation, improved seeds, fertilisers (with priority to biotechnological inputs) credit, marketing and fair price. So far as the agriculture sector was concerned, the target has to be stated not only in terms of rate of growth of sustainable agricultural production to ensure food and nutritional security, but also in terms of employment generation.

11.19 He said that more than 70 per cent of India's population lived in the rural areas where agriculture was the primary occupation. Food security of the country was one of our major concerns and indiscriminate import and export of agricultural produce on the pretext of gaining greater market access for our agricultural produce, would definitely jeopardise the food security of the country as well as the interest of the major foodgrain producing states. Consequently, both the rural areas and the urban and semi-urban areas of the country would be adversely affected.

11.20 He suggested that as a part of development of rural infrastructure, a special target of reaching 100 per cent of rural mouzas with intensive electrification should be included. Similarly, for the industry sector, target of domestic industrial growth with linkage between the large and small sectors should be clearly spelt out with specific quantification of employment generation.

11.21 Consistent with the targets of production and employment generation in the industry, agriculture and allied sectors, there was a need to reorient the approach to education with emphasis on more equal access and on technical and vocational education to sustain the thrust of productive employment generation. Given the pattern of morbidity in public health, emphasis should be on cost-effective preventive health care and particularly decentralisation in curative treatment by involving the Panchayats and municipalities.

11.22 **Shri Dasgupta** said that present categorisation of expenditure into capital and revenue was posing problem for the State and hoped that it would be sorted out shortly. Regarding import and export policy, he said the words 'socially balanced approach to import and export to uphold food security and livelihood security should be added.

11.23 He emphasised that public investment must be raised both for the direct role it plays in raising growth rates and increasing employment and for the positive linkages between public and private investment. Slashing public investment in direct industrial production, in infrastructure, in agricultural and rural development and in social sectors was, of course, central to India's liberalisation strategy.' Contrary to this approach, the Government of West Bengal felt that a public investment-led strategy of growth was essential if the Government was to fulfil the people's mandate and meet

people's aspirations for economic growth. The policies of liberalisation rob the exchequer of ways and means of mobilising the resources that were essential for enhanced public investment. The process of disinvestment, as has been mentioned, leads to a loss in Government owned assets and in the potential stream of profits and revenues. Another major source of revenue was through direct taxation. Here again, policies of raising public resources through direct taxation were anathema to liberalisation policy.

11.24 Drawing NDC's attention to the transfer of CSSs, he said there was need for transferring Central Sector Schemes and CSS, which were in the State subjects or the concurrent list. He suggested, that pending this, if the targets were jointly fixed between the Centre and the States without rigid guidelines from the Centre and funds were released on a quarterly basis, there could be a transparent joint review by the Centre and the States.

11.25 On a reference in the Draft Paper on the State's financial problems and loan burden of the State Governments, he said that in the sphere of small savings, when there was adequate accretion of saving in State to generate a surplus, after paying the interest and principal to the depositors, even then this surplus was advanced to States in the form of loan, thus imposing an unfair loan burden on the States. These policies have augmented receipts for the Centre, but have caused loan burden, and have increased severely revenue and fiscal deficits for the State. If these Central policies were reversed, then the loan burden of the States would fall significantly, with a corresponding fall in fiscal deficits of the States. He requested that a Committee under the Chairmanship of Union Finance Minister and all State Chief Ministers or Finance Ministers may be set up to look into it and suggest remedial measures.

11.26 Concluding his observations, **Shri Dasgupta** said that the combination of free market philosophy and foreign dominance in the share markets has led to successive financial scandals. The five-year plan should also include a scheme for exercising control over stock exchanges. There was a need to reduce the ICOR from 4.28 to 4.08 per cent. It would be helpful to achieve the objectives of the Plan if there was appropriate choice of efficient and divisible technology, and also more cost-efficiency in implementation of plan schemes. For effecting this cost-efficiency, it was essential to move for decentralisation of powers both financial and administrative. This decentralisation has to be participatory, by involving directly the people at the grass root levels through the elected Panchayats and municipalities, and it has to be accountable to the people. This process of accountable decentralisation could go a long way in achieving the Plan objectives, and it should find adequate recognition in the final Approach Paper for the Tenth Plan.

12.1 **Shri Ajit Jogi**, Chief Minister, Chhattisgarh said that since the last meeting of the National Development Council held more than two and a half years ago, three new members of the Council, including Chhattisgarh have come into the existence and it was a welcome coincidence that the new States would be charting their planned growth at about the same time that the Tenth Five Year Plan of the country would be unveiled. There was little doubt that the people of all the three newly formed States have the same yearning for development and the strength of determination to do so, as the rest of our countrymen. He felt some disappointment in not finding any special or conscious approach to the development of a new State such as Chhattisgarh in the Draft Approach Paper.

12.2 Terming the targetted growth rate of 8% during the Tenth Plan, as highly ambitious, the Chief Minister felt it was attainable provided several conditionalities were attended to - the least of

which was the transfer of adequate resources to the States along with degrees of freedom and flexibility at the appropriate levels, required to carry on with the task. The concept of core Plan at State level, he presumed, would help towards this.

12.3 He said that achievement of a high growth rate combined with equity and sustainability had to be backed by adequate resources. The State specific targets should be based on an assessment of the State's potential in terms of, not only its own socio-economic development but also, its capacity to contribute to national growth. He suggested that such State-specific targets should flow from the core competence of each State, supported by additional allocation of resources.

12.4 The State specific targets for development in the case of Chhattisgarh should specially relate to the utilisation of its enormous resources, i.e., Forests, Minerals and Water and allocation of additional funds in these areas.

12.5 He informed that the response from some of the States to set up power generating units in Chhattisgarh has been very encouraging. A strategy should now be devised to implement this suggestion in the best interests of the national economy. He suggested that such a strategy should form part of the Tenth Plan, and a Task Force comprising the Ministries of Finance, Power and the State Governments should work out the modalities.

12.6 He noted that agriculture development had been included as a core element of the Tenth Plan and that the strategy would focus on the mono-crop areas, rain fed areas and also the small and marginal farmers. He suggested that when the State Plan targets were fixed, a study should be made to identify the areas where external assistance could flow. Such a study by the Planning Commission and the Central Government would help needy States like Chhattisgarh to mobilise extra budgetary resources for overall development.

12.7 Agreeing that the substantial part of the additional growth was to come from increased efficiency of existing assets and investment, the Chief Minister said that the image of the financial sector must also be enhanced if any improvement in the level of saving was to be achieved which was also crucial for achieving the ambitious 8% growth target.

12.8 He informed that Chhattisgarh had adopted sound fiscal practices from the very beginning. The fiscal deficit has been kept at less than 1% of the Net State Domestic Product. Establishment expenditure had also been kept low and all efforts to contain the non-plan salary bill at 40% of the total expenditure of the State were underway. Sincere economy measures have been adopted, and every effort was being made to raise additional revenues. He requested that the special problems of the State, indeed of all the three new States must be addressed in the Tenth Plan. Chhattisgarh was one of the poorest States in terms of per capita income and had a large tribal population. In addition to the special problems of the State there was the need for a new Capital City and administrative infrastructure. Chhattisgarh would need special funds to build its new capital.

12.9 On the additional resources for the Tenth Plan, he reminded that Chhattisgarh was being deprived of a major source of its revenues. The rates of royalty on coal were revised last in October 1994. As per the provision of the relevant statute, royalty rates were to be revised every three years. Thus, revision was due in the year 1997 and again in 2000. The price of coal has increased by more than 108%, since 1994. The royalty rates should have similarly been doubled in the least. Royalty on coal constitutes about 80% of the total mining revenue of the State. Non-revision of royalty on coal was a major set back to the resource position of the State. This situation must be remedied before the Tenth Plan commenced.

12.10 He said that the criterion of population was being used indiscriminately for division of assets and liabilities to the detriment of newly created States and desired this issue to be considered and resolved urgently.

12.11 Turning to sectoral policy issues, he said that agriculture policies should focus not only on crop intensity but also on diversification of agriculture. Horticulture was an area that needed more attention. States with promising potential for horticulture like Chhattisgarh should be encouraged through suitable policy initiatives backed by adequate resources.

12.12 He said diversification and intensification of agriculture would not be possible without substantially increasing irrigation capacity of the State from the present 17-18%. This would require a composite scheme of tapping both surface and ground water and would involve large investments. While AIBP may continue to be one of the main instruments for providing resources, there should be more flexibility in the Programme for irrigation projects. The Programme should include funding of selected medium projects and clusters of small projects. He mentioned that the present Central schemes did not serve the specific agricultural development needs of States. There had to be a switchover from schemes with universal application to State-focussed schemes after careful assessment of needs.

12.13 He said that forests of Chhattisgarh were known for their rich biodiversity. The State needed large resources to preserve and protect them. It should be noted that by preserving a large forest area, the State provided the nation with green lungs, and helped it achieve a major national and social objective of preserving and protecting ecology. He suggested that special plan assistance should be - provided for protection and preservation of forests to Chhattisgarh and the other States which have a higher than national average of forest cover.

12.14 He suggested that the Food for Work programme should be fully integrated with various Schemes of development of farm forestry on marginal lands. In fact, social and farm forestry on marginal lands should be accepted as one of the main programmes under Food for Work and the present norms of Food for Work regarding the cash component should be made more flexible for such programmes.

12.15 He said that the commercial potential of medicinal plants and herbs has not been fully realised in Chhattisgarh and intended taking up several projects in the forest villages for the commercial exploitation of this potential. He felt that this could be a major programme for tribal development; and would make Chhattisgarh a 'Van-Aushadhi State of the country. He suggested that this potential should be recognised and programmes included in the Tenth Plan.

12.16 Regarding Health sector, he said that the improvement of the health status of the people, particularly the tribal and other vulnerable sections of the population, was a major area of concern for the State. People in remote tribal areas of the State continue to die of diseases like Malaria and gastro-entritis. Health care in tribal areas was a major challenge that must be met. A major programme converging health, sanitation and nutrition was required for this. It should also be dovetailed with the programmes for rural infrastructure such as that for roads and water supplies. He said that the Tenth Plan should include such a programme focussed on tribal areas with adequate funds for requisite health infrastructure. He suggested that the Centre must seriously consider and amend the Medical Council of India Act to introduce shorter term three year medical degree courses for training doctors who would be readily available in such areas for serving as the first

line of attention to public health requirements. He also suggested that the system of medicine practised by the Tribals should be examined, documented and made part of the Indian system of medicine.

12.17 Education continued to be one of the important aspects of State's development strategy. Along with DPEP, the State had taken a major initiative in the form of a special time-bound enrolment drive in July this year. In case, one teacher for 40 students norm, proposed to be adopted for the Tenth Plan was followed, the State would require more than 20,000 additional teachers. This norm would be difficult to follow without additional assistance under the Plan.

12.18 He said that the project 'Indira Suchana Shakti' with the objective of providing free information technology education to all poor girl students (classes 9 to 12) and the scheme called Gyan Vikas Abhiyaan have been well received, and only underscored the point that several social sector interventions were possible through managerial innovation rather than solely through financial resources. These initiatives needed to be encouraged.

12.19 He said that the problem of extremist violence had to be addressed with utmost seriousness and urgency. Tribal development plans should be based on an area approach and the objective should be to bring them to the mainstream of society without injuring their rich and varied heritage. Rapid socio-economic development and suitable local employment to the educated youth should be the main objective. Comprehensive area-based plans would be the best answer to tribal development needs in Chhattisgarh.

12.20 He stated that major poverty alleviation programmes should be linked with the Food for Work programme in a poor State where food security was all the more critical, The State was allocated 2 lakh tonnes of rice and nearly 3 lakh tonnes of paddy last year. All drought relief works and works under HAS were taken up under the Food for Work programme. Chhattisgarh was one of the few States to have fully utilised the allocation of food grains.

12.21 He said that the Pradhan Mantri Gramin Sadak Yojana would no doubt help in substantially improving the rural road connectivity. The priorities should be made more flexible to enable connecting unconnected villages which were at considerable distance from any paved road, irrespective of the size of population.

12.22 He said Chhattisgarh was perhaps one of the very few States not covered by National Highway Development Project. It remained outside the Golden Quadrilateral and also the axes corridors for north-south and east-west. This would deprive the State of access to the nationally vital infrastructure project and the benefits accruing to the economy from it. The Tenth Plan ought to include access for all similarly placed States under this project.

12.23 Regarding Centrally Sponsored Schemes, he advocated that all schemes of development should be conceived, designed and must originate at the level of the State Governments, and the role of the Central Government should be limited to financially supporting such initiatives with mutually agreed parameters. Therefore, Centrally Sponsored Schemes ought really to be Centrally Supported Schemes or State Initiated Schemes. Any exercise for weeding out or converging Centrally Sponsored Schemes must also ensure that there was a corresponding downsizing of the Central Government itself.

12.24 He said that once the responsibility for conceiving and designing schemes and projects vested in the State Governments, and the role of the Central Government was one of setting

broad guidelines for seeking its financial assistance for such schemes, there should be neither any role conflict nor an overlap between the two. Unless there was matching devolution of resources to the States, with adequate provision for growth and inflation in future, it would not be possible for the States to carry on these schemes.

12.25 He said there could not be a standard prescription for making support to States contingent on agreed programme of reforms. Different States were at different stages of development and required varying degrees of reforms at present. While there were no differences as regards the need for reforms, any attempt to make a standardised model would only lead to unwarranted complications. Giving preference to the completion of existing projects than to new projects was a reasonable premise, this should not, however, be at the cost of the aspirations of backward regions where new projects alone could bring hopes of development.

12.26 Among the other issues listed in the minimum agenda suggested in the Draft Approach Paper, he said, the inclusion of critical repairs and maintenance as permissible Plan activities should help States such as Chhattisgarh.

12.27 He said that the State was committed to the decentralization of power to the Panchayat Raj Institutions and the Gram Sabhas and also to protect PRIs from the transgression by other institutional structures. While doing so, the State was aware of the need for strengthening of PRIs and other local bodies, both from the point of view of finances as well as the institutional capacity to perform the functions that were in their domain. The Tenth Plan should encourage States to undertake such an exercise.

12.28 Deliberating on the issues of privatisation strategy, reforms in labour laws and reducing subsidy, he said that there was need to exercise great caution. He said Chhattisgarh would oppose any attempt to interfere with the States' discretion with regard to deployment of its functionaries, and would resist any attempt to link assistance under the Plans with any such transgression.

12.29 Referring to the criteria for allocation of funds under major rural poverty alleviation programme, he said it was difficult to agree with the NDC sub-committee's recommendation in favour of continuation of the presently used criterion based on adjusted shares for allocation of funds to States for major rural poverty alleviation programmes. It was emphasized by many States at the last meeting of the NDC, that the interests of backward States should not be adversely affected by a change in the methodology which was based on data that were not very reliable. He requested that till the criteria was finalised on the basis of fresh estimates of poverty in Chhattisgarh, the State's share in allocation of funds under major rural poverty alleviation programmes should continue to be on the basis of the recommendation of the Task Force.

12.30 He welcomed the grant of Special Category State Status to Uttaranchal and urged that the other two new States, Chhattisgarh and Jharkhand, deserved no less. The new State also has to set up its Capital, its Vidhan Sabha, High Court and State Secretariat, and the necessary administrative infrastructure.

12.31 Concluding his remarks, Shri Jogi said that the State had faced recurring drought situation and other special security problems which needed to be addressed without further delay. He pleaded that the States of Chhattisgarh and Jharkhand should also be given special category status for Central assistance, at least for a decade, during the Tenth and Eleventh Plan periods, so as to enable the nascent States to provide their people with the minimum level of socio-economic development in keeping with human dignity.

13.1 **Shri Om Prakash Chautala**, Chief Minister, Haryana, said that deliberations in this meeting of the NDC would be crucial for the development of the country as it was about to launch upon its first five-year plan of the new millenium after having gone through nearly fifty years of planned development. He called upon all the participants to evolve an approach that would consolidate the achievements so far and address specifically to areas of concern. The country has a vast potential of growth. However, rate of growth so far has been quite low compared to other nations which had embarked on the path of development almost around the time we did. Let alone being at par with developed nations, he said we have yet to provide basic infrastructure of the standard provided in many Asian countries.

13.2 **Shri Chautala** said that the draft approach to the Tenth Five-Year Plan has a marked emphasis on attaining quantified targets in social development indicators. There was no denying the fact that our social development indicators need to be improved for sustaining long-term development. However, in view of the present low benchmarks, these targets required a very substantial resource allocation. As the resource position limits allocations on all fronts, he urged greater deliberation on the modalities of funding competing priorities. He said that we must assign more meaningful role to private capital for development of economic infrastructure while Governments take on the social development programmes. The statutory framework and political consensus for the role of the private sector must be evolved in this regard.

13.3 The Chief Minister stated that at the moment, we stand at a critical juncture. Liberalized trade regime in post-WTO era required our agricultural and industrial products to be competitive in the world market. For some years now, Government policies and programmes have been trying to make our industrial production competitive in the world market. But nothing concrete has been done on the agriculture front to align our agriculture production to global marketability. In this context, he welcomed the suggestion made in the Approach Paper for the increased infusion of capital in the agriculture sector. He called for a more deliberate and forceful plan of action for crop diversification and enhanced agriculture productivity.

13.4 He strongly pleaded for a better and more judicious utilization of all available National Water Resources and for transfer of river waters from surplus States to the deficit ones. He said that water conservation in all possible ways should become a part of our national policy. He informed the House that Haryana have set up a 'Water Conservation Mission' in which 19 Departments of the State Government have been involved to launch a collective Action Plan for Water Management in the State.

13.5 He stated that the approach paper rightly emphasized the need for greater dispersal of purchasing power, which alone could help sustain steady growth. As an over-whelming majority of people in India were engaged in agriculture and related activities, a more competitive and productive agriculture sector could usher in better returns to this majority. The policies and programmes must revolve around developing a robust and supportive infrastructure for agriculture. Therefore, the priorities should be to put in place an equitable credit structure, re-oriented agricultural extension network, post-harvest marketing and pricing mechanism as well as incentives for agro processing and value addition. The minimum support prices for various crops, including crops other than paddy and wheat; should be announced well in advance on a 5 year period basis so that it encouraged diversification of crops in a desired manner.

13.6 He said that Rural unemployment was becoming a cause of concern as the rank of rural unemployed was registering a steady increase. There was need to focus on this area by encouraging

entrepreneurship in small industry as well as service sector to take root in rural areas. He welcomed the initiative of the Prime Minister in announcing a programme with a large outlay of Rs 10,000 crore for providing employment opportunities to the poorest of the rural poor. He suggested that centrally sponsored rural development programmes should be allowed to be tailored by States to suit their local situations.

13.7 He said that decentralized procurement of foodgrains has been advocated as an option in the Approach Paper and it has been suggested that the surplus States should make their own arrangement for disposing of their surplus produce to the needy States. Ideally speaking, a Central agency would be better placed to ensure macro-management of supplies from surplus to deficit regions. He urged that the FCI should take immediate steps to create sufficient warehousing capacities in the surplus States on modern lines with latest techniques and accelerated foodgrain movement from these areas. It should also fund setting up of warehouses by State agencies.

13.8 He agreed with the proposal that 10th Plan should be drawn up as a reform plan rather than a resource Plan. The potentials created in various sectors during the last decade or so as a result of large public investments have not been fully utilized due to various reasons. These unutilized capacities must be made to deliver during the 101 Plan period. He said that we must make our public sector units perform and keep all options including privatization, open to achieve this end.

13.9 On improving the financial health of the State Electricity Boards and also improving their efficiency through positive policy decisions, he said that Haryana has already taken most of the steps proposed in the Approach Paper. Regarding privatization of distribution function, he felt that a uniform model may not suit the requirement of all the States and each State has to work out its own strategy. As the experience of privatization of distribution has been rather mixed, Haryana was considering various options to decide the modalities for disinvestment of distribution functions.

13.10 The tariff presently being charged by the CPSUs was much higher than the actual cost and, in the process, the SEBs have been burdened with extra costs. The tariff applied by the CPSUs should not be worked out in the same manner as the IPPs (independent Power Producers). As State Governments have so far been burdened with irrational costs, he requested the Government of India that surcharge asked for by CPSUs on delayed payment should be fully waived off.

13.11 As for the criterion for allocation of funds under the Rural Poverty Alleviation Programmes, he agreed with the report of the N.D.C. sub-committee to continue with the present criterion. However, he suggested that at the time of revision of this criteria on the basis of the latest estimates of poverty, at least 20 per cent of the total funds available under the programmes should be set apart as an incentive fund to be devolved on the basis of the performance of States in reducing rural poverty.

13.12 He agreed with the view of the Planning Commission that the number of the centrally sponsored schemes should be curtailed. But this should not lead to a reduction in the total quantum Of financial assistance to the States by way of CSS. The Central Ministries should preferably have a bouquet of schemes from which the States could choose according to their own priorities. The States would then be free to devise their own guidelines suitable to local conditions for implementing such schemes. The Centre should prepare a special CSS to fight the problem of degraded lands and soils which some States were facing at present.

13.13 He drew attention of the participants to the revised Gadgil Formula for Central Plan Assistance to the States, which was in operation since 1991. There was need to restructure this formula. The weightage given to the income criteria deserved to be reduced to the minimum so that efforts of the better performing States were duly recognised and they were not penalised. He had no objection to the continuance of the performance criteria but it should also reflect performance in social indicators like provision of safe drinking water, electricity, rural road network and social security measures.

13.14 He welcomed the move for inclusion of Uttaranchal in the list of special category States for plan assistance and hoped that his State would embark on the path of development in a vigorous manner. The composition of assistance to non-special category States in the form of 70% as loan and 30% as grant also needs to be changed as it has resulted in large scale indebtedness of the States to the Centre. The burden of interest and loan repayment on the States has become unbearable. He said that Central Government was aware that the revenue expenditure component of the Plan in almost all the States has increased to over 50%. He proposed that Central Plan Assistance to non-special category States should be provided in the ratio of 50:50 as loan and as grant. This would contain the debt burden of the States and would also release more resources for planned development.

13.15 The Chief Minister also raised an allied issue regarding devolution of resources to the States under the Finance Commission dispensations. Over the years, these devolutions were becoming increasingly unfavourable to the better performing States. The Award of the 11th Finance Commission has worsened the situation. Haryana's share in total tax devolution to the States has decreased from 1.238% under the 10th Finance Commission Award to 0.944% under the Eleventh Finance Commission Award resulting in a denial of over Rs. 1100 crore during 2000-05. He requested the Government of India to compensate the State through some special assistance. He was of the view that the Finance Commission's dispensations should be such that they reward the better performing States rather than penalize them.

13.16 He stated that the States borrow from the Centre and other financial institutions like NABARD, LIC, HUDCO etc. mainly for creating and improving their economic and social infrastructure such as power, roads, irrigation and water supply works etc. These projects have a long gestation period and some of these have no significant financial returns. The interest rates being charged by these financial institutions were very high and the States were being treated like commercial enterprises. The States were copartners with the Centre in the development and welfare of the nation and, therefore, the rates of interest charged should be of a moderate order. High interest rate regime has today become quite unjustified and needs to be rationalized. He called for a special fund for infrastructure development, with the minimum possible interest rate and a 20 years payback period with 5 year's moratorium.

13.17 Small Savings loan was an important source of funding of State plan and large scale efforts were made by the States in mobilising small savings deposits. The States need larger resources from this source to finance infrastructure projects. He appreciated the decision of the Central Government whereby the share of the States has been increased from 75% to 80% and the lending rate reduced from 13.5% to 12.5% with effect from 15th January, 2000. However, all small savings loans have yet to be converted into loans in perpetuity. He urged that these loans be treated as loans in perpetuity and only interest thereon should be required to be paid.

13.18 He recognized the need for better fiscal management and said that Haryana Government has initiated certain long-term fiscal consolidation measures for containing expenditure, augmenting revenues and restructuring and disinvestment of the PSUs etc. He also favoured recovering the user charges wherever possible and said that State had already taken some steps in that direction. The State Government had also decided to create a State Economic Renewal Fund for this purpose. The State Government would contribute a certain percentage of its current revenues to this Fund and use it for financing new initiatives for fiscal correction, administrative restructuring and for supplementing infrastructure development efforts. He requested the Centre to make a one time contribution of Rs. 200 crore to this Fund.

13.19 He stated that Haryana had suffered a financial loss of about Rs 2650 crore on account of terrorist activities in the Northern region. No compensation had been given to Haryana, while Punjab had been adequately compensated. Haryana incurred an additional expenditure of Rs 650 crore to strengthen the public security measures to contain the fallout of terrorism. The State suffered revenue loss of over Rs 2000 crore due to diversion of trade from Haryana and disruption of transport services. Consequently, the State had to resort to larger borrowings from the Central Government as well as other financial institutions. As on 31st March, 2000, Central Government loans of Rs 5767.15 crore were outstanding against Haryana. The repayment liability of these loans is estimated to be about Rs 1399 crore during the period 2000-05. He requested the Central Government to reschedule these loans and to defer the repayment liability upto 31st March, 2005 so that the State got some leeway to restore its pace of development especially in the key areas of social and economic infrastructure.

13.20 The target date for introducing VAT in the country was 1st April, 2002, which was too close considering the need to put in place additional infrastructure and a modernized tax collection system. An extensive programme would also be needed to educate the dealers. All this would put considerable strain on the resources of the States. Further, it was apprehended that the introduction of VAT may result in revenue loss to the State in the first year i.e. 2002-2003, which would be the transition year. The proposed scheme of compensation fund envisaged to help the States should, therefore, be put into operation before April, 2002. He felt that the compensatory measures like taxation of services and levy of excise duty on some more items may not be very helpful as there was a limited scope for such levies in Haryana. Receipts from manufacturing sector were also bound to come down with the proposed gradual reduction in the Central Sales Tax and also given the fact that the manufacturing sector was yet to recover from the opening up of the economy. He, therefore, requested the Centre to provide adequate financial assistance to the State for taking advance steps for introduction of VAT and welcomed the suggestion of setting up a Compensation Fund to support the States on introduction of VAT.

13.21 Out of about Rs, 285 crore collected as fuel cess, the existing formula of distribution of diesel cess allocated a meagre amount only about Rs 80 crore to Haryana during 2001-2002. He requested, that this devolution to the State should be made more equitable on the basis of actual realisation of cess from each State. He mentioned that though Haryana has largely achieved rural connectivity through a network of roads but the maintenance of these roads required huge expenditure as most of these roads were in a very bad shape.

13.22 He further said that during the last decade or so, the traffic intensity on the national highways running through the State has increased manifold resulting in serious traffic bottlenecks. He requested the Government of India to take up the following projects urgently for easing traffic situation on these highways:

- i. Fly-over at Badarpur on Delhi-Faridabad Road (National Highway No. 2)
- ii. Elevated highway at Panipat (National Highway -1)
- iii. 8-laning of Delhi-Gurgaon stretch and Mehrauli - Gurgaon Road (National Highway - 8).
- iv. 4-laning of Delhi-Bahadurgarh Road (National Highway-10)

13.23 In spite of plans, no effective steps had been taken for counter balancing Delhi as the hub of economic activity. All the traffic on these highways goes to the national capital and the Central Government, therefore, had to take steps to reduce congestion on these highways while they pass through Haryana.

13.24 The NCR Planning Board has prepared a fiscal plan for the development of National Capital Region. Under this plan, the concerned Central Ministries i.e. Ministries of Railways, Surface Transport, Communication etc. were asked to prepare their sub-component plans for the National Capital Region for the development of core infrastructure. Except the Ministry of Telecommunication, no other Ministry had prepared/implemented any sub-component plan for that region. He requested the Centre to direct the concerned Ministries to make suitable provisions for their projects in the National Capital Region in the form of a sub-component plan.

13.25 Shri Chautala stated that the high crime rate in Delhi has its fallout in the neighbouring districts of Haryana in the National Capital Region. In order to tackle this; problem, the State had to raise its level of policing in these areas. While Delhi had one policeman for a population of 250, Haryana had one policeman for every 700 persons, The State required huge funds for strengthening/ modernizing its police force in those areas for tackling the menace. He requested the Centre to provide special assistance to the State for that purpose as that would help in containing crime in Delhi as well.

13.26 Concluding his speech, **Shri Chautala** said the objective of achieving “growth with equity and social justice” as expounded in the Approach Paper was very laudable and supported in principle all the initiatives suggested therein for fighting poverty and unemployment and for improving the quality of life of the poor people. He felt that the formulation and implementation of the schemes for the 10th Plan should be done in such a way that the benefits reach all sections of the society especially the vulnerable sections. Haryana had always been in the fore-front in ensuring welfare of all sections of society like farmers, labourers and the rural and the urban poor. The State would keep up its efforts in years to come. Thanking Prime Minister for giving him opportunity to share his views with the august gathering, Shri Chautala broadly endorsed the recommendations contained in the Approach Paper for the Tenth Five Year Plan.

14.1 **Shri Rajnath Singh**, Chief Minister, Uttar Pradesh thanked the Prime Minister for calling a meeting of the National Development Council to consider various important issues relating to the Tenth Five Year Plan. He said that the deliberations held in the meeting would pave way for the timely preparation of the Plan which has to be implemented from April, 2002.

14.2 He said that the approach paper presented before the National Development Council for its consideration had set the tone of the proposed Tenth Five Year Plan in a lucid manner. Various aspects of the proposed Plan, including the policy matters as well as the development plans had been described in that. The paper had indicated the mode of monitoring the targets set for the Tenth Five Year Plan. While highlighting the effectiveness of the economic system, the paper also explained its shortcomings. It gave a vivid description of the various aspects where our progress had not been to the desired extent. The improvements expected during the Tenth Five Year Plan

had also been indicated. Various aspects of the Plan had been analysed in the paper in a crisp and clear terms. The need of an appropriate system for the implementation of the policies during the Plan period had also been underlined in that paper.

14.3 The Chief Minister considered it as a great achievement and said that a novel approach had been adopted while preparing the paper. Effort had been made to do away with the practice of presenting the old wine in a new bottle. It was quite obviously the outcome of the constant efforts made by the Planning Commission, for which he congratulated the Prime Minister.

14.4 **Shri Singh** felt that the priorities which had been mentioned in the approach paper, and the strategy which was proposed to be adopted, were quite relevant and useful in the present socio-economic environment. However, the targets of eight per cent annual growth rate and doubling the per capita income within ten years appeared a bit ambitious.

14.5 He drew the attention towards the hazards of the backwardness being faced by a big State like Uttar Pradesh, which had to bear the burden of one sixth of the total population of the country. The backwardness of the State did not affect only its inhabitants, but it had both direct and indirect repercussions which affected the whole country. It went without saying that the country could not progress till U.P. remained backward. If a big chunk of the population remained backward, the country could not make any significant progress and the growth in the country's economy would not be impossible to the desired extent.

14.6 The backwardness of the States should be seen in the national perspective. To achieve eight per cent growth rate at the national level during the next five year plan, it be absolutely necessary to ensure increase in the growth rate of the States like Uttar Pradesh. For a higher growth rate in Uttar Pradesh, sufficient capital investment would be required. With a view to achieving this objective, the national policies should be framed in such a manner that constant improvement in the economic condition of the backward states was possible.

14.7 He expressed concern over the increasing regional imbalance in the country. To achieve the economic growth to the desired extent, reduction in the regional imbalances, narrowing of the gap in the standard of living of the people belonging to urban and rural areas, besides reduction in the disparity prevailing in the individual's income in the society was absolutely necessary. There were certain areas in the country which were quite rich and prosperous, while there were some other areas which were quite poor and backward. Only the people belonging to these poor and backward areas were not responsible for that, but there were certain other factors behind that, which were beyond their control. Under those circumstances, all of us would have to accept it as a national challenge and take a vow to adopt solid measures to reduce the regional imbalances.

14.8 **Shri Singh** further said that according to the figures available for the year 1999-2000, as many as 31 per cent people in Uttar Pradesh were living below the poverty line against the national average of 26.10 per cent. There could be serious repercussions of the increasing dissatisfaction among a big chunk of the State's population which was quite poor. Besides that, increasing number of educated unemployed and increasing disparity among the states may lead to national disharmony. Hence an immediate solution was very necessary. Utmost priority should be accorded to the economic and financial measures to overcome these problems. These problems could not be overcome only through the developmental activities. It was necessary to chalk out a clear strategy and prepare a wide ranging solid programme in that regard.

14.9 He said that the problems of the deprived class had been projected in a very systematic and effective manner in the approach paper. Scheduled Castes, Scheduled Tribes, Backward Class and women folks were very much socially and economically backward and were not able to get the benefits of the opportunities available for development. Special efforts should be made in the Tenth Five Year Plan to enable them derive the benefits of various development schemes. The Chief Minister also drew the attention to increasing gap between the national and the state's average per capita income, which was quite alarming.

14.10 The growth rate of the total revenue of the State depended mainly on the increase in the income through agriculture. During last 20 years, the annual growth rate of income through agriculture had been stagnating around 2.5 per cent. Till the employment opportunities did not rise in other sectors of the economy, which may enable the workers engaged in the agricultural sector to shift to the more economically viable sectors, it would be difficult to control the incidence of unemployment, semi-employment and poverty.

14.11 **Shri Singh** said that till productive sources of earning were not generated in rural areas, dependence on agriculture could not be reduced. This objective could be achieved by developing commercial crops, new agricultural technology and agriculture based industry, besides development of allied agriculture and non-agricultural professions. Sufficient investment from public sector would be required for this purpose. In the approach paper, determination for improvement in agricultural sector had been indicated. For real improvement in the agricultural sector, it was necessary to clarify the measures which were proposed to be adopted for giving a practical shape to the agricultural development in the agriculture dominated big states. It was also necessary to specify how the investment required for this purpose would be arranged. In that context of improvement in the agricultural sector, precaution would have to be taken to ensure that the interests of the small and marginal farmers were not sacrificed. While development of agricultural sector, which was the biggest sector of the economic system, was very necessary, it was also necessary to chalk out a strategy for increasing the growth rate of manufacturing sector.

14.12 He said, we should realise the fact that with the growth of the manufacturing sector, the contribution of the capital intensive industries will go on increasing, while the share of the labour intensive industries would continue to go down. It would be wrong to think that by achieving 10 per cent annual growth rate, it would be possible to provide employment to a big chunk of the surplus man power presently engaged in the agricultural sector.

14.13 While on one hand the surplus work force in agricultural sector was facing gigantic problems, on the other hand, the infrastructure facilities like power, communication, transport, and roads etc., required for the expansion of the manufacturing sector, was quite insufficient. He requested for some concrete measures in the Tenth Five Year Plan in this regard. He also suggested an increase in the allocation of funds under schemes like RIDF, AIBP, and APDP.

14.14 Infrastructure facilities play an important role in the development of any State. The role of irrigation and power was especially important in this regard. The shortage of power was proving a great hurdle in the developmental work in the state. Development of both agricultural and the industrial sectors were being badly affected due to shortage of power. Power was an area where it was necessary to attract maximum possible investment from private sector, which was not coming forward according to expectations. It was, therefore, suggested that till necessary investment was available from the private sector, efforts should be made to tap resources from the public sector for

this purpose. At present the situation in U.P. state was not congenial for mopping up resources from the public sector. The state was facing a serious resource crunch at present. Reforms in the power sector were in vogue in the state. With the formation of Uttaranchal State, most of the hydro-electric projects have gone to that state, and to make up that loss in Uttar Pradesh was quite a difficult problem. The centre would have to come forward to help in this regard.

14.15 The Chief Minister stated that some useful suggestions have been given in the approach paper on the complicated issue of mobilisation of resources. He welcomed those suggestions. He said that while the State was trying to mobilise additional resources, we had also decided to make optimum use of available resources by reducing government expenditure and ending projects which were not useful. Several steps had been taken in the direction of economic and administrative reforms. Massive fiscal reform programmes had been initiated for economic stability and accelerating the pace of development, The user charges had been reframed to provide better services to the people. The number of Government employees were being reduced by two per cent per annum.

14.16 A scheme regarding reorganisation of irrigation sector had been started and to ensure the participation of the farmers, water consumer management system had been introduced. Special efforts were being made to make loss incurring public sector units financially viable through rehabilitation packages, to save the employees from the curse of unemployment. The Voluntary Retirement Scheme was also being expanded.

14.17 Referring to the provision of Central aid to the State, the Chief Minister stated that the backward states would not be able to utilise the funds, released to them as project linked aid, to the extent to which the developed states would be able to utilise. The result would be that the backward states would become more backward. Hence it was necessary to reconsider the whole issue of central aid being given to the states from different sources under different heads. A well thought of system should be found out which may be in the interest of the states and be helpful in their development.

14.18 He said that the state supported the move regarding introduction of fiscal reforms by the States but the concept of ending revenue deficit within five years was very difficult. Under the present circumstances only a few states would be able to take proper advantage of the fund created at the Planning Commission level. Similar fund had already been set up by the Finance Ministry. Such funds should not be established by sacrificing the funds made available to the states as the central aid.

14.19 He felt that the subsidy provided under the job oriented/poverty eradication schemes sponsored by the Government of India for the upliftment of the people living below poverty line was still important. State Government was, therefore, of the view that it should not be discontinued.

14.20 The Chief Minister also made a mention about the following important points regarding the approach paper on the Tenth Five Year Plan :

- (i) Balanced regional development through Backward Area Development Programme with equal contribution from Centre and States.
- (ii) Aid, in the initial years, to compensate losses incurred by the Power Corporation as also rescheduling their loans,
- (iii) Necessary steps should be taken to increase the investment by the institutional finance companies in the states,

- (iv) 50% of the Centre's aid should be given in the form of grants specially in social sectors and certain other schemes,
- (v) Assistance to the states for irrigation purposes should be in the form of 70 per cent loan and 30 per cent grant,
- (vi) Longer period of repayment and lower rate of interest in respect of backward states specially on loans from financial institutions like RIDF and NABARD used for rural development,
- (vii) Provision of additional funds under the Pradhan Mantri Gramodaya Sadak Yojana for covering more villages,
- (viii) Provision of special funds under the Pradhan Mantri Gramodaya Yojana to cover all the villages in a reasonable time schedule,
- (ix) Time bound flood protection work and water storage schemes in collaboration with Nepal to check flood menace,
- (x) Special Central aid to increase forest cover to the required extent from environmental point of view,
- (xi) Release of funds for the Centrally Sponsored rural development schemes through the State Government.

14.21 Emphasising on the poverty eradication and quantitative improvement in the people's standard of living, **Shri Rajnath Singh** said besides introducing uniformity in the economic system and accelerating the developmental activities, state should try to create a feeling of participation among those belonging to the poor class. For a durable solution of the poverty, it was necessary to create profitable and self-supporting employment opportunities. He suggested that till a decision was taken on the recommendation of the working group set up for the Tenth Five Year Plan, distribution of funds may be started for the time being, on the basis of the recommendation of the Committee set up by the NDC. Besides this, to achieve the desired target of irrigation programme, a separate sub-class for people living below the poverty line may be prepared on the lines of the special component plan. Under the poverty eradication programme, community's contribution of 10 per cent in the areas with general population and five per cent in scheduled caste/scheduled tribe areas may be fixed so that these programmes may be acceptable to the people.

14.22 **Shri Singh** further stated that in the Centrally Sponsored Schemes, there should more flexibility and greater participation of the states. The number of centrally sponsored schemes should be kept at bare minimum. For the remaining schemes, the funds to be distributed among the states may be centralised at one place and be distributed to various states according to formula approved for the normal central assistance with the amendment that it should be given 100% aid and the transferred , schemes should be left completely at the discretion of the states.

14.23 The Chief Minister welcomed the formation of the state of Uttaranchal and its inclusion in the special category list. He suggested that Uttaranchal which was full of natural resource could be developed into an ideal state with commitment and imagination.

14.24 Concluding his speech, **Shri Rajnath Singh** stated that Uttar Pradesh was trying its best to get itself included among the developed states. The State was committed to forward by following the principle of transparency, sensitive administration, competence and effectiveness,

on which the democratic system was based. Seeking guidance and support of the Chairman, **Shri Singh** assured him that by the end of the Plan period the State would be able to present a completely changed picture. He extended full support to the approach paper to the Tenth Five Year Plan and assured the Prime Minister that the State, with full determination and commitment, would be able to achieve whatever development targets were fixed by him through this meeting of the NDC.

15.1 **Sardar Parkash Singh Badal**, Chief Minister, Punjab at the outset congratulated the Prime Minister for convening the meeting of the NDC at the appropriate time when the country could look back on the achievements and shortcomings of the 9th Plan and hopefully be more realistic and pragmatic in the approach to the Tenth Five Year Plan which was on the anvil. He also complemented the Deputy Chairman of the Planning Commission and Experts of the Planning Commission for preparing a very exhaustive Approach Paper to the Tenth Five Year Plan, in which many relevant and critical, though controversial, issues have been raised for discussion and for deliberations and decision in this meeting of the NDC. He said he would comment upon the various issues not from the restricted viewpoint of the State of Punjab, but also in the national perspective.

15.2 He said that the Approach Paper rightly underlined that the Tenth Five Year Plan was being prepared against a background of high expectations, arising from some aspects of our recent performance. In this context, one could note with satisfaction that during the 90s, the national economy grew at an average rate of 6.5% per annum as against 5.7% per annum during the 80s; the population below the poverty line has declined; growth of population has decelerated below 2% for the first time in four decades and the rate of literacy has increased from 52% to 65% in the last decade. However, these achievements were clouded by the fact that a large portion of population still lived in abject poverty and a small minority of the population had access to quality health care, education and socio-economic opportunities for their future growth. While framing the Tenth Five Year Plan, he said, we may be proud of the achievements in the past, but the focus of the Plan has to be on the vast majority of people of this country who still lived in destitution and deprivation.

15.3 He said that most of the gains of development have been cornered by 10% of the population in the organized sector, while 90% of the population in the unorganized sector has only marginally benefited. The reform process should be so designed and calibrated that not only it benefited the vast majority of people, but the poorest of the poor should also not be hit the hardest. This was an opportunity to further build upon the gains that have been made so far, as also to effectively address the weaknesses. This called for a % radical redefinition of the role of the Government, both at the Central and State levels. The Government needed- to be pro-active in the field of education, primary health, infrastructure and environment, it must roll back from the areas which could more efficiently be taken care of by the private sector, which was now better developed to undertake these tasks. He endorsed the approach outlined in the Approach Paper to the Plan.

15.4 He said that the suggested rate of growth of 8% of the Tenth Plan appeared to be modest given the large slack in the economy and the scope for improving efficiency, both in the public and the private sectors. He said that the endeavour should be to provide a framework for realising the productive capacities and capabilities of the people, rather &an building upon the Plan size.

15.5 Apart from the overall rate of growth of 8% per annum, the Approach Paper also suggested certain disaggregated targets to be achieved with respect to reduction of Poverty, gainful employment, quality education, reduction in gender disparity, reduction in the rate of population

growth and reduction in infant and maternal mortality. No doubt, objectives were laudable and ought to be achieved. However, while doing so quantity should not override quality. Even though the country was proud of significant improvement in the literacy rate, health cover and infrastructure development, yet the quality was nowhere near the International standards. With the present quality of health and infrastructure, it was well nigh impossible to make this country compete with the rest of the world, in an atmosphere of globalization. Therefore, we need to establish internationally comparable benchmarks and endeavour to achieve the same.

15.6 He felt confident that there would be hardly any difference of opinion on aspects [quality and sustainability of growth, population policy, quality employment, unresolved issues in tribal development, issues relating to Scheduled Castes, Backward Classes and minorities, empowering the disabled and disadvantaged, environment degradation and challenges of urbanization, which have been envisioned in the Approach Paper. The failure, however, was in how to deliver this vision to the people of India. He suggested that the process of planning should be totally decentralized and the States should be left to evolve and implement their own plans, germane to their needs and resource endowments, except in critical areas having inter-State linkages. He also suggested that all Centrally Sponsored Schemes in the sectors failing in the domain of the States should be discontinued forthwith and funds thus released be distributed to the States under the Gadgil Formula. He also emphasized that the need and scope for reform at the Central level including Central PSUs, was far more than at the State level and by doing so vast resources could be unlocked for funding development programmes in the States.

15.7 He observed that sharp deterioration in the financial position of the Centre and the States has been rightly emphasized in the Approach Paper. However, it was necessary to develop national consensus on various measures suggested for improving the situation after detailed interaction with the States. He said that given the position of finances of the States, there was little scope of any positive contribution by them towards funding the Plan as most of the revenue receipts of the States were eaten up by committed expenditure on salaries and wages, pensions and interest payments, leaving little for any productive deployment. To enable the States to mount a meaningful Plan effort, it was necessary that the devolution of Central taxes to the States was increased from 29% to 50% and Centrally Sponsored Schemes (CSSs) in sectors which were in the States' domain may be discontinued and funds released from them may be allocated to the States without any conditionalities.

15.8 Regarding the proposal for creating a Fund for assisting the States on the basis of their performance, he suggested that the performance of the States for this purpose should be measured only by one indicator i.e. reduction in the revenue deficit as a percentage of revenue receipts. The States should be left free to achieve this objective by whatever reforms they think fit to undertake. The mechanism of signing a MOU and constituting a monitoring mechanism at the Central level was not only going to render the implementation of the proposal difficult, but was also not in the interest of healthy Centre-State financial relations in a federal polity.

15.9 Touching upon a few specific issues which were of particular importance and relevance to the development of Punjab and in the process may have some significance for other similarly placed States, the Chief Minister said that Punjab agriculture, having reached a plateau in production, continued to be an area of thrust as 41% of State gross domestic product contribution came from this sector. With over 70% of the total population residing in rural areas and about 80% still dependent on agriculture and allied activities, it was only natural that the major thrust of development in the

State would focus largely on agriculture and rural areas. So far Punjab's agriculture economy has been structured to produce food in response to the National mandate. To increase food production, particularly wheat and rice the natural and human resource were over used. The increased cropping intensity has resulted in environmental degradation, salinity and water logging. Dwindling ground water resources and widespread deficiency of micro nutrients in the soil have resulted in weed infestation, and outbreak of pest and disease. High humidity has caused health hazards in the State. Now with the signing of the WTO agreement on Agriculture, the existing structure has come under a grave threat and needed to be re-structured in order to respond to the global mandate.

15.10 He said that the Agreement on Agriculture (AoA) which came into force with establishment of WTO on 1st January, 1995 has a special relevance for Punjab. In fact when the GATT agreements were being negotiated on the conclusion of the Uruguay Round, there was no public debate on the merits and demerits of joining the WTO. He proposed that the Central Government must consult the State Governments before introducing domestic reforms and signing any International Agreement particularly relating to agriculture which was a state subject or for other items listed in the concurrent list. The terms of agreement on agriculture must be re-negotiated to protect and promote the interest of the agriculturists of the 3rd World countries in general and in India in particular. He also strongly felt that the gains achieved by Punjab in the period of pursuit of national food security had to be consolidated and sharpened in the new agriculture regime. The Union Government should evolve a comprehensive National Agriculture Policy focussing on improving the farm economy both in terms of production and productivity and ensuring higher returns to the farmers. For Punjab in particular, a concrete programme of diversification raising value addition in each agro climatic region of the State depending on its soil and water endowment has to be developed. The new programme for Agricultural Readjustment would require huge investments, marketing infrastructure and new technological break through. While subsidy requirements may be marginal, the agriculture sector has to depend in India on a State controlled financial support system, since private banks do not easily lend to agriculture. A preliminary estimate is that the programme of quality upgradation, trading arrangements for cereals and diversification to high value agriculture will have a financial requirement of around Rs.550 crores, spread over three years. The Agriculture Readjustment Fund of Rs.550 crores would be compatible with the WTO strategy and would necessarily need to be supported with financial assistance from the Central Government

15.11 He said that large investments in the field of research and development especially in newer areas of technology like biotechnology shall lead to the much-needed Second Push to Punjab's agriculture. In addition to this, agro and food processing industries need to be propped up to face the challenges posed by WTO and stagnation in agricultural produce. It was in this context that Punjab Government has listed Bio-technology as priority area and proposes to set up a Bio-technology Park, a Centre of Excellence in Bio Technology and Technology Development Fund for undertaking various activities. He requested to assist the State Government in funding these ventures. He also pointed out that due to large stock lying in the State, it was facing serious problem of storage space. There was urgent need of liquidating stocks from Punjab in order to enable the State Government to accommodate the coming crop of paddy 2001 and next crop of wheat 2002.

15.12 He proposed that NAFED should be directed and made to start procurement of vegetables, Oil seeds and pulses from Kharif 2001. He also urged for providing Rs. 200 crore Central Plan Assistance to obviate imbalances and losses of Cooperative Financing Institutions.

15.13 He said that the revised Gadgil formula on the basis of which normal central assistance was provided to the States for financing their Plan effort required modification. The existing revised Gadgil formula which gave more weightage to higher population and low per capita income was heavily loaded against the developed States like Punjab, Maharashtra, and Gujarat etc. Other indicators of performance such as tax effort, fiscal management and progress in respect of national objectives and special problems needed to be given equal weightage. Also, the distinction between Special Category States and other States regarding the ratio of loan and grant needed to be reviewed. He suggested that whereas the ratio for Special Category States may remain unchanged, that for other States should be in the ratio of 30% loan and 70% grant.

15.14 He said that the Low Credit Deposit (CD) ratio of the commercial banks, especially public sector banks, continued to be an area of concern. The Credit Deposit Ratio in the State has been stagnant at around 37-38% during the last decade. Even the Statutory Liquidity Resources (SLR) funds which presently devolve to the State Government were very meagre. He suggested that the funds out of SLR should be provided to the States on the basis of deviation of the CD ratio for each State from the deposit base of 100%. This should compensate for the low capital investment on account of lower CD ratio in the State.

15.15 He requested for providing substantial amount of Central Assistance to the State Government for providing support to the houseless. Scheduled Caste families for construction of their houses. The funds released to the States should be on the basis of 1 some broad guidelines from the Government of India. Besides this, States should be : allocated funds under these programmes on the basis of the amount of cess collected from the State for improvement of State roads through the Central Ministries of Rural Development and Road Transport Highways and not on any other criteria.

15.16 Punjab had a 553 kms long International border with Pakistan. At the time of partition, the three border districts of the undivided Punjab namely Gurdaspur, Ferozepur & Amritsar were the most prosperous as they enjoyed better soil quality and irrigation facilities. However, with the passage of time, these districts have lagged behind in development due to their vicinity to the border and particularly the long spell of terrorism sponsored from across the border. The Government of India has been assisting in the development of border areas all over the country under the Border Area Development Programme. However, the existing criteria for allocation of funds based on population and area of the border blocks and length along with international border needed to be reviewed and equal weightage should be given to security sensitivity of the international border touching the State, as also the capability to productively utilise these funds. Pointing out the difficult condition of farmers cultivating land beyond the border fencing, he said that the farmers were not getting their due economic returns and needed to be adequately compensated by the Central Government.

15.17 He suggested that the scheme regarding freight equalization needed to be re-introduced. Meanwhile, keeping in view the current scenario of global competition, import duty on raw material and intermediaries may be reduced to zero or brought to-minimum level so that raw material was available to the SSI units at reasonable prices.

15.18 The Chief Minister pointed out that the State of Punjab shared its boundaries with Jammu & Kashmir and Himachal Pradesh where Income Tax Holiday concession was available and as a

result of this the industrial units located in border district of Gurdaspur which was adjoining J & K and Himachal Pradesh were finding it difficult to compete with their counterparts. This has also affected the employment generation potential particularly of the youth in the border district of Gurdaspur. He requested Centre to grant similar Tax Holiday for industrial units located in Gurdaspur district of Punjab adjoining Jammu & Kashmir and Himachal Pradesh. He also drew the attention towards the threat to acrylic spinning industry from the cheaper acrylic yarn imported from Nepal and requested for steps to stop the illicit entry of Acrylic Yarn to India via Nepal to protect the domestic industry. He further requested the Prime Minister for early release of Central assistance so that the Kandi Hydro Power project was commissioned on time, which would lead to augmentations of irrigation of 3.80 lakh hectares and generate power to the tune of 1042 million units per annum. He also requested for providing necessary assistance to the State for carrying out renovation, rehabilitation and modernisation of the existing irrigation structures on AIBP pattern and also for Flood Protection Works.

15.19 Regarding Power sector, the Chief Minister said that availability of quality and reliable power was very vital for development of economy. He suggested that power might be treated as an infrastructure at par with Health, Education and Roads for development of overall economy of the country and adequate plan support be provided by the Central Government for this purpose.

15.20 Welcoming **Dr. M.S. Ahluwalia** Committee report for clearance of outstanding dues of the Central Sector Undertakings by SEBs, he said that there was a need to distinguish between chronic and heavy defaulting SEBs and those who have been regular in their payments except for minor delays. He recommended that preferential treatment and additional concessions should be given to those SEBs who have been regular in clearing their dues by waiving off 100 percent surcharge on the outstanding delayed amounts. In case the SEBs were to be re-structured to make them financially viable, more bold measures and initiatives would need to be taken up by the Government of India particularly in case of States which were located at far distance from coal mine and port. The Ministry of Railways had been increasing the railway freight over the years and telescopic effect on the coal freight has been with-drawn. Custom duty on coal had also been increased by about 15% ad-valorem. The freight charges of coal from coal mines for various Thermal Plants in Punjab were almost double the price of coal itself. This resulted in power generated by an IPP commercially unviable for the State. He pleaded that the telescopic tariff for railway freight should be restored and the same should be rationalized and equalized as in case of Petroleum Products so that cost of generation from coal was financially viable. Also the distinction between coal price for SEBs and IPPs should be done away with. Moreover when the Government of India and the State Govts. were getting together to undertake comprehensive power sector reform and make the SEBs financially viable once again, the Power Finance Corporation and other financial institutions should not insist on security mechanism of Escrow Account for raising new capacity addition and the loans should be advanced on the basis of the State Government guarantee alone. In the alternative, the security of Escrow cover need not be insisted at the very beginning but could be given by the SEBs 3-4 months prior to the date of commissioning of the project.

15.21 For ensuring a clean environment, he said that the State was trying to procure coal having Ash content less than 34%, but essentially the same could be made available only after the Coal Companies prepared the coal by washing the available poor quality raw coal. The Government of

India should make it mandatory for the Coal Companies, to supply the coal having ash content less than 34% at financially viable rates. The Government of India should give some concession to promote the use of fly ash in the industries and various projects.

15.22 He proposed that the river Ghaggar which originated in Himachal Pradesh and runs through parts of Haryana and Punjab and ultimately flows into Rajasthan should be treated as a part of the National River Action Plan to be fully supported by the Government of India.

15.23 Commenting upon the performance in the field of education, he said that it had been extremely disappointing and needed radical transformation to ensure that primary education reached all children, as it was their fundamental right and an integral part of their total personality development. He observed that a major portion of outlay provided for the education sector was being spent on the salary component. A larger sum was required for providing buildings and other infrastructure facilities to the educational institutions in the State. State Government was making efforts to provide sufficient funds for this purpose. Public participation was also being ensured. Village level Educational Development Committees have been formed for the active participation of village Panchayats. However, due to financial constraints, it was not possible for the State to provide sufficient facilities on its own. Therefore, Government of India should provide sufficient funds for improving building and other infrastructure facilities in the educational institutions in the State.

15.24 The Chief Minister said that in the new global economic order characterised by WTO and liberalism, technology was key to economic development of the nation. However, the entire north Indian region lacked good institutional framework of technology development/transfer and technical education. He requested the Prime Minister for considering setting up of a modern IIT in Punjab, for which the Punjab Government undertook to provide the required land.

15.25 He said that the most important technological advance which had happened during the last one decade was in the field of Information Technology which had opened up new vistas not only in the field of communications but has, in fact, turned the whole world into a global village. India had particularly done well in this very vital and upcoming field. The gains needed to be consolidated and the fruits needed to reach at the grassroots level. He felt that the Government of India should provide funds to the extent of at least Rs 50,000 crore in Tenth Five Year Plan for the promotion and growth of Information Technology in India. The Central Government may provide the necessary Central Assistance to the State Governments as one-time investment for the creation of IT infrastructure and other facilities, databases at the initial stages.

15.26 A number of poverty alleviation schemes were being run by the Centre, and the funds were devolved to the States on criteria laid down by the Government of India. The Committee set up by N.D.C. has submitted its report, which has recommended continuation of the existing criteria for devolving funds for the poverty alleviation schemes. From the criteria adopted by the Government of India, it had been noted that progressive States like Punjab have very meager share in the funds under these schemes against very high share to some States, There was no doubt that it was the responsibility of not only the Government of India, but the entire nation that the relatively poor and deprived of the country need to be helped in coming up above the poverty line and therefore greater share of funds under these schemes need to be devolved to the States having high concentration of below-poverty line population. However the progressive States need not be penalised for their progressiveness. He suggested that though lower percentage of funds be made

available to the progressive States under poverty alleviation schemes, higher allocations for creation of infrastructure may be made available to these States to compensate for the loss under poverty alleviation schemes e.g. more funds could ;, be provided to the progressive States for rural road network and the other infrastructure facilities.

15.27 Concluding his speech, **Shri Badal** said that in the present Socio-Economic io, there was an urgent need to make suitable amendments in the Labour Laws. The tempo of industrial development and growth should not be hampered by stringent Labour Laws. It was essential that a healthy climate of mutual confidence among the industrialists and the labour leaders should be developed. Punjab had already given many suggestions to the Second National Commission on Labour to rationalise various labour laws and to bring about a Single Labour Code. This would help in increasing the labour productivity and also ensure an overall increase in industrial production.

16.1 **Shri Ashok Gehlot**, Chief Minister, Rajasthan said that he was happy to participate in the meeting of the National Development Council which has been convened to discuss a host of issues like the Draft Approach Paper to the Tenth Five Year Plan (2002-2007), the report of the NDC Sub-Committee on the criterion for allocation of funds under major rural poverty alleviation programmes, the status report on the NDC Sub-Committee on transfer of Centrally Sponsored Schemes, placing Uttaranchal on the list of Special Category States and the Mid term appraisal of the Ninth Five Year Plan.

16.2 Although the ambitious original size of Ninth Plan could not be achieved, the Chief Minister illustrated various reforms/innovative ideas initiated by his Government during the past two years and nine months. This included sectors, like, Water, Power, Wind Energy, Population, Women, Infrastructure, Poverty, Employment, Economic Development, Information Technology, Roads, Revenue Receipts, Social Security, Welfare of SCs, STs and OBCs, Medical and Public Health, Panchayati Raj and MLA Local Area Development Programme etc.

16.3 He said that Rajasthan inherited backwardness since its formation. State's problems stemmed not only from the fact that it started at a disadvantage at the time of independence but also it could not keep pace with other states on account of its extended desert areas, recurrent droughts and a very low level of availability of infrastructure. The State had a large international border which added to these problems. Despite these disadvantages, Rajasthan had been among the states which have shown a creditable performance on the development front and it will approach the Tenth Plan in a spirit of cautious optimism and confidence in its resilience and determination in meeting the challenges ahead.

16.4 Regarding the Draft Approach Paper to Tenth Five Year Plan, he said that the Approach Paper to the Tenth Five Year Plan has emphasised the need for a reform plan instead of merely having a resource plan, framing policies conducive to attracting private sector investment and concerted governmental effort in improving and strengthening the social sector. Traditionally, the level of per capita income was regarded as a sign of well being of the people and growth targets were, therefore, focused on growth in per capita income or per capita GDP. The Approach Paper stipulated doubling of the per capita income over 10 years with population expected to grow 1.6% annually in the Tenth Five Year Plan period. This would require concerted action in many areas which in turn would involve a radical change from present practices.

16.5 He observed that the Approach Paper also stated that the Tenth Plan must establish specific and monitorable targets for some of the indicators of human development. It has been proposed

that in addition to the 8% growth rate, these monitorable targets should also be kept in view. In the Approach Paper, these monitorable targets in terms of key indicators of human development have been specified with a time frame given for achieving these targets. Here the strategy should be to try to achieve these targets as uniformly as possible in each of the individual States and UTs. The Approach Paper should therefore be more specific in detailing the envisaged plan of action, particularly for the states which were problematic in these spheres, along with the special provisions which would be available to such states to help them reach the target levels in these key areas.

16.6 He said that the Approach Paper had mentioned the need for substantial allocation of resources to the social sector for achieving the targets. For ensuring balanced development, the Tenth Plan should include a State-wise break-up of the broad development targets including targets for growth rates and social development. These state specific targets have to take stock of both the potentialities and constraints present in each state. This needed to be incorporated in the Approach Paper.

16.7 Although growth has strong and direct poverty reducing effects, the frictions and rigidities in the state economy could make these processes less effective and the Tenth Plan should, therefore, explicitly address the need to ensure equity and social justice. The paper stipulated that agricultural development be viewed as a core element in development. It gave next priority to the rapid growth of those sectors which would create quality employment opportunities.

16.8 He said agricultural development was not possible without parallel development of irrigation, power, forests and industry (agro related and based) sectors. Thus, the core element of the Tenth Five Year Plan should be agriculture, irrigation, power, forests and agro related and agro based industries. Besides this, for a water deficient State like Rajasthan, providing drinking water to the population was also a priority. Therefore, water supply should also be declared as part of the core element for Rajasthan.

16.9 He said that while the eight percent annual growth target was an ambitious one, it must be realised that the twin burdens of the Fifth Pay Commission and the substantial reduction in external assistance as a result of the sanctions imposed after the Pokhran blasts has put a great strain on state resources. Against this background, the achievement of an 8% growth rate implied a doubling of the current levels of efforts by the States both in the areas of revenue generation as well as expenditure control. The suggestion in the draft Approach Paper to reduce Central subsidies on programmes of rural development and shifting the responsibility of food procurement at support prices from the Centre to the states would cast an unbearably high burden on the States. There was, therefore, no alternative except for the Centre to step in wherever subsidies were retained and free the states from this burden. This would help to realise the goal of sustainable growth with equity.

16.10 He also observed that the Draft Approach Paper had dealt with resources and other measures for financing the Tenth Plan. Although the points discussed in that chapter relate primarily to financing of the Tenth Plan at the Central Government level, certain issues were also relevant for the States. Issues such as downsizing, appropriate user charges, reduction of subsidies, freezing of non-plan expenditure excluding interest payments and pay and allowances etc. have to be viewed in a wider perspective. It may not be possible for any State to take all these measures in isolation. A national consensus on these issues needed to be evolved, as has been rightly observed in the Approach Paper. This needed a lot of research, public awareness, public education and

persuasion. He suggested that these issues should, therefore, be deliberated upon in the National Development Council in order to evolve a national consensus and strategy on this.

16.11 While the development of water resources has always been a priority for Rajasthan and notable successes have been achieved in the area of water harvesting and conservation, the efforts of Rajasthan have nevertheless been hampered due to non-availability of adequate resources. Given the centrality of this need in a state like Rajasthan, there was ample justification for implementing the AIBP on the NABARD pattern in the State. Alternatively, given its greater than average water deficiency status, Rajasthan should be considered as a special category state for the purpose of this programme.

16.12 Speaking about the Industrial Development and Labour Policy, the Chief Minister stated that the State Government subscribed to the view that industry will have to take on much stronger international competition as the domestic market was now essentially free of quantitative restrictions under the agreement with WTO and that the public sector's distinct entity will decline substantially because of the disinvestment process during the Tenth Plan period. Not only this, the growing trend towards high capital intensity in the manufacturing sector involved that labour absorption capacities remained substantial and elastic only in the service sector which was intrinsically more people centred. There was, therefore, a special need to address the requirements of this sector.

16.13 He said that the State of Rajasthan had vast mineral resources. With its mineral wealth, Rajasthan could combat the problem of unemployment if sufficient funds were provided through Central Plan assistance for adopting latest technology for the utilisation of this mineral wealth.

16.14 He agreed with the suggestion in the Approach Paper that education for all must be one of primary objectives of the Tenth Plan. Universalising access to primary education and improvement of basic school infrastructure should be the main thrust of the Tenth Plan. The suggestion that provision of one teacher for every group of 40 children for primary and upper primary schools, and opening primary schools/alternate schooling

facilities within one kilometre of every habitation was noteworthy. In fact, Rajasthan has already begun taking steps in this direction.

16.15 Referring to the innovative efforts of the State in introducing self financing schemes of IT education, he said that the resource support for this sector needed to be kept grant based and not loan based as the gestation period in such social sector projects was quite long and the benefits which accrue often do not give a substantive return in terms of purely financial parameters. Some considerations also hold good for other components of social sector. In particular, he mentioned that for Rural Water Supply, user charges were proposed to be levied on capital costs as well, this was bound to place a very heavy burden on the rural poor, particularly in a state like Rajasthan where physical and environmental conditions render the cost of reaching any such service to a widely dispersed population both difficult and expensive.

16.16 He said that the Pradhan Mantri Gramodaya Yojana (PMGY) introduced in the year 2000-2001 for Rural Drinking Water, Primary Health, Primary Education, Nutrition and Shelter, and also Rural Energy, was initially considered by the State a 100% centrally funded scheme. The directives received now indicate that 70% shall be by way of loan and only 30% as grant. He said that there should be no question of introducing any element of debt in this social sector scheme. While announcing this scheme, there was no prior indication of this. He, therefore, requested NDC to recommend that it considered the PMGY as a cent per cent grant scheme like the PMGSY.

16.17 He also mentioned that the Approach Paper has emphasized reforms in the power sector along with providing a thrust to the development of non-conventional energy sources. Rajasthan has already begun a series of reforms aimed at unbundling and strengthening the generation, transmission and distribution sectors. Separate generation, transmission and regional distribution companies have been created and capacity was being augmented and losses reduced in all these areas with the help of a loan from the World Bank. The State had already added 750 MW of generation capacity in the last 2 1/2 years and it plans to add a further 1000 MW by December, 2003.

16.18 He drew the attention towards inadequate railway network in Rajasthan and stated that keeping the steep rise in the price of petroleum products in view, an expansion of the railway network in the State was urgently needed, besides total gauge conversion of railway lines in the state on priority basis. He also said that Road connectivity in Rajasthan was much below the national average of road length per hundred square km. of area.

16.19 Regarding the Centrally Sponsored Schemes (CSSs), the Chief Minister said that Government of Rajasthan generally agreed with the comments made by CAG regarding Centrally Sponsored Schemes. The number of programmes implemented by Government of India were too many and often more or less similar in nature. He suggested that similar types of schemes should be clubbed together. This would help in better implementation with a reduction in the related administrative expenses. Centre should also give sufficient flexibility to the State Governments for implementing Centrally Sponsored Schemes so that they could select and implement the schemes which were more relevant to them looking to their social, economic and geographical conditions. He also supported the suggestions that the number of Centrally Sponsored Schemes should be reduced and similar type of schemes should be clubbed and suggested that for Centrally Sponsored Schemes, the Centre should provide the funds as 100% grant and in case this was not acceptable, all the schemes should be funded on a uniform pattern of 90% grant and 10% loan. Besides this, all the CSSs, except those funded to the extent of 100% by Government of India, should be in the ratio of 90:10 funding pattern, 90% being Central share and 10% that of the State. He also suggested that the releases should be made in time so as to avoid non-utilisation..

16.20 He supported the suggestions made in the Approach Paper regarding Watershed and Wasteland Development were agreed too. As for SGSY, it had been suggested that it ; Should be transformed into a micro-finance programme to be run by banks with no ^subsidy on the lines of the Rashtriya Mahila Kosh. In this context, he suggested that it be better if this was first implemented on a pilot basis in some selected Panchayat Samitis.

16.21 He welcomed the announcement by the Prime Minister on the occasion of the Independence Day to the effect that a broad based Food For Work programme called the Sampurna Gramin Rozgar Yojana would be launched at a cost of Rs. 10,000 crore for providing additional guaranteed employment in rural areas. For this, 50 lakh tonnes of foodgrains worth Rs. 5,000 crore was to be provided to the State every year. He requested that the necessary guidelines for the scheme may be issued immediately so that impiementation of the programme could commence without delay. It would be appropriate in this context, for the Central Government to initiate an employment guarantee scheme so as to mitigate the hardship being faced particularly by the youth in obtaining gainful and productive employment.

16.22 He mentioned that, looking to the diversified nature of the State, it will be in the fitness of things if some percentage of scheme assistance was given as an untied fund. This fund should be utilised for bridging any gaps that may emerge on implementing the project under varying field conditions. There should also be inbuilt provisions for concurrent evaluation in each of these programmes so that shortcomings were identified and attended to during the course of implementation itself.

16.23 He said that the State Government was itself actively considering providing PRIs with revenue raising powers so as to make them more self-reliant. He, however, observed that the suggestion, that Finance Commission Grants and other developmental funds to local Bodies should not be given to the states unless effective powers were transferred to them should not be imposed during the Tenth Plan period.

16.24 Regarding the Report of the NDC Sub-Committee on the Criterion for Allocation of Funds under major Rural Poverty Alleviation Programmes, the Chief Minister said the State had constantly questioned the criteria of calorie based consumption being used for identification of the rural poor. It was no secret that this was tilted against backward states like Rajasthan where the staple cereals consumed were coarse grains like bajra, jowar and maize. Since these offer a relatively higher calorie content per unit cost as compared to wheat for example, states like Rajasthan were always placed at a disadvantage. Given this position, even the allocation of a 3.88% share as suggested by the Expert Group in 1993-94 was far too low given its backwardness and the host of economic and environmental disadvantages that it faced Unless this was raised further, it would never be possible for the state to match up to more developed areas in the country in terms of providing both infrastructure as well as a sound market base for continued growth and development. He, however, welcomed the sub committee's recommendation of special assistance to blocks where there was acute distress or poverty and felt that DDP and DPAP blocks/ as well as those where the SC or ST population was more than 50 per cent of the total should be given such assistance.

16.25 Regarding Status Report on the NDC Sub-committee on Transfer of Centrally Sponsored Schemes, the Chief Minister stated that the NDC Sub-Committee on transfer of Centrally Sponsored Schemes has not submitted its report as yet. However, he felt that sufficient flexibility should be given to State Governments for implementing these schemes so that they could select and implement the schemes that were more relevant to them .looking to their social, economic and geographical conditions. He also recommended that the basis of calculation for the transfer of funds along with the Centrally Sponsored Schemes should be the actual transfers of the immediately preceding financial year with an annual increase of 15-20%. He further suggested that these funds be transferred in a single instalment at the very beginning of the financial year to the States' Consolidated Fund so that sufficient flexibility was available with the state governments in terms of availability of resources to meet the needs of these programmes. He also suggested that these funds should be transferred as a 100% grant as CSSs usually relate to the socio-economic development of disadvantaged sections of the society. In consequence, such loans become the liability of the State Government and add to an already high debt burden.

16.26 He welcomed the proposal for placing Uttaranchal on the list of Special Category States, and urged the NDC to consider at the same time the repeated requests made by Rajasthan for inclusion in this category as it fulfilled all the conditions for being declared special Category State.

16.27 Regarding Mid term appraisal of the Ninth Five Year Plan, he stated that with the current resources position, the State would not be able to achieve its plan size. With the increased levels of current expenditure of the State Government, the balance from current revenues has become negative and the borrowings by the State Government have become the main source of funding for the Plan. This has resulted in an enhanced debt burden and consequently debt-servicing liabilities have grown. Estimations made of resources to fund the Ninth Plan which were undertaken at the time of finalisation of the Plan have not been realised due to a number of reasons, e.g. Implementation of recommendations of Fifth Pay Commission, Non-transfer of Centrally Sponsored Schemes along with resources; Non-availability of expected additionalities in the share of central taxes due to adoption of the alternative scheme of devolution recommended by the Tenth Finance Commission etc.

16.28 He said that one of the primary objectives of planned development being removal of regional imbalances, Central assistance should be provided to different states in proportion to the need for investment so as to help underdeveloped states to, at least, come up to the level of the developed states. A part of the overall plan assistance should be earmarked and set apart for the states which remained deficit on revenue account even after the devolution of central taxes and grants as recommended by the Finance Commission, The modified Gadgil Formula with highest weightage to population factor (60%) gave undue weightage to states with high density of population, whereas states like Rajasthan with a larger area and therefore higher per unit cost of delivery of services were put to great disadvantage. Therefore there was an urgent need to introduce greater progressiveness into the formula in order to help the backward states attain the standards achieved by the more advanced states. He suggested a restructuring of the pattern of central assistance for the Plan, with due weightage to factors like area, distances over which services were delivered, special problems such as desert and geographical conditions, per capita plan outlay compared with the national average, the state's own efforts in mobilisation of resources, low credit-deposit ratio and distance from the national average index of infrastructure development etc. He also urged that the pattern of Central Assistance which was presently 70% loan and only 30% grant should at the least be changed to 50% loan and 50% grant from the Tenth Plan onwards. Along with this, plan assistance loans outstanding as on 31st March, 2001 in whole or at least in part, should be converted into a block loan with a moratorium of five years repayment and thereafter reduction in the rate of interest payable in accordance with the currently prevailing bank rate.

16.29 Regarding Border Area Development Programme and the Indira Gandhi Nahar Project, he requested that more support from Central Government should be made available to the State for completing this Project. This project needs substantial funds for completion so as to derive full benefits from the expenditure already incurred. The central assistance for this project from the Border Area Development Programme has been gradually discontinued despite State's repeated requests made earlier. He urged the Prime Minister to intervene in the matter for restoring assistance to the project at least at the level of Rs. 60 crores per year.

16.30 Regarding augmentation of state resources, he suggested that this could be done by allowing greater market borrowings, lowering the proportion of the loan component in Plan assistance, cutting down the interest rate payable on such loans so that this was not higher than the central bank rate and routing all such fund transfers exclusively through the states' Consolidated Fund. In addition, the percentage share of loan against Small Savings should be raised from 80 to 100 per

cent and since these loans were given on the net balance principle they should be converted into loans in perpetuity. The interest rate on external loans for Externally Aided Projects should be brought down so as to be close to or equal to the Central bank rate. External aid received in grant form should be passed on to the states on the same terms. Further, keeping in view the recommendation of the Inter-State Council's third meeting, the share of the states in central taxes should be increased to 33.33 per cent.

16.31 On the Review of the Classification of Plan and Non-Plan Expenditure, the Chief Minister stated that the expenditure incurred on maintenance of assets created with Plan Funds as well as that incurred on providing the regulatory underpinnings for development should also be part of the Plan and form part and parcel of "total planning". An artificial and often ad-hoc classification of much of such expenditure under non-plan heads affects the process of development adversely.

16.32 Concluding his speech, **Shri Gehlot** drew the attention of the NDC to the disturbing findings of a study recently conducted by the National Population Commission ranking 569 districts of the country with regard to a composite of socio-economic and quality of life indicators. This study showed that 72% of Rajasthan's districts fall between the ranks of 401 and 569 with the remaining 28% also ranking between 301 to 400. State's poor position in the district rankings vis-a-vis other states of the country was the surest indicator of the poor state of social and economic infrastructure that most of the inhabitants of the state have to contend with. It was, therefore, all the more imperative that Rajasthan be placed in the special category states for the purposes of Central Plan Assistance.

17.1 **Dr. Farooq Abdullah**, Chief Minister, Jammu and Kashmir said that he was immensely pleased to participate in this meeting of the National Development Council, convened mainly to discuss the approach paper to the Tenth Five Year Plan (2002-2007) which aimed at achieving a growth rate of 8% per annum. As indicated in the approach paper itself, achieving this level of growth would entail a lot of effort on the part of all concerned including the Central Government, the State Governments, the private corporate sector and people in the un-organized sector.

17.2 He said that the Basic Minimum Services Programme (BMS), which had been replaced by Prime Minister's Gramodaya Yojana (PMGY), was started with the aim of providing additional resources for certain stipulated programmes which directly affected the well being of the population including those who were not directly benefited by the growth in the GDP. The idea was that the basic minimum facilities like drinking water, road connectivity, universal elementary education, primary health care, nutrition, rural electrification etc. got sufficient allocation so as to ensure that with the additional funds, the said facilities were made available to the whole of the population in a time bound manner.

17.3 He observed that the procedure adopted for releasing funds was not as smooth as it used to be earlier, he felt that it would be in the interest of the programme, which has a laudable objective, if the release of funds was undertaken in accordance with the original system. The BMS Programme had an element of flexibility built in to it, while the original guidelines of BMS indicated that at least a minimum amount under each service had to be provided, it was later decided to authorise the State Governments to decide the allocation for each service subject to the condition that the total expenditure incurred on items of BMS was not less than the minimum adequate provision (MAP). He suggested that we should go back to the original system of keeping total flexibility among various items of the PMGY and leaving the priorities to the State Government concerned. He

pointed out that the introduction of PMGY and PMGSY was a reversal of efforts to give States more and more devolution and decentralization.

17.4 He reiterated his demand for giving effect to 90:10 grant : loan ratio to the Central Plan assistance for the State of Jammu & Kashmir also, as was applicable to Special Category States until 1990. Deviation from the norm of 90% grant and 10% loan and by increasing negotiated loans to be borrowed from financial institutions, would further adversely affect the resource position of the State when loans become due for repayment from the next year. He suggested that either the entire loan be lifted by Government of India from these institutions and provided to the State Government in the stipulated proportion of grant and loan or the Central Government should repay 90% of loan along with interest thereon and the State Governments may repay the balance 10% of loan with interest.

17.5 He observed that the approach paper indicates that for achieving the requisite growth rate in the GDP, the gross investment would have to be more than 32% of the GDP. The document also indicates that the gross domestic savings should be of the level of, 29.80% of the GDP and that out of this 2.9% of GDP was expected to be contributed by the Public Sector Enterprises, 5.8 percent by Private Corporate Sector and 1.7% by the Government. In case of States like J&K, which have a very limited resource base, it may be difficult to achieve the level of domestic savings expected for investment. He mentioned that there was hardly any public sector corporation which would be in a position to contribute to the total investment because there was no such Undertaking which was earning profits. So far as the private corporate sector was concerned, it was conspicuous in J&K by its absence. Therefore, public/private corporate sector would also not be able to make any significant contribution towards capital investment. This was despite the fact that the State Government had been and was trying to induce private sector, especially larger business houses, to establish industrial units in J&K. The Central Government would, therefore, have to be rather liberal in providing finances to J&K so that the rate of growth of its economy was commensurate with the rest of the country.

17.6 He stated that in Jammu & Kashmir as in many other States also, the outlay meant for meeting the revenue component has been going up. This has gone up steeply during 9th Five Year Plan period with the implementation of the 5th Pay Commission recommendations, because of the fact that the posts created in the earlier plans were not transferred to non-plan and in case of J&K because of a major employment package. In order that the plan was oriented towards capital investment it may be essential to consider the steps to reduce the expenditure on revenue account as a component of the plan. If the posts created in the plans, including those created during 9th Five Year Plan, were to be transferred to non-plan, the States would have to be provided with additional assistance to meet the non-plan resources gap.

17.7 He said some specific provision for maintenance of assets must be made available to states to augment the non-plan resources to ensure that such infrastructure/assets were properly maintained.

17.8 Ladakh region was perhaps the most deficient area in terms of power supply in the country. In view of the topography and huge cost involved, not many micro-hydel projects could be taken up in this region. The area has near total dependence on diesel generation of power. It may be mentioned that CEA has suggested taking up of 132 KV transmission line upto Leh in view of the high tariff of the Nimo Bazgo Hydel Electric Project. The State Power Development Department has prepared a preliminary estimate for 220 KV transmission line from Srinagar to Kargil to Leh for

carrying 62.5 MW of power. The line was estimated to cost (according to 1999 estimates) Rs. 395 crores. Ladakh was the only region not connected with the National Grid and the construction of this transmission link would go a long way in bringing the people of this far flung area into the national mainstream. Besides, this would result in high savings to the Defence Ministry which was spending substantial amount on generating power through DG sets for its units stationed in that region. As a special dispensation, the Srinagar-Kargil-Leh grid line should be treated as a national project by the Government of India.

17.9 He observed that the problem of un-employment in J&K has been extremely acute. The position was likely to worsen in view of the fact that the State Government, as suggested by the Union Government, has taken a decision to ensure that the number of employees on the pay roll of the State Government and its undertakings get reduced. In order to ensure this, a complete ban on filling up of vacancies through the Service Selection Board / Public Service Commission was imposed last year. The major avenue of employment, therefore, would be in the private sector. For this purpose the self-employment schemes would have to play a major role in providing employment opportunities especially to the educated youth. It has been noted that the targets fixed for providing institutional finance under self-employment schemes were still not being achieved especially by the nationalized banks.

17.10 Concluding his speech, **Dr. Abdullah** said that in 1969, when the Gadgil formula for distribution of central assistance for state plans was evolved, there were only three special category states viz. J&K, Assam and Nagaland. The number of special category states has gone up to 10, which includes Himachal Pradesh, Sikkim, Manipur, Tripura, Meghalaya, Arunachal Pradesh and Mizoram besides the original three special category states, Uttaranchal Pradesh was being added now. At present, in accordance with the Gadgil formula after setting aside funds for externally aided projects and a reasonable amount for special area programmes, 30% of the balance of central assistance for state plans was provided to special category state. While the categorization of Uttaranchal as special category state, which has topography similar to that of most of the other special category states was welcome, the pegging of 30% of the central assistance for special category states, meant a reduction in the central assistance to each of the special category states. The NDC should therefore consider revising the said allocation from 30% upwards.

18.1 **Prof. Prem Kumar Dhumal**, Chief Minister, Himachal Pradesh said that he felt privileged to participate in this historic meeting of the National Development Council, for consideration of the Approach Paper to the Tenth Five -Year Plan. He felt that analysis of the serious problems on the resource and governance front and the radical measures outlined to achieve the objectives of poverty reduction, improved living standards and sustainable, development, contained in the Approach Paper, command primary attention. Also important, perhaps uniquely so, was the fact that the meeting would discuss, a Reform Plan rather than a Resource Plan and it was for this reason that he referred to this meeting as historic.

18.2 He highlighted many appreciable features of the Approach Paper. In this context, he mentioned that the growth target of 8% per annum deserved to be commended as a high but achievable goal to bring us closer to the Hon'ble Prime Minister's vision of doubling per capita income in 10 years and reducing poverty by 15 percentage points in the same period. Establishing cogent monitorable physical targets, which captured the essence of better living standards and the creation of a healthier, more aware and productive population as well as a cleaner environment, was a welcome step. The analysis of resource constraints rightly seeks commitment from both the

Centre and the States to an agenda of fiscal correction and suitable policies to attract private sector investment in the infrastructure sector. The recognition of the fact that a decade of reform has left agriculture more or less untouched was appropriate, as was the need to focus on high quality employment opportunities. He fully endorsed the perspective on governance, which seeks a redefinition of the role of government, proactive support to encourage a competitive private sector able to hold its own in the era of globalization, increased involvement of local bodies in the delivery of public services and the required statutory, procedural and administrative changes which would make all this possible. These features truly set the tone for a wholesome and positive change of mindset at all levels.

18.3 Referring to the investment and resource assumptions contained in the Approach Paper, he said, there was a requirement for a considerable increase in the investment rate to over 32% of GDP compared to the 23% to 24% recorded in the last two years. Such an increase assumed a sharp mark up in the savings rate in the household, private corporate, external and public sectors and within the public sector, required a special effort at the government level. This involved governments at the Centre and State level to set realisable targets of revenue raising, expenditure compression and control on debt. He fully endorsed the view that in all these measures, it was the Centre, which would have to take the lead. Fiscal correction now required hard decisions relating to areas like reduction in number of employees, new formulations on pensions, increased user charges, phasing out of subsidies and accelerating the pace of disinvestment. The Centre must build the consensus required on these issues and initiate action so that the State Governments could carry conviction in proposing similar changes at the State level.

18.4 He said that the larger burden of the resource requirement to fulfill the Tenth Plan targets would have to be shouldered by the Centre and even more so in the case of Special Category States, like Himachal Pradesh. The revenue expenditure in many of these States had risen sharply because of the expansion of institutional coverage in the social sectors which had been encouraged and approved at the central level over successive plan periods. States like Himachal Pradesh had made laudable achievements as a result. However, the marked slowdown in central transfers to support these revenue commitments had suddenly left the State high and dry. There was now a danger of decline in the levels of various social and human development indicators which have seen Himachal Pradesh rank among the best in the country. It was imperative that Himachal Pradesh received a one-time clearance to reduce debt burdens and sustained support in the future, if it was to achieve the targets envisaged in the Tenth Plan. It must be recognised that it was only central support, which could enable a State like Himachal Pradesh to sustain its achievements in the foreseeable future.

18.5 He said that the requirement of central financial support could be reduced if central support was forthcoming in another direction. Himachal Pradesh has for long >been agitating that it must be given its legitimate share of 7.19% in the BBMB system in accordance with the Punjab Reorganization Act, 1966. in addition to this, Himachal Pradesh have a right to 12% free power from these hydel installations. Settlement of arrears of the past on this account could go a long way in mitigating State's one time requirement to ease its debt burden.

18.6 He said that State's core strategy for the Tenth Plan would centre around actualizing an additional 6100 MW of hydroelectric potential which was already at different stages of implementation, diversifying the farm sector to take specific advantage of its special agro-climatic

conditions, providing universal rural connectivity to give a fillip to overall economic activity and attracting large scale private investment in the hydro-power, information technology and biotechnology sectors. Greater emphasis was also envisaged on improving the quality of human stock by intensified and relevant technical education at different levels. The State was endowed with enormous tourism potential and it was proposed to put in place a series of integrated projects with private sector participation.

18.7 He emphasised that Himachal Pradesh recognised the necessity to undertake the required measures to ease fiscal distress. The State publicly outlined the nature of fiscal and governance reforms it felt were essential in the State. The State was in the process of finalising its medium term fiscal reform projections. He cautioned that any performance based linkages for resource transfers could not adopt a uniform yardstick of measurement based on reducing revenue deficits. Flexibility to take into account State specific realities and use of a measure like the primary deficit would be appropriate to gauge a State's performance on the fiscal front. He 'said that recent initiatives on building a consensus on power sector reform as well as Sales Tax and VAT related issues, needed to be followed up in the difficult domain of expenditure compression. In this context, he suggested that Hon'ble Prime Minister may hold a meeting of all political parties to arrive at a consensus on the various steps required to achieve fiscal balance and improved governance. Only such an initiative could bring to a halt, the politics of competitive populism that sees all major parties pursuing reforms agenda in the States in which they were in power and opposing elsewhere. Support or opposition must cease to be based on politics and rise to the level of values necessary for the Country's progress.

18.8 He endorsed the view point in the agenda on the reduction of centrally sponsored schemes through transfer to States, convergence and weeding out, and said that the very large number of centrally sponsored schemes in existence today create a number of difficulties for States. Their uniform prescriptions could be at variance with specific state needs. In many cases, their matching requirements and recurring revenue fallout imposed an unwarranted burden on State finances. There were also instances where the conditions attached to such schemes resulted in administrative and governance difficulties. He felt that strict guidelines should be framed to regulate the number and nature of centrally sponsored schemes. The NDC should place a limit on the maximum number of centrally sponsored schemes to be permitted and the subjects they could relate to. Future centrally sponsored schemes should be fully funded by the Centre and all assistance must flow through the State Budget. A time limit was needed to be set within which existing schemes would be reviewed and made to conform to these guidelines.

18.9 He said that the idea of expanding project-based support to states could be supported, provided certain conditions were met. In the first place, this should not be at the cost of normal untied central assistance. There was a build up of commitments over the years in the State plan which required that normal central assistance maintained a certain level of increase from year to year. The recent tendency to freeze central assistance even in nominal terms, to make available project tied assistance, was increasing State's fiscal difficulties. Secondly, there was a need to ensure that project tied assistance does not end up penalizing performing States through criterion which either favour under-performance or impose strict conditionality not in tune with State specific situations. This was specially true for hill states with their low population densities, difficult terrain and seemingly better performance in the area of human development. He suggested that project

tied assistance should have a formula based State-wise earmarking and permit considerable flexibility to States in framing specific expenditure proposals within the broad sector, whether it was primary education, health, roads or power.

18.10 He stated that the concept of 'core' plans, to be practical, must not ignore the existing level of commitment in the plan with regard to areas like salaries, matching requirements for centrally sponsored schemes and resource flows tied to specific projects. In this context, he welcomed the suggestions to focus on completing existing projects rather than taking up new ones and permitting use of plan funds for critical maintenance. There was little sense in starting new schemes when a large number of ongoing schemes were awaiting completion and even less sense in completing new schemes if older ones were losing utility due to lack of essential maintenance.

18.11 Observing that the Centre had made known its desire to bring about statutory and procedural changes to hasten the creation of an environment, which facilitates business, he supported the steps being contemplated to free assets and capital locked up in unproductive assets and sick units, reform labour laws and rationalise the policies affecting the small scale sector. He hoped suitable measures on administrative and judicial reforms would also be formulated soon.

18.12 On the subject of criterion for allocation of funds under rural poverty alleviation programmes, while endorsing the report of the sub-committee, he stressed the need to ensure that the criterion for such transfers did not end up offering a perverse incentive to under perform. He welcomed the entry of Uttaranchal into the community of Special Category States but requested that the quantum of funds set apart may be enhanced to 40% of the normal central assistance pool.

18.13 Concluding his speech, **Shri Dhumal** said that this was a historic moment for the country and the NDC had the responsibility of making a choice between taking decisive action or letting events decide for it. The high road to a quantum change for the better, in the decade ahead, demanded hard decisions today. He emphasised on the courage to look ahead and ignore the plaintive voices, which tied us to the past to achieve the desired results.

19.1 **Shri Naveen Patnaik**, Chief Minister, Orissa complimented the Planning Commission for their innovative approach to the Tenth Plan. The multi-dimensional strategy envisaged in the approach paper was a welcome change from the traditional mode. The Objectives outlined in the approach paper were laudable. At the same time, appropriate strategies needed to be evolved and spelt out in clear terms so as to achieve these objectives.

19.2 He said that there was no dearth of experience, expertise, skill and technology in the Country but proper implementation through good governance and earnest endeavour was needed. He said that the Tenth Plan aimed at achieving 8% growth rate in the GDP during the period 2002-2007 which appeared ambitious on the face of 6% rate of growth obtaining at present. In the case of Orissa, to achieve a growth rate of 8%, the Tenth Plan outlay needs to be fixed at Rs. 53000 crore.

19.3 He requested NDC to constitute a Committee which should work out the ways and means to be resorted for ensuring efficiency improvements and arranging additional investments for the Tenth Plan, both for the Centre and the States and arrive at an acceptable memorandum of understanding (MOU) between the Centre and the States with provision of rewards for fulfilment of the MOU conditions. This exercise would have to be completed sufficiently before the formulation of the Tenth Plan.

19.4 He stated that over-all growth in the economy without appropriate share to the deprived regions as also to the deprived sections of the people was neither desirable nor acceptable. Therefore, the first and fore-most objective in the Tenth Plan should be to eradicate poverty and remove regional disparity within a reasonable time frame. He suggested creation of a fund by the Central Government from which special assistance could be provided to the States for launching special programmes for the backward regions.

19.5 **Shri Patnaik** observed that inter-regional imbalance and inequity breed serious socio-economic problems. People in socio-economically depressed regions often carry a deep sense of frustration and discrimination against their better off neighbours. The problems of terrorism, naxalism, increased incidence of crime, deterioration of the law and order situation, and social strife in many pockets could be attributed to social and economic deprivations of the neglected regions.

19.6 He mentioned that Government of Orissa were deeply committed to removing regional imbalances and inequities in keeping with the emphasis laid by the Centre for doing away with regional disparities. In order to achieve these objectives, the State have inter alia formulated, in consultation with Centre a Revised Long Term Action Plan (RLTAP) for speedy development of three undivided districts of Koraput, Bolangir and Kalahandi, popularly called as the KBK districts. This being one of the most backward region of the country has a pre-ponderance of tribal population. It was, therefore, essential that the pace of socio-economic development of these areas got accelerated. He requested to include the undivided Phulbani district, the Gajaoati district and the Padampur subdivision of the Bargarh district which were contiguous to the KBK-region, in ICBK.

19.7 He said that the RLTAP that was submitted to the Centre in 1998, has not yet been formally approved. It needs to be approved expeditiously. The State Government have been receiving only a meagre additional central assistance (ACA) to fund the RLTAP. The State Government have requested that at least Rs.200 crore per annum be provided as Central Assistance in the shape of 100% grant, in addition to loan assistance of Rs. 125 crore under the A1BP with relaxed norms. The RLTAP for the KBK districts should be included as a specific component of the Tenth Plan.

19.8 He said that the problem of economic backwardness of the State has assumed serious proportion. The percentage of people below poverty line for Orissa was the highest (1999-2000) among all other States. This conveyed a clear picture that poverty continues to be an intractable problem for Orissa.

19.9 Regarding the State finances, he said that the ever increasing gap in the Revenue account was being met from borrowings. Higher doses of borrowings lead to consequent higher revenue expenditure.

19.10 The State Government was not having funds to meet the salary, pension and interest payment and repayment liabilities fully. These liabilities exceed the revenue receipts of the State Government. Further, the indebtedness of the State Government to the Central Government was continually rising. It was, therefore, imperative to revise the transfer formula hither-to followed. In order to ease the pressure on the States the present element of loan and grant should be reversed.

19.11 He recalled that the National Development Council in its meeting held on 20.2.1999 recognised that the ways & means difficulties faced by most States were the result of continued neglect of fiscal prudence and decided that a medium Term Fiscal Strategy would be drawn up by

each State to deal with its recurrent financial difficulties. The Council recommended that the Government of India would provide immediate assistance to the needy States, but would link the same to specific fiscal reform measures aimed at strengthening the State Finances. Accordingly, Orissa signed an MoU, with the Central Ministry of Finance, in April, 1999, committing to implementing specific fiscal reform measures aimed at reducing non-plan revenue expenditure and enhancing revenue receipts. In pursuance of the provisions contained in the said MoU the State Government have in the meantime, taken a number of measures to contain non-plan revenue expenditure and to enhance revenue receipts. Some more measures were in the pipeline. Therefore, in the matter of fiscal reforms, Orissa was on target.

19.12 He said that the expenditure on pension and interest payment have been grossly under-assessed by the Eleventh Finance Commission and non-plan miscellaneous grants have been unduly over-pitched. Thus, on account of the under assessment, the State has lost nearly Rs.7500 crore towards Non-Plan Revenue Deficit grant for the five year period 2000-05.

19.13 Mining Royalty was a major source of non-tax revenue. It contributed nearly 60% of State's non- tax revenue taken together. Revision of royalty on coal was due in October, 1997 and the subsequent revision in October, 2000. Since revision of royalty has not yet been effected, the annual loss of revenue was of the order of Rs.150 crore. This has prevented the State Govt. from showing improvement in the ratio of revenue receipt to revenue expenditures for being entitled to general debt relief linked to fiscal performance. For the success of generating additional revenues and contain the revenue expenditure by a fiscal readjustment programme, the Chief Minister stated that the Centre should, supplement the efforts of the State Govt. by restructuring the debt stock of the State Government, providing compensatory grant-in-aid for non revision of royalty on coal.

19.14 **Shri Patnaik** said that the approach to the Tenth Plan envisaged redefining the role of Government in carrying out its business. Its future role shall be mostly of regulating, facilitating and monitoring nature and the private sector would have to come in a big way to take part in implementation of development programmes with a view to creating infrastructure and service facilities for public use. There has already been a shift in the economy from the public sector to the private sector. The public sector has become much less dominant in many critical sectors whereas the private sector capabilities have been developed significantly in areas like telecommunication, power, ports, industries, rural infrastructure, roads etc. Private sector could play a much larger role provided they were encouraged. In order to introduce proper accountability, a regulatory mechanism had to be in place, when services got privatised.

19.15 Privatisation of public enterprises would have to be resorted to, so that Government responsibility remained confined only to certain core areas. Closing down unviable units may also have to be resorted to in certain cases. Retraining of retrenched workers, both in Government Departments and in PSUs needed to be planned systematically. He suggested that a National fund should be created to take care of this activity and to administer VSS / VRS. The National Renewal Fund set up earlier did not cover the States. The proposed fund should cover the States as well.

19.16 On Tribal Development, the Chief Minister stated that the Tenth Plan envisaged formulation of a comprehensive national policy for empowering tribals which would lay down the responsibility of different wings of Government with appropriate accountability. The centre should finalise the proposed national policy early, after due consultation with the States.

19.17 **Shri Patnaik** said that Orissa has the unique distinction of being the first State in India for ushering in sweeping reforms in Power Sector. The paramount objective of reforms in the Power Sector was to provide customers with reliable and adequate quantity of power.

19.18 The Chief Minister said that he was happy to note that the Rural Electrification Programme has been Included as a component under the PMGY. This activity needed to be subsidised at the initial stage and it should be funded cent percent by the Central Government. The Power Sector Reforms and Re-structuring Project was under implementation with external assistance. He suggested that Government of India may not charge further interest on the loan extended to the State in the form of Additional Central Assistance (ACA) over and above that charged by the Doner Agency, with a view to encouraging the process of reforms in the State. He fully endorsed the approach for expanding the Accelerated Power Development Programme (APDP) during the Tenth Plan, which would encourage all other States to undertake power sector reforms.

19.19 He said that with a view to achieving an overall growth of 8% in GDP during the Tenth Plan, 10% growth would be necessary in the Industrial Sector at the National level. A major acceleration from the past performance was, therefore, necessary not only at the National level but also at the State level. Approach to the Tenth Plan has laid much emphasis on private sector participation. Industry was one of the sectors in which private sector participation would be predominant. The Tenth Plan approach suggested that there must be a focus on creating a conducive policy environment for private companies so that they could become efficient and competitive. He suggested that for the backward States, excise duty concessions should be announced for five years as given to the north-eastern region.

19.20 He said that since the bulk of the labour force in the unorganised sector consists of agricultural labourers, forest product gatherers, rural artisans, unskilled workers etc., creation of adequate wage earning opportunities was essentially required to be given due priority in the Tenth Plan. These activities were being carried out mostly in the rural areas, where the wage earners were very often exploited by the contractors. Adequate social security measures like Group Insurance, sickness benefits and pensions would need to be thought of. 99

19.21 The approach paper rightly pointed out that rigidity in the present labour laws posed a great burden to the labour intensive industries as the provisions in the labour laws do not allow the firms adequate flexibility in the matter of engagement of labour. A suitable exit policy for the sick industries needed to be thought of and a pragmatic policy needs to be developed which would harmonise productivity and welfare considerations.

19.22 He said that Orissa agreed with the policy approach outlined on Agriculture, Food Security and land Management. The subsidies have grown in size and were now financially unsustainable, States like Orissa which were prone to frequent-natural calamities, may have to subsidise input costs after floods, droughts and cyclones. Capital cost on small irrigation projects also needs to be subsidised during the coming plan period. Watershed development programmes, were being implemented by several departments of Centre, often with conflicting guidelines. This practice should be done away with during the Tenth Plan and one single national initiative as mentioned in the approach paper should be adopted in order to prevent confusion amongst the field functionaries and to ensure effective and better monitoring of projects and funds. The credit flow in the agriculture sector needs improvement. Adequate flexibility should be introduced in the Centrally Sponsored Schemes on the same lines as the Macro Management Mode of work plan. Quantum of funds under crop insurance should also be enhanced.

19.23 For the eastern States like Orissa, mechanisation of agriculture needed encouragement by way of promoting agro-service centres. Storage facilities need be enhanced for storage of agricultural produce. This apart, use of certified seeds should be encouraged. Infrastructure for post harvest technology needed to be developed for processing of agricultural produce for export. In all these matters, the Union Government could act as the catalyst.

19.24 He said that the percentage of area under irrigation in Orissa was well below the All India average, in spite of the potential that existed. The State have been borrowing funds from NABARD, RIDF, the World Bank, AIBP and the bilateral donor agencies for creating additional irrigation potential. The loan burden of the State was already reaching unsustainable limits. He requested that funds under AIBP may be given to Orissa as a grant as a special case. He requested that ACA for funding irrigation projects should bear a nominal rate of interest against the normal interest of more than 12%. He said that the State of Orissa has introduced a new scheme under the caption "Pani Panchayat" during 2001. Under this scheme, Water User Associations called Pani Panchayats were being formed and they would be handed over the responsibility of operation and maintenance of the canal system.

19.25 He observed that the public distribution system was not flexible enough to cater to the requirement of the BPL families, majority of whom were wage earners on daily or weekly basis. Therefore, FCI should create additional storage facility in the State of Orissa and should not transfer stocks from other States. He also stated that the consolidation of forests i.e. reservation of demarcated forest blocks, record updating (reserve forest notification and maps), controlling smuggling, checking shifting cultivation by Joint Forest Management (J F M) methodology and application of information technology may be given due importance in the Tenth Plan. As regards kendu leaf collection, he said that the State have a separate kendu leaf organisation, the staff of which were engaged in supervising Kendu leaf collection, processing, binding etc. As this system was working properly, the State was able to assure fair wages to the Kendu Leaf Pluckers. Hence this strategy should continue.

19.26 He pleaded for the amendment of Forest Conservation Act. Plantation crops, which provide permanent forest cover and prevent soil erosion, should be treated as afforestation activities in respect of the denuded forest lands where nothing grows at present. Tea, Coffee, Rubber etc., provide permanent forest cover. A time has come to take a pragmatic view in the matter. Similarly, there has to be a synergetic relationship between the forest on the one hand and the needs of the tribal population on the other.

19.27 Under the environment sector, he said that management of waste and more specifically Hazardous wastes and bio-medical wastes needed to be handled and disposed of with utmost care. Identification of common disposal sites away from human habitats and from agricultural fields should be given priority, especially for major towns and cities. The Chief Minister stated that the people's participation should be encouraged in maintaining pollution free environment and welcomed the suggestion given in the Approach Paper for improving environmental education and creation of public awareness.

19.28 He said, Orissa fully endorsed the approach on universalisation of elementary education and the scheme "Sarva Shiksha Abhiyan" recently launched should be given the highest priority. As per the funding pattern of the scheme, the State's share would be 25% during the Tenth Plan. He suggested that for the states having acute fiscal problems, this should be reduced to 10% and a

poor State like Orissa should not be penalized because of engagement of para teachers and the entire benefit of the scheme should be extended to the State.

19.29 The Chief Minister requested for 100% Central assistance under the scheme “Vocationalisation of Secondary Education at +2 stage”. No Central assistance under the scheme was being provided for the last few years. It may be appreciated that vocational education has high unit cost and has to compete and justify for resources against general education. The income ceiling of parents for awarding National Scholarships to the meritorious students needed to be fixed as recommended by the TATA Institute of Social Sciences.

19.30 He said that considering the poverty in rural areas and lack of sufficient entrepreneurial skill, complete withdrawal of subsidy may not be desirable. However, SGSY may give more focus on social mobilisation and group formation with back-ended subsidy. The indifferent attitude in credit delivery by the banks has to be changed so that credit was given to swarojgaries/ groups in multiple doses for successful implementation of the programme. He further stated that it had been proposed to link the funds under the Jawahar Gram Sworojgar Yojana (JGSY) flowing to the villages to peoples’ contribution of 10 to 50 percent. The Villages which were willing to give contribution may be allocated funds on priority basis. Employment programmes should be focussed on undertaking productive works and their maintenance such as rural roads, renovation of tanks, afforestation etc. The food for work programme may also be dovetailed. Besides, specific funds should be earmarked for provision of other basic infrastructural facilities in rural areas such as development of Educational and Health Institutions, Anganwadi Centres, Animal Health Centres. Rural Markets, which would ultimately help in changing the quality of life of the rural poor. Infrastructural facilities such as communication and market access for Small and Marginal Farmers, Artisans, Skilled Workers, and Forest Produce Gatherers should be provided separately and assistance for value addition in agricultural and non-timber forest produce sector would help tribals, forest dwellers and poor artisans in augmenting their incomes.

19.31 He said that, in Orissa, Panchayati Raj Institutions (PRIs) have emerged as important agencies for socio-economic development of the rural people. Government of India desired that Finance Commission Grant and other developmental funds of the Local Bodies should not be given to the States unless effective power was transferred to them. In this context, it may be mentioned that twenty-five subjects out of twenty-nine subjects enlisted in the 11th Schedule have been transferred to the PRIs in Orissa. Election to PRIs was held in the year 1997 and the next election in consonance with the 73rd amendment and the provisions of Panchayat (Extension to Scheduled Areas) Act would be held in early, 2002. In Orissa 118 Blocks out of 314 were situated in the Scheduled Area. In addition, Gram Sabhas had been given statutory powers to certify utilisation of funds by Gram Panchayats. He was of the opinion that the three tier system of PRIs functioning at present should continue. These institutions would be strengthened along with the Gram Sabha by providing adequate financial resources by letting them raise their own revenues and by augmenting the Grant-in-Aid released to these Institutions. While releasing grants to the urban and rural local bodies under the Finance Commission award, matching contribution from the States / local bodies should not be made a pre-condition.

19.32 Regarding the allocation of funds under major poverty alleviation programmes, the Chief Minister observed that another Working Group has been set up to suggest an appropriate criteria for Tenth Plan since poverty estimate for 1999-2000 were already available. He, therefore, suggested

that the Expert Group should have consultation with the States in working out appropriate shares for States under Major Poverty Alleviation Programmes and more specifically with the States who were worst sufferer in the adjusted formula adopted during the last 3 years of Ninth Plan. He said, not only the population below poverty line but also the intensity of poverty should also be taken into account with a view to calculating the needs of a State for eradication of poverty. A part of the funds should also be kept apart for providing incentive to the States for implementing poverty alleviation programmes in the State in an efficient manner during Tenth Plan. He desired that this exercise should be completed and the final decision should be communicated to the States sufficiently before the Tenth Plan.

19.33 He welcomed the idea of a zero-based budgeting approach in respect of the Centrally Sponsored Schemes. He suggested that if any CSS were to continue in the Tenth Plan period, it should be 100% funded by the Central Government. Further, no scheme should be transferred in the middle of a plan period without transferring adequate funds for salaries to the staff.

19.34 Concluding his speech, **Shri Patnaik** said, that the Orissa Legislative Assembly had adopted unanimous resolution urging the Central Government to declare Orissa as a Special Category State. Orissa fulfilled all the criteria necessary to be declared as a Special Category State except that it has no international borders. He felt that it was rather unfair to deprive Orissa of this benefit on this ground alone. While welcoming the inclusion of Uttaranchal as a Special Category State, he reiterated his demand for declaring Orissa as a Special Category State. He also emphasized that good governance, which included minimizing corruption at various levels and maintenance of peace and tranquility, were essentially needed to make plan efforts successful. Orissa was doing its humble bit in those directions.

20.1 **Shri Digvijay Singh**, Chief Minister, Madhya Pradesh, said that this meeting of the National Development Council was taking place after an interval of more than two and half years since it last met to discuss and approve the Ninth Five Year Plan document. The Mid Term Appraisal of Ninth Five Year Plan was before us. The experience of Ninth Five Year Plan was a mixed one and there were inter-State variations in the level of achievement of physical and financial targets. While there has been some progress, a lot remained to be done.

20.2 While agreeing with the 8 per cent rate of growth of GDP target proposed for the Tenth Five Year Plan, he said achieving this target would require stupendous efforts both on the part of Centre and the States. It was necessary that the Central assistance to the State Plans should go up from the present 45 per cent.' It was also important that the investment in infrastructure should go to poorer and fast growing States like Madhya Pradesh.

20.3 He said that the Government of Madhya Pradesh was committed to fiscal reforms, however, the fiscal performance of the State was dependent on resource transfer from Centre to State. Considering the worsening BCR, he suggested that the Centre should transfer the power to taxing intra-State services to the States. While conveying his deep concern on the move by the Central Government of linking of Central Plan Assistance to fiscal performance of the States, he stated that the State of Madhya Pradesh had already initiated the process of fiscal reform plans as recommended by the Eleventh Finance Commission to cover non-plan revenue deficit of the State. The Central assistance under Gadgil formula was on 70 per cent loan and 30 per cent Grant in Aid. Thus State Government was already paying an interest on the loan', may it be Central

Assistance. Therefore, to further impose any other embargo on the release of Central Assistance was not justifiable. Such issues which had a wide range of effects should be first discussed in the NDC and then after arriving at a consensus, decision should be taken. He pointed out that the plan outlay of every State consists of more revenue expenditure (approx. 70 per cent) and lesser capital expenditure. Keeping these facts in view the loan and grant component of the Central Plan assistance should be changed to atleast 50 : 50. He also urged that allocation under PMGY should be enhanced and the guidelines for PMGY should be amended to provide complete flexibility and freedom to States in prioritising and implementing projects under that programme.

20.4 He observed that the debt burden of the States was increasing at an alarming rate. One of the important components of this debt was loan from Centre. The rate of interest on these loans was quite high (12 per cent). In the present declining interest rate regime it would be appropriate to raise loans at lower interest rate and repay the old loans with higher interest rates. He further stated that assistance for Plan Schemes was a significant component of financial transfers from the Union to the States, The modified Gadgil formula scarcely did justice to backward States. Madhya Pradesh had repeatedly urged to redress regional imbalances. Central Plan assistance be made available to the backward States keeping in view their size, population of SC and ST, incidence of poverty, human development indicators and deficiencies in infrastructure.

20.5 Most of the laws of the country with a potential for revenue were heavily loaded in favour of the Central Government and/or against the states and the most glaring example was the MM(D&R) Act, 1957. Even though the rights to minerals vests in the states, the Act placed severe restrictions on the states' powers to derive benefits from these rights so much so that a basic provision like fixation of royalty has been retained by the Central Government, notwithstanding the fact that the revenue from this accrues to the State Governments.

20.6 The achievement of 8 per cent growth rate of GDP would require sharp focus on agriculture development. In order that the agriculture sector grows at the required 4 per cent rate, substantial increase in capital formation in farm sector was necessary. Since an overwhelming population of land holders were small or marginal, agricultural production systems followed by them have to be diversified into other activities capable of generating higher returns, like organic farming, animal husbandry, horticulture, seri-culture, fisheries etc. The biggest challenge before us he said, was to make an unviable land holding, sustainably viable. He said that private sector investment in agriculture needs to be encouraged in areas like agriculture research, post harvesting management and marketing. There was need to rationalise agriculture research, based on identified Agro-climatic zones. Agricultural productivity could be improved through the development of a strong extension network plus community led agriculture extension. However, all this could be achieved only through refocus of resources towards this direction. He stated that the State of Madhya Pradesh had been running a successful watershed development programme entirely managed by the people under the Rajiv Gandhi Mission for Watershed Development. He proposed to continue and intensify this effort.

20.7 He felt that there was an urgent need to closely target the Rural Development schemes. There was no Justification to provide funds under EAS to such States where local labour was not available. On the other hand there was large scale migration of labour from agriculturally less advanced States like Madhya Pradesh, Orissa, Bihar, Rajasthan etc. He urged that this scheme should be demand driven. There was a strong need to converge various available schemes under the Rural Development Department to strengthen poverty alleviation efforts. The infrastructure

programmes such as EAS, JGSY, Watershed development etc. should be so implemented as to converge with initiative taken under beneficiary oriented schemes such as SGSY.

20.8 While agreeing with the suggestions made in the Approach Paper on Public Distribution System and food security, he suggested that subsidy on food grains be utilised for infrastructure development of PDS, i.e. for construction of warehouses, establishment of fair price shops and compensation to loss bearing fair price shops particularly in tribal areas. For rural poor and shelterless people the scheme of Grain Bank, 'Annakosh' and Food for Work Programme would be very useful. Food Security Policy should not confine only to supply of food grains, but should be made effective tool for removing malnutrition and creating normal livelihood. The costs of maintaining ecological balance should be shared by all and Madhya Pradesh must be compensated by Union Government atleast in proportion to the excess of forest land by the national average. He suggested that the word "forest" be defined to bring clarity. Forest land will mean land which has been notified as R.F, and P.P. under the Indian Forest Act, 1927". He said that in Madhya Pradesh the State Government conferred ownership rights to the Gram Sabhas through the primary MFP Co-Operative Societies in pursuance to Panchayats (Extension to the Scheduled Area), 1996. This has caused a revenue loss of approximately Rs. 100 crores to the State. He requested the Government of India to compensate the State suitably for the revenue loss caused in the process of people's empowerment.

20.9 He observed that eight per cent GDP growth target entailed over 10 per cent rate of growth in industrial sector. During the Eighth and Ninth Plan periods taken together, the industrial sector grew at only about 7 per cent. While agreeing with the suggestion that Tenth Plan must focus on creating an industrial policy environment in which private sector companies could become efficient and competitive, he felt that the employment criterion should not be lost sight of for achievement of socio-economic objectives. There was need to chalk out a strategy for revival of sick small scale units. Special attention had to be paid to the unregistered sector and service industry. Programmes for development of rural industries could usefully be integrated with rural development/poverty alleviation programmes.

20.10 He supported the Disinvestment in Central and State PSUs but urged that the process of disinvestment should be transparent and the funds raised through disinvestment should be used for improving Human Development Index. He supported the suggestion to take a fresh look at the structure of labour laws. Unemployment was growing at an alarming rate which in turn was leading to growing lawlessness. A joint concerted effort on the part of the Centre and the States was required to meet this challenge. He said industry-research link should be further strengthened to increase human welfare. Madhya Pradesh have identified Information Technology as a thrust area and was focussing its attention on it. There was also huge untapped potential in bio-technology and bio-diversity. He stated that Madhya Pradesh has achieved a 20 per cent rise in literacy between 1991-2001. This vindicates the mission mode adopted by the Government of Madhya Pradesh for basic education and literacy as a 'shiksha mission'. Female literacy has also gone up from 28% to 50%. The community based initiatives like Education Guarantee Scheme, 'Padhna-Badhna Andolan1 have delivered impressive results. The State have also transferred control over schools and teachers to local bodies as suggested in the Approach Paper.

20.11 He said Madhya Pradesh Government had launched 'Swasth Jeevan Sewa Guarantee Scheme to leverage policy reforms towards decentralisation, build community capacities and

converge financial, technical and human resources to improve health services in the State. The State Government had announced its policy of population stabilisation with a view to checking population growth and promoting the small family norm. Strengthening of ISM dispensaries could also contribute significantly to health care services by extending out-reach in the rural areas. He requested the Union Government to extend financial and technical support in this endeavour. In order to achieve expected results in health and education sectors, investment would have to be stepped up.

20.12 He also agreed with the suggestion made in the Draft Approach Paper that nutritional problems needed to be tackled across a broad front. In Madhya Pradesh concerted efforts were being made to reduce mal-nutrition particularly among women and young children. A Nutrition Policy with District level plan of action was under implementation to that end. Alongwith providing access to drinking water sources, quality of water available and recharging of water sources also needed urgent attention. States should receive liberal financial assistance for urban water supply projects. Every household should have a toilet.

20.13 He said reforms in the power sector was need of the hour and felt that steps towards privatisation of distribution should be taken only after studying the experience of other States. Policy of allowing direct sale to bulk consumers by the producers would adversely affect the financial health of the SEB. He also said that people's participation would go a long way in encouraging use of non-conventional energy sources in remote and inaccessible areas.

20.14 Welcoming the launching of 'Pradhan Mantri Gram Sadak Yojana¹, he suggested that more freedom and flexibility should be given to the States in formulating and implementing projects under that scheme. Over-centralisation should be avoided in the interest of better and faster results. Socio-economic development of SC, ST and women should be an integral part of the development strategy of the Tenth Five Year Plan. Schemes and programmes aimed at uplifting them socially and economically should get high priority. He also said that formulation of schemes particularly in areas such as health, education and agriculture should be left to the States. The Centre should only lay down broad priorities and give grant upfront for transferred CSS. There should be a system of monitoring and review at the Central level.

20.15 He said that Madhya Pradesh adopted decentralisation as the overarching policy framework for strengthening democracy at the grass roots and provide accountability and responsive governance. He observed that Madhya Pradesh was the only State to transit to a system of District Government where the powers of the State Government have been delegated to the District level Government through the District Planning Committees. From the fiscal year 2002 it was going in for de-centralised planning with priorities identified as District level. The NDC might consider whether the time has not come for some plan devolution to sub-State Planning Bodies so that these organisations may gain financial autonomy and be perceived as respectable instrument of self governance.

20.16 He supported the suggestions made in the Draft Approach Paper regarding governance reforms. Madhya Pradesh has gone in for major right-sizing measures such as doing away with daily wage workers, reducing the number of vehicles and reducing establishment expenditure and abolishing more than 60,000 posts. The austerity measures would continue so that the State generate adequate resources for investment in infrastructure and human resources development. The State was committed to make the bureaucracy more responsive and accountable. It had

introduced the Right to Information three years ago and it was being given a legal status. The State also have Citizens Charters in operation and a computerised Public Grievance framework.

20.17 He also welcomed the suggestions that plan funds should be provided for critical repair and maintenance activities and preference should be given to completion of existing projects than to new projects. He supported the proposed monitorable targets for Tenth Plan and beyond as the key indicator of development.

20.18 He suggested direct participation of States in the working of NDC through Standing Committee for determination of quantum of public investment in different sectors, support to State plans, pattern/forms of Central assistance for State plans and formula for allocation of Central assistance, scope and nature of Centrally Sponsored Schemes so that the States' needs were adequately reflected in national priorities and sharing of national resources. States should be left free to determine their own Plan size keeping in view their priorities and resources availability and the Central Government should avoid the temptation to determine choice/ influence investment through earmarking.

20.19 Regarding the criteria for allocation of funds under major rural poverty alleviation programmes, the Chief Minister said that Expert Group's estimate of poverty effects Madhya Pradesh adversely. Though the Madhya Pradesh was in favour of State specific poverty lines for estimation of poverty, but because of infirmity of data the number of poor has swelled in the relatively more progressive states. At this crucial stage, when the revitalised panchayati Raj Institutions were beginning to take root, it would be unfair and unwise to reduce the share of Rural Development Funds to Madhya Pradesh. Till such time the reliable data was available, he requested that the Task Force methodology should not be abandoned simply for the sake of statistical refinement.

20.20 On the transfer of Centrally Sponsored Schemes (CSS), the Chief Minister said that proliferation of Centrally Sponsored Schemes pre-empted a large part of the State's resources for Central initiatives and fetters the discretion of the States to choose programmes and schemes appropriate to their need. However, the past experience of transfer of CSS has not been very happy and encouraging because the Union Government have been unable to provide requisite funds for transferred CSS or the same has been compensated by less than normal growth of Central assistance. It was suggested that the Centre should only lay down priorities and give grant upfront for transferred CSS. As needs of different States were different, formulation of Schemes should be left to the States. In today's situation where after enactment of 73rd and 74th amendments of the Constitution certain activities have been transferred to PRIs, it would only be proper that matters which pertain to State and in some cases even to sub-State level were not dealt and decided at the national level.

20.21 Concluding his speech, **Shri Digvijay Singh** said that while Madhya Pradesh did not have any objection to Uttaranchal being placed in the list of Special Category States, he drew the attention to the fact that large parts of non-Special Category States such as Madhya Pradesh suffered from the same bottlenecks as would make any State eligible to be included in this category. He said that this august body should consider compensating such States also in a suitable manner.

21.1 **Shri S.M. Krishna**, Chief Minister, Karnataka stated that the National Development Council must meet often than what has been the track record so far. The NDC meeting has always been held in Delhi. However, keeping in view the federal structure of the Constitution, he requested the NDC to consider his suggestion for holding its next meeting to adopt the Tenth Plan Document in

Bangalore. He urged for helping Karnataka which was passing through one of the worst drought in living memory. He also requested for PM's intervention in working out some common Joint Hydel Power Projects of Tamil Nadu and Karnataka for generating low cost power for the common good of all.

21.2 He said that the NDC was meeting at a crucial time in the history of post independent India. During the two and half years since it met last in February 1999, the country had witnessed far reaching changes. Elections had taken place to the Parliament as well as to a number of State Legislatures and new Governments were in place in some States. The World economy was undergoing transformation, the beginning of the 21st century coinciding with the slow down of economy of developed nations, the opening up of WTO regime, new developments in the hi-tech sectors like Information Technology and Bio-technology, all having their impact on developing countries like India. To face the challenges of globalisation on the one hand and of poverty and social backwardness prevalent in our own country on the other, he said, we need to take bold decisions and adopt innovative strategies. He further stated that it seemed appropriate to define our vision for the next five years, which was also going to be critical, politically and economically, for the future development of the country. In that context, there was also a need for introspection as to why India as a country has performed well below its potential in the areas of reduction in poverty, food security, literacy, safe drinking water, health services, housing, sanitation and proper communication facilities. He said that one reason for the below par performance had been the concentration of decision making powers on economic issues with the Centre. He observed that the real case for decision making autonomy to the State Governments rests on the comprehension based on experience that a country as diverse as India was incapable of dealing effectively with an unjust social and economic order with a centralized polity.

21.3 **Shri Krishna** said that agriculture should be a sector of special focus in the Tenth Plan as it was the best bet for an assault on poverty given the numbers involved. Amelioration of agriculture would have a cascading effect on the secondary and tertiary sectors and overall growth of the economy.

21.4 The problems of Indian agriculture were structural and there were no easy solutions. The WTO agreement was just one more factor, which has to be taken into account while looking at the problems of farmers and farming. Agriculture needs more emphasis and investment for a lasting solution. Solution to the farmers' problems have to be found jointly by the Central Government and the State Governments. He said that the need for a comprehensive crop insurance scheme was well accepted. However, in its present form the scheme was not proving useful to the farmers. That was on account of its limited coverage of a few crops; even there the threshold level for getting assistance unrealistically low. To make the scheme effective, the unit should be a village with realistic threshold values and the scheme should cover all agriculture and horticulture crops. He said that as the rural population grows, the farm sizes got smaller and smaller. Farmers with very small holdings were becoming worse off than landless labourers. He expected that the policy makers will debate all the issues involved and find solutions, to the extent possible in the Tenth Plan.

21.5 Achieving the growth rate envisaged would require substantial increase in public investments, especially in infrastructure. This was a daunting task considering large Government deficits and consequent lack of resources for investment. The attempt of the State to improve its fiscal position and direct investment for development of social and economic infrastructure should be adequately

supported by the Central Government. There was a need for an incentive system to encourage States to reform. A beginning has already been made in this direction by the Eleventh Finance Commission's supplementary report. A similar approach should be adopted for the distribution of plan grants of the Tenth Plan.

21.6 Productivity increase in the economy could not be brought about unless sufficient improvements in the human development indices were made to empower the weaker sections of the society. In the present fiscal situation, the State Governments were not able to achieve that, unless they borrow funds, which had resulted in a substantial portion of the Plan based on borrowed money. This had further strained State's fiscal health. Heavy borrowings had resulted in interest payments of the State Governments increasing significantly over the last ten years. The State was now spending almost 17% of its revenue receipts on interest payments. There had been a general reduction in the interest rate regime over the last few years. However, there had been no reduction in the interest rates on the loans of the Central Government to the States. He requested that a mechanism be worked out by the Central Government to enable the States to replace existing high cost loans with fresh low cost borrowings. The Centre should also provide debt relief in the form of reduced interest rates for existing loans. For all future loans, there should be an immediate reduction of 1% on the rate of interest. These measures would provide some relief to the difficult fiscal situation of the State Governments. Similarly the interest rates on negotiated loans raised by the States from financial institutions for funding the plan should be reduced by 1%.

21.7 He stated that in our zeal to create assets, we should not ignore the necessity to maintain existing ones. A related issue was inadequate direct return on large investments made earlier in power and irrigation projects. Suitable policies should be evolved during the Tenth Plan to ensure adequate returns on the investments made in the irrigation and power projects. Maximizing the growth rate to improve the well being of the people would require that the allocations were made in an objective manner to harness the development potential of different regions. Resource transfer should be a combination of policies to reduce backwardness and reward performance. He said that the State's request for amendment of the Gadgil Mukherji formula for distribution of Central assistance to State plans have been pending for a long time. The issue should be brought before the NDC for an early decision.

21.8 The loan grant pattern for distribution of Central assistance was also not in line with current realities. The Revenue component of plan schemes has gone up over the years with increase in the responsibilities of States in major social sectors like education and health. The grants component in the Central Plan assistance should, therefore, be increased. This would help the States to reduce the interest burden and use the money for development works. These issues should be decided before the start of the Tenth Plan.

21.9 In order to achieve the 8 per cent rate of growth indicated in the draft Approach Paper to the Tenth Plan, it was necessary to ensure that the private sector performed its due role and that it was assisted in this regard in all possible ways both by the Central and State Governments. Karnataka had recently introduced a new and innovative industrial policy, which has completely de-regulated the industrial environment. A similar bold initiative was required to be taken by the Government of India. Apart from making procedures more simple and transparent, it was necessary to urgently delegate more powers to the States especially in regard to environmental and forest clearances.

21.10 Referring to the achievements of the State Government in improving fiscal health of the State and to improve the investment in development of social and economic infrastructure of the

State, the Chief Minister stated that Karnataka had taken early initiatives to implement a programme of reforms and economic restructuring. In governance reform programmes, the State had started right sizing the Government and have also enacted Right of Information Act to enhance accountability. The State had also taken tough decisions to freeze new recruitments. Transparency in tenders and Procurement Act had been enacted to provide accountability and transparency in public spending. The State was committed to Public Sector Reforms. The State had declared the objective of eliminating revenue deficit and containing fiscal deficit to 3% of NSDP by 2004. This would help in reducing the debt-servicing burden of the State and help in freeing resources for development activities. Towards that end Karnataka had prepared a Medium Term Fiscal Plan (MTFP) for the period 2000-01 to 2004-05. The plan contained definite reform measures for augmentation of revenue, compression of non-productive expenditure and for protecting and enhancing high priority development expenditure. He said that Karnataka was one of the very few States that had a statutory ceiling on Government Guarantees.

21.11 He appreciated that the biggest drain on the finances of the State was the Power Subsidy. Karnataka had taken substantial steps in the direction of reforming the power sector in the State. That was the one sector that could act as the main engine for growth. The State had a fully functional Electricity Regulatory Commission and the Electricity Board had been unbundled and corporatised. The State Government had issued the power sector policy Statement and also an IPP policy. A Bill for Prevention of Theft of Power had been passed by the legislature and would shortly be sent for the Presidential assent. Universal Metering Programme would commence from September 2001. A Privatization Strategy was in the final stages.

21.12 He said that the State believed that the fight against poverty depended on the efficiency and effectiveness of public expenditure. Through social audit of schemes, Karnataka was placing more emphasis on key outcomes rather than expenditure. He further stated that all that was not at the cost of investment in priority sectors. Karnataka's plan had been increased from Rs. 5231 crore in 1999-00 to Rs. 8588 crore, which was an unprecedented 64% increase over two years. 42% of the plan was for Rural Development and Agriculture etc., and 38% was for infrastructure development. The State proposed to increase expenditure on Primary and Secondary Education from Rs. 2500 crore in 1999-00 to Rs. 5000 crore in 2004-05, Health from Rs. 1000 crore to Rs. 2100 crore, water supply from Rs. 600 crore to Rs. 1300 crore and roads from Rs. 400 crore to Rs. 1050 crore over the same period. This had been made a part of Medium Term Fiscal Plan.

21.13 He said that he firmly believed that Government and Government agencies were not repositories of all available expertise and that wisdom was not their exclusive preserve. In order to bring about synergy between private and public sector, it was necessary to make private sector an active partner in progress. He was happy to mention that State demonstrated that in Karnataka by setting up Task Forces headed by very eminent people in their respective fields. Karnataka's faith in the efficacy of "Public-Private partnership" had been re-affirmed by the sound recommendations of these Task Forces which were being actively implemented.

21.14 Shri Krishna said that the draft approach paper to the Tenth Five Year Plan sets ambitious targets with a view to double the per capita income over a period of 10 years. The annual average rate of growth of gross domestic product (GDP) had been targeted at 8 per cent during the plan period. The approach paper had set targets for a number of indicators as well, like reducing poverty to 20 per cent, ensuring universal access to primary education, reducing population growth, increasing literacy to 70 per cent, reducing infant mortality and maternal mortality rates, ensuring

universal access to potable drinking water and increasing the forest cover to 25 per cent by the end of the Tenth Five Year Plan. Achieving these targets would require not only significant changes in policies and institutions, but also very substantial increase in investments and up-gradation of technology to enhance productivity.

21.15 Achieving the targeted growth rate, called for a significant increase in the role of the States in the development process. The approach paper agreed that the objectives of accelerating growth, increasing employment opportunities and reducing poverty can be achieved only by giving emphasis on agriculture and agro processing industries. In fact during the 1990s, the employment intensity in the growth process particularly in the organised sector had shown some decline. This had implied more pressure for employment in the unorganised sector. This again called for significant increase in public investments to strengthen rural infrastructure to ensure adequate and good quality power, rural roads and irrigation facilities. These activities were mainly in the domain of the State Government and, therefore, it was necessary to shift the balance of the development process in the favour of the States. This clearly strengthened the case of greater transfer of resources to the State, Central Sector and Centrally Sponsored Schemes should be transferred to the States with the funds and the recommendations in this regard made in the approach paper were welcomed. He said that the Sub-Committee of the NDC, which was set up in March 1999 was yet to complete the work and come out with specific recommendations.

21.16 Karnataka had already given its detailed views on the matter as well as identified schemes for retention as CSS, transfer with earmarking and outright transfer. He felt that such schemes should be formulated only in areas, which required joint action among several States, and in sectors, which were of crucial importance like the provision of basic minimum services or schemes with externalities. Ideally, CSS should be of a pilot nature, testing out ideas for universal applicability. These should then be evaluated against quantifiable objectives and a decision to extend these be left to the State Governments. CSS, which had continued for more than two decades should be transferred to States, While transferring those CSS to the States, fund allocations should have an in built mechanism to take care of cost escalations for two plan periods at least and there must be a provision to index them to the inflation level. Schemes concerned with poverty alleviation should be indexed at a higher level to enable States to get adequate Central aid to help the poorest of the poor. There was no need, however, for joint formulation and monitoring of schemes transferred Or for earmarking funds for local bodies as these issues could safely be left to the States.

21.17 The Chief Minister stated that he had gone through the case made out for placing Uttaranchal on the list of the existing 10 Special Category States. However, the proposal to include additional State under special category States should not result in the reduction of the assistance to the non-special category States. The assistance to special category States should be within 30% of Central plan assistance as existing now. He agreed to the proposal with this safeguard.

21.18 He stated that the State was passing through the worst drought in the living memory and had asked the Central Government for Rs. 903 crore of assistance. Calamity relief funds had proved to be inadequate to meet expenditure incurred by States on relief works. Their size should be increased on the basis of the expenditure incurred by the States in the latest year. On many instances, calamity relief assistance had been extended as advance plan assistance subject to future adjustment. That did not help the States at all and in fact placed an additional burden on them.

21.19 **Shri Krishna** said that the Food Corporation of India was carrying 36 million tonnes of food grains, in excess of the prescribed buffer stock norm of 24 million tones, valued at Rs. 33,284 crore, which could be invested for better use than incurring huge inventory carrying cost and loss due to deterioration. In Karnataka 62.85 lakh Below Poverty Line families had been covered under the subsidized food grains scheme. However, the Government of India had recognized only 31.29 lakh families as Below Poverty Line families in the State. There was a huge gap of 31.56 lakh in the BPL families to whom the State Government supplied food grains at BPL rates at great cost, With the Anthyodaya Anna Yojana Scheme being announced, he suggested that Government of India should issue food grains to the entire BPL families identified by the State Government at the BPL price. The SC/ST/OBC/BCM hostels and Anganwadi Centres may also be covered under the BPL allocation. The Government of India; should also consider modifying the Annapoorna Scheme so as to provide 10 Kgs. of rice or wheat to the destitute at the rates applicable to the Anthyodaya Anna scheme, and tranche of old age pension may be paid in cash. The scheme may also be extended to cover those who were the recipients of old age pension.

21.20 On the mid-term appraisal of the Ninth Five Year Plan prepared by the Planning Commission, he agreed with the concerns expressed in the appraisal report about increasing regional inequalities, widening gaps between rural and urban areas, gender disparities and adverse human development indicators prevalent in various areas and communities. The State was making an in-depth study of the regional imbalances among various parts of the State. The issues of convergence of different plan schemes with similar objectives and targeting the same population in different sectors, control of corruption and leakage in execution of schemes, etc., were well appreciated. The State was emphasizing on evaluation and quality monitoring of the programs. A system of concurrent evaluation of all major plan schemes was being attempted. He said that the need to ensure better implementation of programs could not be over-emphasized and welcomed the recent declaration of the Prime Minister that the year 2002 would be “year of implementation”.

21.21 He mentioned that Karnataka have been able to fully utilize and in fact have exceeded annual plan outlays approved by the Planning Commission during all the years of the Ninth Five Year Plan and there were no shortfalls in any of the plan years. He stated that it was necessary to take States as equal partners with the Centre in the development process. The issue of the International Airport in Bangalore was a case in point. Successive Governments of Karnataka had pushed the case for the International Airport. The bulk of the project costs would be borne by the private sector partners and the Government of India exposure was limited to 13% of the equity. Despite that simple clearances involving Landing Rights, Aero charges and using the existing Airport for raising funds for the International Airport project had run into rough weather. For proper economic governance of India, Centre State partnership where the focus would be on consensus and cooperation for pushing key project was needed.

21.22 Concluding his speech, **Shri Krishna** stated that meeting was crucial for finalising India’s development strategy for 21st century. We needed greater fiscal discipline and responsibility both at the Centre and in States so that public sector investments were not jeopardized. The private sector should be allowed to perform its due role if the target of 8% economic growth in the next few years was to be achieved. There should be a complete change in the mind-set of the people governing India both at the Centre and the State. Every effort must be made to enhance the private-public partnership and ensure that the wisdom and experience of the private sector was

fully utilised in nation building activities. This would also facilitate greater investment in many critical areas. Agriculture, which was crucial to build a strong and prosperous India should be accorded a place of primacy so that the objectives of food and nutritional security, poverty eradication and adequate employment generation were met. Due care must be taken to ensure that the gainers from the Tenth Plan would be the poor, the weak and the under-privileged for whose benefit the entire planning expertise was sought to be done.

22.1 **Shri Babu Lal Marandi**, Chief Minister, Jharkhand said that he was greatly pleased to get an opportunity to attend the meeting of National Development Council after constitution of the Jharkhand State. He thanked Hon'ble Prime Minister for that and congratulated him for convening the meeting.

22.2 He welcomed the Tenth Five Year Plan target of doubling the per capita income during next ten years. This would help in eradicating poverty and improving living condition of common people. He said that there was need to eliminate the gap between rich and poor, remove illiteracy and unemployment, control rise in population, check infant death rate and to provide home and safe drinking water to each family. He endorsed fully all the efforts being made in this direction. 22.3 Drawing attention to the problem of regional imbalance, he said Jharkhand was also not unaffected by this imbalance. Despite rich natural and mineral resources, sixty per cent of the population was still below the poverty line. 40% of the total population of the State, belong to scheduled tribes and scheduled castes. Only 54% of the people were educated. More than 60% of villages were not yet connected to roads; only 8% of area of the State was having irrigation facilities. Out of 28000 inhabited villages, only five thousand villages were electrified. The State was far behind in the field of rail transportation and National Highways. It was needless to say that the development of a State was not possible as long as basic infrastructure like rail, road, electricity, irrigation etc., were not fully developed. Apart from that, strengthening of health and education system was also essential for human development.

22.4 He supported the present criteria for allocation of funds under the Major Poverty Alleviation Programmes. However, in the case of States where the number of persons living below the poverty line was more than the National average, additional amount as Special Central Assistance may be provided so that the number of people below poverty line may be reduced in a stipulated time frame.

22.5 During the last five decades, a lot of development schemes had been launched. Under those schemes several basic infrastructures like roads, canals, buildings, power have been created. However, due to non-availability of appropriate amount under the Maintenance head, many such assets had worn out. He said great care and attention was required towards the maintenance of such assets as that would not be in the interest of the nation to neglect them and continue to create new ones and suggested that deliberations may be held in the forum like the National Development Council in order to ensure maintenance of old assets. He also said that more funds are required to complete the ongoing projects especially in the irrigation, roads and power sectors. He suggested that a joint assessment may be made by both the concerned State and the Planning Commission for completing these projects in a scheduled time frame. The Central Government may separately make the funds available so that these projects could be completed and their benefits accrue to the people of the State.

22.6 He said that working of public sector sick units should be reviewed and there should be no hesitation in transferring these to the private entrepreneurs having requisite technology.

22.7 Regarding transfer of the Centrally Sponsored Schemes to the State, he suggested that the most appropriate way would be that all such CSSs with their funds should be transferred to the concerned States and their implementation should be left to the discretion of the States. The transfer of these schemes to the States should be made in such a way that there was no reduction in the Central assistance received presently. He also suggested that due amount for the Schemes to be transferred should be provided as hundred per cent grant to the States with increase of 15% per year.

22.8 Under the Indian Forest Conservation Act, it was necessary to take prior permission of the Government of India for utilization of forest land for non-forestry work. Due to delay in granting the permission, the implementation of development projects was hampered. Therefore, it was necessary that these powers should rest with the concerned State Governments. The power of utilization of the notified forest land up to a limit should also be given to State Governments. Several tribes have been living in reserved forests for a long time. All type of development work was hampered because the use of notified land in non-forestry works had been banned. Consequently, it became quite impossible to provide the facilities of education, drinking water, transportation and other resources for raising the standard of living of tribes living in these areas. It was, therefore, necessary that permission should be given to State Government to facilitate the development work, failing which this grave human problem would not get solved. He also suggested that special Central assistance and grants provided by the Central Government under Section 275(1) of the Constitution of India for the welfare of the tribes should be increased and the amount received under the Special Central Assistance should be free from the present restrictions. In this regard, the State Governments should be free to spend according to their discretion.

22.9 He said that increasing population had badly affected Planning. He agreed that the programme of population control should be State's first priority and there should not be any dearth of money for that purpose. Families which could restrict to one-two children norms should be given priority in various schemes operationalised by State Governments and Central Government. They should be considered for reservation in schools, hospitals and other public institutions etc. However, the Central Government should bear the expenditure under these schemes as grant.

22.10 Large population of India dwell in rural areas. He welcomed the strategy suggested by Central Government to give priority to agriculture and agro-based development during the Tenth Five Year Plan. Inviting attention of the Prime Minister and the Deputy Chairman to some specific problems of Jharkhand, he said that the endeavour of the State Government was to complete the construction of all bridges and culverts to link all villages of Jharkhand with the road-ways for which a district-wise Plan had been made. This would cost about Rs. 700 crore and he suggested Central assistance for this purpose. He said, electrifying all villages in State in next five years would cost about Rs. 850 crore for which also the State would need Central assistance on a large scale. The State had laid a target to complete major projects such as Suwarn Rekha, Ajay Barrage, Auranga Irrigation Plan etc. The implementation of these schemes would cost about Rs. 625 crore. He requested Central assistance' for that purpose also.

22.11 He said that lack of railway lines in Jharkhand State was hampering movement of people, besides difficulty in exploitation and transportation of minerals. The State Government had requested the Ministry of Railway to start the work on Kodarama-Hajaribag-Ranchi Railway Line; Kodarama-Giridih Rail Line; Devaghar-Dumka-Rampur Hat Rail Line. The construction of those railway lines would cost about Rs. 1500 crore. Ministry of Railways had said that with its limited resources, it

would take many decades to complete those rail lines. Therefore, the Ministry of Railways had sought the cooperation of the State Government to provide resources to the tune of 50%. The State Government would face great difficulty in providing that amount within its limited means of resources. He sought Central assistance in that regard as well.

22.12 He said that there was need to build a new capital for the Jharkhand State. Ultimately, that would cost about Rs. 14,000 crore. For the construction of a new capital, a global tender had been floated by Jharkhand. He requested that the Central Government may provide special assistance to the State for the construction of Government buildings and basic infrastructure of the capital.

22.13 He further said that there were sixteen aboriginal tribes whose condition was miserable. Out of these, the population of 2-3 tribes was decreasing. For the protection and development of all these sixteen tribes, an ambitious house building scheme at the rate of Rs. 60 thousand per house had been formulated and was being implemented on which the total cost would be about Rs. 300 crore. Under that scheme, about 50,000 brick-built houses would be constructed in next five years and those houses would be provided to aboriginal tribes. For improving the health condition of aboriginal tribes, a special insurance scheme had also been prepared.

22.14 About 30% of the total coal of the nation was produced in Jharkhand State. The reassessment of royalty rates on coal had not been made after 1994. Because of that the State was suffering revenue loss of about Rs. 300 crore every year. He suggested that the recommendations of the High Level Committee constituted by the Central Government may be implemented.

22.15 He said that under the Jharkhand Forestry Scheme, there was a plan to rehabilitate the forest and cover new areas with trees during the period of ten years. An ambitious plan costing Rs. 1100 crore had been submitted to the Central Government. Besides that, there was a Plan for plantation on roads, railway lines and the waysides of canals spreading to a length of 1800 K.M. He requested the Central Government for external funding of this Scheme.

22.16 Concluding his speech, Shri Marandi said that to bring the misguided youths from the path of terrorism to the mainstream of the nation and the society, a large scheme for their self surrender and resettlement had been initiated by the State. However, there was need to start a special programme of poverty alleviation and prioritisation of basic facilities to the village, e.g., construction of roads in terror ridden areas etc. For that purpose, a large amount would be required. He requested to provide special economic assistance to the State. He said that the State needed additional police force and resources to combat terrorism. He said many undertakings of Central Government were located in Jharkhand State, but the economic condition of all the undertakings, viz. H.E.C., C.C.L., B.C.C.L.; SAIL, Mecon, Sindari Fertiliser etc. which were the foundation stone of the economic system of Jharkhand State was not satisfactory and until those undertakings run properly, a large resource of employment for the people of Jharkhand would be effected badly. He requested that the Central Government may implement a large plan for improving the economic condition of those undertakings. He said, he was grateful to the Hon'ble Prime Minister for organising the meeting of NDC and hoped that all possible assistance would be provided by the Central Government to the newly constituted Jharkhand State.

23.1 **Shri S.C. Jamir**, Chief Minister, Nagaland congratulated the Chairman, Deputy Chairman and Members of the Planning Commission for bringing out a comprehensive draft Approach Paper to the Tenth Five-Year Plan. He said by and large, the objectives, strategies and priorities envisaged in the Approach Paper reflected the current social, political and economic scenario in India and the

changes and reforms taking place in the world economy. However, despite being one of the ten fastest growing developing countries, he said, that the majority of Indians still lived below poverty line and the per-capita income was very low even among the developing nations. The focus of the Tenth Plan should be on developing that segment of the population.

23.2 He pointed out that some essential concessions like bridging BCR gap through Additional Central Assistance in respect of the Special Category States had been withdrawn, which had thrown their economy and development completely out of gear. The process of liberalisation and economic reforms must have a human face, especially in a vast and diverse country like India. Regional and State-to-State inequalities could not be ignored.

23.3 He said that the target of GDP growth of 8% per annum was laudable, but appeared to be a little ambitious. He wondered whether the target had an inbuilt strategy to improve the economic base, growth levels and income levels of economically backward regions like the North East or was only based on the nation's capability to produce goods and services by enhancing the available infrastructures and facilities. A strategy that concentrates on enhancing existing infrastructure would only result in widening the gap between the advanced and backward States. The goal for achieving 8% growth in the Tenth Plan was almost unthinkable for a State like Nagaland, which has negligible economic activity and little internal resources.

23.4 He said that the measures suggested for reforming the planning process in the context of the changing world economy were necessary to some extent. However, any drastic change in the planning process should not be at the expense of the poorest sections of our people, who still struggled to get a square meal a day. In that context, he said, a methodology that suited a particular State may not be suitable for another. Different Regions and States should be treated differently and given the flexibility to choose their own economic models, based on their social and economic conditions, priorities, strengths and weaknesses.

23.5 He pointed out that there were no economic development activities worth the name during the Eighth and Ninth Plans. Even the assets and facilities created in the earlier Plans could not be maintained due to resource constraints. The result was that the State had plunged into a vicious circle of fiscal crisis due to chronic debt burden and budget deficits. In order to sustain the deficits, the State had been forced to take more loans leading to a debt trap situation. Consequently the State have been forced to cut back sharply on investments in development programmes.

23.6 He pointed a out that unless the Scheme of Plan Financing was restored to the pre-1989-90 pattern : there was no hope of a State like Nagaland becoming viable and contributing to the economy of the country. That reality should not be ignored and it was high time the problem was addressed seriously.

23.7 He said that the Eleventh Finance Commission grossly under-estimated the State's Non-Plan expenditure, while over-estimating its own revenues. The shortfall was nearly 39% of the actual requirement of funds assessed by Nagaland over a period of five years. Similarly there had been a drastic reduction in the percentage share of Central transfers to the State from 1.23% in the Tenth Finance Commission to 1.02% in the Eleventh Finance Commission which worked out to a loss of Rs.913 crore over a period of five years. Further, the Eleventh Finance Commission had not provided Capital Grants for the Special Category States whereas substantial funds were provided for the advanced and richer States. Another unfavourable measure for the economically backward States was the scheme of 'States Fiscal Reforms Facility 2000-01 to 2004-05 drawn up

by the Ministry of Finance on the basis of the EFC Award. He called for a review of the Fiscal Reforms/Incentive schemes.

23.8 The methodology of allocation of Plan Outlays to the States was an area of concern to Nagaland. The State's debt burden was increasing without real development on the ground as per its priorities. He urged that the allocation of Plan outlay should be based on the merit of Plan programmes and schemes and the development needs of the State and not entirely based on the State's own resources.

23.9 Funds for maintenance of assets and posts created during the 7th and 8th Plans was also a major problem area that needed redressal. He suggested that the Planning Commission might take concrete decision about meeting the requirement of fund on that account. The Central Government should examine that matter in all seriousness and accommodate the expenditure for maintenance of posts and assets created during the last two Five Year Plans by providing a 'Special Package of Central Assistance'.

23.10 He urged the Centre to realistically assess the requirement of funds for the transferred CSSs and proportionate funds provided to the State Governments for maintenance and implementation of the schemes. It may be a good idea to bunch a large number of CSSs into compact sector-wise schemes. The mode of implementation should be made flexible and in the case of Special Category States, the State contribution should be dispensed with.

23.11 Concluding his speech, **Shri Jamir** said that the Hon'ble Prime Minister had already decided that 10% of funds in each sector must be utilised in the North Eastern Region. A Non-lapsable Pool of Central Resources had also been created. He suggested that a detailed paper on that issue may be brought out by the Central Government showing the quantum of 10% in each sector and its utilisation State-wise. This should include the externally assisted sectors as well and any shortfall must be compensated forthwith. Welcoming the very high emphasis given in the Approach Paper on privatisation, he said that many States, including Nagaland have various limitations and constraints in attracting private investment. For successful privatisation, the State should have strong infrastructure facilities. He reiterated that the planning process and the development of a State was not the sole responsibility of that State alone. The Centre must help find some answers to the problems faced by the States in the present circumstances. It would be necessary to evolve new norms of financing the Plans, especially for the less developed and insurgency-affected States.

24.1 **Shri Vilasrao Deshmukh**, Chief Minister of Maharashtra expressed his happiness and complimented the Planning Commission for preparing a very valuable document, which took stock of the status of the economy at the national level as well as in the various States, the shortcomings and challenges at this juncture and the various options which were available to chart out future course of developmental efforts. He stated that this document deserved serious consideration by all.

24.2 The Chief Minister said that during the 9th Five Year Plan, the country saw many ups and downs and Maharashtra also was no exception. The momentum of growth, which was created at the beginning of the 9th Five Year Plan appeared to have been lost as we approached the end of the 9th Plan. In Maharashtra a major impediment was the recurrence of drought in three out of five years of the Plan period, which affected State's economy quite adversely. The growth momentum had also been arrested by the inability; of the infrastructure sector to keep pace with the requirements

of speedy economic growth. It was urgently necessary, to take a hard look at the impediments which were required to be tackled to smoothen the transition of the economy from a state dominated, public sector oriented system to a market-oriented, consumer friendly, open and private sector facilitating economy.

24.3 He said that the State would achieve the financial objectives set for the 9th Five Year Plan. The draft 9th Five Year Plan outlay was Rs. 45,125 crore and the State was Likely to achieve expenditure of nearly Rs. 49,000 crore which was 108.59 per cent of the Plan outlay. In a number of sectors, Maharashtra have made good progress like irrigation, electricity generation, soil and water conservation, drinking water supply, education, maternal and child health, etc. Targets for additional resource mobilisation had also been fulfilled. However, a large part of the plan investment had taken place from borrowings that greatly exceeded the original plan stipulations.-

24.4 **Shri Deshmukh** stated that Maharashtra had prepared a Vision to be achieved by the year 2005 wherein the State had to set a target of 9 per cent growth rate in SDP per year. Maharashtra had already demonstrated its capacity to grow at more than 7 per cent and, therefore, achieving an additional 2 per cent growth rate was well within its capacity. The success on the population front had not been satisfactory in the State. It continued to grow at more than 2 per cent per annum, which was above the national average. The reduction in the population growth needed to be accelerated.

24.5 The Chief Minister stressed the importance of consensus among political parties on major economic issues particularly the core issues associated with the second phase of reforms. Fortunately, political parties of different hues were in power in different states and at the Centre. The perception regarding the need for the reforms did not vary widely. A concerted effort must be made to create consensus among the political parties, utilising the forum of NDC. Among other things, at the centre of the consensus was the need to adopt measures to improve work culture, need for simplification of rules and procedures, sale or divestment of non-strategic PSUs to release locked up public funds and for carrying out comprehensive labour reforms.

24.6 He agreed with the document that the days of omnipresent government in the lives of the citizens must come to an end, mainly because of the severe financial stringency the governments were facing. Greater role has to be played by the private sector and social organisations in management of various affairs concerning the lives of the citizens. The focus of states would have to shift to the many areas of the social sector where private investment and initiative were still not forthcoming.

24.7 **Shri Deshmukh** said that the Tenth Plan seeks to achieve the objective of 8 per cent growth over the plan period rising from 6.7 per cent in 2002-03 to 9.2 per cent in the year 2006-07. This was surely a quantum jump and needed very serious consideration. The Planning commission document highlights various measures, which would be required to be taken to achieve that growth rate. Maharashtra had the potential to achieve that growth rate. He agreed that large part of the growth had to come from improvement in efficiency in both public and private sectors, increased investments by the private sector and better utilisation of the existing investments. Examples of inefficient use of resources particularly in the public domain, could be found in abundance. Unless an ambitious target of growth was kept, the resources for whole of the nation would not be mobilised

to the extent required to lift the country to a higher growth trajectory, which was absolutely necessary to speedily reduce the level of poverty in the country.

24.8 He was happy to state that Maharashtra had made good progress in the field of literacy but serious problems remained in the field of nutrition, gender empowerment and gender gap. Wide disparities also existed in access to education and health services in different parts of the State, particularly in the tribal and hilly areas. He proposed to address them as a priority issue during the 10th Plan period. Inadequacy of infrastructure for communication and access to various services still posed a serious problem in the tribal areas. During the Tenth Plan period greater emphasis should be on strengthening and upgradation of existing institutions and infrastructure like roads, minor irrigation, rural electrification, health facilities and agriculture infrastructure. He generally agreed with the monitorable targets, which had been kept at the national level. He also agreed that as a national commitment we should strive to-

- (a) reduce poverty by 5 per cent by 2007, achieve hundred per cent enrolment in primary education and retention for five years by 2003 and 2007 respectively;
- (b) reduce gender gap in literacy by at least 50 per cent;
- (c) supply sustained potable drinking water to all villages; and
- (d) provide gainful employment to the additional labour force.

24.9 He desired that priority should be given to the sectors which have high employment potential and felt that besides the sectors identified in the Approach Paper, Information Technology should also receive special attention, as it had high employment potential.

24.10 He shared the concern expressed in the Approach Paper with regard to the deteriorating fiscal health of both States and the Centre. Restoring the financial health of States must receive top most priority. For that purpose, an agreed agenda needed to be prepared and implemented by all concerned. He accepted the need to regulate guarantees given by the State Governments and also felt that some kind of ceiling needed to be prescribed. Enacting a Fiscal Responsibility Legislation by the states incorporating, inter alia, provision for regulating guarantees may be considered. He pleaded that a standing institutional mechanism should be in place to ensure Inter-State and Centre-State co-ordination on matters such as wage policy, issues pertaining to tax / tax incentives etc. The Empowered Committee of Finance Minister constituted for addressing issues related to Value Added Tax (VAT) could be converted into a Standing Committee and be authorised to deal with such issues as well. The State had already taken steps to reduce the strength of government employees and made arrangements for their redeployment. He also agreed, in principle, that a review of on going projects of different Departments/Ministeries should be carried out and available resources in the Tenth Plan should be earmarked for completing incomplete projects. Some kind of moratorium for taking up new projects may be accepted in the initial years of the Tenth Plan.

24.11 The Chief Minister said that the Approach Paper discussed a number of major sectoral policy issues and he was in agreement with most of the suggestions made in the Approach Paper. More importantly he agreed with the suggestion to amend the Essential Commodities Act to make it only emergency oriented. He agreed, in principle, on the need to allow freer movement, both inter-state and inter-state, of foodgrains, but felt that there was no need for a Central enactment in

this respect. He also supported phasing out all forms of monopoly purchase but felt that some exception in special circumstances e.g. cotton monopoly purchase or purchase of agricultural produce in tribal (ITDP) areas may be required to be continued for some more time. He supported establishment of alternative channels to farmers for marketing their produce by making suitable changes in the market regulations. He also agreed that various changes were required in the rules, laws, procedures and approaches for the Forestry Sector, to bring about speedy development and conservation of forest with greater people's participation. He said that reservation of certain products for SSI needed to be reviewed but other forms of support to the SSI sector should not only be continued but also strengthened, recognising its important place in our economy.

24.12 He welcomed a review of all centrally sponsored schemes to drastically reduce their number and said that the funds so released should be channelised to the states in the shape of additional grants. He also agreed to the proposition to expand major programmes like Accelerated Irrigation Benefit Project (AIBP), Rural Infrastructure Development Funds (RIDF), Accelerated Power Development programme (APDP). Similar funds may be created for other infrastructure sectors like roads and bridges and social infrastructure and environment mitigation programmes. More emphasis may be given for project specific assistance as suggested. Procedure for formulation of such projects and their approval needed to be simplified and reasonable say of the State Governments should be permitted in the process of sanctioning of the projects and release of funds.

24.13 In the proposal to set up an Annual Fund at the disposal of the Planning Commission to augment the plan resources of the states which was contingent upon the States agreeing to a programme to wipe out revenue deficit in the five years period and to improve governance, he felt that this was a welcome idea. However, the programme for reducing/wiping out revenue deficit has to be a realistic one, to be drawn up in consultation with the Planning Commission, Finance Ministry and the State Government. As regards the issues relating to governance, the programme content and the monitorable targets involved therein, will have to be worked out in detail. Those programmes must be accepted as national objectives and pursued by all states. Maharashtra would accept such an approach. Formula for allocation of resources to the states from this Fund should be worked out through a process of national consensus. He noted that a similar exercise had already been taken up by the Ministry of Finance in pursuance of the recommendations of the XI Finance Commission. He said that duplication of effort should be avoided. Further, he stated that while many of the areas wherein reforms were suggested were in the realm of the states, some of the reforms were linked to the reforms in the central sector.

24.14 He said that adoption of concept of Core Plan had already been in vogue in the State. It helped to make the plan realistic and allowed the implementing department/ agency to plan allocation of funds among ongoing programmes in a more rational manner with some element of certainty. Along with that, was the concept of the three years Rolling Plan in which there would be commitment of funds for two years period and indicative commitment for the third year. That proposition was also a welcome one. Except major irrigation and power projects, most of the projects taken up must be capable of being completed within a period of three years. The concept of three years Rolling Plan would certainly ensure to achieve that.

24.15 He agreed with the Approach Paper that efficient use of existing resources must be given high priority in the 10th Plan period. One of the ways to achieve that was to ensure that projects,

which were partially completed or at advanced stage of completion must be quickly brought to completion so that they start yielding the desired benefits. He said that he agreed with the national consensus to put a moratorium on launching new projects other than in identified backward areas till a minimum number of such partially completed projects were brought to completion. He also agreed to the suggestion to set up a Joint Team of experts from the concerned Ministry, State Government and the Planning Commission in respect of those areas, which were either in the concurrent sector or have the benefit of centrally sponsored programmes.

24.16 **Shri Deshmukh** stated that the State Government was aware of the burden, which it carried, in the shape of non-viable or sick PSUs, Leaving aside those PSUs which were created for specific welfare purposes and a few undertakings in the infrastructure sectors, many of the PSUs were no longer required to be owned by the State Government. The State had already taken a decision, in principle, to divest/ privatise such non-performing, non-strategic PSUs. Maharashtra had recently passed an enactment to create a Statutory Disinvestment Commission which would be entrusted with the entire process of disinvestment/privatisation of the PSUs once they were referred to it by the Government.

24.17 He said that the issue of unlocking unproductive or under-productive assets in the private sector and speedy redeployment for achieving higher productivity, was a very desirable and important objective. There were, however, certain very sensitive facets to be tackled. While on the one hand legal procedures like bankruptcy and labour laws needed to be streamlined, on the other hand, issues of labour redundancy, social safety net and rationalisation of labour force also needed to be attended to. An integrated approach was required to be adopted and National consensus was required to be created for the whole process to be completed in a smooth, acceptable and time-bound manner.

24.18 He also agreed, in principle to the approach indicated for fiscal corrections, which include reduction of revenue deficit of the states from 2.4 per cent to 1.5 per cent, increase in tax revenue as a percentage of GDP from 9.1 per cent to 11.48 per cent and holding non-plan expenditure in real terms, implying a nominal growth rate of 5 per cent. But the Paper did not project as to what kind of compression would be required by the state governments if the targets of revenue deficit mentioned in the approach Paper were to be achieved. The situation would differ from state to state and the final number in respect of targets for each state would have to be worked out after thorough discussion. It had to be realistic and not too stiff.

24.19 The Chief Minister welcomed the proposal to move away from subsidy linked credit schemes to schemes on the lines of Rashtriya Mahila Kosh. The State had taken a decision in principle, to get into a regime of full-fledged VAT from April 2002. He hoped other states would also do the same.

24.20 In according special category status to the Uttaranchal, Shri Deshmukh stated that Maharashtra always supported the national approach of according Special Category Status to certain States considering the geographic characteristics, backwardness and other strategic factors. However, taking into account the fact that Uttaranchal was earlier part of the State of Uttar Pradesh, any special dispensation in the shape of plan assistance should come from the quota of the erstwhile Uttar Pradesh and it should not lead to any adverse impact on the other non Special Category States.

24.21 The Chief Minister also referred to some other important issues in his speech, which inter alia included special assistance for Mumbai City, as the city attracted migrants from all states of the country in search of employment. As a result the population was growing very fast, much higher than the average growth of population of the country. Unfortunately, in spite of the expenditure of nearly Rs. 3,000 crore per annum by Municipal Corporation and the State Government for providing various civic amenities and infrastructure, the resources fall far short of requirements, resulting in gradual deterioration of the quality of life in the city. Collapse of urban services in Mumbai City, which was the financial hub of the country, would have serious repercussions not only on the economy of the state but also of the country as a whole. He, therefore, requested that special consideration must be given during the 10th Five Year Plan to look at such problems as national problems and to tackle them jointly with efforts of the state and the Centre. He said that a detailed proposal requesting for an annual assistance of Rs. 1355 crores for next ten years, had already been submitted to the Planning Commission.

24.22 Regarding the mode of financing by Central Government Corporation, he said that several Central Government corporations, such as NCDC, NSFDC, NMDC had been insisting on government guarantees for lending to other entities and individual beneficiaries. In particular, NCDC lends to the State Government in the name of co-operative institutions requiring the State Government to on-lend them on more adverse terms to the states. The State Government also had to take the full responsibility of the repayment. That kind of risk-free lending led to lack of motivation on the part of the institutions to evaluate and appraise proposals sent to them adequately and had put the State Government in a difficult position. The policy of the risk of such projects being put squarely on the State Governments needed to be reviewed. If social considerations had to be given due place, there should be an arrangement whereby project risk was shared between the Central Financing Corporations, the State Government and the ultimate beneficiary institutions or individuals.

24.23 In so far as SLR based Borrowings by the State were concerned, the Chief Minister felt that the present policy of allocation of SLR based borrowing limits to the states was somewhat arbitrary. During the 9th Plan period the quota of Open Market Borrowings (OMB) of Maharashtra compared to several other comparable states had been quite unfavourable. He pleaded that there should be a transparent policy during the 10th Five Year Plan on allocation of SLR based borrowing by the states. This could be based on the approved plan size and past performance. Details of the methodology should be worked out in consultation with the states.

24.24 With regard to lowering of Interest Rates, he stated that in the 8th plan period and in the beginning of the 9th plan period the interest rates on loan components of the plan assistance were raised in line with the increase in the open market interest rates. In the last two years of the 9th plan, the interest rates had come down substantially. That called for lowering of interest rates. Simultaneously, a number of negotiated loans were available from institutions like NABARD, HUDCO, LIC, etc. These loans were mostly used for financing projects in the rural infrastructure and social services sector projects. Therefore, the interest rates of such negotiated loans also needed to be reduced substantially, at best, at the level of the cost of funds of these institutions.

24.25 Concluding his speech, **Shri Deshmukh** thanked the Prime Minister and the Deputy Chairman of the Planning Commission for convening the NDC meeting to enable Maharashtra to place its

views on important national issues for framing development policies for the 10th Five Year Plan. The plan would be a watershed in the economic development of country. He assured that Maharashtra would extend full support and cooperation in the implementation of the various policies and programmes, accepted as a result of the deliberations of the Council.

25.1 **Shri Mukut Mithi**, Chief Minister, Arunachal Pradesh said that annual growth rate of 8% of GDP at the end of the Tenth Plan period, necessarily called for substantial investment, hard decisions and above all a missionary zeal. Arunachal Pradesh was endowed with rich natural resources; but those had not been developed for the well being of the people of the State. The difficult hilly terrain, lack of basic infrastructure, remoteness and lengthy monsoon period limiting the working season to almost six months in a year made the development a slow and expensive process in the State. Almost all the economic activities other than subsistence agriculture were in Government hands. The physical and economic constraints have kept the State fully dependent on Central assistance to meet its requirement of resources for development. The State raised resources to meet less than 10% of its plan and non-plan expenditure.

25.2 The Chief Minister said that the recommendations of the Shukla Commission should form basis for formulating the Tenth Plan so far as development planning of the North East Region was concerned. This was necessary to bridge the developmental gaps that existed between the North-East Region and the rest of the country and required investments on an enhanced scale. The central assistance to the plan of Arunachal Pradesh had been static in nominal terms for the last few years, and hence declining in real terms. More than two thirds of its plan was utilised towards building of physical infrastructure and social development. Curtailing of investment had affected the creation of infrastructure adversely. Encouraged by high rates of growth and investment envisaged in the approach paper, the Chief Minister said that he looked forward to a substantially accelerated building of infrastructure with the requisite central financial support during the Tenth Plan.

25.3 Fully endorsing the need for fiscal prudence and for increasing efficiencies of investments, the Chief Minister pointed out that the State had no control over material costs, energy costs, transport costs, capital costs, and had very little control over wages. The only control the State had was over the quantum of employment. He said that the State was conscious of the need to bring about an improvement in State finances through appropriate reforms and efficiency in resource use. The State had already taken hard decisions like down-sizing the Government by way of filling up of only 50% vacancies that would arise on retirement of existing Govt. servants, bring down the subsidy by 50% over the next five years period with a view to eliminate them totally by the end of 2010 and to impose cuts ranging from 20% to 50% on Non-Plan expenditure like travelling expenses, maintenance of vehicles, overtime allowances, honorarium etc. Arunachal Pradesh had only three public sector units, perhaps lowest in any State. The State Government was also reviewing the functioning of the State owned Public sector undertakings towards arriving at a decision about their retention or down sizing.

25.4 He said that in order to augment State revenues, the State had already introduced Sales Tax on few items and the process of bringing additional items into the tax net had been initiated. Electricity tariff had been doubled and passenger fares of State Transport service had been increased. Besides, introduction of user charges on various services pertaining to public utilities. Stamp Duty Act, Registration Act and increase in royalty on forest products were under active consideration of the State Government. However, due to small population size of 1.1 million, and

under development, all the measures adopted and in the pipeline to augment resources shall generate an additional revenue of not more than Rs. 20 crore, annually.

25.5 Till 1996, for North Eastern States, particularly, Arunachal Pradesh, forests used to be the major source of revenue earning. After the judicial intervention in 1996, development focus shifted from timber to non-timber forest produce to protect forests and to allow them to play their ecological roles more effectively. He urged the Planning Commission to consider a compensation package for Arunachal Pradesh to make good the loss of revenue the State had to bear primarily to serve the cause of ecological interests, which in turn served the cause of global environmental interests.

25.6 The Chief Minister said that in Arunachal Pradesh only about 5% of the total land area was flat land suitable for food crop cultivation. State's population being small, it was possible to attain self-sufficiency in food grain production by raising the crop intensity with appropriate measures, particularly, by supporting among others, ongoing irrigation schemes. Remaining areas being hilly with varying slopes, and the State being agro-climatically suitable for raising fruit trees, Arunachal Pradesh had decided to raise horticultural plantations in a big way. This would also help the State in rehabilitating degraded Jhum land. He said that the aim was to achieve self-sufficiency in food grain production by the end of 10th Plan and to become one of the fruit gardens of India by the end of 11th Plan.

25.7 **Shri Mukut Mithi** said that the approach paper inter-alia suggested that during the Tenth Plan Swarna Jayanti Gram Swarojgar Yojana (SJGSY) should be transformed into a micro finance programme to be run by the banks and other financial institutions with no subsidy. He stated that the existing credit linkage of the funding of that programme had been a major hindrance in deriving full benefit from the scheme. Large parts of Arunachal Pradesh were still outside banking coverage. The problem of credit linkage had been dealt with in the report of the Committee on Credit Support to North Eastern Region headed by **Dr. Jayanta Madhav**, Chairman of North East Development and Financial Corporation, Guwahati, wherein it had been suggested that the Government of India may allow the State Governments to pool funds from SJSY, JGSY, EAS etc., for taking up infrastructure development and economic activities without credit linkage. The credit linkage with subsidy could be considered when the facilities of road transport, marketing infrastructure and storage facilities for surplus agriculture produce had been developed. It would not be advisable to burden poor beneficiaries with loans where there was no scope of marketing of their surplus produce to earn income. The poor people should not be brought in the clutches of indebtedness, as acknowledged in the approach paper itself. He, therefore, suggested that the ground reality must be kept in view while formulating the Tenth Plan programmes.

25.8 He appreciated the move of the Planning Commission to bring about a convergence of all the Rural Poverty Alleviation Programmes, but he said that payment of wages mainly in the form of food grains would not be workable in Arunachal Pradesh as transportation of food grains and its storage at different locations was not feasible in the State due to inaccessibility and lack of storage facilities. For Arunachal Pradesh and other remote hill areas of North East, wage payment should be in the form of cash only. In formulating the 10th Plan programme, appropriate flexibility should be allowed keeping in view lack of communication infrastructure in Arunachal Pradesh.

25.9 He said that forests of Eastern Himalayas particularly, Arunachal Pradesh, display phenomenal bio-diversity and was designated as one of the twelve mega bio-diversities hot spots in the World. It was in consideration of the above fact that the Prime Minister had announced

setting up of a National Institute of Bio-diversity Studies in Arunachal Pradesh as a part of the new initiatives for the development of North-East Region. The State Govt. had already selected a suitable site for that institute in consultation with the Ministry of Environment and Forests. However, the Union Finance Ministry had some reservations and that was why implementation of the project was delayed. There was not a single national institute in Arunachal Pradesh. Moreover, Arunachal Pradesh was the most deserving candidate for setting up of that institute. He sought Prime Minister's intervention to ensure establishment of the Institute as early as possible.

25.10 He further stated that Arunachal Pradesh had 82% of its geographical area under forests. It was mandatory under the provisions of Forest (Conservation) Act, 1980 to carry out compensatory afforestation in double the area diverted for non-forestry purpose. Shukia Commission in its report 'Transforming the North East' had recommended that Rubber and Tea, both indigenous to the North East, must be defined as forest species and permitted to be cultivated on degraded forestlands without the compulsion of undertaking compensatory afforestation in double the area in non-forestlands. Arunachal Pradesh hardly had any land outside forests for compensatory afforestation. Therefore, he urged that follow-up action in that regard be taken to ease the process of development, particularly land based occupation, in the North East.

25.11 With regard to the Education Sector, the Chief Minister stated that the inadequacy of the physical facilities was a hindrance to proper functioning and qualitative improvement of education in the State. Thus, for ensuring access to universal elementary education, the State needs special support from the Central Government.

25.12 He further mentioned that the State Govt. had been urging the Government of India to convert Arunachal University into a Central University as the State had been finding it extremely difficult to provide adequate support to the University to meet even its salary component not to speak of building up appropriate infrastructure and introduction of more disciplines of study. If the State had to achieve the 10th plan objectives, such necessities would have to be adequately funded.

25.13 He stated that private hospitals and other health care supports were almost non-existent in Arunachal Pradesh. Thus, entire burden of health care support was on the State Government. Escalating health care cost was making it extremely difficult for the State Government to bear that burden. Again, sparse population, required the State to relax the norms of setting up of health institutions. The State was required to go for one Sub-Centre per 2000 population, one Public Health Centre for every 15000 population and one Community Health Centre for every 40000 population. The State had not always benefitted from the well intentioned but sometimes inflexible schemes of the central government. Schemes designed for the national population density of 324 persons per square kilometer could not work in the same way in a state with a population density of 13 persons per square kilometer. Unless those rigidities were imaginatively addressed, the full benefit of central initiatives would not flow to the State. He requested for the Central support in that regard.

25.14 The hydro-electric potential of Arunachal Pradesh, if realized, could not only solve many of the energy problems of North-East region but would also give the State investible resources for accelerating its development, apart from reducing energy prices. He suggested that the realization of the hydro potential of Arunachal be included in the 'Core' plan.

25.15 He said that the road density in Arunachal Pradesh was only 17 KM per 100 Sq. Kms. against the national average of 73 Kms. per 100 Sq. Kms. This itself spoke of the extent of the

problem of accessibility in the State. The State had to bear the unique burden of air dropping food items in inaccessible areas incurring huge expenditure, which could not be avoided unless surface connectivity was established. In that context he welcomed the Pradhan Mantri Gramin Sadak Yojana (PMGSY) launched to connect all habitations having more than 1000 population. However, in Arunachal even if the criteria of connecting all villages with population of 500 and above was applied, 92% of the villages would be automatically deprived of the benefits of the scheme. Ironically, its small population size was proving a big constraint in availing of the facilities under various schemes. He requested for a special time bound support to his State for construction of all weather roads to all the air-fed stations so that the State could gradually eliminate the costly but presently indispensable air dropping operations. This would not only reduce air dropping liability but would also open up remote border areas to the process of economic development.

25.16 He said that the report of the NDC Sub-Committee on the criterion of fund allocations under major Rural Poverty Alleviation Programmes had been examined. It seemed, the Planning Commission had set up an expert group to work out the formula for Tenth Plan. Before finalizing the criteria, the social needs, having regard to the existing ground situation prevailing in Arunachal Pradesh and other hilly states of North East, would have to be taken into account to compensate the disadvantages arising out of the low level of infrastructure, high over-head expenditure required to be made in the hill areas, absence of adequate marketing facility etc. The lack of investments and allocations made in the previous plans should also be taken into consideration. The criteria for allocation of funds as suggested by Rural Development Ministers of North Eastern States in their meeting held at Kohima in November, 2000 was that 50% funds on the basis of population and 50% on inverse proportional to the density of population be allocated. This proposal needed serious consideration.

25.17 **Shri Mukut Mithi** said that the status report in respect of NDC Sub-Committee on transfer of Centrally Sponsored Schemes had also been examined. As an initial reaction, he suggested that the number of Centrally Sponsored Scheme should be brought down to about 25 from the present level of more than 200. The nodal Ministries may only indicate the broad parameters and then could monitor the schemes. There should be adequate flexibility in the schemes to take care of the local conditions. In that context he mentioned that Arunachal Pradesh and perhaps other special category states were finding it difficult, in some cases impossible, to provide states' share for the Centrally Sponsored Schemes resulting in non-implementation or deferred implementation. He, therefore, requested for 100% Central funding for all the CSS in respect of Special Category States.

25.18 He welcomed the extension of the Special Category State status to Uttaranchal and hoped it would pave the way for its rapid development.

25.19 Concluding his speech, **Shri Mukut Mithi** commended the Planning Commission for bringing out a mid-term appraisal of the Ninth Five Year Plan (1997-2002), which gave insight into the planning process and an opportunity to review State's performance in areas in which it could not achieve the envisaged target. In the end, he endorsed the approach to the Tenth Plan.

26.1 **Shri A.K. Antony**, Chief Minister, Kerala, thanked the Government of India and the Planning Commission for convening the meeting of the National Development Council for discussing the Approach to the Tenth Plan and suggested that it should meet more often. Also, NDC Committee form of working should be reactivated on a number of vital issues which demand national attention.

26.2 Noting that Indian political pluralism was now at its most diversified and variegated form, he said it was the time for consultation, co-operation and consensus, all of which called for changing old mind sets and attitudes. There was need for a new kind of economic federalism in the country, with focus on mutual trust and understanding to be arrived at through dialogues, debates, and discussions covering the whole gamut of policy decisions which have economic implications. The Chief Minister made that plea recalling the terrible shock, which Kerala suffered when rather casual decisions regarding import of coconut oil/palm oil and certain forms of rubber were taken. The State's farmers lost a whopping Rs.4000 crore, as the price of both the products fell by half. Some other States had also experienced similar difficulties. To avoid such experience, he suggested frequent interaction and discussions before decisions having implications on the States were taken.

26.3 He complimented the Planning Commission on the candid Approach Paper, which admitted failures and made some bold suggestions and shared its optimism for the future, but one could not help wishing that it should have been more holistic and had put forth a vision for the next twenty years. Many individual strategies and solutions should form part of a coherent vision of the nation's development to inspire and guide us all.

26.4 He said that the Planning Commission had done well in putting across the idea of a reform plan that should go along with the resource plan. This marked a needed change in approach to planning with focus on policies, institutions, systems and procedures.

26.5 He felt that in the new context, the Central Government would have to mainly play the role of an enabler and monitoring rather than a direct implementer of programmes and schemes. The Central Government should therefore focus on building the capabilities of the States to reap the gains of reforms. It should be a disseminator of new technologies and best development practices and it should be a proactive proponent of reforms in all spheres including itself.

26.6 Pointing to the experience of Kerala, which proved that local governments had a clear role in development, particularly in providing the minimum needs and basic services and in mobilizing local initiatives, he said that they had to be given a substantial part of the plan resources with freedom to prepare locally relevant plans for meeting the responsibilities given to them.

26.7 He said that propensity of Central Ministries to sponsor creation of parallel power structures like DRDAs, Health Societies and so on was another factor to be looked into as those bodies would severely undermine the nascent local government institutions and they had to take a clear view on that matter.

26.8 He stated that the growth target was no doubt ambitious but felt that it was necessary to retain that and intensify our efforts to achieve that. As regards monitorable targets, he suggested the inclusion of the following targets as well:

- i) Providing gainful employment to at least 50% of the existing unemployed labour force besides covering additions to the labour force;
- ii) Enhancing computer literacy rates to atleast 25% of the population;
- iii) While reducing poverty, there should be specific and higher targets for vulnerable groups - Scheduled Castes, Scheduled Tribes; agriculture labour, village artisans and traditional fishermen. Their poverty should be brought down to one-third of the present levels;

- iv) To introduce integrated water shed management practices in at least half of the nation's rain fed areas;
- v) At least one-third of the development spending should be earmarked and allotted through local governments;
- vi) Number of unelectrified houses to be brought down by 50%; and
- vii) All habitations having a population of more than 500 to be connected with all weather roads.

26.9 He informed that Kerala had already achieved a good number of the targets mentioned in the Approach Paper. He, however, reiterated that it was unfair to penalize the State for its achievements as had been happening for some years now. Those targets were reached at considerable resource commitment and at great opportunity cost. Now the State was faced with a four-fold problem - of sustaining its achievements, tackling the remaining problems, which were the hardest and most intractable, facing second-generation problems particularly in the fields of health and education and giving emphasis to productive sectors and infrastructure. Kerala was willing to experiment and find solutions and he urged for full support of the Centre in this endeavour.

26.10 He said, the core objective of the plan must be reduction in unemployment and elimination of poverty. Poverty had to be construed as the level of access to an agreed set of entitlements, which needed to be progressively enlarged as the nation moved forward. Using that logic he suggested, construction of a poverty index rather than a poverty line might be used to identify various segments from among the poor. Elimination of poverty required both macro as well as micro strategies. At the macro level a conscious choice had to be made to achieve pro-poor growth. That would mean that the attention should be on development of agriculture especially in unirrigated areas and in encouraging labour absorbing industries, particularly small and village industries. Also a massive capacity building exercise needed to be taken up to enhance the capabilities of the poor. At the micro level a convergence of programmes, resources and services was called for. This could be achieved only through a demand led process which meant that the poor had to be organized and empowered to participate in the development process. In concrete terms it meant setting up of micro enterprises, providing wage employment while creating rural infrastructure, targeting basic services and providing direct social security measures to the most vulnerable. He suggested an Anti-poverty Sub Plan on the lines of Tribal Sub Plan and Special Component Plan and an area development programme for the coastal belt, which focused on providing the basic infrastructure and services to the traditional fishermen, on the basis of locally prepared plans. He also endorsed the suggestion for a National Policy on Empowering Tribals and a strong proactive policy and programme support for their empowerment.

26.11 The Chief Minister said that the contribution of women to the formal and informal economy needed to be adequately recognised in the Approach to the Tenth Plan. In that regard, he suggested introduction of gender budgeting, progressively leading to a Gender Sub Plan. He welcomed the identification of Tourism and IT as sectors to be encouraged for employment generation.

26.12 He said that reduction of fiscal deficit was an essential precondition for fiscal stability. In the context of State Governments, he called for laying emphasis on reduction of revenue deficit, as the States would have to borrow to fund capital expenditure. He felt that the suggestion to hold the non-plan expenditure constant in real terms was not practicable, as it would affect maintenance of the

assets created. He welcomed the proposal that a percentage of Plan funds would be allowed for maintenance.

26.13 As regards expenditure control by reducing subsidy, he said that there were certain areas of the economy and certain vulnerable sections of the society who had to be subsidized. Innovative pattern of subsidy -and effective targeting was called for. He observed that the idea of making the better off people pay for certain services was a welcome one but the governmental system needed to ensure that such amounts were ploughed back to those particular services for improved management.

26.14 The idea of delinking Externally Aided Projects from the gross budgetary support was a positive move. However, the Centre should play only the role of an honest broker and should not check flow of assistance in the name of preconceived norms. The Centre and the Planning Commission must assist weak States to increase their level of efficiency as well as in preparing viable projects. However, penalizing efficient States was something that would harm the proper utilization of its scarce resource. He agreed that SLR funds should go to finance only Plan capital expenditure.

26.15 Regarding project specific assistance like AIBP and innovative component in Rural Development Schemes, he said that since clear and transparent criteria for project assistance did not exist, there was much room for manipulation by interested parties, whether they belong to the State or Central Government. Unless those issues were addressed, giving of central assistance in the form of project specific assistance would not serve the purpose. The formula needed to be improved but abandoning it might lead to a situation of near anarchy. Decisions had to be taken by representative NDC Committees and periodically reviewed to prevent abuse.

26.16 He said that Kerala did not agree with the sweeping recommendation to completely privatize all 'non-strategic' public enterprises. He pleaded for using the opportunities provided by the policy environment to bring about basic reforms in public sector like improved management, greater autonomy, greater competitiveness, enhanced accountability to the public and so on. However, he agreed that precious budgetary resources should not be wasted on non-viable PSUs.

26.17 As regards the private sector, he said the Government had no doubt to act as a proactive facilitator. In the context of a growing private sector, he laid emphasis on stable policy, absolute clarity on the rules of the game, which affect both government and the private sector and above all effective and impartial implementation of the law and firm action against violators of the law. While tackling the question of rigidities of the labour laws, it had to be borne in mind that severe action should be directed against both unfair labour practices and unfair management practices and unfair trade practices. Those had to be identified and suitable measures laid out to control them and even punish the violators. Also, in the garb of removing rigidities in the labour market it was not proper to meddle with internationally recognized labour rights. He observed that there was a need for dialogue and discussion to take the reform process further.

26.18 Regarding liberalisation of imports, he requested for mutual trust and frequent consultations with the State Governments to avoid shocks to the economy in future. Negotiations in WTO had to be done with the consent of one and all and after probing every aspect of each issue in question. The Chief Minister also called for forging a relationship between the local governments and the banks so that they could direct credit for development projects taken up by them.

26.19 He felt that it was time to have a re-look at the financing pattern of Central Assistance. It was suggested that the grant and loan portion should be equal with the loan portion carrying reduced interest of 9%. Similarly, the interest rates for project linked assistance like AIBP and RIDF should also be brought down to 9%. Loans taken to finance the plan from institutions like L1C, GIC, and HUDCO now carry a high interest rate. That was not justified, as those loans were guaranteed by Government and the risk factor was zero. The interest rate should be equal to the cost of funds in such cases.

26.20 Regarding Centrally Sponsored Schemes, he suggested that in key areas, particularly in the social sectors there could be a basket of major schemes with flexible allocation for each scheme while the total kitty could be fixed at not more than one-third of the Central Plan. The States could send proposals according to their priorities, which could be done once in five years. Based on the State's needs the total allocation of individual schemes could be finalized by the Planning Commission. Of course the entitlements of each State should be as a percentage of the total kitty based on clear objective criteria. Thus a demand responsive approach could be introduced in the Centrally Sponsored Schemes. In a sense, it was a necessary corollary to the State-wise break down of National targets and State-specific development plans so rightly emphasized in the Approach Paper.

26.21 He said, in the new context, a different approach to agriculture was called for. While food security should be the basic objective, productivity of the land as a whole, should assume significance. This would mean appropriate support to non-food agriculture also. Kerala had diversified, and in a sense liberalised agriculture by encouraging Cash Crops. Such crops had to be given policy and programme support, a good example of which would be an Agricultural Insurance Scheme covering Cash Crops also. Intensive local resource development, appropriate to agro-climatic conditions was necessary throughout the country and not only in some regions as indicated in the Approach. Since agriculture markets all over the world were not really free and were heavily propped up with subsidies, both direct and indirect, the interest of indigenous producers had to be protected within the over all framework of national food security,

26.22 He stated that freeing of movement of food grains within the country was long overdue. Even so, in food grain deficit States like Kerala, the need for central support would remain. The States did not have the wherewithal or the market information to procure food grains from surplus States on their own. He called for a more viable pricing policy and improving the efficiency of FCI operations where some sort of unbundling could take place and some of the components entrusted with the private sector. Removing sugar from PDS also was not acceptable to Kerala. Turning to the Exim policy vis-a-vis food items, he said that self-sufficiency in food should never be compromised, even while a careful balancing of the needs of the consumer and the producer was attempted.

26.23 He further urged that small-scale industries were of special importance to a country like India. A policy package had to be evolved which consists of more than fiscal incentives. The idea of geographical clusters, which were mutually linked for procurement, marketing and collateral, enterprise incubators, innovation centres and common facility points had to find a place in that package.

26.24 As regards social infrastructure, he observed that investment required in those sectors, both in terms of cash and manpower, had to be assessed and should be the first charge on Plan

expenditure along with anti-poverty programmes. In the case of the health sector, encouraging Indigenous System of Medicine, especially Ayurveda was both a necessity and an opportunity. More investment in R&D and in setting up centres of excellence was called for. Health insurance, especially for the poor, should be introduced in a phased manner.

26.25 Agreeing with the concept of unbundling and reforming State Electricity Boards, he urged for a study of the experience of States which had attempted privatization and appropriate lessons drawn before giving a general prescription. It was very crucial to have an optimum energy mix. In a State like Kerala, which had a locational disadvantage, thermal power would be costly. A fast track single window mechanism was required to be set up to clear hydel power projects in the State. In the case of Railways, in the name of economy, he said, certain unserved areas were being neglected or were being passed down to the States as their responsibility which was not a healthy tendency. Railways had been assigned a definite task which they should perform.

26.26 Welcoming the importance given to proper rural connectivity, he said that through faulty definition of villages, the State had been penalized under the Prime Minister's 'Gram Sadak Yojana'. The State had Village Panchayats with an average population of about 30,000 and achieving connectivity at one point does not lead to any significant gain. It should be the concept of habitation rather than artificial definition of village that had to be accepted. He said that the Government of India must rectify that anomaly.

26.27 Concluding his speech, Shri Antony stated that the spirit behind governance reforms was well taken. Governance reforms required massive efforts at capacity building. Non-specialist staff had to be trained in modern management methods and use of information technology; and the skills of the specialist staff had to be upgraded considerably. That called for special support from Central Government to States, which were willing to take up such capacity building exercises. The implementation of the Tenth Plan should be through partnership of all concerned and may the 49th NDC meeting go down in history as the one, which initiated and implemented such a partnership.

27.1 **Selvi J. Jayalalithaa**, Chief Minister, Tamil Nadu could not attend the meeting. However, her written speech was circulated amongst the participants. The Education Minister of the State Thiru M, Thambidurai who attended the meeting mentioned that the focus of the Ninth Plan was "growth with social justice and equity". It was expected that the Ninth Plan would take the nation into the next millennium with an accelerated growth and development path.

27.2 He welcomed the Prime Minister's directive to the Planning Commission to aim at doubling the per-capita income within a period of 10 years, with a view to drastically reducing poverty over that period. However, welcoming the initiatives indicated in the Approach Paper to achieve an accelerated growth rate of 8% per annum, he stressed that the target was a stiff one to achieve and would require special efforts, both at the Centre and the State levels. The need for growth with equity and sustainability, spelt out in the paper, were extremely relevant in that context and would need to be the main focus at all stages.

27.3 He said that in the last few years, in some key areas, there had been loss of the earlier momentum and there was need to step up efforts to regain the earlier vitality and drive. Though literacy rate had increased considerably, male-female and rural-urban divides were still significant and needed to be bridged. Regarding considerable regional disparities in per capita incomes and poverty levels, he said that Tamil Nadu would sincerely endeavour to correct the disparities over the Tenth Plan period.

27.4 He said that revitalizing the agriculture sector, which had the highest impact on rural poverty and employment, would be one of highest priorities of the State. Tamil Nadu had taken a decision to set up a Water Resources Conservation Department to consolidate all schemes and resources for water conservation, to ensure optimum efficiency. With a view to improving the welfare of small and marginal farmers and agricultural labour, the State was taking the initiative to develop 20 lakh hectares of wastelands in a phased manner, by adopting a watershed approach, to ensure recharging of ground water. The emphasis would be on horticulture and tree-crops and remunerative grass and fodder cultivation, which would generate higher income to the farmers. The State was setting up a Watershed Development Agency to provide focussed attention on these aspects. He sought Central assistance for funding it.

27.5 He requested the Government of India to have detailed consultations with the States on issues relating to amendments to the Essential Commodities Act and removal of licensing controls. Alteration of existing schemes and introduction of new schemes, as also, changes in policy, without detailed discussions with the States, may cause significant distortions and give rise to serious management issues at the micro-level.

27.6 He said that the manufacturing sector had to act as a catalyst to ensure the growth rate of 8% in the Tenth Five Year Plan. Improvement on the industrial front required investments in infrastructure and also further simplification of procedures and controls. Thrust, in the post WTO era, should be on efficiency and competitiveness in the world market. He welcomed the suggestions made for revitalising the infrastructure sectors.

27.7 Welcoming the suggestions outlined in the Approach Paper to undertake fiscal correction by the Centre in the Tenth Plan period, he said it was a matter of concern that revenue and fiscal deficits of the Centre have increased alarmingly, and that nearly half of current borrowings go to financing current expenditure. He was concerned at the fall in the Tax / GDP ratio at the Centre, which in turn had resulted in lower devolution to the States, and affected their Plan implementation adversely. He urged the Centre to correct the fall in tax revenues and take steps to ensure buoyancy and expansion of the tax base. He endorsed the suggestion that the Centre should increase its savings by around 2.9% of GDP by enhancing revenues and moderating unproductive expenditure.

27.8 He said that the finances of the State Governments had deteriorated rapidly since the mid 1990's. The situation in Tamil Nadu was a matter of concern as both its revenue and fiscal deficits had grown in the last five years. The State Government had been forced to borrow more to finance its capital projects and also to meet its revenue deficit. The State Government was aware of the need to make fiscal corrections and had already laid a White Paper on the state of its finances in the Legislative Assembly. The critical areas that needed corrections had also been identified. However, the State was constrained by the fact that it already had one of the highest Tax / NSDP ratios in the country, and the scope for further taxation was very limited.

27.9 He said that it tantamount to penalising States which had performed well in critical areas like rural development, poverty alleviation programmes and population control. Similarly, Tamil Nadu's share of assistance for poverty alleviation programmes had gone down from 7.062% to 4.987% from 1998-99 onwards. Any further reduction on the basis of 1999-2000 poverty data of NSSO would severely affect its welfare programmes. He urged upon the Government of India to implement the recommendations of the NDC Sub-Committee on the criteria for allocation of funds under major rural poverty alleviation programmes, to provide incentives to States that have performed well in poverty reduction.

27.10 He commended the measures suggested by the Planning Commission to link development assistance to performance and said that the incentive fund proposed for fiscal reforms was totally inadequate and failed to compensate for the loss to the State caused by the Eleventh Finance Commission's award and reduction of share on poverty alleviation programmes.

27.11 On the issue of transfer of Centrally Sponsored Schemes to the States, he said that a Committee of the NDC had deliberated in detail, regarding convergence / merger of schemes as well as modalities of transfer of resources to the States. He welcomed the suggestion to transfer all Centrally Sponsored Schemes to States, other than those that had inter-State ramifications, along with the resources therefor. He, however, emphasized that States should be allowed to have adequate flexibility to implement the schemes according to their special needs and priorities as past experience clearly showed that a single set of guidelines, made applicable to the entire country, was impracticable and out of tune with ground realities

27.12 He also pleaded for flexibility in the implementation of Central programmes such as Prime Minister's Gramodaya Yojana, for which funds were made available to the States, as Additional Central Assistance (70% loan and 30% grant). Many of the sectoral guidelines issued by the administrative departments for PMGY were found to be not applicable to States like Tamil Nadu, where similar schemes had been under implementation long before the Central programme was formulated, as for example, nutrition for pre-school children. Because of rigidity of the guidelines, Tamil Nadu was unable to utilize its legitimate share of the allocations for poverty alleviation programmes on a need basis. He hoped that the Prime Minister and the Planning Commission would take note of those aspects and issue guidelines for greater flexibility and autonomy to the States in such matters.

27.13 He said that Tamil Nadu was committed to strengthening Panchayat Raj Institutions to give more power to the people to make decisions based on their own needs and priorities. The District Panchayat, which was introduced after the 73rd amendment, was not very relevant to Tamil Nadu and there was a need to restore the original two-tier system it had before the said amendment. The State had made a request to the Union Government to amend Article 243 B of the Constitution of India, to empower the States to decide which two of the three tiers were to be retained by the State. Article 243 C also needed to be amended, to permit direct election to the posts of Chairmen of Block Panchayats.

27.14 He welcomed the suggestions in the Approach Paper to improve efficiency of public assets and quality of expenditure in the public sector, as well as the recommendations for selective use of Plan funds for critical repairs and maintenance and not just for creation of fresh capital. He endorsed the views of the Planning Commission on removing procedural and legal hurdles to investment, and on improving Government's interface with the public.

27.15 Concluding his address, Thiru Thambidurai stated that the Prime Minister and the Planning Commission had set out in great detail, the challenges to be faced in the new millennium and the thrust to be given to the unfinished agenda of poverty alleviation along with faster growth. Strong commitment and decisive action were required if the country was to forge ahead in social and economic spheres and take its rightful place in the comity of nations. The Government of Tamil Nadu would extend full co-operation in meeting the challenges with sincerity and vigour. He requested the Hon'ble Prime Minister to suggest the Chief Minister of Karaataka to release water for Tamil Nadu as it was facing drought in the Cauvery belt area and also allow Tamil Nadu to have the electricity project at Vahanakkal for producing electricity at lower cost.

28.1 **Shri Nityanand Swami**, Chief Minister, Uttaranchal said that the new Himalayan State of Uttaranchal had come into existence in the backdrop of a long struggle, aspirations of the people and an urge for speedy realization of its potential for development. He felt privileged to represent the people of Uttaranchal in the NDC. Referring to the agenda item regarding conferring Special Category Status to Uttaranchal, he said that the State was looking forward to that for a long time and felt extremely happy and confident that long wait would come to an end.

28.2 Referring to the most significant agenda item of the draft Approach Paper for the Tenth Five Year Plan, he said that while setting an ambitious target of 8% annual growth rate, important issues like population control, increase in productive and quality employment, and empowerment of members of Scheduled Castes, Schedule Tribes, Backward Classes, Minorities and other disadvantaged sections of the society had been addressed in the Approach Paper, with which he fully agreed. Issues regarding building of development capabilities in the context of globalization, environmental conservation and the challenges arising from growing urbanization, which had been highlighted, would be of great significance for all the States, and the nation as a whole. The most challenging task, however, related to achieving 8% rate of growth through the Tenth Plan, which would call for special efforts and close coordination between the States and the Centre.

28.3 He also agreed in principle with the concept of 'Core Plan' envisaged in the Approach Paper. He said that Uttaranchal tried to implement the concept in the formulation of its district plans. However, for implementing it in regard to the annual plans, there would be need for further deliberation and consultations with the states. Further, the specific circumstances and needs, particularly, of the new States, would also have to be kept in view.

28.4 He also agreed with the proposal to rationalize the Centrally Sponsored Schemes, and to provide flexibility within specific schemes to develop need based projects in the light of the specific needs, conditions, and experience of different States. However, while rationalizing the Centrally Sponsored Schemes in that manner the overall quantum of resources involved should not be reduced and the flow of funds should be so regulated that they could be utilized during the year, with a mechanism for concurrent monitoring and evaluation.

28.5 With reference to the formulation of annual and five year plans, he said, there was also a need to strengthen the capabilities for collection and analysis of vital data and statistics. In the age of information technology, the Centre would need to assume the responsibility for strengthening the capacity of the States for data collection and analysis. The NIC Centres established at the district level needed to be upgraded and modernized. High power V-SAT capacity would have to be created and other related equipments provided in these Centres would have to be upgraded and updated.

28.6 He fully agreed with the approach for setting qualitative targets related to improvement in standards of the living during the Tenth Plan and thereafter. He informed that there had been significant achievements in Uttaranchal during the last decade in the spheres of population control and literacy. State would need assistance from the Centre for provision of drinking water, electricity, and medical and health care in remote, dispersed and far flung villages and areas. He pointed out that states had their own specificities with regard to certain other identified areas such as forest and environment conservation. For example, whereas the draft Approach Paper sets a target of 33% forest and trees cover by 2012 at the national level, Uttaranchal already had a forest area of more than 60%. While, on the one hand, that limits State's capacity to convert its rich natural resources into fiscal and financial resources, on the other, it also meant that the State

contributed significantly in terms of maintaining the environmental balance for the nation as a whole. That aspect also needed to be taken into consideration in the context of financial assistance to the State by the Central Government.

28.7 He said that some important policy issues had been raised in the Approach Paper with regard to agriculture and land management. These were of particular relevance in the context of Uttaranchal. There was a need to make all out efforts for increasing the productivity and bring about qualitative improvement with regard to the participation of women in that sector. In view of the above position and the pattern of scattered small and marginal holdings prevailing in the State, Uttaranchal was making special efforts towards modern technology based diversified agriculture and ensuring maximum participation of 'Self Help Groups' in that process. Attention would also be required, at the policy level, towards various land management practices such as contract farming, leasing, etc. In some regions, the State was having a problem of surplus production because of limited domestic consumption. Facilities for marketing and agro processing needed to be developed in those areas in a systematic manner.

28.8 Referring to the extremely important issue of including maintenance and critical repairs of capital assets in the Plan, he said that this would be a revolutionary step. However, instead of constituting joint teams to recommend specific projects in this regard, it would be desirable that broad guidelines were formulated on the basis of which the states could do that. He suggested that a Working Group may be constituted to go into that issue.

28.9 He said that there was a need for setting up office infrastructure and systems based on modern information technology. Especially in the context of the new States, the Centre should consider formulating special schemes for the establishment of modern governance systems as a part of the basic administrative infrastructure. Another related issue which required consideration was to make arrangements for institutional finance, with the support of the Central Government, for setting up administrative infrastructure, and treating repayment as a valid charge on the plan funds. This would enable availability of resources and speedy creation of such infrastructure.

28.10 Referring to tourism sector, he said , there was no doubt that tourism was going to be an important and critical economic activity for Uttaranchal, and the State was working towards developing that sector, accordingly. In fact tourism had also been highlighted as an important area in the Approach Paper. He pointed out that, specially with reference to pilgrimages, the State was faced with a large floating population, which put a very heavy pressure on its limited municipal services and infrastructure. The small and medium municipal bodies found it almost impossible to cope up that kind of pressure because of their limited resources, and there was a resultant heavy pressure on the State budgetary resources also.

28.11 The State also had a vast potential of hydro power generation. However, that was capital intensive and had a long gestation period. If developed as a commercial proposition, it would certainly result in increased resources for the State, but that would be time-consuming process. Besides that, heavy investments would also be required for setting up the necessary transmission systems.

28.12 He observed that Uttaranchal started its existence with a negative cash balance, and provisionally inherited a debt of Rs. 2600 crore which was likely to increase. A large part of its receipts would, therefore, go towards debt servicing. The major sources of non-tax revenue in the State would normally come from forests and minerals but there were limitations because of

environmental consideration. Also there were very few heavy industries in the State. The options and possibilities in that regard were also limited because of geographical and environmental constraints.

28.13 The State had tried to rationalize the organizational structures of various departments by keeping them lean and yet efficient. It had also set high targets for growth in tax revenues. Despite all that, according to the projections made in 2001-2002 budget estimates, and which had been validated by the experience of the first five months, its revenue deficit was likely to be around Rs.1224 crore. Since Uttaranchal was not in existence when the Eleventh Finance Commission made its recommendations, it had been deprived of the revenue deficit grants and other assistance which would otherwise have definitely been available to it. If the revenue deficit grant and additional assistance for bridging infrastructure gaps, etc., were not made available to the State, then it would almost be impossible to achieve the growth targets as envisaged in the Approach Paper.

28.14 He assured that the State was committed to the growth targets and the priorities as proposed for the Tenth Plan. In spite of the limitations and constraints, the State had taken a number of positive steps to move forward. The objective was to make Uttaranchal a 'model of governance'. In view of its geographical conditions, the nature of natural resource endowments, land holding patterns, population dispersal, environmental considerations, etc., the thrust areas for economic development in the State were going to be Tourism, Hydropower, Bio-technology based diversified commercial Agriculture, large scale development of Handicrafts, Handlooms, and Cottage Industries, and the whole area of Information Technology.

28.15 Concluding his speech, **Shri Nityanand Swami** said that after identifying its priorities, the State had already formulated comprehensive policies for Tourism, Industry and Agriculture, and was now engaged in their implementation. A strategic vision and policy was also being formulated with the help of expert groups for the energy/power. The State had already set up its Power and Hydel Corporations, which had become functional. Uttaranchal was formulating an IT vision with the help of expert institutions like NASSCOM and CII. It was also setting up a joint venture along with IDFC for attracting private investment in area of infrastructure development. The State had set ambitious targets for enhancing the quality of social infrastructure viz. education, drinking water and medical facilities. The State was committed to the national targets and priorities and was trying to lay a strong foundation for the future development. It would require the fullest support and cooperation of the Government of India in that process. He expressed his gratitude to the NDC with the hope that Uttaranchal would get its fullest support and cooperation.

29.1 **Shri Manik Sarkar**, Chief Minister, Tripura, said that he was extremely happy to participate in the meeting of the National Development Council which had been convened to discuss various important agenda items including the Approach Paper for the Tenth Five Year Plan.

29.2 Tripura was one of the remotely located States in the North Eastern Region with over 31 lakh population and a substantial percentage of people living below the poverty line including tribals and other weaker sections. Tripura was surrounded on three sides by an international border of over 850 Kms. long with Bangladesh. It was now history that at the time of partition, comparatively developed areas including good cultivable land, important market centres, waterways and the railway line which was the main means of communication in the region, went to the other side. As a result, Tripura had and still had special problems unlike the other States.

29.3 He said that the thrust of the Tenth Plan should be on eradication of poverty, illiteracy and unemployment in a time bound manner. It required all out effective steps at all levels to achieve the long cherished goal.

29.4 He emphasised that proper assessment of needs should be made for finalisation of the proper strategy for planning and development. Such assessment should be made on a State based criteria, taking into account the poverty percentage, per capita income, infrastructure index, human resource development index, etc. and the States may be grouped into 3 categories: advanced States, less advanced States and backward States. Such identification may be made zone-wise or region-wise and the imbalance in development reflected in the categorisation of the States must be addressed in the Plan document with proper steps suggested to remove it.

29.5 He said that the Approach Paper to the Tenth Five Year Plan was a very valuable document for the development of the country. Before finalising such an important document, he felt that it should be discussed by the State Planning Boards in each State and their views and suggestions duly examined and considered before finalising it. He further suggested that the Approach document should also be sent to all recognised National and State Parties for offering their views. Considering the significance of the document, attempt should also be made to reach a national consensus on the development strategy cutting across political lines and through this process, participation of people in the planning, should be promoted and encouraged. After receipt of views and suggestions from the State Planning Boards as well as recognised Political Parties, another meeting of the NDC may be convened to finalise the approach document.

29.6 He also suggested that there should also be a separate strategy mentioned in the Approach Paper for the North Eastern Region. The North Eastern Region lacked substantially in infrastructure. He suggested that the strategy to be adopted during the 10th Five Year Plan for the development of the North Eastern Region should be clearly spelt out in the Approach Paper, so as to have a sharper focus on the problems of that Region.

29.7 He said, time had come to take up a holistic development programme on time bound basis to ensure rapid upliftment of the entire tribal population. Such holistic programme should improve and develop their economic life, status of education, health, promote their social and cultural traditions and habits and ensure their democratic rights.

29.8 Considering the acute problem of unemployment, he said that the thrust of the Tenth Plan needed to be on generation of additional employment, at the same time protecting the existing employment potential, so that the additional employment potential generated, could absorb the addition to the labour force. Therefore, while formulating the plan, assessment needed be made about the likely addition to the labour force including the likely number of job seekers coming from the educational sector during the plan period.

29.9 One of the major problems in the North Eastern Region was growing unemployment. In Tripura alone, there were over three lakh unemployed youth waiting for employment opportunities. Unemployment among the tribal youth in particular was also the cause for a number of them joining the militant outfits and the problem, therefore, needed to be addressed during the 10th Plan both by Central and State Governments. He suggested that greater importance should be given for skill upgradation and vocationalisation of education in the North Eastern Region to provide gainful employment opportunities to the unemployed youths.

29.10 Regarding reduction of Government employees by 2% without new recruitment during the next five years, he said that new recruitment in areas where it was needed would have to be undertaken and unless there was substantial increase in investment in the North Eastern States during the next five year plan period, it would be difficult to affect reduction in the number of Government employees in the manner suggested in the Approach Paper.

29.11 He said that the suggestion for a new system of the States entering into a MOU with the Planning Commission for drawal of Central assistance would be difficult to be followed in the case of North Eastern States.

29.12 He said Tripura had already embarked upon a programme for attaining the self-sufficiency in food production during the period of next 10 years. Tripura had a number of horticulture fruits including pineapple. However, due to locational disadvantage, the State's efforts to market pineapple by transporting it over the long circuitous route at trade centres like Kolkata had proved to be unviable. Therefore, greater attention was needed to be given for value addition and food processing during the Tenth Plan for the North Eastern States. Tripura had drawn up Perspective Plan for horticulture development in the next ten years. Similar Perspective Plans had also been drawn up for development of animal resources and for fisheries development.

29.13 Among the poverty alleviation programmes, the suggestion to run SGSY without any subsidy would not be workable in the remote and underdeveloped areas of North Eastern Region. The wage employment programmes also would need to run in these areas to take care of unemployment, particularly during the lean seasons. In Tripura, a large chunk of area was covered by forests. He said more assistance needed, to be given for management of forest areas during the Tenth Plan, including assistance for creating necessary infrastructure for management of forests.

29.14 He said the University system needed to be assisted much more. He also submitted that one of the important aspects of State's education policy should be its job orientation and that should be ensured during the Tenth Plan period. He also suggested that a clear cut policy directive be adopted for giving preference to the completion of pending projects of Railways in the North Eastern Region and particularly in Tripura during the 10th Five Year Plan period. As regards the Governance reforms, he suggested that there was a need to examine them separately for taking a pragmatic view. In that direction, if the Planning Commission considered it necessary to constitute a separate Committee or Group, the State would welcome the same.

29.15 He observed that the NDC Committee on the criteria for allocation of funds under major rural poverty alleviation programmes, had suggested continuation of the presently used criterion for allocation of funds to State for the 9th Plan period. He suggested that if any adjustment was to be made on the projection made by the Expert Group for a few States, the special category States in the North Eastern Region should be excluded from such adjustment, as they needed special consideration.

29.16 As regards the transfer of the Centrally Sponsored Schemes, he favoured continuation of these schemes. Some of the schemes, which need to be implemented taking the local factors into account, may be transferred to the States, along with the resources, with an in-built provision to neutralise inflation in the years to come.

29.17 He said that the proposal to place Uttaranchal on the list of Special Category States may be considered provided over-all Central assistance to be allotted to such States also increased. Otherwise, inclusion of new States would affect the flow of funds to the Special Category States.

29.20 He suggested that, an outlay of at least Rs.1000 crore should be provided to the NEC every year, so that it could take care of the needs of the region. Re-organisation of NEC was another matter which was pending for long. This should be finalised urgently without further delay.

29.21 He said that the planning process needed to be participative approach instead of a top-down approach. With that objective in view, Tripura Government had launched a programme for participatory planning called 'Gramoday' based on formulation of area based plans at the village level keeping in view the perceived needs of the people and available resources. Special programmes for the welfare of the weaker sections, such as, the 25 point package programme for Scheduled Tribes and the 44 point package for Scheduled Castes, Other Backward Communities and Religious Minorities had also been launched.

29.22 Concluding his speech, **Shri Manik Sarkar** said that the Tenth Plan should also address itself to the problems of trade in the North Eastern Region with the neighbouring countries including Bangladesh. Tripura being surrounded on three sides by Bangladesh, there was an urgent need to strengthen trade ties with Bangladesh and to provide transit facilities for Tripura. He hoped that with the deliberations held in this NDC meeting, it would be possible to have more focussed attention on the developmental needs of the people.

29.23 At that stage, Deputy Chairman, Planning Commission made an intervention and told Chief Minister, Tripura that actually draft Approach Paper was circulated to the States in mid-December and also put on Planning Commission web site. The comments received from many States were taken into account in preparing the final Approach Paper which was before the NDC.

30.1 **Shri Zoramthanga**, Chief Minister, Mizoram described the Approach Paper generally in consonance with the economic reforms process being carried out in the country.

30.2 The draft Tenth Five year Plan offered quite a challenging opportunity particularly in view of the targetted annual GDP growth rate of 8%. That exercise not only called for the most efficient use of the available resources but also mobilisation of additional resources. While it would be extremely necessary to gear up the existing implementing machinery, it was also imperative to give utmost importance to improve the capacity of the Government and other concerned organisations implementing development schemes. Mizoram, being the most peaceful State in the North East, looked forward, in this new millennium, to the prospects which the Tenth Plan would offer for the speedy socio-economic development.

30.3 He said that it was necessary to have flexible norms and guidelines for implementation of various Central schemes in order to cater to the peculiar requirements of the new hilly States which still required special attention. While redefining the role of the Government in the changing economic circumstances so as to give appropriate role to the private sector, special considerations and dispensation would still be required in States like Mizoram and other similar special category States because there were hardly any vibrant and efficient private sector organisations to play meaningful role within those States. The Central Government should, therefore, make all-out efforts to assist the special category States in their effort to build up the capacity of the Government machinery and local non-Government organisations.

30.4 The main problem in the course of implementation of the Tenth Plan, would be resource constraint, as hilly States like Mizoram had an extremely limited resource base with committed expenditures in the form of salaries and wages, pensions and interest payments, etc. He said that small hilly States like Mizoram should be given special consideration by the Central Government

and their fiscal reform measures should not be assessed uniformly with other more established States. In short, for the special category States in border areas, grant of Central assistance for economic development should not be linked entirely with fiscal reforms performance.

30.5 He welcomed the proposed concept of “core plan” at both Central and States and recognition of agricultural development as core element of the strategy and said that uniform patterns/ guidelines of the whole country should be modified to suit the peculiar needs of Mizoram and similar hilly States.

30.6 He said that Mizoram had a great prospect of Agro-Forest based economy. However, due to inadequate infrastructural facilities, private entrepreneurs could not be attracted to the State. It was extremely essential that the big gap in infrastructural facilities should be narrowed down speedily. He, therefore, pleaded for increasing fund allocation for the development of roads and power sector on priority basis and made a special mention of the Bairabi Hydro Electric Project (80 MW) in that regard. The CEA had accorded techno-economic clearance for the project and it was expected that all the necessary support would be forthcoming from the Central Government.

30.7 He said that it was not only necessary to sustain the favourable education, health and other sectors but also to make significant improvement during the course of Tenth Plan period. This would be possible if the Central Ministries took cognisance of the peculiar needs and requirements of the hilly State of Mizoram in formulation, implementation and monitoring of relevant schemes.

30.8 Regarding employment situation, he said that it was extremely essential to create ample opportunities for the emerging educated youth for employment or self employment. That would require upgradation of the technical capability of the educated youth in the field of Information Technology, economic plantation, industries, services, tourism, marketing and other relevant sectors. He, therefore, invited special attention of the Central Government Ministries to formulate projects to suit the peculiar needs of the State.

30.9 Regarding the criteria for allocations of funds under major rural poverty alleviation programmes, he emphasised the need for special attention to hilly States with sparse population. For such hilly States, population should not be the main criteria. Lack of economic infrastructure, difficult terrain, poverty level of the people, performance of the State Government and other similar economic conditions should form the main criteria for allocation of funds. In short, funds should be allocated on the basis of need in order to reduce regional imbalance in the country.

30.10 He further mentioned that while food for work programme may be taken up in areas of distress and wages paid in terms of food grains at the rate of 5 kgs. per day to a worker for standard work as envisaged, the existing employment programmes were required to be continued particularly in a State like Mizoram where the scope of more employment in the Government sector was very limited and private sector was not vibrant enough to create sufficient scope for employment.

30.11 He said that the PMGY fund was meant to be utilised for creation of rural infrastructure. Construction of school buildings or health centres alone could not serve full purpose unless they were manned by qualified employees to render needed services. He, therefore, suggested that a portion of the PMGY fund for health and education sectors may be allowed to be utilised for payment of wages and salaries to the Health Workers and Teachers posted in rural areas. It was becoming increasingly difficult to maintain the staff from the normal Plan fund allocation of those Departments.

30.12 Border Area Development Programme had appreciable impact in areas along the international border with Bangladesh and Myanmar. It was, therefore, essential to continue BADP during the Tenth Plan period also with enhanced allocation of funds and improved monitoring system to ensure that the required funds were sanctioned and released in time and not at the fag end of the financial year.

30.13 He said that the Centrally Sponsored Schemes should be drawn to suit the needs of individual State. Stereo-type uniform scheme should be avoided and outlays should be demand driven. An effective monitoring system should also be evolved. Wherever State's matching shares were required, only a token share of about 10% may be demanded from special category States. The funding pattern of all CSS, between the Central Government and special category states, should be 90:10 to avoid confusion.

30.14 Regarding implementation of various centrally sponsored Rural Development programmes, he mentioned that the Inter-Ministerial Committee constituted by Ministry of Rural Development made satisfactory progress in the efforts to examine various issues raised by the conference of the Rural Development Ministers of North Eastern States. He hoped that the recommendations of the Inter-Ministerial Committee, especially those relating to Cut-Off Line for B.P.L., Pattern of sharing of funds between the Centre and the States in the ratio of 90:10; and allocations of 50% funds to states on the basis of population and 50% on the basis of inverse of density of population, would be accepted and implemented by the Planning Commission and the Government of India. He requested the Centre to consider the demand of the North Eastern States for conversion of Employment Assurance Scheme into a "Demand Driven Scheme" favourably.

30.15 He also mentioned that huge earmarking of funds for specific projects made the sectoral allocations of Plan Fund very difficult as there was very little funds for the unearmarked sector. He, therefore, suggested that while extending project based support to the States from the normal Central assistance, adequate unearmarked fund should also be provided to the States for meeting their on-going commitments. The State was making sincere efforts for mobilising additional resources and at the same time reducing revenue expenditure.

30.16 He said that the State introduced sales tax on several new items and increased tax rates of some others and also banned creation of new posts and purchase of new vehicles. But in spite of all those efforts, the fiscal reforms programme undertaken by Mizoram might appear to be of little consequence because of the narrow resource base of the State. He observed that if sectoral assistance to the State was made contingent on the success of the fiscal reforms programmes, the developmental process initiated in the State would come to a stand still.

30.17 In order to effectively implement the scheme for tribal infrastructure under Article 275 (1), he suggested, the provision of funds should be made over and above the Central Assistance being provided for the Annual Plan of the State. In short, funds under Article 275(1) should be provided as an additionality to the normal Plan fund.

30.18 He pointed out that in view of the Plan funds constraint at the State level, assistance of World Bank was sought by the Government of Mizoram for road construction. Government of Mizoram was implementing road infrastructure involving an amount of Rs. 340 crores through World Bank. The State's matching contributions under the project would be substantial. For a State like Mizoram which was facing financial constraints, matching contribution of that magnitude

would be quite difficult. In view of that, he requested for additional Central Assistance to the extent of States's matching share to the project.

30.19 While appreciating the Hon'ble Prime Minister's initiative for the development of the North-East, he said that the development package evolved would definitely go a long way towards economic development of the North East. The State of Mizoram would greatly benefit from the economic package of the Prime Minister. The State of Mizoram continued to be the most peaceful State in the region and the path of peaceful development was being followed with a firm determination to uplift the present economic condition of the people. He suggested that the Central as well as the concerned State Governments should evolve a more effective monitoring system for speedier achievement of the objective of the package. He also appreciated the initiative of the Central Government in earmarking 10% Plan Funds of various Ministries for the North-East and also for creating a system of non-lapsable pool of Central resources in the Planning Commission and said that visible impact could be seen in the North East. He observed that implementation of laudable initiative of the Central Government, the various North Eastern Region States would be greatly benefitted and it would go a long way towards reduction of regional imbalances in the country.

30.20 He said that Uttaranchal conformed to the requisite characteristics of a special category State. There should not be any objection in declaring that as Special Category State. But in the event of its inclusion in the list of special category States, there should be a matching increase in the percentage of Central assistance reserved for the special category States.

30.21 Concluding his speech, **Shri Zoramthanga** said that there was need for Regional flexibility of funding System, norms and guidelines to suit the requirement of hill areas, A vast country like India, having diverse geographical terrain and climate, the same developmental funding pattern and guidelines could in no way suit the different local requirements. He urged the National Development Council to resolve that Regional Flexibility in Funding System, norms and guidelines be permitted to meet the local developmental requirement of the States of hill areas.

31.1 **Shri E.K. Mawlong**, Chief Minister, Meghalaya suggested that NDC might discuss all aspects involved in arriving at a realistic and achievable GDP growth rate especially in the light of the experience of the Ninth Plan. Endorsing the proposal for fixing a growth rate of 8% of GDP for the Tenth Plan period, he urged for introspection with particular reference to the need for ensuring accelerated and balanced improvement to the quality of human life and basic social services, in all parts of the country, more particularly the Special Category States.

31.2 He said Meghalaya and other Special Category States were indebted to the Planning Commission and the Government of India for their continued concern and special support. However, in so far as Meghalaya was concerned, non-materialisation of the expected flow of over Rs. 700 crore from institutional sources including the externally aided programme, resulted in sharp short fall in approved plan expenditure, during the Ninth Plan.

31.3 He also said that the Credit:Deposit Ratio of 20-21% for Meghalaya as on 31.03.2001 was quite low in spite of increase in bank deposits. Besides other factors, incompatible banking and lending norms were undoubtedly the main cause. While those norms might be appropriate for the rest of the country, they were neither in tune nor harmonious to the ground realities in Meghalaya, which had its own unique land tenural and land documentation system. He urged the Central Government and the Reserve Bank of India again to resolve the dead lock by taking all the relevant factors into account.

31.4 He suggested revised model schemes for all developmental sectors in respect of each State of the North Eastern region, keeping in view the need to make bank-credit more compatible and harmonious with ground realities of each State of the region and the need for making procedures therefor, more borrower-friendly.

31.5 He appreciated the constraints faced by the Planning Commission in the matter of enhancing the level of Normal Central Assistance, which remained constant throughout the Ninth Plan period. However, low levels of flow of institutional funds for developmental works in Meghalaya and other North Eastern States, coupled with negligible flow of externally aided funds into such areas, the developmental gap between the States of the North Eastern Region and other parts of the country had further widened. Although the Planning Commission had provided with programme-specific Additional Central Assistance and Special Central Assistance, from time to time, as well as funds from the Non-lapsable Pool of Central Resources.

31.6 Keeping in view the imperative need to reduce developmental-gap between the more developed and lesser developed regions of the country, he strongly urged the NDC to recommend incremental levels of Normal Central Assistance for the North Eastern States, with a view to enable them to increase the pace of implementation of programmes for un-covered sectors of development and to bridge infrastructural gaps.

31.7 He noted with concern the trend of increasing centralisation of developmental programmes, during the last few years. He particularly mentioned PMGY and PMGSY in that context and urged the NDC to recommend that specification of guidelines and formulation and sanction of schemes under all components of the PMGY, including PMGSY, be left entirely to the discretion of the States, in the larger interest of ensuring the effectiveness of that programme, subject to the concerned Ministries being kept informed of ground realities necessitating such guidelines, as the States might choose to specify.

31.8 He broadly endorsed the recommendations contained in the Report of the NDC Sub-committee on the Criterion for Allocation of Funds under Major Rural Poverty Alleviation Programmes. He urged the NDC to recommend that Central Government might lay down broad principles and macro guidelines, leaving detailed guidelines for implementation of the programmes to be determined by State Governments for their respective States, keeping in view ground realities. He felt confident that Poverty Alleviation programmes would be made more meaningful and effective and would result in accelerated removal of poverty.

31.9 Regarding the Status Report on the NDC Sub-Committee on Transfer of Centrally Sponsored Schemes, he also urged the NDC to recommend that as a special case, the norms for funding all Centrally Sponsored programmes in the Special Category States be modified from 75:25 to 90:10 between the Centre and the State. That would enable the Special Category States to fully avail funds earmarked under that programme and thereby accelerate the pace of reversing the trend of increasing developmental gap between those States and other regions of the country

31.10 He welcomed the new State of Uttaranchal to the fold of Special Category States, provided the percentage of funds earmarked at present for such Special Category States was suitably enhanced to ensure that the inclusion of Uttaranchal did not result in any reduction of the existing share of Special Category States, in absolute terms.

31.11 He also noted with concern the main findings contained in the Mid-Term Appraisal of the Ninth Five Year Plan. The critical levels of shortfall in plan expenditure from approved Ninth Plan levels would have its own long term effect on all development sectors and consequently upon the future Five Year Plans. That effect would be more pronounced in respect of the economy of each of the Special Category States.

31.12 He urged NDC to recommend that additional funds amounting to not less than 20% of the current year's approved annual plan outlay be located and allocated as Special Central Assistance to each of the Special Category States, to bridge a part of the overall shortfall in Ninth Plan expenditure, during the remaining months of the Ninth Plan period. That would, to some extent, help generate a better infrastructural base for serving as the foundation of Tenth Plan development strategies.

31.13 Concluding his speech, **Shri Mawlong** accepted the need for fiscal reforms and urged the NDC to recommend that the requirement of 5% annual improvement in the revenue deficit/surplus as a proportion of revenue receipt, might be relaxed in the case of North Eastern States and fixed at the level of 2%.

32.1 **Shri Pawan Chamling**, Chief Minister, Sikkim said that the meeting of the National Development Council had always been a rare occasion and indeed a very valuable moment. It was through the meeting of NDC that the State got an opportunity to convey to the entire nation as to what a small, magnificent and peaceful State of Sikkim had been doing. He felt greatly privileged to address such an august house, which primarily determined the future direction and destiny of the country. While giving very distinct importance to the meeting of the National Development Council, he said, it was through NDC that the State had been conveying the contributions made by Sikkim in building a modern India. He said the people of Sikkim wanted a much deeper and wider interaction with the national mainstream. Sikkim encouraged a variety of activities in the state that attracted the people, entrepreneurs, professionals and institutions from different parts of the country. The Union Government had been extraordinarily generous in understanding State's needs and had encouraged it to be active player in the mainstream of nation.

32.2 However, the most critical input in joining the national mainstream had been the development process of the state. With the support of the Union Government, Sikkim had made very significant strides on very many crucial fronts, including, economic, social, cultural, environmental and political. All those could be achieved after Sikkim became the 22nd state of the country, 26 years ago. He highlighted the growth/achievements of the State especially in the SDP, health, education, power, drinking water, agriculture developmental expenditure, gender equality, Human Development and Environment & Forests.

32.3 Despite the achievements and positive points, the growth had been sluggish in many sectors in the state, Poverty, illiteracy and unemployment still continued to characterize the Sikkimese society and economy, The plan investment made tended to benefit only a few. A majority of the rural folks were still striving to receive the fruits of development. Possibly the State suffered from poor designing of schemes, weak delivery and the lack of monitoring and evaluation of the state sponsored development projects.

32.4 Sikkim was striving to change the entire orientation of the development goals, designs, mechanisms, instruments and institutions in the state and it was fixing performance milestones in all sectors of the economy. Most importantly, it was seriously working towards delegating

responsibilities, decentralizing the entire decision-making and delivery process, making the existing system of governance, transparent and directly accountable. The State was also inducting fresh set of development managers with strong professional and non-governmental bias,

32.5 Describing Sikkim's development direction at the crossroads, he said that the State faced three fundamental challenges namely globalisation led economic reforms diminishing the role of state, locating fresh avenues of resource mobilisation for development purpose, and evolving mechanisms to tackle the new paradigms of development set forth by the new agents and institutions of development.

32.6 The Sikkim State Planning Commission would henceforth provide a professional guidance to the entire process of economic development in the State. It would also be a guiding force that visualized the stumbling blocks and would identify the instruments that will steer the economy past the major hurdles. It would also provide the State with clear-cut strategies and institutions to realize its freshly laid out development goals.

32.7 Sikkim had a distinct vision and the State Government had a very challenging agenda, which it was striving to achieve in the next fifteen years. Naturally, the agenda aimed at building a prosperous Sikkim wherein the people could live a full and a highly dignified life. The aim was to give people adequate choices as mentioned in its Human Development Report 2001.

32.8 The State was working to achieve over 10 percent annual growth in the economy and reduce the fiscal deficit to 2-3 percent of the State Domestic Product. The vicious circle of deficit, burgeoning interest burden, debt servicing and again more deficit needed to be broken by reforms, disinvestment and private sector participation. A greater synergy among social and economic sector schemes was required for promoting coordinated implementation. He said that the State was in a position to take some difficult but meaningful policy decisions that would go a long way in providing Sikkim with a sustained level of growth.

32.9 He said that the policy of the State would be to maximise the gains from the globalisation process and minimise the negative fallouts. Broadly, Sikkim had a two-pronged strategy to face the challenges posed by the globalisation process, i.e., adopting many corrective measures and reforms under the national drive of second generation reforms involving NGOs in the developmental process in a big way.

32.10 Sikkim had been inducted as a major constituent of the North Eastern Council (NEC). It had significant advantages of having very high degree of political stability, very distinct record of being the most peaceful state and a sound development performance. There had been consistent efforts to create a South Asian Growth Quadrangle consisting of Bangladesh, Bhutan, North East parts of India and Nepal. Similarly, the concept of BIMSTEC, i.e., the economic cooperation among Bangladesh, India, Myanmar, Sri Lanka and Thailand had already been formalized. Sikkim saw in all these, a major role for the State and tremendous opportunity for its economic growth. These groupings and arrangements would provide the State with a huge market, modern technology, foreign investment and most importantly, a possibility of sustainable economic integration. He also said that the Tenth Five Year Plan would be very critical for Sikkim providing challenges as well as opportunities to the State in various sectors of the economy.

32.11 The findings of Human Development Report 2001 and Sikkim: The People's Vision could be a major input into making of its Tenth Five Year Plan. The Chief Minister felt that the approach of Sikkim towards Tenth Five Year Plan was in line with the Approach Paper of the Tenth Plan prepared

by the Centre. In fact, many of the plans and programmes envisaged in the Approach Paper to the Tenth Plan had already been initiated in the State in the last few years. That was, indeed, very exciting for Sikkim, as it vindicated the approach that it had adopted.

32.12 He said that one of State's major areas of concern was the growing numbers of its young who were unemployed or underemployed. That was a real challenge. The Union Government could help the State by directing both public and private resources to power, information technology, tourism, natural resources, health, education and agro-based industries. Most of those were service sectors and had huge employment generating potential. The Union Government could also support Skill Development Fund and setting up of Institutions. He also expected that the Union Government would support the State in setting up new institutions like schools with modern infrastructure, professional colleges, technical institutions and skill building schools. In addition, the NGOs and other development agencies, both national and international needed to be encouraged to come to Sikkim for launching programmes for the rural masses.

32.13 He requested the Union Government to provide Sikkim with all the basic and modern technologies through its various agencies including the ICAR, and also extend all support in the process of patenting its indigenous technologies, and building requisite infrastructure to tackle the impact of globalization. He said Sikkim had been the most significant geographical entity that provided comprehensive security to the nation. It provided military security, environmental security and development related security. That involved a huge development and environmental cost to the State that many other States in India had not to incur.

32.14 He strongly urged the Union Government to take into consideration all these three factors as invisible costs to the Sikkimese economy .while deciding Sikkim's plan expenditure and revenue budgets. He pointed out that though, in absolute terms, the grants from the Centre had been increasing over the last two decades, yet, in relative sense its share in total revenue had been falling. However, an optimistic sign was that, Sikkim had vastly improved its resource mobilisation capacity. He appealed to the Union Government to effectively start a range of medium size hydel projects to harness the total potential of 8000 MW and similar other revenue generating projects that could be completed within a couple of years.

32.15 Shri Chamling concluded his speech by again expressing absolute commitment, devotion and dedication of the people of Sikkim to the nation building process of the motherland. He firmly believed that Sikkim was a major strength of the country and had been positively contributing solidly to the consolidation of basic foundation of the country. The people of Sikkim wanted to be in the forefront of a national campaign for better livelihood, efficient governance and high growth regime and looked forward to the blessings and total support from the Hon'ble Prime Minister and his able team to accomplish its goal of 'Sukhi Sikkim Dhanadya Bharat' (prosperous Sikkim-rich India).

33.1 **Smt. Shiela Dixit**, Chief Minister, Delhi attended the meeting and her printed speech was circulated to all the Members of the NDC. Shri Mahinder Singh Sathi, Finance Minister, Delhi who spoke on her behalf said that Delhi endorsed the general strategy outlined in the Approach Paper, particularly with reference to the prospective role of Government. In the new millennium, the Government must concentrate on creating a policy environment conducive to growth, establish the right structure of incentives and play the role of a facilitator. It also had a vital function to discharge in the social sectors and in the provision of infrastructure. Finally and most importantly, the Government must ensure that development itself was both sustainable and equitable.

33.2 He said Delhi also supported the idea to set clear monitorable targets. A GDP growth rate of 8% was absolutely essential. He said reducing poverty by 15 percentage point by 2012 was the single most important monitorable target. No effort should be spared to ensure that the target was met. While endorsing other targets on universal primary education, literacy, infant mortality, potable drinking water, health care and population growth, he said that they were ends in themselves and also served to ensure a test-check that growth had indeed been translated into development. He also said that the targets on forest cover and cleaning of polluted rivers were also essential to ensure that the development was sustainable. He said protection of the environment was important. However, care must be exercised in formulating policy and devising action to ensure that State did not inadvertently disrupt economic livelihoods.

33.3 He, however, observed that the resource picture was grim, both for the Centre and the States. A great effort would be required to bring about the required fiscal correction. Hard decisions, sometimes painful ones, would be necessary. Delhi supported the proposal to create a Special Fund for award of incentives to States which successfully manage their fiscal system. He entirely agreed with the approach that there must be a "reform plan instead of merely a resource plan". With the setting up of monitorable development targets, perhaps the time had come for States to set clear monitorable goals for institutional and policy reforms that must be implemented and the time frame within which that would be done.

33.4 Regarding the poverty alleviation programmes, he suggested that with the unrelenting pace of urbanization, urban poverty was a problem that could not be ignored. It ought to be addressed along with rural poverty alleviation programmes, with appropriate modifications for the urban setting. He supported the approach not to provide subsidy in poverty alleviation programmes to curb corruption and wastage of funds and, in lieu of subsidy, provision of interest-free or low interest loans along with provision of work place might be made in such programmes to really assist the rural/urban poor in the direction of providing them self-employment opportunities.

33.5 He stated that in social infrastructure, Delhi was better placed compared to other parts of the country and it was committed to further improve educational and health care facilities in the capital. Referring to some of the matters specific to Delhi, he said that the existence of numerous agencies with different functions and roles at times overlapping, not all within the administrative ambit of Delhi Government, was dysfunctional. This was responsible for the lack of effective coordination in policy and action on critical fronts and change was called for in the interest of good governance.

33.6 He said that a Committee was set up to examine the entire gamut of issues related to the territorial restructuring of the Municipal Corporation of Delhi with a view to bring governance closer to the people. He said a Mayor-in-Council was clearly the preferred mode. He stated that in spite of good financial management, Delhi was not resting on laurels, but moving forward with reforms, managerial, institutional and financial, with the objective of further improving its fiscal and financial health. He said providing a high standard of civic amenities to all the citizens of Delhi, was a major problem and urged that the NCR Plan must be adequately funded and implemented with greater vigour in a spirit of cooperation.

33.7 Delhi was dependent on Central Power Stations/ Northern Grid for most of its energy requirements. He pointed out that the power crisis in Delhi was compounded by the manner in which the Northern Region Grid was managed. Delhi Government had undertaken numerous

measures to improve the financial and technical efficiency of DVB. However, Govt. of India continued to divert Delhi's entire normal Central Plan Assistance to meet the liabilities of DVB towards BTPS. He requested that only 15% of Central Assistance may be diverted to BTPS as was being done for all other States.

33.8 Rapid urbanization was a natural out-come of the growth of the economy, as in any other part of the world. In the past, the country had not planned well for urbanization. He said the Government of Delhi needed special financial support from the Govt. of India for implementing plan programmes meant for the poor residing in clusters and timely allotment of land for rehabilitation of those clusters to alternate project sites.

33.9 He also stated that public transport system for Delhi was one of the highest priorities of development. Delhi was contributing its share to the Delhi Metro Rail Corporation. However, the magnitude of the demand for public transport in the city was daunting. Much greater effort was required to be made. He urged for timely action for providing a Regional Rail Network connecting Delhi to all DMA and NCR priority towns at the earliest. He requested the Minister of Urban Development and the Minister of Railways to take necessary steps to start implementing the three corridors selected under the project and also to provide the financial contribution required for the Regional Rail Network in the current year. He also requested the Chief Ministers of U.P., Haryana and Rajasthan to come forward with their contribution for implementing the Regional Rail Network.

33.10 He said that water supply was another major priority for Delhi. Delhi had decided to construct a parallel channel (conduit) from Munak to Haiderpur to prevent water losses through the existing channel. He requested the Chief Minister of Haryana for his assistance in taking up this project in view of the agreement signed in March, 1992.

33.11 He pointed out that in the field of good governance, the Government of Delhi has taken an initiative and very recently, more than 300 posts had been abolished in various Departments. The Right to Information was one of the most important Bills passed by the Delhi Legislative Assembly. It was being implemented by the Government to bring greater transparency in administration. All public dealing departments/agencies have prepared Citizens' Charters and were made available to the public. Delhi had also introduced the "Bhagidari" concept to motivate citizens to participate as stakeholders in governance.

33.12 He stated that in collaboration with the Ministry of Environment and Forests, the Govt. of Delhi had prepared a 20-year perspective titled "Delhi Urban Environment and Infrastructure Improvement Project" with financial assistance from the World Bank. This was completed in February, 2001 and highlighted the status of environment and civic infrastructure in Delhi. It made a number of recommendations for the planned development of the city keeping in view a projected population of 22 million by 2021. The Delhi Government had approved the project report and had requested the Union Ministries for timely action on recommendations made in the report. Delhi Government would make all possible efforts to implement the recommendations of the project and surely hoped that the concerned Ministries of the Central Government would also cooperate in making the planned development of the city a success.

33.13 Concluding his speech, **Shri Sathi** urged the Union Government to provide all the benefits of 11th Finance Commission to Delhi and also include Delhi in the terms of reference of future Central Finance Commissions. The Government of India had been providing grants in lieu of share in

central taxes to Delhi after deducting 10% expenditure on Delhi Police from its entitlement, since 1997-98. In the meeting taken by the Union Home Minister on 18.6.1998, it was agreed in principle not to deduct any expenditure incurred on Delhi Police from the share in central taxes to Delhi. However, that practice was still being continued and Delhi's deducted share in Central taxes had not yet been restored despite Delhi Government's repeated request to that effect. Referring to the non-release of Rs.51 crore of Delhi's share under Voluntary Disclosure of Income Scheme-1997 (VDIS-1997), he said that while the share of all States under that scheme was released in 1997-98, Delhi's share had not been provided so far,

34.1 **Shri Ved Marwah**, Governor, Manipur said that he was privileged to participate in the 49th meeting of the National Development Council which was considering the draft approach paper to the Tenth Five Year Plan and other important agenda. He welcomed and supported the proposal for setting a target of 8% Gross Domestic Product (GDP) growth per annum. He endorsed, wholeheartedly, the proposed reduction of the regional disparities in social and economic attainments and adoption of a three-pronged approach.

34.2 He said that the states like Manipur were categorised as special category states due to the non-viable nature of the state's finances. It was recognised that the special category states had a low resource base and were, therefore, not in a position to mobilise resources for their developmental needs. While upgrading some of them from a single district, union territory to full-fledged states, they were required to create an infrastructure that was out of proportion to their resource base.

34.3 He said that the Planning Commission was aware that the Shukla Commission had identified the gaps and recommended a total of Rs.27,392 crores for removing regional disparities and bringing the North-East region at par with the rest of the country. As adequate investments had not been forthcoming, the North East region, including Manipur, continued to suffer from gross regional disparities. He emphasized that these regional disparities and the resultant large scale unemployment was at the very root of insurgency and social unrest in the North-eastern states, including Manipur and urged that the Tenth Plan would need to address that issue in all seriousness.

34.4 He said that historically the economy of the North-East region was very closely inter-linked with that of the neighbouring countries like Myanmar and Bangladesh. There was a crying need for special diplomatic and political initiatives to re-integrate the economies of the North-eastern states with that of the neighbouring countries particularly with that of Myanmar and Bangladesh. That could be achieved, to some extent, by the upgradation and the extension of the railway line from Kolkata to Dhaka and Silchar. and thereafter from Jiribam to Imphal and Moreh onto Myanmar. That could subsequently be extended to Bangkok and Singapore. Also a decision on the extension of the super highway from Siichar in south Assam to Imphal and Moreh on the Indo-Myanmar border be expedited. If those two projects were implemented during the Tenth Five Year Plan directly by the Central Govt, they were expected to catalyse trade with the neighbouring countries and revive the stagnant economies of the North-East region. Such projects would also generate considerable employment for the growing number of unemployed youth.

34.5 He also urged the Central Govt. to expedite implementation of the Tipaimukh Hydro Electric project which would generate 1500 MW of power, prevent the annual flooding of vast areas in the Barrak Valley, create vast irrigation potential and provide employment to a large number of people in one of the most remote areas of the North-East region.

34.6 He supported placing Uttaranchal on the list of special category states, but did not favour any consequent reduction in the share of funds of the already resource starved special category states. He suggested that the pool of resources for allocation of Central Assistance to the special category states be enhanced from 30% to 35%.

34.7 The Centrally Sponsored Schemes were a source of funding for critical areas of development and creation of employment opportunities. While endorsing the decision to weed out schemes which have lost their relevance and to merge similar schemes, he favoured continued central funding with a special thrust on generation of larger employment opportunities.

34.8 Referring to the recent Supreme Court intervention suggesting effective utilization of huge surplus foodgrain stocks for creating employment and providing nutrition to those who could not afford, he said that, that was an important area in which considerable progress could be made for generating vast employment opportunities, creating durable community assets and utilising the surplus foodgrain stocks which were reportedly deteriorating in the FCI godowns across the country.

34.9 Concluding his speech, Shri Ved Manvah suggested that in so far as the special category states were concerned, the NDC may consider the restoration of the pre-1989 method of neutralising negative BCR by providing Additional Central Assistance to them by way of special consideration and in view of the devastating adverse impact of the implementation of the Fifth Pay Commission recommendations on the finances of the States. The implementation of the revised pay scales had eroded the financial position of the states to such an extent that the implementation of the development and welfare programmes had practically stopped. Restoration of the pre-1989 method was, therefore, an unavoidable necessity.

35.1 Lt. Gen. (Retd.) J.F.R. Jacob, Administrator, Union Territory of Chandigarh congratulated the Hon'ble Prime Minister and the Deputy Chairman Planning Commission for convening the 49th meeting of the National Development Council to have discussions on the Draft Approach Paper to 10th Five Year Plan and other related issues. He said that the plan would certainly provide an opportunity and give a new thrust and direction to the efforts towards integrated development of all the sectors of economy to take the nation ahead in the coming five years.

35.2 He said that multi pronged strategies were required to improve the infrastructure and other civic amenities to cope with the expanding population growth. Acquisition of land in the periphery would help the Administration in checking the unauthorised growth around the villages of the Union Territory. This would help in retaining the present planned character of Chandigarh. The priority of acquisition of land for the development of new sectors was important, not only for the purpose of development of the city but also for the betterment of the socio economic environment. For that purpose the Administration needed additional allocations during the Tenth Plan period.

35.3 He said that there were other critical areas like transport, power, medical, health and slum improvement, which required immediate attention. Education was the other major plan priority in the 10th Five Year Plan. In order to provide adequate facilities both quantitatively and qualitatively, U.T. of Chandigarh intended to ensure that adequate number of school buildings with all facilities like playgrounds, labs, libraries, furniture and computer education were provided. Priority was also being given to playfields. On the Information Technology front also, the Chandigarh Administration had taken several steps. He requested for a substantial increase in the plan outlay of Chandigarh in the Tenth Five-Year Plan for providing requisite urban infrastructure.

35.4 He drew the attention towards limitation of delegated powers for making purchases and contracts up to a monetary limit of Rs. 20 lakh only and said that various proposals of purchases/contracts, especially concerning the most prestigious projects like Government Medical College and Hospital, Chandigarh could not be implemented timely as all such cases, beyond delegated powers, were being referred to the concerned Ministry in Government of India for their approval. That process was time consuming and resulted in time and cost over-runs. The Administrator, U.T. Chandigarh had been given less powers than the Administrations of Pondiche'rry and Andaman and Nicobar Islands with regards to sanction of schemes/projects as well as to accord expenditure sanction on works under Rule 18 of DFP Rules, 1978.

35.5 Concluding his speech, **Lt. General (Retd.) J.F.R. Jacob** said that with the withdrawal of powers of Ministries/Departments to create plan posts in Group 'B', 'C and 'D' (including non-scientific posts in the Department of Science and Technology) and the powers to create non-plan posts, undue problems were being faced. Though the focus should be on downsizing, there were areas like education, health, excise and taxation etc. where trained manpower was needed for attaining the planned objectives. But due to limitation of financial and administrative powers being vested with the Administrator including the non-availability of powers to create posts under Plan Schemes, various projects during the 9th Five Year Plan period could not be implemented timely. The problem had been further aggravated with the instructions from the Ministry of Finance to put a complete ban on filling up direct recruitment posts. He, therefore, submitted that Administrator, U.T. Chandigarh may be delegated similar powers as were available to the Andaman and Nicobar Administrator. He assured full co-operation and participation of the Chandigarh Administration in the process of overall economic development of the nation.

36.1 **Dr. (Smt.) Rajani Rai**, Lt. Governor, Pondicherry in her written speech circulated to all the participants stated that it was heartening to note that the "Approach paper to the Tenth Plan 2002-07" aimed at 8.7 percent GDP growth rate with a view to doubling the per capita income and improving the quality of life of the people in the next 10 years. Looking at the past performance during the Eighth and Ninth Plans, even the intermediate GDP growth rate of 8 percent for the first half of the period was certainly an ambitious target. She strongly endorsed the views of the experts that the anticipated growth could be achieved only through "concerted action in several areas and radical departure from the present practices".

36.2 As far as Pondicherry was concerned, she said that it would make all out efforts to accelerate development so that the growth rate proposed in the Tenth Plan was achieved. However, she mentioned that, though, Pondicherry had shown remarkable progress in trade and commerce over the years, it was still industrially backward. The territory was endowed with very little resources capable of exploitation for industrial growth. Most of the raw materials required for industries came from outside the territory. There was no market within the territory and the growth of industries was dependent on the extent of concessions given to industries to market their products outside the state. With the implementation of the decision to stop extension of Sales Tax related concessions to new industries, the industrial growth in Pondicherry would slow down unless some other concessions were extended by way of incentives. She, therefore, urged upon the Central Government to provide a package of incentives for boosting industrial growth in backward areas.

36.3 She said that the infrastructure development was another area of growth which needs attention. In this connection, she mentioned that the absence of a broad gauge railway line connecting Pondicherry with the rest of India was a major handicap for tourism and industrial

development of the territory. The conversion of the existing 40 Kms. metre gauge railway line between Villupuram and Pondicherry into broad gauge, which was approved by the Planning Commission in 1999-2000, was still to be taken up for implementation. She urged upon the Ministry of Railways to start that work in the current year itself. Besides, the Final Location Survey for the railway line connecting Tindivanam, Pondicherry and Cuddalore needed to be taken up. The proposed extension of the Tanjavur - Nagore line to Karaikal which was only 12 Kms. also required immediate attention of the Ministry of Railways. Those projects, when implemented, would push up the pace of development of the Union Territory of Pondicherry.

36.4 She stated that though Pondicherry had a small Airport constructed in 1989, there was no airline operating from that Airport. It was essential that an airline service was started urgently connecting Pondicherry with Chennai and Bangalore. In order to provide regular services by operating bigger aircrafts/ the runway needs extension. She requested the Ministry of Civil Aviation to take immediate necessary steps to extend the runway, as an air link with the rest of the country was very vital for its growth and development.

36.5 On the Power sector, she said, Pondicherry was allocated additional power to the extent of 13 MW from the expansion project of the Ramagundam Super Thermal Power Station, which would be available from 2004. In view of the increasing power needs, the Territory had requested for allocation of 50 MW from the proposed expansion project. She requested the Ministry of Power to favourably consider that. Meanwhile, she earnestly requested the Ministry of Power to allocate additional 20 MW to Pondicherry from out of the unallocated share of Central Generating Stations to tide over the present situation. She also mentioned that a proposal was made to expand the capacity of its Gas Power Plant in Karaikal from 32.5 MW to 132.5 MW. The Ministry of Petroleum and Natural Gas had not yet allocated the gas requirement of 3 lakh cubic metres per day on a firm basis. She requested the Ministry to take an early decision in that matter.

36.6 She observed that it was a matter of great satisfaction to note that the population growth in the country had decelerated below 2% for the first time in four decades and said that in order to accelerate economic growth and to guarantee food security to the teeming millions, our focus should be on further reduction in population growth. Focus should also be placed on other demographic indices which would be reflective of the qualitative improvement in human lives. In that connection, she informed that the decadal growth rate of population in the Union Territory of Pondicherry had come down from 33.64% in 1991 to 20.56% in 2001. That was indicative of successful implementation of family welfare programmes. Besides, the results of the First Population Census of the millennium had revealed that in the Union Territory of Pondicherry, the sex ratio had improved from 979 to 1001, the female literacy rate had gone up from 65.63 % to 74.13%, the death rate had come down from 10.5 to 6.9 per thousand and the infant mortality rate declined from 33.9 to 22 per thousand. She informed that the National Population Commission ranked Pondicherry as the Number One among 35 States and Union Territories based on a composite index of 13 vital health indicators like complete immunization, safe delivery system, sex ratio, infant mortality rate complete ante natal care of pregnant women, etc.

36.7 She said that the nation needed to adopt sustainable development in agriculture based on the successful experiment of the Bio-village Programme implemented in Pondicherry by the Swaminathan Foundation and replicate the success in other parts of India so as to reduce over

dependence on chemical fertilizers and pesticides which caused environmental pollution and health hazards. That programme was proposed to be extended to all villages in Pondicherry during the Tenth Plan. One great benefit of the programme was that it resulted in empowerment of rural women and gave them lot of confidence in managing self-help groups, agri-business and information centres.

36.8 She said that the development programmes were in the domain of the Government since independence. With the increase in population/ trade and industries and general improvement in the standards of living, the demand on infrastructure like roads, ports, railways, health, power, etc., grew enormously, requiring large investments. The resource available with Government being limited, external assistance was increasingly becoming not only important but also necessary. For the State Governments and Union Territories there were a number of schemes which required to be funded through external sources, by identifying suitable donor agencies. She said that there were several hurdles preventing the donor agencies from directly funding the projects. Assistance had to be routed through the Department of Economic Affairs which caused undue delay in release of funds. In a liberalized economy, where time was a constraint and development programmes needed to be implemented faster to keep pace with the fast changing international economy, external assistance should flow quicker and in a more transparent manner. Procedures needed to be simplified and accounting methods were required to be evolved in such a manner that direct assistance was ensured to enable faster implementation of the programmes.

36.9 The implementation of poverty alleviation programmes posed a big challenge in ensuring that the resources ultimately reach the poor who were targeted. It was really gratifying to note that the percentage of the population in poverty in the country had declined from 36 in 1993-94 to 26.10 in 1999-2000. She informed that the percentage of people below the poverty line in the Union Territory of Pondicherry had come down to 20.55 from 32.48 during the same period. She agreed to the adjusted share in the allocation of funds for JRY, IRDP and allied programmes.

36.10 Regarding the Centrally Sponsored Schemes, she said that it might be necessary to allow a certain amount of leeway in adjusting the pattern of assistance or varying the priorities in-built into the scheme, according to the local, ground level requirements. In many cases, funds under the schemes were released at the fag end of the year, which went against their effective implementation. In order that the schemes were properly implemented and the funds usefully employed, release of funds should be properly regulated. It has been informed that a review of the CSSs was being made by the Planning Commission to converge schemes with similar objectives and weed out those which have outlived their utility. She informed that an exercise for convergence and weeding out of schemes was being done in Pondicherry' for not only CSS schemes but also for all the Plan schemes and the Working Groups constituted for the purpose had I started their deliberations. The reports of the Working Groups would be made available by the end of September.

36.11 She said that Pondicherry was determined to conduct the elections to the Local Bodies during the current financial year. Elections could not be held earlier because of certain court orders, In the meantime, the State Election Commission had already taken steps to update the electoral rolls, which were expected to be ready by the 1st week of November, 2001. The elections to the Local Bodies will be held immediately thereafter.

36.12 She further said that providing transparency was one of the basic objectives of the Administration. Pondicherry had already published the Citizens' Charter in respect of 42

departments, which had been computerised and networked with the Secretariat. She informed that recently for the first time in the country, it successfully conducted auctions for arrack shops through the Internet and received acclaim from all quarters since the procedure not only provided transparency but also ensured that there was no malpractice or manipulation by any vested interests. Same procedure in respect of tenders for major works in Public Works Department and other departments was likely to be adopted.

36.13 Concluding her speech, **Dr. (Smt.) Rajani Rai** observed with gratitude that with the support and assistance from Government of India, the Union Territory of Pondicherry had been able to achieve outstanding growth in health, education, and other social sectors of development, through effective implementation of Plan schemes. In the Tenth Plan, it was keen to ensure not only a higher level of growth but also better quality of life for the people of Pondicherry, as only healthier citizens reflect the health of the society. She desired to showcase Pondicherry as a unique place for growth and development, without losing sight of social justice and needs of the poor and the less privileged. She felt that the Government of India would continue to support the initiatives and endeavours of the Government of Pondicherry, as before.

37.1 **Shri N.N. Jha**, Lt. Governor, Andaman & Nicobar Islands submitted a written speech wherein inter alia he stated that on receiving the Approach Paper, Andaman & Nicobar Islands sent certain comments to the Planning Commission, i.e., further delegation of financial powers needed to be made to avoid delay of important schemes/projects of the U.T. Administration while seeking approvals and sanctions from the Govt. of India.

37.2 Many of the Centrally sponsored schemes did not suit the far flung territories like the Andaman and Nicobar Islands due to geographical constraints, low population, less agriculture activity, etc. Such territories should be allowed to propose changes in the schemes/patterns of the system to suit their peculiar needs.

37.3 Some financial flexibility also needed to be given to such areas possibly on the lines of the scheme "Untied Funds" that prevailed in the North-Eastern States. Further, he said that the Ninth Plan had been a period of significant achievements in the field of infrastructure specially construction of power plants, expansion of Runway, ordering/acquisition of new Ships and completion of the Andaman Trunk Road (ATR). Greater coverage had been achieved in the fields of Education, Health services as well as Water supply. Towards the end of the Plan, Andaman & Nicobar Islands was in the process of activating the Panchayat Raj Institutions, like the Zilla Parishad, etc.

37.4 The people of A & N Islands were now fully exposed to the wider economic and social forces in the mainland. The A & N Islands could no longer be viewed as far flung and vulnerable outposts to be protected through the transfer of a settler population and stationing of security forces, but as a well settled chain of islands with tremendous potential for development of Tourism and Fisheries through opening up to the rest of the world. Its major asset in the opening up was to be its expanded runway allowing quick air connections to the mainland, to the South East Asia and beyond. The airport needed to be declared an International Airport in the immediate future.

37.5 He said the islands must receive the best policy inputs with the assistance of the Centre, greater funding for tourism, faster environmental clearances and, perhaps, most importantly a sustained level of publicity worldwide to fully explore their potential. To allow tourism to remain fettered by environmental and security constraints of the most restrictive kind would be depriving the Islands of an economic future and a waste of the heavy investments made in infrastructure.

37.6 While the focus in the 9th Plan was on basic infrastructure, the focus of the Tenth Plan would be in three important areas, i.e, provision of basic amenities and on upgradation of Rural infrastructure, use of Self Help Groups for income generation and asset creation, and tackling the problem of unemployment through greater reliance on the private sector in creating job opportunities in the Tourism, Fisheries and IT sectors.

37.7 However, in the absence of supporting infrastructure, private sector initiative would not be forthcoming. Thus, improvements in the shipping sector, specially inter-island travel for local passengers and tourists, and widening and improvement of the ATR were likely to remain major necessities. Andaman & Nicobar Islands needed to upgrade port facilities as well, specially in outlying islands of tourist interest. Faster movements between islands and better ports and harbours were a prerequisite for the development of Tourist potential. He suggested that the IDA be made far more active and purposeful than had been the experience of the last decade or so, and if legal powers needed to be conferred on the local administration to curb influx and encroachments that should be recommended.

37.8 In the Fisheries sector, Andaman & Nicobar Islands needed to attract investment from the mainland both in fishing as well as in setting-up processing units. In this regard licensing powers have just recently been liberalized. Nevertheless, such investment would not be forthcoming in good measure without enhancement of other infrastructure like electricity, water, civic facilities, shipping, roads etc. While some of the infrastructure was already in place substantial expansion was still needed. In the IT sector, for which the Island offered a conducive environment, encouraging private initiative required enhanced Satellite connectivity or even connection with the high bandwidth undersea cable passing through the area. The feasibility of either proposition needed to be assessed at an early date and he urged greater attention to such needs of the islands.

37.9 He pointed out that the United Nations Convention on the law of the Sea (UNCLOS) enjoined all coastal states to promote the objective of optimum utilization of the living resources in the EEZ and to determine their capacity to harvest the living resources therein. The EEZ around the A & N Islands was highly underutilized, except for the illegal exploitation by poachers from other countries. The investment in fisheries in these Islands was needed to use entire allowable catch needs. That required clear long term policies especially in the area of deep sea fishing. He urged that the A & N Islands needed immediate approval of Draft Marine Fisheries Regulation by the Government as also a deep sea fishing policy at the earliest to give an impetus to the exploitation of the Andamans EEZ.

37.10 He pointed out that UT's existing population required better health care, including introduction of widespread and easily available telemedicine facilities which were particularly suitable for the isolated Islands as a cost saving device. The population also required access to better educational facilities in terms of more and better teachers and better infrastructure.

37.11 He requested for a substantial increase in the delegation of financial powers. While the powers have been increased to some extent in 1998, which led to easier ordering of a number of vessels in 1999 the delays yet inherent in obtaining sanctions from different Ministries made it necessary to increase these powers. Further, in keeping with a trend towards decentralization incorporated in the approach to the Tenth Five Year Plan, the outlying territories should be allowed to suggest patterns of assistance of Centrally Sponsored Schemes that suit their local conditions. In the case of A & N Islands, the IDA could function as a policy making body looking

at such issues and recommending patterns suited to Islands. Another need of outlying areas without a significant resource base, was to have some portion of their plan funds made available to them as Untied funds to be deployed as required by local needs, subject to the usual delegation of powers. Such a facility was available in the North-eastern states but was yet to be advanced to the Union Territories and would go a long way in meeting changing local situations as well as offer flexibility of response.

37.12 Concluding his speech, **Shri Jha** said that with the shift of reliance upon the service sector, there was need to consider and review Mainland-island and Inter-island transport subsidy which, at present, supported the existing, limited industry in these Islands, with great care. He urged full support to UT's endeavour to develop the Islands even though some of the plans may seem ambitious.

38.1 **Shri O.P. Kelkar**, Administrator, Dadra and Nagar Haveli and Daman & Diu attended the meeting.

38.2 **Shri K.S. Mehra**, Administrator, Lakshadweep also attended the meeting.

39.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission expressed his thanks to all the participants for the very constructive discussions and for many ideas which were put forward. He said that this would help in the task of formulating the Tenth Five Year Plan.

40.1 **Shri Atal Bihari Vajpayee**, Prime Minister in his closing remarks said that discussions were fruitful and would have bearing on the course of India's development for the next decade. He observed that many valuable suggestions had been made and on the basis of the deliberations, a broad consensus had emerged. He then summarised the decisions of the meeting.

- (i) The National Development Council unanimously approves the draft Approach Paper to the Tenth Five Year Plan. Further, it directs the Planning Commission to prepare the Tenth Plan on the basis of the approach outlined therein. The suggestions and comments that have been received from the Members will be carefully considered in the course of preparing the Plan.
- (ii) The National Development Council also unanimously endorses the decision to grant special category status to Uttaranchal. He noted that some suggestions have been made for looking into the criteria for granting special category status to other States. These should be examined.
- (iii) The National Development Council takes note of the Report of the NDC Sub-Committee on the Criterion for Allocation of Funds under Major rural Poverty Alleviation Programmes and the status of the NDC Sub-Committee on Transfer of Centrally Sponsored Schemes. It directs the Planning Commission to take note of the many suggestions made by the Chief Ministers on identifying more schemes for transfer to the States with flexibility and take further necessary steps to finalize the reports by an early date.
- (iv) The NDC takes note of the Mid-Term Appraisal of the Ninth Five Year Plan.

40.2 He fully shared the concerns expressed by many Chief Ministers on the difficulties facing kisans, especially in the context of the WTO agreements. He assured that these would be duly addressed in the course of preparing the Tenth Plan document. He emphasised the need to ensure

that the huge food stocks were productively used to provide nutrition, assured rural employment, and build durable assets.

40.3 He noted that there was consensus on greater devolution of financial and administrative powers to Panchayati Raj Institutions and stated that this consensus must be transformed into concrete action.

40.4 He said that the unique focus of the Tenth Plan would be on Good Governance, the starting point for which has to be a visible improvement in the standards of implementation. In this context, he stated that the Chief Minister of Andhra Pradesh has rightly highlighted the usefulness of e-governance. He desired that the Planning Commission should give due emphasis to this while working out the Tenth Plan.

40.5 Expressing his thanks to all for having enriched the deliberations of the meeting, he observed that it was clearly demonstrated that political differences should not, and will not, stand in the way of deciding what was right for achieving faster growth and all-round development. Urging for adopting a rule of self-restraint, he said that none of the members should block some other government from doing what a member was himself doing in his own government. And that he would strive to ensure that his party does not block that government either.

40.6 On the suggestion of the several Chief Ministers on the need to further strengthen the political consensus on reforms, the Prime Minister welcomed the proposal to convene a meeting of leaders of all parties to work out this consensus. He assured action in this regard and stated that at the top of this agenda were labour reforms and reforms in the power sector. He suggested a periodical meeting for two days for finding solutions to the common problems faced by the States. He added the first day should be utilised for hearing experts persons who are turning India towards the future and the second day should be spent together by the members without any formal agenda for exchanging views and devising solutions for their common problems.

40.7 The Prime Minister welcomed the suggestion of the Chief Minister of Karnataka that the next meeting of the NDC be held outside Delhi. With these words, he called the 49th Meeting of the National Development Council to close.

40.8 At this stage, the Chief Minister of West Bengal wanted to say a few words. Appreciating the closing remarks of the Prime Minister, he suggested that (i) land reforms should find some place in the Approach to the Tenth Plans, (ii) Present Public Distribution System should continue and (iii) Debt burden should be tackled by setting up a Committee to offer solutions.

40.9 The meeting concluded with Prime Minister thanking all the participants.

Inaugural Address of Shri Atal Bihari Vajpayee Prime Minister of India to National Development Council (49th Meeting)

Deputy Chairman, my Cabinet colleagues, Chief Ministers, other distinguished members of the Council, and Friends,

I welcome you all to the forty-ninth meeting of the National Development Council.

The most important item on our agenda for today is the consideration of the Draft Approach Paper to the Tenth Five Year Plan. This will set the broad policy directions for the Plan covering the period 2002 to 2007.

The Tenth Plan will be a major landmark in the history of development in India. It is the first Five Year Plan of the new century. As such, the nation awaits it with high hopes and great expectations. Our people want to know :

- Will the Tenth Plan chart a new path of sustainable development, fully harnessing the enormous natural, human, and financial resources in the country?
- Will it fully take into account the new national and global realities, especially the expanding capabilities of the non-State sector in India's socio-economic development?
- Will it preserve the many achievements of the previous Five Year Plans and build a solid foundation for all-round development in the new era?
- Will it also carry the lessons from the failures of the previous Plans and reliably reassure the nation that the backlog of unmet targets and unfulfilled objectives will soon be cleared?

We in the National Development Council, as representatives of the Governments elected by our people, have a responsibility to answer these questions in the affirmative.

We cannot disappoint them. And we shall not disappoint them.

The country believes, with good justification, that our economic performance so far has not matched our potential. So too does the rest of the world. Our endowments of productive resources - human, natural, technological, and financial - are the envy of many. However, we are yet to harness them in a manner that yields the best results.

The shackles that have bound the productive energies of our people must be cast off. We must take the economy to a significantly higher path of growth.

That is why I had asked the Planning Commission to set the goal of doubling our per-capita income within the next ten years. I knew then that it was a difficult target. But it is surely not an impossible target. After all, several countries with lesser resources have succeeded in achieving such high growth rates.

Dear Chief Ministers, the process of planned development in India, through the mechanism of Five Year Plans, began at a time that was very different from today's situation. It was natural for the State-sector, through the agency of the Union Government, to play a dominant role in almost every aspect of the country's economic and social development.

As a result, the Five Year Plans in the past half a century were moulded by a thinking in which the Government, in particular the Centre played a predominant and all-embracing role.

India is a vastly different country today. Our State Governments have amassed a wealth of experience of planning and executing developmental activities on their own. Ten years ago, we amended our Constitution to empower our Panchayati Raj Institutions to function as effective agents of decentralized development.

The private sector has grown phenomenally, both in size and capability, and now plays a pivotal role in India's economic development by mobilizing investments and executing projects, including in infrastructure and core sectors. The private sector has received, especially after the advent of economic reforms a decade ago, a larger mandate to contribute to the realization of our growth targets.

The past five decades have also seen a tremendous growth in both the number and diversity of non-governmental organizations and community-based organizations, and in the scope of their contribution to the development of our social and environmental sectors.

India needs a strong partnership between these five agents of development - the Union Government, State Governments, PRIs, the private sector and non-governmental and community-based organizations - to achieve all-round development.

I believe that one of the main reasons for the wide gap between India's developmental potential and her actual performance lies in insufficient appreciation, in the planning process, of the need for a partnership between all the five drivers of national development.

I am happy that the Approach Paper to the Tenth Plan seeks to correct this critical shortcoming.

Friends, today's meeting is an occasion for all of us to look at the Indian economy in perspective and, also, to dispassionately view the difficult situation we are facing at present.

The decade of the Nineties witnessed an impressive rate of growth of our national economy. Yet, it is also true that growth has currently slowed down to a level that must make all of us sit up, think, and act. The rates of growth of our agricultural production, our industrial production, and our exports have come down. Credit off-take has considerably reduced in spite of abundant deposits available in our banking system. New investments have dried up.

This is due to cyclical and episodic factors as well as structural weaknesses within in our economy. It is also partly due to the slowdown in the global economy, although India is relatively better off compared to the downturn in many developed economies in the world.

This, however, cannot be a consolation to us. I would like the Chief Ministers to know the realities of our present economic situation. There is no easy or quick solution to the problems we are facing, especially since many of them are systemic in nature.

We must also bear in mind that the slowdown has come at a time when the legitimate aspirations of our people, especially those belonging to the poor and deprived sections of society, are rising.

You know and I know that these aspirations can be fulfilled only if our economic growth become faster, sustainable, and more capable of removing regional, social, and gender imbalances.

To fulfil their hopes and aspirations is our common commitment, irrespective of the parties or coalitions we belong to. We cannot dilute this determination.

The Planning Commission, after careful deliberation, has given form and content to this collective commitment. The Approach Paper has set a growth target of 8 per cent a year during the Tenth Plan and a further step up during the Eleventh Plan.

We are today at a growth rate of slightly more than 5 per cent. Moving from this level to our Tenth Plan target will require removal of the many policy, governance, and infrastructural impediments to faster economic growth. This will entail difficult decisions - both by the Centre and the State Governments. We must have the courage and will to accept this challenge.

We cannot afford to be complacent. Nor can we afford to make promises that we know we cannot fulfil without taking the correct decisions, be they for the moment unpopular. The people expect us to act - they expect me to act and they expect you to act. They expect us to take such necessary decisions that will infuse confidence and impart a new momentum to the economy. Our citizens will support our actions if we properly explain what the situation is, and how our decisions, while sometimes causing temporary hardships to some, would ultimately benefit all.

Some of the areas where we need urgent action were the following ;

1) The weak finances of both the Centre and the States need to be Improved immediately. Unproductive and unnecessary expenditure will have to be drastically pruned. The borrowings and contingent liabilities of many States have been over-stretched. Living on borrowed money and borrowed time is not a mark of good governance. Somewhere down the line, we seem to have forgotten the traditional Indian virtue of prudence and thrift. I cannot over-emphasize the importance of both the Centre and the State Governments to increase our revenues by expanding tax collection, ending the losses of State enterprises, and launching innovative ways of resource mobilization.

2) The downsizing of the Government cannot be delayed. There are States whose salary bills alone far exceed their revenue collections. Obviously, the people who have elected us cannot want this sorry situation to continue. For they too know that every unnecessary government job robs them of resources for much-needed welfare and development activities. The Centre will not be found wanting in this regard.

3) We have taken some steps to reduce untargeted non-merit subsidies. There is, however, a big need and a lot of scope for pruning them further and targeting them better to benefit the poor.

4) We need to comprehensively review our strategy of increasing food production based on periodically increasing procurement prices. Another matter that deserves urgent attention is to increase the States' ability to lift low-priced foodgrains for distribution to the poor and for food-for-work programmes. The Government will operationalize, within this month, the Sampoorna Rozgar Yojana. It will provide assured employment to the rural poor for building durable assets. I appeal to all the State Governments to cooperate in implementing it.

5) The area that is truly crying for reform and rejuvenation is our power sector. We agreed on many important points of action at the Chief Ministers' Conference in March. I know that some States have begun to act on the reform agenda. I urge all of you to implement the milestones for power sector reforms within the accepted timeframe. If necessary, I am prepared to call an all-party meeting to build the necessary political consensus, so that the reforms are not derailed in States due to compulsions of competitive politics.

6) Labour reforms cannot remain pending any longer. We need to patiently explain to our friends in the trade unions and others that these reforms, far from being anti-labour, are indeed pro-labour because they will create large-scale new employment. They are urgently needed to enable our industries and businesses to attract new investments, new technologies, and to be able to compete, both on cost and quality in the global market. I am happy that some States have begun to take positive steps in this direction.

7) The health of our banking and financial system is a matter of worry. Many economies have got into serious trouble because of the bad debts that led to the failure of their banks and financial institutions. We have enough warning signals and much sobering experience to go by. You too are aware of the problems being faced by co-operative banks in your States. The Government will accelerate reforms in the financial sector.

8) We have removed many restrictions to foreign direct investment. Yet, the climate for FDI has not improved. We need to seriously take many promotional measures in cooperation with industry associations to ensure that both FDI, and FII investment increases on a stable basis.

9) Our agriculture, industry, and services face many barriers to their rapid growth. These are in the form of harassment, corruption, red-tapism, and other indignities of the Inspector Raj. We must quickly identify and eliminate, root and branch, all such perverse laws, regulations, and procedures that lead to unproductive activities, increase costs, and sap the energies of our entrepreneurs.

10) Major hurdles to faster economic growth also come in the form of the delays and other deficiencies in our judicial system. These too will have to be resolutely removed.

11) Natural calamities have become a recurrent feature in recent times, leading to heavy losses in life and property. We should soon put in place an effective disaster management plan, both at the Centre and in States. We should also devise suitable long-term strategies to control droughts and floods.

12) The Tenth Plan should see redoubled efforts by us to control the growth of India's population. We should transform our endeavour in this regard into a people's movement, which alone can help us reduce the decadal rate of population growth between 2001 and 2011 by 5 percentage points to 16.2%. Clearly, certain States and certain districts, which are growing faster than the national average, will need to make extra efforts.

13) Effective devolution of financial and administrative powers to Panchayati Raj Institutions still remains an unfinished agenda. The Central Government, in cooperation with the State Governments, plans to soon launch a structured national debate on empowerment of PRIs to achieve our common commitment towards decentralization.

14) Lastly, we need to give our economic reforms a strong pro-poor focus and make elimination of poverty the central objective of development. The Tenth Plan period should see a major progress in rural connectivity by road, telecom, and the Internet; primary education and primary healthcare; and housing, drinking water, and sanitation. We should also ensure better care for the aged, disabled, and the destitute. Equally important, I urge the State Governments to quickly eliminate all laws and regulations, which are used to harass the poor and deny them livelihood with dignity.

Dear Chief Ministers,

The revival of the economy must become our highest collective priority. The Centre and the State Governments should together take steps to end the crisis of investment - both public and private - that has arisen in the economy. Towards this end, the Centre will accelerate large-scale public investments in infrastructure development.

You are aware of our recent initiatives in highways and rural roads. We are now determined to initiate long-pending reforms in the functioning of the Railways. We have already announced a Rs. 17,000 crore Railway Safety Fund to be spent in the next five years. We shall soon flag off a major investment package for the early completion of many critical and remunerative projects.

The Department of Programme Implementation is presently monitoring 461 projects that cost Rs. 100 crore and more and are at various stages of non-completion. Many of them have been under implementation for ten years and more. The Centre proposes to take up one hundred of these projects, which can be completed in a short time. The investments needed for this will be suitably provided for.

We should also identify a shelf of new bankable projects, in the areas of irrigation, agricultural infrastructure, drinking water, urban infrastructure, state highways and district roads, bridge construction, etc. to give additional fillip to the economy. Given the resources in the financial sector and multilateral agencies, it should be possible to devise suitable financing mechanisms and implement these projects without causing additional fiscal pressure.

While emphasizing acceleration of economic growth, the Approach Paper has rightly pointed to the need for innovative and more effective ways to develop our social sector. The key here is to increase the scope as well as the depth of public-private partnership in developing our abundant human resources. Such partnership is possible, and has also become necessary, in education, healthcare, and sanitation.

The Approach Paper has rightly highlighted the importance of Good Governance. For too long we have neglected the institutional framework that guides all economic activities in the country and delivers basic social and economic services to our people. An excessive reliance on allocations to the neglect of performance has not served us well. There must be a reorientation of executive accountability towards results, and not only in meeting budgetary targets.

Be it the development of our physical or social infrastructure, be it our welfare or promotional programmes, a major lesson from the previous Plans has been our shortcomings in implementation and follow-up. This often creates disappointment and cynicism among the people.

In my Independence Day address, I had said that the Centre would observe the coming year as the “**Year of Implementation**”. Today I call upon all of you to do the same in your respective States. Together, let us strive to set new standards of implementation, monitoring, and follow-up, which alone can guarantee achievement of the challenging objectives set in the Approach Paper to the Tenth Plan.

Over the years, we have significantly narrowed our ideological and conceptual differences over a wide range of issues. We are now poised to move decisively on the measures recommended by the Approach Paper on the strength of our collective political will.

Let us resolve to rise above partisan politics and lend our combined support to the proposed Approach to the Tenth Plan. Let us today direct the Planning Commission to prepare a Plan

Summary Record of Discussions of the NDC Meetings

document which would detail the tasks to be performed and the responsibilities to be discharged by the Centre, the State Governments, and Panchayati Raj institutions. Let us seek the participation of our public and private sectors, civil society organizations, and, above all, the people themselves.

Let us make the Tenth Plan a People's Plan. Let it be a Plan that can inspire all stakeholders to be participants in our development process. Let today's meeting of the NDC, the apex development body of our Union of States, be remembered for sending this message loud and clear - India can and will stand tall in the comity of nations on the strength of her own capabilities and collective resolve.

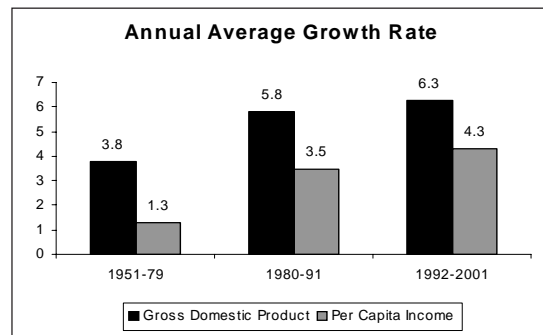
I now request **Shri K.C. Pant**, Deputy Chairman of the Planning Commission, to take us through today's agenda.

Thank you.

Deputy Chairman’s Address at the 49th National Development Council Meeting on 1st September, 2001 at Vigyan Bhavan

Let me begin by thanking the Prime Minister for his inspiring address and setting the tone for today’s deliberations. As he has pointed out, there has been progressive convergence in our ideological and conceptual positions on economic and social policies. We have to channelise this consensus into decisive action for the welfare of the people. The country expects this apex body to send a clear signal of our collective political will to pool our resources and energy for the greater good of the nation.

2. The first item on the Agenda is the consideration of the Draft Approach Paper to the Tenth Five Year Plan. In proposing that the Tenth Plan GDP growth target should be 8% per annum, we are, no doubt, stretching ourselves. We do so as we are acutely aware of the urgency to meet the needs and aspirations of our people. We consider this achievable. After all, as slide 2 indicates, we have succeeded in raising our growth rate from about 3.5% in the first three decades of our independence to nearly 6% in the next two.



Slide 2

3. The Approach Paper stipulates monitorable targets covering economic, social and environmental dimensions of human development. Slide 3 gives the objectives and Slide 4 the monitorable targets

Objectives of the Tenth Plan
1. Growth rate of GDP to be 8% per annum
2. Monitorable Targets:
• All villages to have access to potable drinking water
• Reduction by 50% In gender gaps In literacy and wage rates
• Cleaning of major polluted river stretches
• Employment growth to keep pace with addition to labour force

Slide-3

Monitorable Targets - Tenth Plan			
Indicators	1999 2000	2007	2012
Poverty Ratio	26%	21%	11%
Access to Primary Education	94%	100%	-
Literacy Rate for 2001	65%	72%	80%
Infant Mortality Rate	72	45	28
Maternal Mortality Ratio*	4	2	1
Increase in Forest/Tree Cover	19%	25%	33%
Decadal Population Growth#	21.3%	→	16.2%

*-per thousand live birth \$-for 1993 # - for 1991-01 & 2001-11

Slide-4

of the Plan. For the first time, as you can see, explicit targets on issues like accessibility to drinking water and primary education, and indicators like infant mortality rate and maternal mortality ratios are being specified. Policy constraints, which discourage growth of employment, have to be addressed. The Tenth Plan Approach Paper also envisages a State-wise break-up of these

targets to enable the requisite policy focus for reducing disparities.

4. As you can see from this slide, a multi-prong approach has been adopted to integrate growth with equity and social justice. Agriculture development is appropriately a core element of the Plan. there is also an added emphasis on bringing about reapid growth in sectors with high quality employment opportunities. the sectors that need special focus include Information Technology enabled services, entertainment, Real Estate and Housing, Modern Retailing, Tourism and transport.

5. We have to, however, take note of some recent trends. Of late, there have been visible signs of deceleration in economic growth. The global economic environment, at present, is also far from ideal. The fiscal position of the Government, both at the Centre and States, is rather precarious. Today, the governments, across the country, borrow not only for investment, but also to meet a substantial portion of their revenue expenditure. This is an unsustainable situation, and severely restricts our ability to raise public investment to desired levels. These and related concerns were highlighted in the Mid-Term Appraisal of the Ninth Five Year Plan. In the slides that follow, we have attempted to bring out the essence of these concerns and proposed corrective action.

Slide 6 lists some macro issues. These are :

Approach to the Tenth Plan

1. State-wise growth & other monitorable targets for reducing regional disparities
2. To Integrate growth with equity and social justice
3. Agriculture development to be a core element
4. Rapid growth In sectors with quality employment opportunities
5. Targeted programmes with cross sectoral synergies for special groups

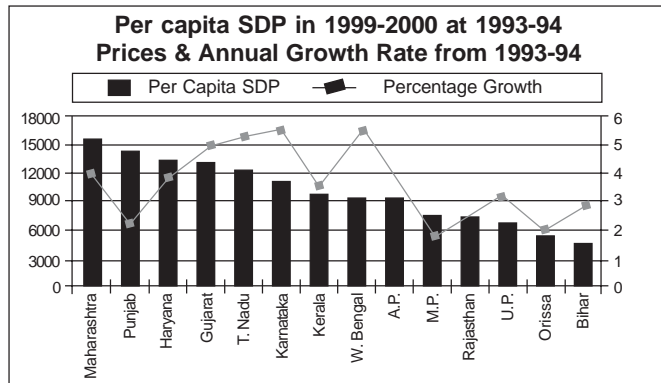
Slide-5

Areas of Concern

1. Agricultural growth slackened In the 1990s
2. Significant backlog of unemployed and likely displacement of labour due to structural change In the economy
3. Poverty declined to 26% but not to 18% as Indicated In the Ninth Plan
4. Critical gaps persist In literacy, Infant mortality, nutrition; gender disparities continue
5. Growth In the Ninth Plan likely to be about 5.6% as against 6.3% In the Eighth Plan
6. Growth disparities across States Increased in 1990s

Slide-6

6. You will see in this slide that States with higher per-capita income such as Maharashtra, Punjab and Haryana have not done as well as Gujarat, Tamil Nadu, Karnataka and West Bengal in the 1990s in terms of growth rates. Madhya Pradesh, Rajasthan, Orissa and Bihar continue to lag behind.



Slide-7

7. Slide 8 highlights the deterioration in the fiscal situation of Centre and States in the 1990s. The deterioration has been sharper in the States.

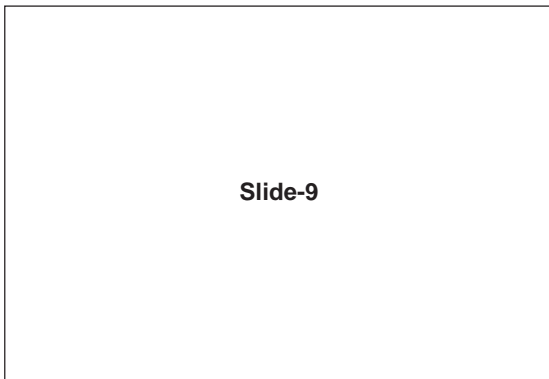
8. As you can see in this slide, the States had a positive balance from their current revenues upto 1990. The situation was manageable till 1997-98, after which point the adverse impact of the Fifth Pay Commission becomes obvious. At an aggregate level, for both Central Government and States, the deficit from current revenue at the beginning of 1990s was around Rs.5000 crore. This deficit is now a staggering Rs.90,000 crore.

From a level of 19.05% in 1993-94, the revenue deficit fiscal deficit ratio increased to 63.23% in 1999-2000 (RE).

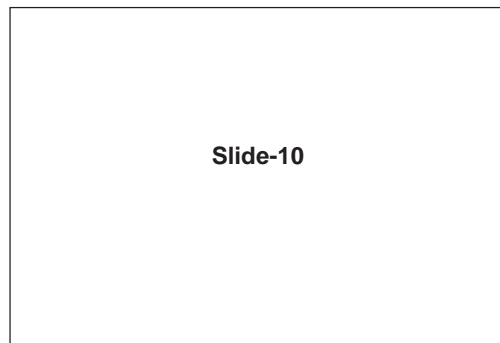
Areas of Concern

7. Significant deterioration In fiscal situation of Centre and States in the 1990s. Deterioration sharper in States
 - Combined Revenue Deficit Is much higher today than In 1991
 - Revenue Deficit to Fiscal Deficit Ratio has risen from about 20% In 1993-94 to 65% In 1999-2000
 - Overall Interest burden unsustainable
 - Pension Bills of major States have gone up by 200 times In 25 years
 - Ratio off Plan outlay to GDP has been going down

Slide-8



Slide-9



Slide-10

9. At the Central level, the ratio of revenue deficit to fiscal deficit has risen sharply from about 20% in 1993-94 to 65% in 1999-2000. As against the 1980s, when we were borrowing to only meet our capital expenditure, we are now borrowing more and more just to meet our current expenditure on salaries of salaries, interests and subsidies.

10. We see that there has been a 200-fold increase in the Pension Bill of just 15 major States. It has gone up from around Rs.100 crore to nearly 19,000 crore in the last 25 years.

Slide-11

11. In this slide, you see a continuous decline in the ratio of Plan outlay to GDP both in the Centre and the States. The decline is sharper in the case of the Centre. As a result, we are not investing enough for our future. Nor, unfortunately, are we adequately maintaining our existing assets.

Slide-12

12. There are other concerns, namely the persistence of many controls in agriculture, trade and industry. The flow of private investment in infrastructure is also below expectations. More importantly, the institutional framework and delivery mechanism are acting as a drag on the pace of our development. Growth in investment must go hand in hand with growth in efficiency.

Areas of Concern

- 8. Too many controls still remain in Agriculture, Trade and Industry
- 9. Flow of private investment in infrastructure below expectations
- 10. Institutional framework and delivery mechanism dragging development

Slide-13

13. The stipulated growth rate and changes in its sectoral composition require a significant increase in the investment rate to 30-32%. I would like to emphasise that neither the growth target nor the social indicators of well-being can be attained merely by increasing the quantum of financial resources. Efficiency and effectiveness must be the touchstone of our policies and programmes.

Slide-14

14. This slide shows the deterioration in the composition of public expenditure of the States. Not only has the Plan Expenditure component of total expenditure declined, but, the share of capital expenditure has fallen even further.

15. Fiscal correction, in both Centre and States, is a critical element for raising the investment rate. The agenda for fiscal correction shown in slides No.15 & 16 highlights the importance of improving government savings by nearly 3% of GDP. This would require not only raising revenues through improved tax-GDP ratio, but also realising user charges on a number of publicly provided services. Growth of non-plan expenditure also needs to be moderated.

Fiscal Correctives Proposed	
1.	Increase Government savings by 2.9% of GDP
2.	Gross tax to GDP ratio to be raised from 9.2% in 2001-02 to 11.7% in 2006-07
3.	Revenue Deficit to decrease from 3.4% to 0.5% of GDP
4.	Realise user charges on power, irrigation, water supply, education and health
5.	Rationalise subsidy on food, kerosene, fertiliser and cross-subsidy In railways

Slide-15

Fiscal Correctives Proposed	
6.	Non-plan expenditure to come down by at least 2 percentage points of GDP
7.	Reduce number of Govt. employees by at least 2% per year
8.	Accept Fifth Pay Commission's recommendations on downsizing of the Government and on future Pay Commissions
Centre to take lead with time bound targets. States to take similar action	

Slide-16

16. This slide highlights the approach to mobilising resources for the Plan.

Resources for the Plan	
9.	Gross Budgetary Support (OBS) for the plan to Increase from less than 4% of OOP In the Ninth Plan to 4.5% in the Tenth Plan
10.	Disinvestment proceeds to average around Rs.16,000 crore per annum
11.	Private Foreign Direct Investment to go up to \$ 10 Billion per annum
12.	Increased mobilisation of States own resources

Slide-17

17. Disinvestment has been identified as an important source for funding the Plan. Our recent experience has not been encouraging. These resources are critical for the Plan. For the success of the disinvestment programme, it may well be necessary to delink the functional control over public sector undertakings identified for disinvestment from their administrative ministries. There is also need to sensitise labour to the proposed disinvestments and to generate awareness and create consensus on the rationale and long-term benefits of disinvestment.

18. There are too many policies and regulations, which stifle initiative and private investment in many sectors. These need to be addressed expeditiously.

19. Improving government's interface with the public, quality of public expenditure and, above all, enhancing the productivity of existing assets have to be the corner-stone of our strategy. The Approach Paper has outlined a number of measures in this regard.

20. One of the important issues that also figures later in the agenda is the increase in the number of Central and Centrally Sponsored Schemes over the last few decades

21. I have, since last year, taken personal interest in pursuing an exercise to undertake a ministry-wise evaluation of all on-going Central and Centrally Sponsored Schemes, even subjecting them to principles of Zero-Based Budgeting, with a view to deciding on their transfer or convergence or weeding out, as the case may be, prior to the formulation of the Tenth Five Year Plan. With the cooperation of my colleagues in the Union Cabinet, I hope we would be able to complete this exercise in the next few months.

22. Our experiment with the concept of Core Plan has been encouraging. In this approach critical programmes in each sector are protected from any inadequacy of resource allocations so that the intended benefits from these projects are fully realised.

23. We have to optimise the use of our limited resources. There is significant scope for improving the delivery-mechanism for poverty alleviation schemes. We need to improve accountability at the local level by involving the Panchayati Raj Institutions.

24. I now turn to sectoral issues. The Approach Paper recognises the serious gaps that are emerging in infrastructure, particularly in power, railways, agriculture and irrigation.

Strategy for Improving Efficiency and Governance

1. Removal of administrative, procedural and legal hurdles
2. Improving government's Interface with the public
3. Privatisation/closure of non-strategic PSUs both in Centre and States
4. Reduction of Central Sector and Centrally Sponsored Schemes through convergence, weeding out and transfer of schemes
5. Enhance project-based support to States
6. Incentivise Implementation of agreed programme of reforms In States

Slide-18

Strategy for Improving Efficiency and Governance

7. Adoption of "Core" plan concepts at both Centre and States
8. Emphasis on completion of existing projects than Initiating new projects
9. Plan funds to be selectively permitted for critical repair & maintenance activities
10. Involvement of people Including Panchayats and Voluntary Organisations In planning, Implementation and monitoring
11. Reform of Labour Laws
12. Reform of Judicial System and Procedures

Slide-19

Sectoral Concerns - Power

- SEB loses Rs. 24,000 Crore per annum
- Average T&D losses over 40%
- Public Sector starved of resources

The Approach Paper Proposes :

1. Traiff Rationalisation through SERCs
2. Unbundling Generation, Transmission and Distribution
3. Privatising distribution
4. Bulk consumers to access power directly
5. Compulsory metering at least upto 11 KV Sub-Stations

Slide-20

Sectoral Concerns - Power

- Railway Finances are in crisis situation
- Too many non-priority projects
- Freight charges pushing traffic to roads

The Approach Paper Proposes :

1. Establishing an independent Rail Tariff Regulation Authority
2. Rationalisation of freight and passenger charges
3. Prioritisation of projects
4. Reduction in backlog of track renewal and modernisation of signaling for better safety
5. Corporation of all non-core/peripheral activities of the Indian Railways

Slide-21

25. The flow of private investment in infrastructure has been below expectation. In many instances the requisite enabling policies are not yet in place. The Central Government at the initiative of the Prime Minister has launched the National Highway Development Programme which is progressing well. There is a similar initiative on rural roads. Power sector reforms should get a new impetus through the Accelerated Power Development Programme.

26. Incidentally, let me draw the attention of this august body to developments in China. Like us, they are also in the process of formulating their Tenth Five Year Plan. They have demonstrated successfully that even a developing country with similar constraints such as ours can sustain high rates of economic growth over extended periods.

27. Agricultural development has been recognised as the core element of the Plan. Inadequate capital formation and effective credit support are some of the major concerns in this sector. The Approach Paper has identified the need to have a comprehensive land-use policy, as also a fresh strategy for irrigation and water use. Regulatory controls and policy framework rooted

Sectoral Concerns - Agriculture

- Inadequate capital formation & credit support
- Input and output market distortions

The Approach Paper Proposes :

1. Increased public investment in irrigation and rural roads
2. Comprehensive land use policy
3. Strengthening of agriculture extension
4. Amendments of Essential Commodities Act
5. Rationalisation of subsidies
6. Removal of licensing controls on Agro based and rural Industries
7. Disbanding restriction on export, trade and credit for agricultural & agro-forestry products

Slide-22

in the era of food scarcity have limited relevance in today's context. The management of our food economy needs a fresh look. There is, now, a general support for disbanding export, trade and credit restrictions on agricultural and agro-forestry products. These will have to be pursued in the course of the Tenth Plan.

28. The key to the success lies in -

Key to Success
<ul style="list-style-type: none">• Changing Government dis-savings to surplus• Raising budgetary support to the plan from 4% to 4.5% of GDP• Improvement in plan Implementation• Broadening and deepening agenda for reforms• Marked improvement in Governance - accountability, transparency and productivity

Slide-23

29. A National Blueprint for administrative and procedural reforms needs to be devised and implemented. Our administrative framework and the delivery mechanism have to be transparent, accountable and non-discriminatory. Corruption and inefficiency cannot be tolerated. There must be rewards for performance and penalties for failure. Reforms and strengthening of the judicial system and procedures is an important element of this strategy. Let us resolve to meet these challenges. Let us make the Plan a true success.

30. The consequences of inaction are too serious to contemplate. I draw your attention to the final slide. Not only will growth falter, unemployment will rise, but it could well threaten the cohesiveness of our social fabric. We cannot afford to fail.

India of the 21s Century, has to be a nation of growing capabilities and equal opportunities for all. It has to take steps for mainstreaming of the AM leading to social unrest deprived and the excluded. It has to make an all out effort for empowerment of Scheduled Castes, Scheduled Tribes and weaker sections. It has to also address gender concerns. It has to be a land where regional and sectoral perspectives are not allowed to cloud a holistic national vision.

31. With these words, I commend the Draft Approach to the Tenth Five Year Plan for endorsement and approval by this august body.

32. The second item on today's agenda is the Report of the NDC Sub-Committee on Criteria for Allocation of Funds under Major Rural Poverty Alleviation Programmes. It may be recalled that this Committee was set up in pursuance of a decision taken at the last NDC meeting. The

Unless we do this
<ul style="list-style-type: none">• Fiscal Unsustainability• Collapse of Governance• Rising Regional Disparities• Increase in Unemployment All leading to Social Unrest

Slide-24

Committee discussed various criteria for allocation of funds for poverty alleviation, and there was agreement on continuation of the presently used criterion, i.e. 15% adjusted shares as approved by the Full Planning Commission under the Chairmanship of the Prime Minister. This criterion would form the basis of allocation till the end of the Ninth Plan. The Planning Commission has set up an Expert Group to re-examine this criterion in the light of the latest estimates on incidence of poverty as also the observations made by some State Governments.

33. The third agenda item pertains to the Status Report of the NDC Sub Committee on Transfer of Centrally Sponsored Schemes (CSS), which was also set up in pursuance of the decision taken at the last NDC meeting. Several exercises have been carried out in the Planning Commission in consultation with the Central Ministries/ Departments both to identify the CSS that could be transferred to States, or could be converged or weeded out. In a meeting of this NDC Committee, some state governments were of the view that there was need for further work before the Committee could make any recommendations for the consideration of the NDC. This issue is being pursued. We hope to complete this exercise prior to the commencement of the Tenth Plan.

34. The fourth agenda item relates to placing Uttaranchal on the list of Special Category States. The newly formed state of Uttaranchal conforms to the characteristic of Special Category States. The Union Cabinet has already approved according it special category status. It is now put up to the National Development Council for endorsement,

35. The last item of the agenda is the Mid-Term Appraisal of the Ninth Five Year Plan. It may be recalled that this Document was circulated by the Planning Commission, some time in December last year, to all the Members of the NDC. This is now being formally placed before the NDC.

36. I now request the Hon'ble Prime Minister to guide the deliberations.

Closing Remarks of the Prime Minister
Shri Atal Bihari Vajpayee
At the 49th Meeting of the National Development Council
New Delhi-September 1, 2001

Honourable Members of the National Development Council,

We have had a long day of fruitful discussions on matters, which will have significant bearing on the course of India's development for the next decade. We have shared our diverse experiences. Many valuable suggestions have been made. On the basis of the deliberations, I believe that we do have a broad consensus. I would, therefore, like to summarize our decisions :

1. The National Development Council unanimously approves the draft Approach Paper to the Tenth Five Year Plan. Further, it directs the Planning Commission to prepare the Tenth Plan on the basis of the approach outlined therein. The suggestions and comments that have been received from the Members will be carefully considered in the course of preparing the Plan.
2. The National Development Council also unanimously endorses the decision to grant special category status to Uttaranchal. I note that some suggestions have been made for looking into the criteria for granting special category status to other States. These should be examined.
3. The National Development Council takes note of the Report of the NDC Sub-Committee on the Criterion for Allocation of Funds under Major rural Poverty Alleviation Programmes and the status of the NDC Sub-Committee on Transfer of Centrally Sponsored Schemes. It directs the Planning Commission to take note of the many suggestions made by the Chief Ministers on identifying more schemes for transfer to the States with flexibility and take further necessary steps to finalize the reports by an early date.
4. The NDC takes note of the Mid-Term Appraisal of the Ninth Five Year Plan.

I fully share the concerns expressed by many Chief Ministers on the difficulties facing our kisans, especially in the context of the WTO agreements. We have discussed this issue in some detail in our earlier conference of Chief Ministers. I assure you that these concerns would be duly addressed in the course of preparing the Tenth Plan document. We also need to ensure that the huge food stocks are productively used to provide nutrition, assured rural employment, and build durable assets.

I note that there is consensus on the need to move forward on greater devolution of financial and administrative powers to Panchayati Raj Institutions. We must soon transform this consensus into concrete action.

The unique focus of the Tenth Plan will be on Good Governance. The starting point for this has to be a visible improvement in our standards of implementation. We have to give a good account of every rupee that we spend. In this context, the Chief Minister of Andhra Pradesh has rightly highlighted the usefulness of e-governance. I would like the Planning Commission to give due emphasis to this while working out the Tenth Plan.

I would like to express my thanks to all of you for having enriched the deliberations of today's meeting. We have clearly demonstrated that political differences should not, and will not, stand in the way of deciding what is right for achieving faster growth and all-round development. If you agree, I would like to urge that we adopt one rule of self-restraint: that none of us will block some other government from doing what he is himself doing in his own government. And that he will strive to ensure that his party will not block that government either.

Several Chief Ministers have emphasized the need to further strengthen the political consensus on reforms. I am happy that many of you have endorsed the proposal that I convene a meeting of leaders of all parties to work out this consensus. I will do so. At the top of this agenda are labour reforms and reforms in the power sector.

But I want to go one step further. Each of us who heads a government today is facing the same problems. Each is gravitating to the same solutions. I propose that you and I meet for two days at a time periodically. On the first day we should hear experts, persons who are turning India towards the future. The second day, we should spend together: without aides, without any formal agenda. Just to exchange views, and devise solutions for our common problems.

The Chief Minister of Karnataka has made a good suggestion that the next meeting of the NDC be held outside Delhi. Even before that occasion arises, let us meet for the gathering I am proposing. And I am sure all of you will join me in thanking in advance Shri S.M. Krishna for hosting it in a resort as beautiful as Nandi Hills.

With these words, I call this 49th Meeting of the National Development Council to a close.

Thank you.

Decisions of the 49th National Development Council (NDC) Meeting

- The National Development Council unanimously approved the draft Approach Paper to the Tenth Five Year Plan. Further, it directs the Planning Commission to prepare the Tenth Plan on the basis of the approach outlined therein. The suggestions and comments that have been received from the Members will be carefully considered in the course of preparing the Plan.
- The National Development Council also unanimously endorses the decision to grant special category status to Uttaranchal. Some suggestions have been made for looking into the criteria for granting special category status to other States. These should be examined.
- The National Development Council takes note of the Report of the NDC Sub-Committee on the Criterion for Allocation of Funds under Major rural Poverty Alleviation Programmes and the status of the NDC Sub-Committee on Transfer of Centrally Sponsored Schemes. It directs the Planning Commission to take note of the many suggestions made by the Chief Ministers on identifying more schemes for transfer to the States with flexibility and take further necessary steps to finalize the reports by an early date.
- The NDC takes note of the Mid-Term Appraisal of the Ninth Five Year Plan.

PARTICIPANTS

PLANNING COMMISSION

Shri Atal Bihari Vajpayee	Prime Minister and Chairman
Shri K.C. Pant	Deputy Chairman
Shri Yashwant Sinha	Minister of Finance and Member
Shri Jaswant Singh	Minister of External Affairs and Member
Shri Arun Shourie	Minister of State for Planning, Statistics & Programme Implementation, Disinvestment, Administrative Reforms and Public Grievances and Member
Dr. S.P. Gupta	Member
Dr. K. Venketasubramanian	Member
Dr. D.N. Tewari	Member
Shri Som Pal	Member
Shri Kamaluddin Ahmed	Member
Shri N.K. Singh	Member

STATES

Andhra Pradesh	Shri N. Chandrababu Naidu Chief Minister
Arunachal Pradesh	Shri Mukut Mithi Chief Minister
Assam	Shri Tarun Gogoi Chief Minister
Bihar	Smt. Rabri Devi Chief Minister Shri Upender Prasad Verma Minister for Finance
Chhatisgarh	Shri Ajit Jogi Chief Minister Shri R.C. Singh Deo Minister for Finance & Planning
Goa	Shri Manohar Parrikar Chief Minister

Gujarat	Shri Keshubhai Patel Chief Minister
	Shri Kaushikbhai Patel Minister for Energy & Planning
Haryana	Shri Om Prakash Chautala Chief Minister
	Shri Sampat Singh Minister for Planning & Finance
Himachal Pradesh	Prof. Prem Kumar Dhupal Chief Minister
Jammu & Kashmir	Dr. Farooq Abdullah Chief Minister
	Shri A.R. Rather Minister for Finance
	Shri Mohammad Shafi Minister for Education
Jharkhand	Shri Babu Lal Marandi Chief Minister
Karnataka	Shri S. M. Krishna Chief Minister
	Smt. Suma Vasant Minister of State for Planning
Kerala	Shri A.K. Antony Chief Minister
	Shri K. Sankaranarayanan Minister for Finance
Madhya Pradesh	Shri Digvijay Singh Chief Minister
Maharashtra	Shri Vilasrao Deshmukh Chief Minister
	Shri Chhagan Bhujbal Dy. Chief Minister
	Shri Jayant Patil Minister for Finance & Planning
Manipur	Shri Ved Marwah Governor
Meghalaya	Shri E.K. Mawlong Chief Minister

Summary Record of Discussions of the NDC Meetings

	Shri A.H. Scott Lyngdoh Minister for Finance
	Shri L.A. Sangma Minister for Planning
Mizoram	Shri Zoramthanga Chief Minister
Nagaland	Shri S.C. Jamir Chief Minister
Orissa	Shri Naveen Patnaik Chief Minister
Punjab	Shri Parkash Singh Badal Chief Minister
Rajasthan	Shri Ashok Gehlot Chief Minister
	Shri Pradyuman Singh Minister for Finance
	Shri D.S. Shekhawat Minister of State for Planning
Sikkim	Shri Pawan Kumar Chamling Chief Minister
Tamilnadu	Thiru M. Thambidurai Minister for Education
Tripura	Shri Manik Sarkar Chief Minister
Uttaranchal	Shri Nityanand Swami Chief Minister
Uttar Pradesh	Shri Rajnath Singh Chief Minister
	Shri Suresh Kumar Khanna Minister for Planning
West Bengal	Shri Buddhadeb Bhattacharjee Chief Minister
	Dr. Asim Kumar Dasgupta Minister for Finance
	Shri Nirupam Sen Minister for Development & Planning

UNION TERRITORIES

Andaman & Nicobar Islands	Shri N.N. Jha Lt. Governor
Chandigarh	Lt. General (Retd.) J.F.R. Jacob Administrator
Dadra & Nagar Haveli And Daman & Diu	Shri O.P. Kelkar Administrator
Lakshadweep	Shri K.S. Mehra Administrator
NCT of Delhi	Smt. Sheila Dikshit Chief Minister Shri Mahinder Singh Sathi Minister for Finance
Pondicherry	Dr. (Smt.) Rajani Rai Lt. Governor

CABINET MINISTERS

Shri L.K. Advani	Minister of Home
Shri Ajit Singh	Minister of Agriculture
Shri Sukhdev Singh Dhindsa	Minister of Chemicals & Fertilizers
Shri Sharad Yadav	Minister of Civil Aviation
Shri Ram Vilas Paswan	Minister of Communications
Shri Arun Jaitley	Minister of Law, Justice and Company Affairs
Shri Shanta Kumar	Minister of Consumer Affairs, Food and Public Distribution
Shri T. R. Balu	Minister of Environment & Forests
Dr. Chandreshwar Prasad Thakur	Minister of Health & Family Welfare
Shri Manohar Joshi	Minister of Heavy Industries & Public Enterprises
Dr. Murji Manohar Joshi	Minister of Human Resources Development, S&T and Ocean Development
Smt. Sushma Swaraj	Minister of Information & Broadcasting
Shri Ram Naik	Minister of Petroleum & Natural Gas

Summary Record of Discussions of the NDC Meetings

Shri Suresh Prabhu	Minister of Power
Shri Nitish Kumar	Minister of Railways
Shri M. Venkaiah Naidu	Minister of Rural Development
Shri Pramod Mahajan	Minister of Parl. Affairs & IT
Shri Ananth Kumar	Minister of Tourism & Culture
Shri Jual Oram	Minister of Tribal Affairs
Shri Jagmohan	Minister of Urban Development & Poverty Alleviation
Shri Arjun Charan Sethi	Minister of Water Resources
Sadhvi Uma Shree Bharati	Minister of Youth Affairs & Sports

MINISTER OF STATE (INDEPENDENT CHARGE)

Syed Shahnawaz Hussain	Minister of State for Coal
Maj. Gen. Bhuwan Chandra Khanduri	Minister of State for Road Transport & Highways
Smt. Vasundhara Raje	Minister of State for Small Scale Industries and Agro and Rural Industries
Smt. Maneka Gandhi	Minister of State for Social Justice and Empowerment
Shri Braja Kishore Tripathy	Minister of State for Steel
Shri Jaisingh Rao Gaikwad Patil	Minister of State for Mines

SPECIAL INVITEES

Dr. Bimal Jalan	Governor, Reserve Bank of India
Shri P.K. Banerji	Secretary, Inter State Council.
Dr. Rakesh Mohan	Adviser to Finance Minister
Smt. N.J. Krishna	Principal Information Officer

**RECORD OF DISCUSSIONS
FIFTIETH MEETING
NATIONAL DEVELOPMENT COUNCIL**

(21st DECEMBER, 2002 VIGYAN BHAVAN, NEW DELHI)



सत्यमेव जयते

**GOVERNMENT OF INDIA
PLANNING COMMISSION**

RECORD OF DISCUSSIONS OF THE FIFTIETH MEETING OF THE NATIONAL DEVELOPMENT COUNCIL

AGENDA & RECORD OF DISCUSSIONS

The National Development Council (NDC) held its Fiftieth Meeting at Vigyan Bhavan, New Delhi on the 21st December, 2002 under the Chairmanship of **Shri Atal Bihari Vajpayee**, Prime Minister and Chairman of the Council, to consider and adopt the draft of the Tenth Five Year Plan Document, covering the period 2002-2007.

2.1 The list of participants is appended.

3.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission while welcoming the participants said that the participants in this meeting could draw strength from the effectiveness of the NDC, which was an affirmation of the democratic and federal ideals that were enshrined in this unique institution.

3.2 He observed that the draft of the Tenth Five Year Plan has been approved both by the Full Planning Commission under the Chairmanship of the Prime Minister, Shri Atal Bihari Vajpayee, and by the Union Cabinet, and was now before the NDC for its consideration and adoption.

3.3 Recalling the approval of the Approach Paper to the Tenth Plan and the broad directions for the formulation of the Plan by the NDC in September, 2001, he pointed out that it was collectively decided to stretch ourselves beyond our immediate capabilities and set targets which would be in consonance with needs and the evident aspirations of the people. There were no illusions about the magnitude of the effort that would have to be made by each one of us. The Approach Paper had clearly laid out a preliminary assessment of the conditions under which these targets could be met and the measures that would have to be adopted. Accepting this challenge, the NDC directed the Planning Commission to prepare the Tenth Five Year Plan with a target growth rate of 8 per cent per annum along with significant improvements in social and environmental indicators.

3.4 The Deputy Chairman stated that the Tenth Plan document lays down in detail the measures that would have to be taken both on the policy front and in programmes. It was a substantial agenda, which would have to be completed within a well-defined time frame. It called for a strong and coordinated effort by all Central Ministries and by every State. The degree of involvement and range of consultations with various constituents of the society that have gone into the making of the Plan was probably unparalleled in the world. The Central Ministries and the State Governments were fully involved in this process. Academics, subject experts, civil society organisations, trade unions and industrialists, have also been involved at various stages of preparing the Plan in order to take full advantage of their expertise and ideas.

3.5 Shri Pant said that the most pressing issue facing today was the rapid growth in the labour force that was likely to be experienced over the next decade. At current rates of growth, and with the current labour intensity in production, the country faced the possibility of rising unemployment, which could lead to social unrest. Studies have brought out that the composition of the 8 per cent growth target mandated by the NDC would have to favour certain key labour intensive sectors in order to reduce the back-log of unemployment in the country.

3.6 He also mentioned that for the first time, the national targets have been broken down to the state-level in consultation with state governments. The Tenth Plan contains a separate volume on States, which is a reflection of the importance placed on the role of the States in the development process. He opined that this would enable the states to provide a better focus to their own development plans, by a more careful consideration of the sectoral pattern of growth and its regional dispersion within the State. In order to facilitate this process, the Planning Commission was preparing a series of State Development Reports, which would take stock of the capabilities of each state and develop appropriate strategies.

3.7 Concluding his welcome address, **Shri K.C. Pant** stated that in addition to the focus on sectoral investments and on schemes and programmes, the Tenth Plan lays out the policy and institutional reforms that were required for each sector, both at the Centre and in the States. In particular, improvement in the quality of governance formed the essential ingredient for success. Hence, the document contained a separate chapter on the issues of governance and implementation. He stated that a Compendium of State Governments' initiatives entitled 'Successful Governance Initiatives and Best Practices - Experiences from Indian States' has recently been brought out, a copy of which was being made available to all the Chief Ministers. India was in the midst of transforming an agrarian economy into a modern, multi-dimensional economic powerhouse and a traditional stratified society into an egalitarian society through consultative politics. It was inevitable that such rapid social, economic, technological and political development of one billion people would generate turbulence. Yet, it was essential that this turbulence be managed and confined within limits to preserve the social fabric and to permit the nation's transformation to continue apace. The Five Year Plans were the central component of this process in that they lay out a vision, which could be shared by all and all could work towards it in a spirit of cooperation and purpose. The Deputy Chairman then requested the Hon'ble Prime Minister to address the Council.

3.8 Text of the Inaugural Address by **Shri K.C. Pant**, Deputy Chairman, is appended.

4.1 **Shri Atal Bihari Vajpayee**, Prime Minister and Chairman of the Council welcomed the participants to the fiftieth meeting of the NDC and said that this was an important occasion, not only because it marked the Golden Jubilee of NDC meetings, but also as an opportunity to recall that we have been wedded to achieving India's all-round development through economic planning within a democratic set-up. It would be recalled that just a year ago, we had shared a common vision of the Indian economy growing at a rate by which we would be able to double the per capita income of the people within ten years. He said that the country has the potential, both in terms of human and physical resources, to perform substantially better than it has done in the past. He stated that it was a matter of great satisfaction that the NDC approved the Approach Paper to the Tenth Plan unanimously, sharing and affirming our belief in the potential of our country to achieve an 8 per cent average annual growth during the Tenth Plan period. The Approach Paper also made it clear that the task would not be an easy one. It urged all of us to realize that this task would be fulfilled only if all of us, regardless of the political diversity reflected in the Governments at the Centre and in States, showed unity of purpose and expanded the area of consensus.

4.2 The Prime Minister stated that the rate of growth of the labour force during the coming years would be such that unless economic growth was accelerated, there would be a worrisome increase in the level of unemployment during the Tenth Plan period. The country cannot allow such a situation to develop. He said that we have also committed ourselves to bringing about significant improvements in social indicators, especially in education and health. The National Human Development Report has held a mirror to our conscience, which we cannot ignore.

4.3 He emphasised that there was no need to be skeptical; and no need to wonder whether it was at all feasible for us to climb from the growth rate of 5.5 per cent last year to 8 per cent during the Tenth Plan. The Indian economy has shown great resilience in the fall of adversity - both domestic and global. Already, trends of revival and growth were visible in many sectors. If we remove the constraints and hurdles in agriculture, industry and services, India's economy would undoubtedly attain a higher growth rate.

4.4 The Prime Minister outlined some of the areas on which the country must speedily build consensus, no matter how difficult were the decisions involved, namely : (i) Fiscal deficit; (ii) Stabilization function of the Plan; (iii) Public Private Partnerships; (iv) Need to accelerate and expand reforms; (v) Reforms for the poor; (vi) Problems of urbanization; and (vii) Connecting major rivers.

4.5 Concluding his address, **Shri Vajpayee** made the following specific suggestions for the consideration of the NDC :

- A Sub-Committee on Governance Reforms, with special reference to e-governance;
- An Empowered Committee of the NDC on Removal of Barriers to Internal Trade;
- A Standing Committee of the NDC on Creating an investor friendly climate; and
- A Sub-Committee of the NDC on Financial and Administrative Empowerment of Panchayati Raj Institutions.

4.6 The Prime Minister said that it was very important that we effectively communicate the goals, strategies, tasks and targets of the Tenth Plan to the various constituencies of our diverse society, without whose support we cannot hope to move ahead rapidly. He added that we should generate enthusiasm about the Plan and its targets among our people, especially among the youth. He urged the participants to pledge to make Development a People's Movement, and the Tenth Plan a People's Plan.

4.7 The Prime Minister requested the participants to join him in congratulating the Deputy Chairman of the Planning Commission and his team for having laboured hard to detail a plan of action which would enable us to achieve our objectives. He stated that the draft Tenth Five Year Plan was now before us and at the end of the meeting, we shall formally adopt the Tenth Five Year Plan document.

4.8 Text of the Inaugural Address of **Shri Atal Bihari Vajpayee**, Prime Minister, is appended.

4.9 **Shri Vajpayee** then requested Deputy Chairman, Planning Commission to make a presentation of the salient features of the Tenth Plan document so that the strategy that was proposed and the specific suggestions that have been made in it could be deliberated upon.

5.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission, began his presentation by thanking the Prime Minister for his inspiring address and setting the tone for the meeting. **Shri Pant** stated that during the past two decades, India has been one of the ten fastest growing economies in the world. The Tenth Plan aimed to take the country even further ahead, potentially to become the fastest growing country by the end of the Plan period,

5.2 The Deputy Chairman highlighted the NDC mandated objectives for the Tenth Plan, namely, (i) doubling per capita income in ten years; (ii) growth rate of GDP to be 8% per annum; and (iii)

harnessing the benefits of growth to improve the quality of life. The NDC also mandated targets for significant improvements in critical indicators of the quality of life. These include health and education indicators and also environment. He stated that the Tenth Plan was designed to achieve these mandated objectives that were set, for ourselves and for the nation.

5.3 The Deputy Chairman said that the target growth rate of 8 per cent per annum was essential to generate substantial employment opportunities. But it would not be enough. Projections show that during the Tenth Plan period, the labour force would increase by 35 million, whereas the growth process by itself would generate 30 million job opportunities. Therefore, special focus would have to be placed on a few critical sectors which have high employment potential. By doing so, we should be able to generate 50 million work opportunities, which would not only take care of the additions to the labour force, but also significantly reduce the back-log of unemployment. He further stated that the areas of focus would have to be agriculture and its related activities, and also a number of services. Special attention would have to be paid to the needs of the small and medium enterprises in almost all activities. Encouragement to tourism activity, in particular, could have large multiplier effects on a number of sectors.

5.4 **Shri Pant** also referred to the macro parameters for the Tenth Plan (2002-07). He said that in order to achieve the 8 per cent annual growth target, we would have to increase Savings and investment rates significantly, but perhaps by not as much as had initially been estimated in the Approach Paper. Subsequent analysis has revealed that there was substantial excess capacity in some of the sectors, and therefore it should be possible to increase output without a commensurate increase in investible resources. This, along with improvements in efficiency and better sectoral focus, should lead to a drop in the incremental capital-output ratio. He mentioned that the ICOR was even lower during the Eighth Plan period, and increased in the Ninth due to lower capacity utilisation. He suggested that in order to generate sufficient public savings, it was necessary to bring about significant improvement in the revenue deficit of the government. Both the Centre and the States would have to contribute to this process.

5.5 **Shri Pant** stated that realising the desired level of investment would require an increase in public investments in physical and social infrastructure. This was essential for encouraging a revival in private investment. It was also necessary to bring about better allocation of resources and to improve the efficiency of investment and delivery of critical social services. Policy, procedural and institutional changes would be needed to increase private investments.

5.6 In his presentation, the Deputy Chairman also highlighted other important issues viz. resources for Plan, efficient fiscal management, public investment, unleashing entrepreneurial energy, agricultural development, rural connectivity and water management, power and transport sector reforms, urban infrastructure and improving the quality of life. He also touched upon the need to protect the environment for sustainable development, improving regional balance in development, the per capita income of States in relation to All India average, Statewise growth-achievements and targets, poverty ratios of the States, enhancing the impact of planning and governance, i.e., transparency, accountability and efficiency in public institutions.

5.7 Concluding his address, **Shri K.C. Pant** stated that action has to be taken on a wide range of issues across a very large number of sectors. In the case of the States, the two most critical areas were fiscal correction and power sector reforms, without which the availability of resources would prove to be an insurmountable hurdle. In a situation when countries were coming together

for creating a common economic space, restrictions on inter-State and intra-State trade have become anachronistic. There was need to create conditions in which all citizens of the country could take advantage of the opportunities that become available. He urged upon the States to carefully review all laws, rules, regulations and procedures which retard the expression of individual entrepreneurial initiatives and to remove them as expeditiously as possible. At the Centre, it was necessary for the various Ministries to prepare a detailed list of the actions that were required to be taken both in terms of policies and programmes, and to ensure that these were undertaken on a time bound basis. Since a greater degree of engagement between the Centre and the States in the process of reforms was contemplated, the Ministries would also have to institutionalise a consultation process with the States so that both implementation and monitoring of Plan programmes could be carried out in a spirit of cooperation. The Deputy Chairman observed that some of the measures that were necessary for meeting the Plan objectives no doubt involved taking hard decisions, but surely with appropriate coordination between the Centre and the States, and with cooperation of all political parties, we can achieve the targets that we have set for ourselves and thereby meet the aspirations of our people.

5.8 Text of the Presentation by **Shri K.C. Pant**, Deputy Chairman, Planning Commission is appended.

6.1 **Shri N. Chandrababu Naidu**, Chief Minister, Andhra Pradesh, complimented the Prime Minister as well as the Deputy Chairman, Planning Commission for convening the 50th Meeting of the NDC to deliberate on the draft Tenth Five Year Plan (2002-07). He observed that the planning process during the last five decades has accelerated economic growth, substantially reduced poverty and improved the quality of life of the people. Though, some of the achievements stand out as an example for the other developing countries, certain major areas of concern like poverty eradication, population control and achieving total literacy needed utmost priority and urgency of public action. The development strategies should, therefore, focus on consolidating the gains, reinforcing our strengths and addressing some of the weaknesses of the past planning process of the Five Year Plans. Disaster management and its integration with the development process was needed to be focused while formulating future strategies for the Tenth Five Year Plan.

6.2 He mentioned some of the reform initiatives undertaken at the State level during the Ninth Five Year Plan period which yielded significant results. The Vision 2020 of Andhra Pradesh released in January, 1999 articulated the development goals that the State desired to achieve during the next two decades. The Mission was to make Andhra Pradesh a State where poverty was totally eradicated; that every man, woman and child in the State should have access, not just to basic minimum needs but to all the opportunities to lead a happy and fulfilling life; and that the State must emerge as a knowledge and learning society built on values of hard work, honesty, discipline and a collective sense of purpose. The synergy between the Five Year Plan exercise and Vision 2020 implementation has been established with the beginning of the Tenth Five Year Plan.

6.3 The Chief Minister made a mention about the strides made by Andhra Pradesh in the field of private sector participation, higher education, rapid growth of I.T. enabled services, reforms in the power sector and also the progress made by the State in the field of community participation, forest management, labour reforms, empowerment of women and municipal services.

6.4 He said that recently Andhra Pradesh has conducted the National Games, which have been one of the best games. The State has requested the Central Government and also the Indian

Olympic association to bid for Olympic Games. The State was prepared to host the Olympic Games either in 2012 or 2016.

6.5 The Chief Minister welcomed the mention by the Hon'ble Prime Minister in his Inaugural Address about the constitution of the four sub-Committees of the NDC. He suggested that these sub-Committees of the NDC should be made empowered sub-Committees.

6.6 **Shri Naidu** stated that Andhra Pradesh was facing severe drought problem. In this connection, he made a reference to the request of the Andhra Pradesh Government to the Centre for Rs. 1860 crore and 25 lakh tonnes of rice as drought relief.

6.7 The Chief Minister stated that accelerating economic growth, poverty eradication, increasing productive employment, elimination of regional disparities in levels of development and improving the indices of quality of life were the major goals set to be achieved during the Tenth Five Year Plan. Achieving a GSDP growth rate of 9.5 per cent, Per Capita Income Growth rate of 8.6 per cent, population growth rate of 0.90 per cent and total literacy by 2005 were the four main growth targets envisaged during the Tenth Five Year Plan apart from the key monitorable targets set by the Planning Commission.

6.8 He emphasized that a GDP growth rate of 8 per cent and the other monitorable targets set by the Planning Commission for the Tenth Five Year Plan could only be achieved provided the reform process was further accelerated jointly by the Centre and the States. The strategy for the Tenth Five Year Plan was required to be formulated in the background of the new challenges and opportunities thrown up by the forces of rapid globalization. He said that we must have a collective vision for the nation to bring India at par with other developed nations. He gave the example of the rapid strides made by China in the world economy.

6.9 He further stated that we must have political consensus on major reforms agenda cutting across party lines. Reforms at the national level can only be expedited with greater decentralization of finances and power to the States. He urged to further accelerate the pace of reforms and of the initiatives at the national level particularly relating to telecommunications and insurance. Reforms were no longer a matter of choice but have become a matter of necessity.

6.10 **Shri Naidu** said that India was a country of one billion people and should be bold enough in deciding its course for the future. The Government can no longer remain part of the problem and must become part of the solution. A special thrust to wide-ranging reforms was needed with a clear national agenda for effecting speedy reforms focusing on creating a Government that works better and costs less. The main elements of reforms that both the Central and the State Governments should jointly address together may include (i) Financial, legal, labour and administrative reforms; (ii) Greater decentralization; (iii) Privatisation of public sector enterprises; (iv) Downsizing of the bureaucracy; (v) Civil service reform; (vi) Service to citizens; (vii) Use of information technology; (viii) Consistency of policy regime; (ix) Sharing of service tax; (x) Water policy; and (xi) Centrally Sponsored Schemes.

6.11 The Chief Minister stated that the NDC today was meeting in the backdrop of the country reeling under severe drought, which has paralysed the development process in many parts of the country including Andhra Pradesh. Deficient rainfalls during the South-West and North-East monsoons and reduction in the crop area sown during South-West and North-East monsoons, respectively, have severely affected the agricultural activities in the State with an adverse impact on

the lives of human and cattle population. Supply of drinking water and fodder, employment generation works and input subsidy for the farmers was needed to be taken up on top priority in the affected areas as immediate relief measures with greater financial assistance from the Centre. He requested the Hon'ble Prime Minister to appreciate the gravity of the situation and provide immediate assistance to Andhra Pradesh and those which were severely affected due to the scourge of drought.

6.12 Concluding his speech, **Shri Chandra Babu Naidu** said that let us commit ourselves to strive hard to achieve the overall objectives and the growth targets set by us for the Tenth Five Year Plan and accelerate the pace of reform jointly with a strong political consensus cutting across party lines for bringing India at par with other developed nations.

6.13 At this stage, the Deputy Chairman stated that the written speeches would be taken as read and requested Chief Ministers to make their remarks outside the written speeches to save time.

7.1 **Ms. Mayawati**, Chief Minister of Uttar Pradesh thanked the Prime Minister for convening the meeting of the National Development Council to discuss the Tenth Five Year Plan and matters connected therewith. She said that the prosperity of the nation depends on the compliance by all the States with total integrity, transparency, sensitiveness, efficiency and effectiveness which were cornerstones of the polity.

7.2 She stated that it would be appropriate to have a continuous dialogue between the Centre and the States at this national forum so that the expectations of the States were properly reflected in the dreams of development incorporated in the Plan.

7.3 The Chief Minister said that some very important issues relating to systems and policies have been mentioned in the draft Plan, which were essential ingredients for successful implementation of the Plan. She said that by reiterating commitment to reform initiatives, it has been accepted in the Plan that certain obligations attached with development have to be fulfilled and cannot be avoided any more. These included the standard of living of the people, quality of life, increase in per capita income, creation of opportunities for productive employment, appropriate participation of women in labour force, equal opportunities for all sections of the society, poverty alleviation, immediate redressal of the problem of malnutrition in women and children and of regional disparities.

7.4 **Ms. Mayawati** said that for achieving an annual growth rate of 8 per cent in the Tenth Plan and to double the per capita income in 10 years, we will have to work hard, and firm decisions in this regard have to be taken. For attaining the annual growth rate envisaged at the national level, it was imperative to achieve the growth rate at the desired level for the economically backward states like Uttar Pradesh. Apart from ensuring uniformity in the growth of the economy and accelerated growth rate, increased and active participation of people specially those belonging to poorer sections should be ensured. A permanent solution to the problem of the poverty, implicitly required creation of efficient gainful and self-sustaining employment opportunities. Therefore, in order to achieve these objectives, certain more national programmes were needed to be launched.

7.5 She drew the attention towards monitorable targets enumerated in the document for the Tenth Five Year Plan and beyond. She said that considering that a big State like Uttar Pradesh, would find it very difficult to attain these monitorable targets, the multi-dimensional backwardness of the State should, therefore, be visualised as a national problem, since it affects the interests of

the entire country. She observed that special measures were urgently required to be undertaken to make meaningful improvement in the situation of the most populous State, Uttar Pradesh. She requested for initiating these measures at the earliest so as to build up confidence that the responsibilities, which the government has accepted, will be appropriately carried out through the Plan. She urged for effective measures to reduce the regional imbalances; development of scheduled castes, scheduled tribes, backward classes, minorities and women; to increase rural connectivity, electrification and forest cover.

7.6 Turning to the agricultural sector, the Chief Minister stated that agriculture played a vital role in the economy of the country and was the main source of the income of the people. Development of this sector was crucial for employment generation as well as alleviation of poverty. Besides encouragement should be given to all such activities which increase production and attract farmers to grow high value crops. Economic infrastructure like energy, irrigation, transport would also be encouraged. Gainful and productive employment should be ensured so that the workforce from agriculture sector may be diverted towards other sectors. There was a significant potential for the development of the agriculture in the State but the scope for creating new employment opportunities in this sector was limited. However, the other agro-based areas like dairy, poultry, etc. have vast employment potential. In addition, industry or manufacturing sector was also such an area where opportunities of gainful employment could be generated. Although, the unorganised sector, i.e., small and cottage industry were more labour intensive, the regions lacking in basic infrastructure facilities, were hardly able to attract these industries. She requested for providing adequate financial resources for infrastructural development to a backward State like Uttar Pradesh.

7.7 The Chief Minister stated that the State was confronted with a large problem of debt burden and its repayment. Although, this problem was not confined to the State alone but the Centre should assist in finding some solution.

7.8 She stated that the Tenth Five Year Plan was of paramount importance to the State as it was lagging behind in the race of development. She promised to make an all-out effort to bring Uttar Pradesh at the level of developed States. She observed that substantial step-up in the literacy rate, reduction in infant mortality rate (IMR) and improvement in the quality of health services would have to be ensured in order to control population growth. Potable drinking water facility in both rural as well as urban areas would be made available and improvement in the socio-economic condition of disadvantaged group of the society would be the main thrust and priority.

7.9 **Ms. Mayawati** stated that the State has taken various steps for fiscal and administrative reforms. With a view to bring desired pace in the growth process and financial stability, wide ranging economic programmes have been initiated. User charges have been rationalised with a view to providing better services to the public. The strength of the State Government employees was being reduced at the rate of 2 per cent per year. Re-organisation of irrigation sector, in order to ensure participation of farmers in water management, was also under process. Efforts have been made to rehabilitate loss making public sector enterprises so that these may become profit making and sustainable. Voluntary retirement scheme was also being extended.

7.10 The Chief Minister further stated that the reforms in energy sector have been undertaken by the State as a challenge. Dissolution of State Electricity Board also required creation of confidence among employees that the reform programme was in their interest. Active participation of Central Government was, therefore, needed in the energy sector reform programme. Assistance should also be made available to the power corporation in order to compensate the losses incurred during

the initial years. Under the new industrial incentive policy, three economic zones would be established which include NOIDA, greater NOIDA and Agra. Besides, three special economic zones viz., greater NOIDA, Bhadohi and Kanpur would be established in which infrastructural facilities of international standards would be made available. Medical University in the name of Chhatrapati Sahuji Maharaj has been established with an investment of Rs. 600 crore.

7.11 The process of earmarking a definite proportion of total plan outlay on the basis of Scheduled Castes and Scheduled Tribes population and keeping it separately at the disposal of the social welfare department has been initiated. The Planning Commission has initiated Rashtriya Sam Vikas Yojana in the hundred selected backward districts of the country. For this scheme, 20 backward districts of Uttar Pradesh have been selected and requested that the Central Government should provide at least Rs. 100 crore for each backward district.

7.12 **Ms. Mayawati** also made a mention about some points on which general consensus was required. These include : (i) 50 per cent of central assistance to the States should be made available in the form of grants; (ii) Centre should provide assistance in the form of loans and grants in the AIBP Irrigation Programme, as in case of Normal Central Assistance; (iii) The amount of Central share under the Centrally Sponsored Schemes should be made available to implementing agencies through the State Government; (iv) The scheme to transfer the amount deposited under the National Saving Scheme to the State on cent per cent basis to reduce their indebtedness should be implemented from the next financial year; (v) Appropriate arrangement to enhance credit flow to the State through the financial institutions after due consideration at the Central level; (vi) Comparatively longer repayment period of loans and lower rate of interest on them, specially on loans from the financial institutions viz. RIDF, REC, NABARD etc.; (vii) More flexibility and participation of the States in the formulation as well as implementation of Centrally Sponsored Schemes; (viii) Launching Backward Area Development Programme for the balanced regional development on the pattern of Border Area Development Programme and (ix) Creation of a separate NIDHI by the Central Government for the maintenance of assets and assistance to the States.

7.13 Concluding her speech, **Ms. Mayawati** stated that on behalf of the Government and the people of Uttar Pradesh, she remained committed to attain the development targets which have been determined through the National Development Council. She was confident that the State would emerge successful in the execution of the Tenth Five Year Plan along with all decisions taken under the efficient and dynamic leadership of the Hon'ble Prime Minister.

8.1 **Selvi J. Jayalithaa**, the Chief Minister of Tamil Nadu said that the process of finalisation of the Tenth Five Year Plan should be one where the vision was transformed into thought and action. It called for a united, concerted and bold effort by all the stakeholders, the people, the Union and the States. Tamil Nadu has set for itself the national goal of achieving an 8% growth rate in GDP in the Tenth Five Year Plan. Tamil Nadu would strain every sinew in not only reaching this goal but also surpassing it. The Tenth Five Year Plan of Tamil Nadu, with 15 point outcome oriented programme, was a road map for taking the State on development path, with the specific goals of doubling the per capita income by 2010, two years before the national goal was to be realized.

8.2 She said that the performance in the Ninth Five Year Plan period called for introspection and careful analysis for applying correctives, if required, for achieving the higher growth rate target which has been set up for the Tenth Five Year Plan period.

8.3 She said that the weaknesses in the primary sector, particularly agriculture, have been candidly assessed. Herein lies our fundamental weakness in dramatically taking the attack on

poverty forward, while at the same time providing greater opportunities for the rural poor. The State has, therefore, set out to address this issue boldly in Tamil Nadu's Tenth Five Year Plan period. The State was on course to undertake a Comprehensive Wasteland Development Programme, based on an agri-clinical approach, identifying current fallows and permanent waste lands and bringing them back to productive use. Corporate houses have also been invited to undertake wasteland development projects, connecting them with an agri-business strategy to produce new products and reach new markets. Above all, by adopting a watershed approach, the State wants to ensure environmental sustainability. The whole programme has been carefully developed over the last year and was now ready to take off. She believed this sustained programme would yield good results, imparting that extra impetus to the primary sector.

8.4 She said that we have to place the right emphasis on new technologies, improved value addition, and capital investment in agriculture in the Tenth Plan period. A national effort mirroring the green revolution of the Sixties was called for, and the Union Government should take the lead. India should not be found wanting in accessing world markets which were to open up under the WTO regime. A most disquieting feature was the poor capital investment in agriculture. This has come about as a knee jerk reaction to the crisis in the financial system. She requested for genuine credit for farm sector. The Union Finance Minister and the Governor of the Reserve Bank of India need to focus on this key policy issue.

8.5 While dwelling on the primary sector, she drew attention to the need for a national outlook in dealing with water resources. She welcomed the establishment of a Task Force on Interlinking of Rivers by the Union Government. She urged the Tenth Five Year Plan strategy to include the completion of the first series of links between the Mahanadi and the Cauvery. Similar river links in the Southern Peninsula such as the West flowing Patnba Achankoil link to Vaippar providing a lifeline of support to an arid zone in Tamil Nadu should also be completed in the Tenth Plan period. Tamil Nadu was a water starved State and it looked forward keenly to rapid progress in undertaking this massive programme as a part of the Tenth Plan.

8.6 The Chief Minister also drew attention to the anomalous situation in the formula for distributing Central assistance for State Plans, whereby a component was reserved for States having medium and major irrigation projects. Tamil Nadu, which has completely exhausted its surface water resources and was now facing extreme distress due to a denial of even its legitimate share of water, was doubly hit by this formula. In the context of a national programme for the interlinking of rivers, she suggested that this component may be revised to provide funds for wasteland and watershed development and rainwater harvesting, rather than State sponsored irrigation projects. This would place due emphasis on the need for conservation of water. A strong signal on water use efficiency needs to be sent and this appeared to be the best way to do it.

8.7 Turning to the secondary sector and more particularly to the manufacturing sector, she stated that Tamil Nadu would like to call for an agenda of second-generation reforms to be taken up by the Union and the States, that would reposition Indian manufacturing in the new global scenario. She said that Tamil Nadu was extremely keen to follow an export led growth model. States were willing to push ahead with the second generation of reforms as evidenced by the unanimity to go in for a State VAT from 1st April, 2003. She suggested that simplification of procedures, elimination of transaction costs, deregulation, reduction of transaction time at ports and Customs, interest rate corrections, labour reforms, labour productivity, correction of energy

pricing, and improvement of quality of energy supply should be carried out within a specified time frame.

8.8 She stated that State has placed special emphasis in Tamil Nadu's Tenth Five Year Plan on building world-class infrastructure consisting of roads, water supply, energy, urban services and ports and through an enabling law would involve the private sector in this effort. Adequate capital has to be found for this major task and the Union Government should enable this. She called for a new policy package of technology upgradation, world market based quality improvement, credit and deregulation. It was high time the Union Finance Minister steps in and resolved this paradox of high liquidity with banks and lack of credit for genuine requirements of small manufacturing enterprises.

8.9 The Chief Minister was somewhat surprised that the strategy paper in the draft Tenth Five Year Plan document does not focus on the services sector. She endorsed the vision of creating 100 million employment opportunities over the next 10 years, as announced by the Prime Minister. It would, however, be simplistic to assume that the targeted growth rates, if achieved, can provide this level of new opportunities. Obviously, investment in infrastructure, improvement in the efficiency of capital, a better investment climate and good governance, can contribute to a robust growth rate in the services sector. Tamil Nadu, as a leading provider of technical manpower in the country, would strive to create a knowledge based society with tremendous opportunities in the services sector. While the down turn in the capital spending in the Information Technology sector has dampened the growth prospects in recent years, signs of revival could not be far away. Tamil Nadu has, therefore, persisted in creating adequate infrastructure for turning out the right kind of technical manpower, who could adjust to the changing global environment. The success of the Tenth Five Year Plan and the stated goals would depend very largely on the ability to provide the right kind of environment to facilitate accelerated growth in the services sector.

8.10 A key assumption has been made on the investment required to generate the projected growth rate. The underlying theme has been to use capital more productively by securing efficiency gains. The implicit understanding that the investment requirement can be lower, with policy and procedural reforms and through better governance, indicated the imperative need to push ahead in these areas. World-class infrastructure, however, called for higher investment levels. Some States, such as Tamil Nadu, which were committed to an export led growth strategy, indeed needed a higher level of investment intensity to make this happen.

8.11 She said that the higher investment requirement of the Tenth Five Year Plan called for a remarkable step up in domestic savings. Savings needed to be encouraged and targeted towards the much needed investments. It was shocking that the report of the Task Force on Direct Taxes has recommended to do away with all the tax exemptions available for small savings. This would spell the doom for the States and render it impossible to fulfill the Tenth Five Year Plan goals right from the beginning. She requested that this disentanglement of small savings, which has been proposed, may be given up, and the existing benefits retained in the coming budget.

8.12 She stated that the strategy paper before us clearly indicated that additional employment was a key goal. She suggested that the role of providing employment opportunities needed to be monitored very closely and reassessed in case the level of creation of new opportunities was not keeping pace with what have been set out.

8.13 On another key outcome of the Tenth Five Year Plan, i.e., a dramatic reduction in poverty, she suggested State specific poverty alleviation projects which could perhaps be funded even by external agencies such as the World Bank. While growth was a necessary condition, it was not by itself enough to ensure an improved quality of life. Tamil Nadu was determined to protect and see improvement in real terms in social infrastructure such as education, health, nutrition and social welfare. Housing and hygiene, which constitute a real improvement in the quality of life, needed to be given high priority. Investment in housing also created huge employment opportunities. Certain monitorable targets of outcomes have been set out, including poverty reduction, education, reduction of gender gaps in literacy and wages, reduction in population growth rate, increase in literacy, reduction in Infant Mortality Rate and Maternal Mortality Rate and so on. While all these outcomes were extremely desirable and should be adopted, it was in the actual realization of these outcomes that the essence of good governance assumed pivotal proportion. Tamil Nadu believed in constructive and rapid progress in the area of good governance.

8.14 Concluding her speech, **Selvi J. Jayalalithaa** raised the crucial question on financing the Central and States Plan. She said that it was a matter of great concern that Central revenues were not doing well. She called for a meaningful debt relief and debt swap packages to the States and suggested that interest rates on State Plan loans needed to be reduced by at least 4 percentage points. With a little effort, it could be possible to have a consensus on fiscal reforms to be undertaken both by the Centre and the States. In this context, she suggested a minimum agenda of fiscal reforms which should be adopted by the Centre and all the States. She referred to the inconsistencies in the level of Central support for the States Plan and suggested that rewards and incentives should be limited to those who perform. She requested the Union Finance Minister to provide adequate fiscal reform facility to States which actually embarked upon a minimum agenda of fiscal reforms. In the medium term, the States could be supported by a structural adjustment facility, which could encompass more reforms over a longer period. She said that any phasing out of Central Sales Tax has to be accompanied by a permanent hundred per cent compensation mechanism. She said that it was our bounden duty to create enabling atmosphere, to facilitate growth and development. She opined that given its human resources, India has the potential to become an economic super power. It was time for us to embark boldly on a strategy which turns the economy inside out, reaching for new goals benchmarked against the fastest growing economies, using human resource rather than capital as the main driver of growth. To do so, she added that we have to quickly move towards being a knowledge driven economy. This has to be the new paradigm. It has to be our collective effort to enable this transformation to happen in the Tenth Five Year Plan Period.

9.1 **Shri Digvijay Singh**, Chief Minister, Madhya Pradesh, said that in order to achieve the eight per cent growth rate during the Tenth Five Year Plan, there was a need to raise enormous resources, tax base and its compliance. The pump priming of the economy also required increasing the States' share in market borrowings. There was also a need to evolve a formula for horizontal distribution that could correct historical distortions and bring in equity and social justice in future.

9.2 He suggested that there should be a normative ceiling, on the debt and contingent liabilities of the States. The States, which were below the national average, should be allocated more market borrowings and negotiated loans, so that the debt ratio of the States, which was above the average, could be brought down.

9.3 He said that the fiscal policy both at the Centre and States more often emphasised expenditure compression rather than increasing the revenues. The tax-GDP ratio of the Centre

has marginally come down and was lower in comparison to that of many countries. The higher rates, though declining in recent years, and lower tax-GDP ratio, reflect poor tax compliance. For the last two years the revenue realisation was lower than the Budget estimates and much lower than the projection of the Eleventh Finance Commission. This has resulted in lower tax devolution to the States. It was necessary to increase the shareable union taxes to 33% of the net proceeds of the Centre.

9.4 He stated that Madhya Pradesh has already passed the VAT legislation and would introduce VAT from 1st April, 2003. The Centre should not only compensate the revenue losses, if any, from VAT but also allow States to tax the services through appropriate legislation. The royalties on mineral resources should be on ad valorem basis.

9.5 The Chief Minister said that in order to achieve a growth rate of eight percent, it was important to concentrate on the backward States like UP, MP, Bihar and Orissa. The levels of physical and social infrastructure were very low and these impose constraints on the economic growth in these States. There was urgent need to unleash the productive forces of these states through increased investments in the physical and social infrastructure. A country cannot achieve high growth with the vast majority of its population deprived of basic amenities. Thus, increased investment in these regions has an economic rationale, and was a social necessity.

9.6 **Shri Singh** said that there appeared to be a serious lacuna in the **Gadgil Mukherjee** formula and there was a need to correct it. The States that have large SC and ST populations and vast natural resources like forests and minerals do not get any weightage in the distribution of Plan assistance. The low levels of physical and social infrastructure in some of major States was also of great concern. These parameters have to be included in the **Gadgil Mukhrjee** formula to compensate the States that have more developmental responsibilities.

9.7 He felt happy that the Centre was taking a very active role in the conservation of the forest resources in the country as the responsibility of forest conservation should rest on the country as whole, and not on a particular State. The Centre should compensate the States that have large forest area as per the recent Supreme Court judgement. He expressed the view that the first right on the forest should be vested with the tribals who have lived in them in harmony and peace for centuries. The second right on the forest was of the State Government to manage, maintain and develop its own natural resources. Private and community investment in the forests needed to be encouraged. Accordingly, the Forest Conservation Act may have to be interpreted to promote interests of conservation and development in a synergistic manner.

9.8 The Chief Minister stated that there was a need to change the composition of the plan financing to 50% loan and 50% grant. It reflected the consensus of all the States on this issue. The proposed Central plan assistance to the State Plans showed glaring variations across the States. These variations were caused by the different levels of Externally Aided Projects (EAP) under implementation in the States. Thus, it was imperative that this iniquitous distribution of EAP be also addressed.

9.9 He pointed out that over a period of time, the Centre was transferring resources to sates outside the Consolidated Fund of the States. The expenditure incurred by the Apartments was not a part of the State Budget and thus fell outside the purview of the State Legislature. Thus, it was important that all the transfers from Centre be made through the Consolidated Fund of the States. The decision taken to route all Central transfers through Consolidated Fund of the States in the

conference of the Chief Ministers chaired by the Honourable Prime Minister should be implemented soon.

9.10 **Shri Singh** further stated that while the Planning Commission determined the Central plan assistance and the non-plan transfers were based on the Finance Commission recommendations, the CSS/CS transfers have a large element of arbitrariness. Some States were able to get more funds than what they were entitled to under any normative approach, Hence all these transfers should be based on a transparent formula so that everyone would know where these funds were going and who were the beneficiaries. The Union Finance Ministry should also publish State-wise allocations and releases as part of the Budget documents.

9.11 He said that the agricultural sector was the backbone of the Indian economy, This sector has been neglected for more than a decade. Thus, there was an urgent need to increase the investments in agriculture. A major portion of agriculture was still rainfed. It would take sometime to provide needed irrigation facilities. Meanwhile the productivity of farmers have to be increased through input concentration and R & D. This would bring in more employment in rural areas and arrest the migration to already congested urban areas.

9.12 Given the comparative advantage of the agricultural sector, there was need to put in more investment, both private and public, in this sector. India has to become a major player in the agricultural sector and a leading exporter of agro-products. The tenancy act and land reforms have to be reexamined without adversely affecting the interests of the tenants, small and marginal farmers. He urged that it may be ensured that farmers benefited from the WTO regime and that their self-reliance was not eroded.

9.13 **Shri Singh** said that in order to increase productivity in agriculture, we need to increase irrigation facilities. The completion of the mega projects like Narmada cannot be left to already resource constrained States. The Centre should recognise them as national projects and ensure their completion through liberal funding. For an effective strategy for agricultural development, we must ensure increased productivity to make the marginal and small holdings viable and productive. An important aspect related to agriculture was mitigation of effects of drought. Thus strategies like drought proofing and water conservation were needed to control and minimize the damages caused by drought.

9.14 He drew the attention of the NDC to the development and welfare of the Scheduled Castes and Scheduled Tribes. Madhya Pradesh already has a centrally sponsored tribal sub plan and special component plan to benefit these sections. He urged that these efforts have to be supplemented through a mechanism of sub plan in the central ministries dealing with physical and social infrastructure. The Chief Minister emphasized that to realise the dream of eight-percent growth rate, there was need to have a consistent economic policy. There was, also a need to have political consensus on the institutional changes that were necessary to accelerate the development process.

9.15 He said that while the Tenth Plan document explicitly recognized that uneven development characterizes Indian situation, it was unfortunate that the vital recommendation for transfer of Centrally Sponsored Schemes has not been implemented. Though the Plan document showed that in terms of numbers, Centrally Sponsored Programmes have reduced from 360 to 188 and Central Sector Programmes from 2247 to 922, the actual amounts that accrue to the State, on account of this, remained meagre.

9.16 Concluding his speech, **Shri Singh** said that the Tenth Plan has not come up with any radical departure towards decentralization and subsequent institutional redesign which it acknowledges as a key challenge. He opined that this can happen only through greater decentralization of resources to states.

10.1 **Prof. Prem Kumar Dhumal**, Chief Minister, Himachal Pradesh said that this meeting of the NDC was held at a critical juncture in the history of Plan development in the country when drastic changes in the approach to development have been necessitated due to domestic as well as external environment. He felt that the National economy has performed more satisfactorily in the last decade as compared to the previous four decades of planned economic development in India. In the recent 4-5 years, the growth of economy has been over 6 per cent and it appeared that given a right mix of investments and policy reorientation, achieving a much higher growth rate in the Tenth Plan should not be difficult. Several enabling factors like a strong foreign exchange reserves position, reined in inflation, sound performance of agricultural economy, etc. should make it comparatively easier to achieve a higher growth rate than in the past.

10.2 The Chief Minister stated that through the vision of the Hon'ble Prime Minister we are targeting to achieve a growth rate of 8 per cent during the Tenth Five Year Plan. One of the most important ingredients in the recipe for achieving higher growth rate was a robust and well functioning infrastructure. Historically, States like Himachal Pradesh have suffered from comparatively less developed infrastructure or acute lack of it, specially with regard to railways, air connectivity, super national highways and the national highways. It may be of context to mention here that the Eleventh Finance Commission had also commented upon the need of financing infrastructure in the Special Category States by the Central Government.

10.3 The State government has already outlined its perspective and would follow appropriate policies to realize the ambitious target. This would, however, call for a support from the Central Government in terms of protecting and insulating Himachal's farm economy, to the extent possible, from the impacts of globalization on the one hand, and by expanding the coverage of cash crops and vegetables and fruits under the National Crop Insurance Programme, on the other. On top of everything else, fuller utilization of the created irrigation potential could make it happen faster and in a more effective manner. This would need taking the people on board for management of the created irrigation assets. The State had already made a small beginning in this direction and would accelerate the process during the Tenth Plan.

10.4 Coming to the issue of poverty reduction targets envisaged in the Draft document, the Chief Minister cautioned that these estimates may need a realistic correction in the context of Himachal Pradesh and added that the realistic estimates of poverty incidence by the end of the Tenth Plan for the country as a whole would not undergo any noticeable change even after such a correction.

10.5 On the question of unemployment, **Prof. Dhumal** said that the problem was likely to magnify in the coming years in view of the fact that a very large number of employment seekers were going to join the stock of educated unemployed resulting from the high literacy levels. Here we need a change in perception of employment seekers because the availability of government jobs would continue to decline in future and employment opportunities would have to be found in the private and self-employed sectors. For Himachal Pradesh, the problem of unemployment could be tackled effectively if the State realized the projected growth rate in agriculture sector.

10.6 He stated that the comparative lack of employment opportunities in the public sector and also in the manufacturing sector in Himachal Pradesh in the immediate context was a matter of serious concern. As suggested in the Draft document, promotion of the small scale sector would be the most relevant path for generation of employment opportunities in States like Himachal Pradesh. He cautioned that the small scale sector suffered from inherent infirmities of economies of scale, quality differentials and incapacity of capability of competitiveness, and unless these issues were adequately addressed in the course of determining the policy prescriptions, the larger role envisaged from the small scale sector would be difficult to be realized. Certain protection would need to be provided and this protection would also need to be accompanied by support for quality enhancement of the output so as to make this sector a vibrant one as compared to the existing worrisome situation.

10.7 Referring to two new dimensions, i.e., national security and disaster management, the Chief Minister said that it has been rightly emphasized in the document that the high level of dependence on external energy sources puts us at a risk with regard to the supply routes. He suggested that the national Centre for disaster management should act as a focal point for experience sharing in the context of our responses to disaster management. On the energy security, he said that States like Himachal Pradesh, which have enormous untapped potential of hydro-electricity, could support the national endeavour to a considerable extent. He informed that Himachal Pradesh has initiated the process of actualization of over 7000 megawatts of capacity in the next 10 years against only 4000 megawatts actualized in the last 50 years. The State has adopted a three pronged strategy of involving the central sector power generating utilities, generation by the private sector apart from collaborative efforts. Towards further accelerating this process, Himachal Pradesh expected the Central Government to assume a more proactive role for various clearances for hydro-electric projects. Rapid strides in this sector would not only help the national economy at large, but would also impart economic and fiscal resilience to the economy of the State.

10.8 Regarding infrastructure, he emphasized that Himachal Pradesh has been deprived of its legitimate share of infrastructural development. The Chief Minister said that road infrastructure could be strengthened through central interventions on higher allocations for the prestigious Pradhan Mantri Gramin Sadak Yojna on the one hand, and extending the network of national highways in the State, on the other. Also, the allocation for national highways for those States which were being left out of the Golden Quadrilateral Super National Highway project and the North-South/East-West Corridors should be increased considerably alongside taking up more length under the ambit of national highways.

10.9 **Prof. Dhumal** further stated that Himachal Pradesh has been consistently ignored in the matter of expanding the rail network in the country. Expansion of these facilities in Himachal Pradesh would lead to drastic reduction in pollution due to vehicular emissions as also result in savings in the consumption of fossil fuels which would enhance the parameters of energy security for the country in the final analysis.

10.10 He stated that the whole concept about special category States revolved around the principle of vertical as well as horizontal equity. In that design, all Special Category States were expected to be treated equally because the very basis of accepting any State as a Special Category State was its inherent developmental disadvantage and lack of adequate resource generation capacity. Not only this, there was an urgency to recognize the fact that the Special Category States would need liberal central support as the globalization of economy gathered momentum. Without incremental central assistance support for the plans of States like Himachal Pradesh, it would be difficult to realize the targeted higher growth rate.

10.11 Another issue which was central to whole design of federalism in the Indian context was the question of decentralization between the Centre and the States on the one hand, and between the States and the third level of governance, on the other. He underlined that the National Development Council should set a ceiling on the central assistance being pre-empted by the centrally sponsored schemes and for doing that, the report of the NDC Committee on rationalizing the centrally sponsored schemes should be accepted. Further, examination of these schemes be entrusted to a new committee of the NDC towards ensuring a larger trust between the Centre and the States. As for earmarking the outlays for various programmes out of the pool of central assistance, he felt that all such earmarking should be done away with and the central assistance allocated to the States as untied so that they could determine their own developmental priorities. In doing so, one would have no conflict with a limited content of centrally sponsored schemes as also limited earmarking to ensure meeting the national objectives.

10.12 He drew the attention to some very important issues concerning Himachal Pradesh viz. (i) scheme of compensation for the protection of Himalayan ecology and environment; (ii) imposition of generation tax on hydro-electricity; (iii) share in the Bhakra Beas Management Board (BBMB) power system and free power on all projects irrespective of their dates of commissioning; and (iv) establishment of North-Western Himalayan Council.

10.13 Concluding his speech, **Prof. Dhumal** emphasized need for liberal support from Centre to States like Himachal Pradesh. He commended the draft document for bringing together the framework of the policy imperatives and programmatic initiatives needed towards” realizing the lofty ideals and ambitious growth target in spite of difficulties. He said that we need to rise above politics in the matter of development.

11.1 **Captain Amarinder Singh**, Chief Minister, Punjab, complimented the Deputy Chairman, Planning Commission and his team for preparing a very comprehensive and focussed Draft Tenth Five Year for approval of the National Development Council (NDC). He endorsed the approach and the monitorable targets of the Plan with regard to reduction of poverty, providing gainful and high-quality employment, removing illiteracy, reduction in the gender gap, reduction in the decadal rate of population growth, reduction of infant-mortality rate, reduction of maternal mortality ratio, increase in forest and tree cover, universal access to potable drinking water and cleaning of all major rivers. He urged that these targets should not be mere slogans, but should be backed up by carefully designed projects which were fully funded.

11.2 Most of the States were passing through grave fiscal stress. The massive reduction in the central assistance was bound to badly impinge upon the economic growth and overall development of the State. To restore financial health, the Government had to do away with populist measures like free power to agriculture pump-sets and free water for irrigation. Improving quality of citizen service, through a transparent system of accountability at all levels, was the most important priority for the Government. The crusade launched against corruption has been appreciated by the common man and has restored the credibility of the Government to a large extent. This thrust has to be continued. Bold initiatives were required to make the States’ economies vibrant.

11.3 To put the State’s finances in order, a number of far-reaching reform measures have been implemented and were under way. Apart from doing away with freebies, steps have been taken to smarten up tax administration, enforce uniform floor rates of sales tax, conforming to the national consensus in respect of tax incentives for industry, power sector reforms and to compress non-productive expenditure with a view to improving fiscal management. The Punjab Fiscal Responsibility

and Budget Management Bill was introduced in the last Budget Session of the Punjab Vidhan Sabha and has been referred to a Select Committee of the Punjab Vidhan Sabha for deeper examination. The State Government has also received the final recommendations of the Disinvestment Commission, which were being processed for unlocking value in the State Public Sector Undertakings through disinvestment, privatization and restructuring. For attracting private investment in infrastructure development, a Punjab Infrastructure Regulation and Development Act has been enacted.

11.4 **Captain Singh** further stated that on the one hand various reform measures taken by the Government were bound to burden various sections of society and on the other hand, the State's ability to mount any credible development efforts has been seriously impaired. If the State was not provided with adequate fiscal space through generous assistance from the Centre, the sustainability of the fiscal reforms undertaken by the State Government would be in serious jeopardy.

11.5 He pleaded strongly for debt relief to the States through re-schedulement, consolidation and realigning the interest rate structure to the prevalent market rate. Ever increasing salaries, pensions and wages were clearly unsustainable. Thus, there was a need for evolving a national consensus on these issues to bail the States out of their current predicament. The Chief Minister requested for the waiver of the Special Term Loan of Rs. 5799.92 crore advanced by the Centre to combat insurgency in the State.

11.6 He said that the tri-centenary of the birth of Khalsa was celebrated as an historic event at the national level. The National Committee under the chairmanship of the Prime Minister had sanctioned Rs. 100 crore for the celebrations and its connected projects to perpetuate the spirit of brotherhood. The Khalsa Heritage Complex, Anandpur Sahib, has been conceived as the most prestigious part of the celebrations. The total estimated cost of the Project today stands at Rs.210 crores. To complete the project by September, 2004, a sum of Rs. 115 crore was required. He requested the Centre to give a special grant of Rs. 100 crore for this purpose.

11.7 The Chief Minister urged that the recent drought has caused a massive loss to the State. The Punjab State Electricity Board also suffered heavy losses for diverting power from the industrial and domestic sector (paying sectors) to the agriculture sector. He said that there was a need to review the norms for drought in case of States like Punjab which have a very high percentage of irrigated area.

11.8 The State has already tapped most of its own hydroelectric power. In the neighbouring State of Himachal Pradesh, a large number of hydroelectric projects could be set up. The Centre should take the initiative and embark upon such projects by pooling the resources of the States in the region to tap the full potential of hydroelectric power, which was pollution free as well as the cheapest source. He laid stress on the inter-connectivity and inter-dependence of the States in the generation of hydroelectric power and environmental upkeep. Regional collaboration in areas such as hydro power generation could help in generating cheap and eco-friendly power.

11.9 On the interlinking of rivers, he said that whereas national interest was to be kept foremost, yet the interests of the riparian States could not be overlooked. The consent of the basin States was necessary to carry out transfer of waters of a particular basin to another basin.

11.10 Due to inherent locational disadvantage, industrial units in Punjab were at a relative disadvantage vis-a-vis their counterparts in the States nearer to the source of raw material and/or ports. He urged that exports from landlocked States such as Punjab should be granted transport

subsidy. Besides, import duty on raw material and intermediaries may be reduced to zero or brought to the minimum level so as to enhance competitiveness of the small scale industrial units. He requested the Centre to grant Tax Holiday for industrial units located in Punjab. He also requested that Hindustan Petroleum Corporation (HPCL), a major contributor to the Bathinda Oil Refinery Project should be taken out of the disinvestment process for the early completion of the project. He urged for effective steps to stop the illicit entry of Acrylic Yarn to India via Nepal in order to protect Punjab's domestic industry.

11.11 The security and vulnerability of the border depends upon the threat perception from across the border. Apart from bearing the brunt of two Indo-Pak wars in 1965 and 1971, infiltration in the Kargil and other regions of J&K, the people of the border areas of Punjab had to migrate to safer places, which caused economic hardship to the residents of the border area. In view of the fact that a major part of the border areas of the State was under economic deprivation, he strongly felt that 50% weightage needed to be accorded to sensitivity of this particular border while allocating funds under the BADP. **Captain Singh** stated that the farmers of the border area were suffering heavily and were not getting their due economic returns. They needed to be adequately compensated by the Central Government

11.12 He said that under the Revised Gadgil Formula of December, 1991, heavy weightage was accorded to population and per capita income of the State. Naturally, States like Punjab with low rate of growth of population and higher per capita income do not get a fair and equitable share of resources. In fact the population situation demands that in order to discourage growth, population should not be given undue weightage. He proposed that the current revised Gadgil Formula of 1991 may be modified according to the criteria, as indicated below :

	Existing	Proposed
Population	60%	50%
Per-capita Income	25%	—
Efforts for Population Control	—	10%
Literacy (Inverse-distance)	—	20%
Tax Effort and Fiscal Management	7.5%	10%
Special Problems	7.5%	10%

11.13 The Special Category States received Plan assistance as 10% loan and 90% grant in contrast to Non Special Category States which receive 70% loan and 30% grant. Some parts of Punjab such as the border, bet and kandi areas were as poor and resourceless as some of the Special Category States. These areas should be categorised as special areas and the Plan assistance for these areas should be given as in case of the Special Category States i.e. 10% loan and 90% grant. As far as the allocation under Non Special Category States was concerned, the Plan assistance should be 50% loan and 50% grant.

11.14 He urged that the infrastructure to enable the farmers to diversify to other crops like oilseeds, pulses and cash crops should be established before the Minimum Support Price operations for wheat and paddy were discontinued or modified. To clear the payments of the sugar cane growing farmers who were suffering severe economic hardship, he requested the Centre to increase the normal quota of Punjab State Cooperative Sugar Mills to 4 lakh quintals per month.

11.15 He stated that the Government of India has conveyed its decision that the procurement price would be minimum support price plus 4% and that all State taxes/levies beyond that would be contained within the MSP. He pleaded that State taxes/levies should not be changed and the current system be allowed to continue, failing which the entire agri-marketing infrastructure would collapse, spelling disaster for the farmers as well as Punjab.

11.16 He said that agriculture surpluses of cereal crops, particularly of wheat and paddy flood the marketing yards, leaving little storage capacity for coming crops due to non lifting of stocks. To overcome this difficulty, a diversification policy on the guidelines of Centre has been adopted, under which stress was being laid to divert area from wheat and paddy to other cereal crops, pulses and oilseeds. A scheme namely Crop Adjustment Programme has been submitted to the Government of India for providing the funds to the tune of Rs.1280 crore per annum to the State Government for undertaking diversification of paddy and wheat in one million hectares. If implemented, this would save more than Rs. 3800 crore for the Central Government every year. He said that the proposal being new and innovative, should be taken as a pilot project in the State of Punjab, which could later be replicated in other States in the sectors relevant to them.

11.17 The Chief Minister further stated that both the allotment and releases under Central Road Fund (CRF) were not commensurate with the accruals equitably falling to the share of Punjab. He said that the accruals for the State should be in direct proportion to the sale of petrol and diesel in the State.

11.18 He said that the allocation to the State of Punjab under the Pradhan Mantri Gramin Sadak Yojana (PMGSY) was grossly insufficient considering the requirement of the State for construction of link roads and the upgradation of the existing badly damaged link roads and called for distribution of funds, to the State as per its entitlement. As per the policy of the Centre, part of the Central Road Fund was to be utilized for safety purposes. In this regard, he requested the Centre to resolve the issue of cost sharing between the Railways and Ministry of Road Transport and Highways for early clearance of the proposals of the State.

11.19 He further stated that the Border Roads Organization was maintaining about 20,000 Kms. road length in different States. The three Border Districts of the State have 2255 Kms. of road length. Major portion of these roads was used by the army during their exercises and other operations. These roads normally remain in bad condition causing undue discomfort and difficulties to the people living in the border areas. Hence, there was a strong case that all roads in these Districts or at least within certain belts in these districts should be taken up for upgradation and maintenance by the Central Road Agencies.

11.20 The Ministry of Road Transport & Highways and the National Highway Authority of India (NHAI) have imposed toll on different segments of the National Highways which have been improved over the past few years. The State Government also proposed to levy user charges in the form of toll fee on some of the State Highways. While the objective of the policy were clear that the user must pay the charges, yet imposition of toll on such corridors which may constitute a National Highway segment as well as a State Highway segment was not user friendly and was likely to be counterproductive. There was an emergent need for evolving a consensus and a national policy for imposition of user charges on an integrated basis thereby resolving differences between multiple agencies involved in the maintenance and upgradation of roads.

11.21 He said that despite its high per capita income, Punjab ranked 10th in the field of education with a literacy rate of 69.50%. To increase the literacy ratio to 75% within the 10th Five Year Plan,

the outlay under Sarva Sikhsha Abhiyan for Punjab needed to be doubled. He further proposed that the river Ghaggar which originated in Himachal Pradesh and runs through parts of Haryana and Punjab and ultimately flows into Rajasthan should be treated as a part of the National River Action Plan to be fully supported by the Centre.

11.22 The Chief Minister said that a number of poverty alleviation schemes were being run by the Centre, and funds were devolved to the States on the basis of criteria laid down by the Central Govt. It has been seen from the criteria adopted that progressive States like Punjab have a very meagre share in the funds under these schemes. He suggested that higher allocations should be made to progressive States for rural road network and the other rural infrastructure facilities to ensure sustainability of the existing infrastructure.

11.23 He stated that Parliament passed the 73rd and 74th Amendments to the Constitution with a view to empower the grass-root level local bodies. However, this has not happened so far as was envisaged. The comprehensive proposal to empower the local bodies with the convergence of functions, funds and functionaries was already at an advanced stage.

11.24 He said that the Government of Punjab has finalised an Action Plan for introducing e-governance. He pleaded that the Government of India and the Planning Commission should provide sufficient funds to the State in 10th Five Year Plan for e-governance. The Govt. of Punjab was committed to spend Rs.100 crore in the next five years for introducing e-governance in the State.

11.25 **Captain Singh** stated that the most important thrust area identified by the Punjab Government was to provide a public service oriented cost-effective governance. The idea was to provide on-line governance in a phased manner. The Government of Punjab was also carrying out necessary administrative reforms and re-engineering of its processes. The revenue generating and public dealing Departments have been taken up on priority for such measures. Punjab State Wide Information Technology Network has been planned to ensure availability of e-governance throughout the State.

11.26 The Central Government provided grants and loans to the States for implementing Centrally Sponsored Schemes. He urged that all schemes of development should be conceived and designed with active participation and consent of the States. He said unless there was matching devolution of resources to the States with adequate provision for growth and inflation, it would not be possible for the States to carry on these schemes.

11.27 He emphasized that the Punjab Government was committed to provide greater autonomy to the cooperative sector so as to enable the Cooperative Institutions to play a major role towards the development of the State. With this objective in view, the Government of Punjab has drafted the Punjab Self-supporting Cooperative Societies Bill, 2002, which shall be shortly brought before the State Legislative Assembly.

11.28 He further stated that with a view to relieve the fanners and weaker sections from the debt burden, a scheme of Lok Adalats has been launched in the State in collaboration with the Punjab and Haryana High Court. This was a major step taken by the Government to settle the long overdue loans through Compromise Settlement. The scheme shall not only help the farmers and weaker sections but will also help the Cooperative Credit Institutions in reducing the level of their Non-Performing Assets.

11.29 **Captain Singh** requested the Centre to provide a sum of Rs.260 crore to the Cooperative Credit Institutions in the State of Punjab so that these institutions could continue to remain vibrant and serve the farmers and weaker sections of the State.

11.30 The Empowered Committee of State Finance Ministers (ECSFM) has evolved a consensus amongst the States to implement Value Added Tax (VAT) w.e.f 1.4.2003 and Punjab was fully prepared to implement VAT accordingly. However, a number of issues which impinge upon effective implementation of VAT were yet to be resolved by the Centre. These issues include CST reforms, VAT on imports, compensation to States for loss on account of VAT, transfer of powers to States to levy tax on Services and Additional Excise Duty (AED) items. An early resolution of these issues would help to implement VAT more effectively, without much resistance from trade and industry. The task force on direct taxes (Kelkar Committee) has recommended the introduction of imposition of income tax on agriculture income. He opined that the imposition of income tax on agriculture will be a very retrograde step and will adversely affect the agrarian economy of the State.

11.31 He urged that the States were taking social security measures to take care of the special needs of specific target groups such as handicapped, old persons and women depending upon their specific needs. He proposed that the Planning Commission should set up a Task Force to work out the parameters of a national social security policy and modalities for its implementation. He also pleaded for greater central assistance to provide house-sites to the homeless Scheduled Castes families and also reasonable assistance for construction of dwelling units.

11.32 Concluding his speech, **Captain Singh** thanked the Chairman for giving him an opportunity to express his views on some of the vital aspects concerning the development of the country and hoped that the problems and difficulties faced by the States would receive the urgent attention of the Centre.

12.1 **Shri Manik Sarkar**, Chief Minister, Tripura highlighted the specific problems of North Eastern region including those of Tripura. He appealed for thrust on eradication of poverty, illiteracy and unemployment in a time bound manner. He urged for a separate strategy for the North-Eastern region with a view to have a sharper focus on the problems of this region. He expressed his disappointment at the omission of separate strategy for the North-Eastern region in the Plan.

12.2 Referring to the issues of poverty and unemployment, the Chief Minister felt that for any radical improvement in the poverty scenario much greater attention to agriculture sector was needed. While on the one hand all out efforts were needed for enhancing productivity in agriculture sector, there was need to implement land reforms in letter and spirit to ensure equitable distribution of income arising out of investments in agriculture sector. A solution was required to be found to the recurring problem of having surplus food stock in the godowns while the poor do not have enough to eat. It was only by way of equitable distribution of income in rural areas that we would help solve this problem. He said that in Tripura, there were almost three lakh unemployed youth. The State needed greater investments in the State to create adequate employment opportunities.

12.3 He said that the issue of unemployment needed to be addressed in more specific terms and not just left to the growth potential of the economy. He agreed with the suggestion that 8% growth, as envisaged in the Tenth Plan, would only be possible by tapping the hidden potential of the economy. Such hidden potential was available in plenty in the North Eastern Region. For example, Tripura was rich in natural gas, horticulture, rubber, forest, etc. The State has skilled manpower. The long boundary with Bangladesh could be immensely helpful for border trade. He also agreed that such hidden potentiality needed to be exploited to achieve the ambitious target of 8% growth rate.

12.4 One of the areas needing higher investments in the State was the infrastructure sector. He specifically mentioned about the proposed 500 MW gas based power project in the State, the foundation stone for which has been laid by the Union Power Minister. The project has been posed for external funding. This project was very vital to the State as it could have a catalytic impact on the development scenario. He, therefore, urged that this project was needed to be cleared for funding early.

12.5 The Chief Minister stated that along with investments in the infrastructure sector, substantial investment was needed in education. While vocationalization and skill development has to be the focus of education, the State also needed to provide adequate credit to the youth for taking up self-employment ventures. The Credit Deposit ratio of the Banks also needed improvement.

12.6 **Shri Manik Sarkar** said that there was tremendous scope of border trade with Bangladesh, with 90% of the State boundary bordering Bangladesh. This itself has the potential of creating substantial employment opportunities. He urged the Central Government to take a broad view in this matter and approach the Government of Bangladesh.

12.7 He pointed that for fiscal sustainability it was important that the Central Government considered a one-time debt relief by writing off the principal and interest due on Central Government loans. It was also suggested that the interest rates on the part institutional loans should be brought down to the current interest levels.

12.8 Talking of state finances he observed that successive Finance Commissions have over assessed devolution of taxes on the one hand and have under-estimated the non-plan revenue expenditure, leading to an unrealistic assessment of non-plan revenue deficit. Against this background, the target set under the Medium Term Fiscal Reforms Programme (MTFRP) was unrealistic. The problem was further compounded due to Tripura's low resource base. He, therefore, urged that improvement in deficit situation will come about only with increase in non-plan grants and share of taxes. Since there was no significant improvement in receipts out of these sources, the Central Government may not insist upon meeting the MTFRP target for releasing the 15% withheld non-plan gap grant. He said that Tripura has already decided to go ahead with the power reforms.

12.9 Concluding his speech, **Shri Manik Sarkar** said that instead of poverty percentage of Assam, which was based on 1993-94 survey, the survey of BPL families undertaken by the Tripura should be taken as the yardstick for fund allocation.

13.1 **Shri S.C. Jamir**, Chief Minister, Nagaland, congratulated the Chairman, Deputy Chairman and Members of the Planning Commission for bringing out a comprehensive Tenth Plan document with new concepts and approaches. He said that the principles outlined in the Plan document reflect the common social, political and economic direction towards which we have to proceed and appreciated the efforts that have gone in to evolving such thinking. Now the task before us was to put them into practice and transform plans into a reality.

13.2 The Chief Minister stated that the entire process of the successful implementation of the Plan hinges on the availability of resources and drew the attention of the NDC to the practical problems faced by small, poor and under developed States like Nagaland. The economy in expenditure was still continuing in order to comply with the conditions of the Medium Term Fiscal Reforms Programme (MTFRP) of the Eleventh Finance Commission and the terms of the MOU entered into with the Ministry of Finance. He said that Nagaland was one of the first States in the

country to comply with these conditions and avail of the prescribed incentive, but the net effect has been debilitating.

13.3 He said that the Honourable Members of this Council would appreciate that in a State that was already reeling under the drastic austerity measures taken to conform to the MTFRP, any further reduction in the expenditure can only lead to systemic breakdown. Such a situation will definitely not be conducive in Nagaland which was battling a separatist movement that required not only administrative and political interventions but also appropriate economic measures.

13.4 Referring to the 11th Finance Commission which considerably reduced the quantum of devolution of funds to the special category States, he requested the Centre to address the fiscal problems of States like Nagaland and devise an appropriate compensatory mechanism to offset its adverse resource position. In this connection, he requested for expediting the report of the official level committee of the Finance Ministry already constituted to go into the problems of the North-Eastern States.

13.5 He stated that in the Approach Paper the importance of ensuring a balanced development for all States has been well recognised and articulated. Towards this end, the Tenth Plan document specified a State-wise break-up of the broad development targets. However, the rationale for the variation in fixing of growth rate targets in respect of the States caused some unease. This being so, a small adjustment of the Plan investments could offset such imbalances and make the growth rates for the States more uniform. The Chief Minister said that in order to sustain a reasonable growth in the Plan size of the States, various earmarked schemes of the Centre were dovetailed into the State's Plan outlay. This policy, of dovetailing the earmarked programmes of the Centre in order to increase the Plan size of the States, has to be reviewed to have realistic planning. The Plan size of the States has to be supported by appropriate funding and the schemes of the Centre should come as an additionality.

13.6 He stated that it has been the experience of the States, that after creating huge committed liabilities such as posts and assets under the various Centrally Sponsored Schemes (CSS), these were simply transferred to the States without commensurate allocation of funds for the maintenance and continuation of those schemes. This added to the financial problems of the State. Moreover, it was found that many of the CSS were either not relevant to the socio-economic condition of the States or that the guidelines and the modalities were not at all applicable to the ground realities. He suggested that for the purpose of the Tenth Plan, the National Development Council should take a closer look at the policy of CSS. A High Powered Committee may be appointed to go into details of all the centrally sponsored schemes in the country and further rationalise them. He also pointed out that one of the most important reasons for the erosion of Plan funds was the committed liabilities being carried over into the subsequent Plans.

13.7 The Chief Minister urged that for Nagaland, and other similarly placed States, whose political, economic and social priorities were aimed at tackling these issues in the interest of the integrity of the country, there should be a special approach in the Five Year Plans. With the commendable initiatives of the Department of North East Region, various efforts were being made to encourage private investment in the North Eastern States. The planning process needed to be so structured as to help create the basic infrastructure in the under-developed areas of the country, that will provide further impetus to this initiative and attract private investment in the region.

13.8 He said that the Plan document has appropriately emphasised on good governance. In the past few years Nagaland has taken many initiatives on reforms and restructuring in the Government system. Apart from downsizing and restructuring many of the departments, Nagaland has also embarked through an Act passed by the State Assembly on a process called 'Communitisation' which was aimed at capitalizing on the rich social assets of the Naga people. The State was transferring the maintenance responsibilities of the public institutions, along with the resources, to the community. He hoped that this effort in the direction of achieving a real and meaningful decentralisation to the grassroots will receive support by way of appropriate funding in the Tenth Plan.

13.9 Concluding his speech, **Shri Jamir** said that Nagaland has adopted a new approach for the Tenth Plan that focused on enhancing productivity in the agriculture and allied sectors. Nagaland has also recognized the need to emphasise on organic agriculture so that agricultural and food products were able to make a niche even in the world market in future. The State was also concentrating on creation of marketing infrastructure and market enlargement. Tourism was another sector that required major emphasis for States like; Nagaland. The promotion of eco-tourism in the State will require substantial investment in creation of the basic infrastructure. He hoped that the issues placed before this forum will be appropriately taken into account as we proceed into the crucial 10th Plan. Being the first Five Year Plan of the 21st century it was not only a trend-setter for all the future plans but also an embodiment and reflection of the high expectations of the people; and, it should be ensured that the 10th Plan succeeded in fulfilling these expectations.

14.1 **Shri Om Prakash Chautala**, Chief Minister, Haryana, congratulated the Deputy Chairman, Members and officers of the Planning Commission for preparing an excellent draft of the Tenth Five Year Plan and assured that Haryana would put in its best efforts to achieve the objectives of the Plan. In spite of large investments during the successive Five Year Plans in the industrial and the tertiary sectors in the country as a whole, the primary sector, i.e., agriculture still dominated country's economy and was the mainstay of its rural population. Without significant growth in this sector, the overall growth rate might not be achieved. Hence, large investments have to be made in this sector. Some of the States like Haryana have reached almost a saturation point in terms of utilisation of land resources and productivity levels. Haryana could achieve the stipulated growth rate of 4.07 in agriculture only through diversification. The Centre should provide some incentives to the farmers for diversification. Sufficient resources were not available with the State, and the Centre should help through large investment in irrigation, power and agro-based industrial sectors.

14.2 He urged that increase in literacy and reduction of gender gap in this respect was another major objective of the Tenth Plan. He congratulated the Human Resource Development Minister and his Ministry for launching Sarva Shiksha Abhiyan which was likely to help the States to a great extent in increasing literacy rate especially among the female children.

14.3 The existing formula for distribution of fuel cess among the States was against the interests of the major fuel consuming States like Haryana. He requested that devolution to the State should be made more equitable on the basis of actual realisation of cess from each State. He requested that the present formula should be modified in such a way that each State got at least 50 per cent of the cess realisation from its territory.

14.4 He stated that debt liability of the States has increased manifold and has become unsustainable. The interest rates being charged by the financial institutions were very high and needed to be rationalized and brought down to 6 or 7 per cent. Another allied issue was the Debt

Swap Scheme suggested by the Centre which envisaged repayment of old small saving loans carrying interest rate of 13 per cent and above through 20 per cent additional small saving loans accruing to the States from April 1, 2002. He suggested that the entire Central loans be consolidated into one loan and the interest rate may be reduced to around 7 per cent. One of the major reasons of the rapid increase of the indebtedness of the States towards the Centre was the composition of the Central assistance between the grant and the loan which at present was 30 per cent grant and 70 per cent loan for non special category States like Haryana. He reemphasized that this composition of the Central assistance be changed to 50 per cent as grant and 50 per cent as loan.

14.5 He said that Central devolution of resources to better managed States like Haryana was declining gradually. The recommendations of the Eleventh Finance Commission have reduced Haryana's share in Central taxes to 0.944 per cent as against 1.238 per cent recommended by the Tenth Finance Commission. He suggested that there should be a guaranteed level of tax devolution to the States. He requested that normal Central assistance for the Annual Plans to Haryana should be increased by 10 per cent for every subsequent year. Haryana Government was fully geared to levy VAT by the stipulated date, i.e., April 1, 2003. He added that Haryana will be suffering annual revenue loss of about Rs 1000 crore on account of the phasing out of Central Sales Tax. The State needed to have an alternative source of revenue on a regular basis. The Government of India levied and collected tax on some services. He suggested that the proceeds of this tax may be assigned to the States.

14.6 On the recent Supreme Court judgement directing all the States to grant the revised pay scales including other benefits to the subordinate judiciary by 1st April, 2003, he said that the States were not in a position to bear this liability from their own resources. He suggested that it would be more effective if Central Government took administrative, legislative and legal action in order to overcome the implications of the Supreme Court Order. Regarding Supreme Court directive to the States to implement the Mid-Day Meal scheme in Primary schools by providing cooked food to the children, he suggested that the Government of India should finance this programme as a 100 per cent Centrally Sponsored Scheme.

14.7 The Chief Minister said that there has been gradual increase in the number of Centrally Sponsored Schemes. The large number of these schemes has become un-manageable and susceptible to ill usage. Efforts should be made to club schemes with similar objectives and those no longer useful should be weeded out. But this should not lead to reduction in the total quantum of financial assistance to the States by way of C.S.S. The State should be given greater flexibility in the implementation of these schemes. He suggested that the concerned Central Ministries be directed to route their funds through the State Consolidated Fund. He pointed out that it was very difficult for the State to monitor the transfer of funds from the Centre to the State in respect of each such scheme every year and requested the Government of India that there should be no further transfer of C.S.S. to the States.

14.8 Dwelling on water, he said that the rivers should also be nationalised like mines for better utilisation of available water resources. In this context, he referred to the Hon'ble Supreme Court Order passed on January 15, 2002 directing the State of Punjab to continue the digging of SYL Canal, the portion of which has not been completed as yet and make the canal functional within one year. The court also directed the Government of India to the effect that if within one year the SYL Canal was not completed by the State of Punjab, then it should be got done through its own agencies as expeditiously as possible. Although more than eleven months have passed, no tangible

steps have been taken either by the Government of Punjab or the Government of India to implement the directions of the Apex Court. He hoped that the orders of the Apex Court will be obeyed in the right earnest.

14.9 He said that Haryana has always been advocating that inter basin transfer of water should be encouraged to divert water from water surplus basins to water deficit basins. Till such time the rivers were interlinked, construction of proposed projects like Kishau Dam, Renuka Dam and Lakhwar Vyasi Project on river Yamuna should be given priority so that natural calamities like floods and droughts could be better managed. These projects were identified decades ago but were yet to be constructed. He requested for the intervention of Hon'ble Prime Minister by issuing directions to the concerned State Governments for early completion of these projects. He further requested that the proposed Sharda Yamuna Link Project for linking river Sharda, a tributary of river Ganga with river Yamuna be taken up on top priority so that water requirements of Yamuna sub basins could be met with.

14.10 Consequent upon the judgement of the Supreme Court prohibiting plying of heavy inter-State traffic through Delhi, the intensity of traffic on the State Highways of Haryana has increased manifold. These roads do not have sufficient strength to bear the increased heavy traffic. He requested that in order to reduce the pressure of traffic on these roads, the Government of India should construct an Express Highway on the Western Periphery of Delhi from Kundli to Palwal through Jhajjar, Farukhnagar, Gurgaon and Sohna at the earliest. Similarly, Eastern Peripheral Express Highway connecting Faridabad-Noida-Ghaziabad-Kundli should also be constructed early. He further requested the Centre to take up the following projects urgently for easing traffic situation on these highways : (i) Fly-over at Badarpur on Delhi-Faridabad Road (National Highway-2); (ii) Elevated Highway at Panipat (National Highway-1); (iii) 8-laning of Delhi-Gurgaon stretch and Mehrauli-Gurgaon Road (National Highway-8); and (iv) 4-laning of Delhi-Bahadurgarh Road (National Highway-10). As all the traffic on these highways goes to the national capital, the Centre should take steps to reduce congestion on these highways.

14.11 Haryana Government has submitted a proposal amounting to Rs. 1641 crore to the Government of India for augmentation and extension of water supply, sewerage, solid waste management and storm water disposal in 19 towns of the State falling in the NCR. The State Government has agreed to bear 25 per cent of the cost of these works. The balance 75 per cent should be given to the State as grant and not as loan as indicated by the NCR Planning Board. As per the fiscal plan prepared by the NCR Planning Board for the development of National Capital Region, the concerned Central Ministries, i.e., Ministries of Railways, Surface Transport, Communication etc. have been called upon to prepare their sub-component plans for the National Capital Region for the development of core infrastructure. Except the Ministry of Telecommunication, no other Ministry has prepared/ implemented any sub-component plan for this region. He requested the Hon'ble Prime Minister to direct the concerned Ministries to make suitable provisions for their projects in the NCR in the form of sub-component plan.

14.12 The Chief Minister further stated that the Government of India was contemplating to do away with the system of procurement of agricultural produce by the F.C.I., at the Minimum Support Prices fixed by the Government of India for various crops from time to time. This step will ruin the farmers especially of the major agricultural producing States. The States have been asked to make their own arrangements for the procurement of foodgrains etc. It may be mentioned here that the States were already under financial stress and could not afford to take over the procurement

process. He urged the Government of India to continue with the present system of procurement because the national food security was at stake.

14.13 He stated that the State Government has decided to give Rs. 5100/- in form of 'Kanyadan' for the marriage of the poor Harijan girl whose parents could not make both ends meet. The State is also giving Rs. 5/- per street child for enrolling them in the School. Through this, the State has succeeded in improving the literacy percentage. The State has also started 'Devi Rupak Yojana' for bringing up the ratio of girl child in the total population.

14.14 Concluding his speech, **Shri Chautala** requested the Government of India to launch a special programme for constructing warehouses in a big way especially in major foodgrains producing States. Broadly endorsing the Tenth Five Year Plan, he said that Haryana has always been in the forefront in ensuring welfare of all sections of the society especially the vulnerable sections. The State would keep up its efforts in the years to come.

15.1 **Shri Ashok Gehlot**, Chief Minister, Rajasthan, said that the discussion in the meeting would serve the purpose of focusing attention not only on the objectives and strategy set out for the Plan but, in the light of the role that has been envisaged for the States, it will also focus on the ability, or otherwise, of the States to contribute to its success.

15.2 He said that every Five Year Plan provided an opportunity of stock taking as well as reorienting the priorities of the Government, Central and State, in the light of the changing environment. It was pertinent, therefore, to discuss briefly what we had sought to achieve in the Ninth Five Year Plan and how far Rajasthan has succeeded in achieving the same. The main objectives of the Ninth Five Year Plan was 'growth with equity and included objectives like generating adequate productive employment, eradicating poverty, ensuring nutrition security to the vulnerable sections, basic minimum services of drinking water, Healthcare, containing population growth, primary education and shelter, empowering the disadvantaged groups like SCs/STs and OBCs, promoting and developing people's participatory institutions, and, strengthening efforts to build self-reliance. The Chief Minister apprised the NDC about the State's efforts for improving the situation to achieve the objectives of the Ninth Plan.

15.3 Turning to the agenda for the 50th meeting of the NDC to consider and approve the Draft Tenth Five Year Plan, he said that the Tenth Plan has been described as a 'Reform Plan' as against previous Plans that were 'Resource Plans. The emphasis was now on quality of development outcomes and increasing effectiveness of public service delivery. Planning now was aimed at enhancement of human well being. The stress, accordingly, was now on effectiveness, quality and reform. The strategy was accordingly spelt out in an agenda that includes:

- disinvestment of PSUs,
- reforms in taxes, labour laws and the administrative system,
- increased private partnership in the widest range of activities,
- focus on reforms in infrastructure like power, transport, and water,
- better fiscal management both for the Centre and the States,
- removal of legal bars for growth of the agriculture trade as well as other agro, small scale and cottage industries,

- giving up the anxiety about FDI hurting local industries and national interest and making the economy more competitive with that of the rest of the world.

15.4 He said that as part of the reform agenda, not only has the State Government introduced new measures of tax revenue (professional, turnover and entry tax) and a self assessment scheme for sales tax and land and building tax, it has also resorted to revision of irrigation rates, fee for various licences and, among others, simplifying land conversion procedures to raise its overall revenues.

15.5 The State Government has been successful to some extent in containing revenue expenditure. This has been achieved through a number of rather tough but necessary measures in terms of curtailing facilities granted to the employees, ban on new ad hoc appointments and appointment of Teachers at the primary level on honorarium basis.

15.6 The Chief Minister further stated that with increase in both tax and non-tax revenues, and curtailing expenditure, the revenue deficit position as percentage of revenue receipts has come down significantly over the previous year.

15.7 He stated that Rajasthan was one of the first few States to affect power sector reforms. The State Electricity Board was unbundled into five independent companies to handle generation, transmission and distribution. Power generation has increased in the last four years and, in the next one year, it was confident to add another 1700 MW to the installed capacity in the State. Alongside this, transmission losses have been brought down and revenue gap reduced by Rs. 500 crores.

15.8 To encourage the private sector involvement in infrastructure development, a BOT policy has been finalised. Already 35 works under the transport sector worth over Rs. 835 crore have been sanctioned. On the telecommunication sector, the State was the first to allow free right of way.

15.9 The Chief Minister said that with a view to re-kindle the minds and hearts of the non-resident Rajasthanis, an International Rajasthani Conclave (IRC) was very successfully organized in September 2000. The Rajasthan Foundation has since been constituted to carry forward this initiative. To speed up private investment and to encourage increased private sector participation for industrial and infrastructure development, a single window system has been established. Decision making and coordination was being facilitated through a series of empowered committees. A dedicated project development company, has been set up to attract private sector investment in infrastructure projects in the State.

15.10 Water was more important to Rajasthan than any other State. For sustainable development and optimal utilisation of this precious resource, Rajasthan has prepared a 'Water Resources Vision 2045' and a 'State Water Resource Plan' based on a basin-wise approach. Participatory irrigation management was a successful experiment that was now being expanded. For drinking water, 'public-private' partnership under the 'jan sahbhagita' scheme for certain residential colonies, privatisation of the operation and maintenance of supply systems in four major cities, and that of billing in some urban areas have been introduced.

15.11 He stated that the general thrust of the Tenth Plan cannot be faulted. Keeping targets for reduction in poverty levels, increase in per capita income, generating job opportunities, increasing literacy levels, was a welcome move. Even specifying monitorable targets for the identified eleven

key development indicators was a good idea. He opined that if successfully implemented, there would be much improvement in the economy. The question, however, was whether it was possible to implement such an arduous Plan. It was in respect of the quantitative part of the targets that the Tenth Plan was too ambitious clearly verging on the improbable.

15.12 The Plan targets a growth rate of 8% that presumed a growth rate of agriculture and allied sector of 3.97%, that of the manufacturing sector of 9.82% and that of the export sector of 12.3%. Compared to the growth rates achieved during the Ninth Plan, these targets certainly appear to be difficult to achieve. An 8% growth rate was stated to be possible through higher levels of investment and improving the efficiency of the investment. The disinvestments target of the Centre was unlikely to be achieved. The required level of efficiency of the investment (measured in terms of incremental capital-output ratio) was possible by shifting capital to labour intensive industries and by using capital more efficiently.

15.13 **Shri Gehlot** said that the States could do their bit only when the States were financially well equipped for meaningfully contributing to the priorities laid out in the Plan. The first and foremost responsibility of the Central Government, therefore, should be to take effective measures to improve the financial position of the States. He suggested that changes need to be made in the Modified Gadgil Formula in order to help the backward states attain the standards achieved by the more advanced states. He also suggested a restructuring of the pattern of central assistance for the Tenth Plan in a manner that due weightage was given to factors like area, distances over which services were delivered, special problems such as desert and geographical conditions, per capita plan outlay ; compared with the national average, the State's own efforts in mobilization of resources, low credit-deposit ratio and distance from the national average index of infrastructure development, etc. He urged that the pattern of Central Assistance which at present was, 70% loan and 30% grant, should at the very least be changed to 50% loan and 50% grant j starting with the Tenth Plan.

15.14 He stated that interest rates on loans from various sources available to States have been reduced considerably. However, reduction in interest rates on Central loans has been very marginal and was not in consonance with similar reduction in the case of other loans. He suggested that the Centre should seriously consider converting all outstanding loans into a block loan with a moratorium of five years on repayment; thereafter, repayment can be affected with a reduced rate of interest payable in accordance with the currently prevailing bank rate.

15.15 For various externally aided projects, the Government of India often received funds from the funding agencies at a nominal rate of interest. These were then passed on to the States as Additional Central Assistance in the usual loan-grant ratio of 70:30. The rate of interest that was being charged for the loan component was presently 12.5 per cent. Certainly, the time-trend of fluctuation in foreign exchange rates cannot justify the charging of such high rates of interest. He suggested for a frank interaction between the Centre and the States on this issue so that a decision to bring down the rate of interest on external loans was mutually taken. In so far as grant assistance was concerned this should be directly passed on to the State as this was presumably for those projects which when funded with debt, become non-viable.

15.16 He said that the Indira Gandhi Nahar Project was a gigantic endeavour to transform the economy of the desert region lying desolate for centuries. To complete this project Rajasthan needed more support from the Central Government. An amount of Rs. 60 crore a year under the Border Area Development Programme (BADP) was a must. As the central assistance for this project from the BADP has been discontinued, he sought the Hon'ble Prime Minister's intervention in the matter.

15.17 The Chief Minister said that Rajasthan being severely deficient in the most important resource, i.e., water should be accorded special category status. He urged that action on the recommendations of the Sarkaria Commission be initiated without any further delay.

15.18 Optimum utilization of funds meant for developmental activities has been a matter of concern both for the Centre as well as the States. While substantial funds were allocated to rural development agencies directly, the schemes as such may not exactly figure in the priority list of individual States. The need, therefore, was that funds be transferred to States directly, and not scheme-wise but ideally on the basis of developmental gaps, current population, etc. Alternatively, the basis of calculation for the transfer of funds could be the amount actually transferred during the preceding financial year.

15.19 He said that this meeting was being held in the backdrop of severe drought conditions prevailing in most parts of the country. For Rajasthan, the current year was the fifth consecutive year of drought, and the most severe in decades. The Central Government has not extended the requisite assistance to the State. The Calamity Relief Fund (CRF) and the National Calamity Contingency Fund (NCCF) were set up following the recommendations of the Eleventh Finance Commission. But experience showed that the procedure adopted for sanctioning relief under them was both lengthy and complicated. This affected timely relief to those affected. He suggested that, on requests for relief from the NCCF, in accordance with the intent and spirit behind setting up the NCCF, a decision should invariably be taken in a time bound fashion. If there was any disagreement on either the severity of the calamity or the quantum of relief being sought, the same should invariably be communicated to the State concerned. He further stated that besides timely decisions on requests for relief, a view in totality be taken on the relief to be provided. He opined that the Centre was constitutionally and morally bound to provide the required relief from the NCCF for which it was authorised to impose surcharge on taxes and urged the Central Government to carry out its responsibility in providing adequate and timely relief to the Rajasthan.

15.20 Concluding his speech, **Shri Gehlot** said that the Plan should be taken as more a statement of intent rather than a Plan. It would be better if the Plan was taken more as a reform agenda. This being so, we might as well concentrate on doing the right thing, growth would take care of itself.

15.21 The Deputy Chairman pointed out here that the relief for calamity was governed as per the recommendations of the Finance Commission and the States affected more severely by the calamities should present their case before that Commission.

16.1 **Shri Buddhadeb Bhattacharjee**, Chief Minister, West Bengal, could not attend the meeting. **Shri Nirupam Sen**, Minister-in-charge, Development and Planning Department, West Bengal thanked Planning Commission for organizing meeting of the National Development Council (NDC) to discuss the Tenth Five Year Plan at a time when the country has been passing through a critical phase of its economic development. He said that the financial problems of the State stem basically from the high debt and interest burden, and rising salary and wage bills. He requested that the Centre should take new initiatives for providing effective debt relief to the States. It also needed to be considered if, given the declining trend in the interest rates, prevailing interest rates could be made applicable in respect of the outstanding debt of the States.

16.2 He opined that ultimately firm political will was of crucial importance in resolving the fiscal crisis of the States for strengthening the federal polity of the Nation. The country cannot be stronger if the States were weakened. Time was ripe when we must strive for collective good for a stronger

national economy, and it was possible only when the collective interests of the States were adequately protected.

16.3 Referring to the additional burden on the State Government on account of decision of the Central Government to implement pay revision of the Government employees, he said that the Centre should bear at least 50 per cent of the additional expenditure for the resultant enhanced salary bill. The targets as fixed by the State in the Tenth Plan may be difficult to achieve in case the fiscal problems faced by the State were not redressed. The Minister reiterated that the limitations of the market system should be recognised and the role of the State in overcoming these limitations be acknowledged.

16.4 Elaborating further, **Shri Sen** said that in order to achieve the 8 percent growth rate, public sector savings have to be increased significantly. The Governments at the Centre and the States would thus have to severely compress their revenue deficit to achieve the required savings rate. Even if this savings rate was achieved, which seems largely improbable, the Government has to borrow around 6.8 per cent of GDP during the 10th Plan to finance the public sector investments. Severe shortfall in public sector savings could thus play havoc with the fiscal system. In this context, West Bengal has grave reservations about the policy of indiscriminate disinvestments to raise resources. This would, by divesting profitable units considerably erode the Centre's capacity for mobilizing resources over the medium to long term. Besides, the policy of dismantling of the public sector would eventually effect the vast majority of the working people and will have ruinous effects on the ancillary industries directly or indirectly dependent on them. The economic system could only thrive through increasing public investments.

16.5 Suggesting that the Centre should play an important role in funding State level public investments, the Minister pleaded for the transfer of Centrally Sponsored Schemes to the States.

16.6 The Minister said that unless large public investments in the first two years of the plan takes up the slack in the economy, possibility of realisation of the projected ICOR will remain a far cry. Thus, adequate public sector investment was crucial not only for increasing private sector demand but also for declining ICOR and thus for achieving 8 per cent growth target.

16.7 The Plan Document placed special emphasis on increasing agricultural income for generating growth in the non-agricultural sector. The 10th Plan target for agricultural growth was set at 4 per cent. The Plan Document, as in the Approach Paper, continued to advocate the elimination of subsidies in the agricultural sector. This would raise costs and unless productivity increases, lead to demand for higher procurement prices which the Government will have to concede. He argued that radical land reforms were required to remove the extra market power of rich farmers and to force them to minimise costs through proper input mix so that proper utilization of inputs could be ensured. But, surprisingly land reforms does not constitute the thrust area of the Plan document. It was, therefore, imperative to have social control over the land-holding consolidation process so that drastic changes in the land-ownership pattern could be thwarted. It was felt that the strategy advocated in the Plan Document would lead to a rich-farmer-driven growth process. In that case the plan Document objective of generating demand for non-agricultural goods through higher purchasing power widely dispersed among the rural masses will not be realised.

16.8 He opined that the silver lining in the Plan Document lies, in its advocacy for a significant rise in cropping intensity during the 10th Plan for increasing agricultural production. However, such rising cropping intensity should not lead to environmental degradation. Specifically rising

cropping intensity should not lead to over-utilization of ground water. The Plan Document programmes for large scale wasteland reclamation, rainwater harvesting, development of irrigation and other rural infrastructure, improving road connectivity, strengthening of markets, etc. were important and essential. He stated that the Public Distribution System (PDS) must be strengthened.

16.9 **Shri Sen** stated that the Plan Document's emphasis on small and village industries was a positive feature. But the role played by commercial banks including RRBs in providing credit to the sector has been extremely distressing. The policy has to be changed to ensure adequate credit to this sector on a priority basis.

16.10 He said that employment was the most important objective of the 10th Plan. The Plan Document's insistence on consolidation of land holdings could lead to a rich-farmer centred-growth process. This growth strategy cannot bring into the productive fold the large masses of the rural poor. As the West Bengal experience shows, land reforms with accelerated agricultural growth could lead to high labour absorption in the production process, generate widely dispersed purchasing power and encourage considerable off farm activities. This alternative strategy could, if supplemented by the Plan Document's special employment programmes, generate significant employment.

16.11 The huge buffer stock available with the Centre, a clear indication of the low purchasing power of the people, would allow it to undertake massive food-for-work programmes. This would significantly reduce the unemployment problem in the rural sector and give impetus to vibrant growth of rural economy to the advantage of accelerated growth in other sectors. He said that unless public sector investments were jacked up and agricultural growth increased the purchasing power of the rural population, private industrial investment would not pick up. Under the circumstances, it was doubtful if the projected 10 percent annual growth rate could be achieved by the industry sector.

16.12 **Shri Sen** further stated that the spate of measures relating to property transactions urban areas like repeal of Urban Land Ceiling Act, Amending Rent Control Act, La Acquisition Act, rationalisation of tax rates on real estates, could unleash speculation urban properties. While updating of many of these archaic laws was necessary, it was equally important to have adequate safety valves in the regulatory system to prevent the growth of unscrupulous elements.

16.13 Concluding his speech, **Shri Sen** said that growth in the industry sector would depend, to a large extent, on the buoyancy of the industrial sector in the country as well the global trend. Rising agricultural production would allow the small scale sector register impressive growth rate. However, this will only be possible if the availability credit for the SSI sector becomes easier. The growth in the tertiary sector was dependent an extent on growth in agriculture and industrial sectors. However, the accelerated growth of the IT sector in the 10th Plan would ensure that the tertiary sector grows at a significant growth rate in the 10th Plan. It might be noted that the State has been able to achieve significant growth rates in the recent past in spite of the fiscal constraints and natural calamities. This gave West Bengal the confidence to assert that given the alternative development strategy and State's ability to involve the common people, firm resolve to the deepening democracy through institution building and mass participation in the whole process development, the State will be able to maximise benefits from given investments register a high growth profile in the 10th Plan. He hoped that the deliberations will pave way for the right path for sustainable development and help realise our dreams for a strong and vibrant national economy.

17.1 **Shri Ajit Jogi**, Chief Minister, Chhattisgarh, said that the expectations especially the new States like Chhattisgarh were belied as several crucial issues of development were left un-addressed in the draft Tenth Five Year Plan document. The Tenth Plan ought to have been an excellent opportunity for the new States to be helped in overcoming socio - economic backwardness - and to leapfrog in terms of indices of development - and; disappointingly enough there simply was no such attempt.

17.2 He stated that Chhattisgarh has been estimated to have an annual average growth potential of 6.10%, the lowest in the country, barring the States of Mizoram and Nagaland. If Chhattisgarh and other similarly placed States were to contribute to the national growth target of 8%, and if these States were not to lag behind the front-runners, the State has to aim for a higher rate of growth.

17.3 He said that in the Tenth Plan document, there was indeed, no harm in aiming high -but that, the State would have to find its own resources; because the Central assistance was constrained by Gadgil-Mukherjee formula. Indeed, it was so - except that, a new State like Chhattisgarh needed the same indulgence as the other regions that have been rightly taken up for special assistance due to socio-economic backwardness. He said : (i) inaccessible and hilly geography for most part of the State, (ii) very low density of population, (iii) largest forest cover (iv) large population of Scheduled Tribes and area under the Vth Schedule, (v) very low per capita income, (vi) low net area under irrigation, (vii) low surfaced road length, (viii) low per capita energy consumption, (ix) high cost of service delivery, (x) low agriculture yields and the low per capita institutional investment - made out a very strong case for a Special Status for the State of Chhattisgarh. The special problems of extremist related violence added a national internal security dimension to Chhattisgarh's case for Special Status. Large investments were required for improving communications and other infrastructure for the efficient delivery of social sector services so that the development gaps that induce disaffection in areas of extremism could be squarely addressed. He added that the districts of Bastar, Dantewada, Kanker, Mahasamand etc., shared not just a common border but also a common misfortune of recurring drought conditions with the special region of KBK in Orissa.

17.4 He further said that the Plan that this meeting of the Council was expected to endorse, has been called a 'Reform Plan'. But what would construe 'Reform' was pre-ordained for each sector as the document would make them out to be. One wonders whether there was any room for alternative definitions of 'Reform' leading to the same basic objectives of economic efficiency and effective governance. He assured the NDC that all States were as keen as the Centre itself that this vast nation with hugely talented human resources and enviably endowed natural resources, fully and substantially realized its enormous latent potential in the shortest span of time.

17.5 The Chief Minister said that several of the policy imperatives and programmatic initiatives mentioned in the document were already under implementation in States, and urged that the tone of the Plan document be modulated in this regard.

17.6 He said that Chhattisgarh has through its innovative Power Policy attracted both huge public and private sector investments in this sector. He felt that innovative policy modifications by States - as long as those satisfy the broad objectives of economic efficiency and better governance on the touchstone of equity - ought to be encouraged to sustain the States' interest in meaningful 'Reforms'. He felt that there was too much of labour spent in rationalizing the role of the Central Plan for activities and schemes which were either already being implemented by several States; or, could easily be transferred to the States.

17.7 Referring to Chhattisgarh's response to the need for providing massive rural wage employment opportunities through a 'greening' or environment-rehabilitating programme, 'Indira Hareli Saheli', he said over 10.36 lac person-days of employment directly and indirectly could be created and over 37 lac saplings planted benefiting 51, 818 BPL families. Welcoming the greening of wastelands through people's participation to be taken up during the Tenth Plan, he felt equally concerned about the State's own experience through its greening and its factoring into the proposed Central Scheme, and asked that would it not be more rational to only provide financial assistance to States for their on-going schemes rather than issuing standard prescriptions that took away the spirit of need based innovation and demand.

17.8 He further opined that crop-diversification effort through an integrated approach to the farm sector - called 'Rajiv Kisan Mitan' - has for the last two years yielded encouraging results. Even in the midst of a severe drought this year, farmers under 'Rajiv Kisan Mitan' were better off and relatively unaffected compared to the average paddy grower. He enquired as to how does the State ensure that the momentum gained in the last two years through such innovations were sustained and not dampened because of externally imposed conditionality under a Central Scheme. He urged to recast Plan document in a manner that the design and implementation of all schemes of development were left to the States; while the Centre retained the role of providing financial support on agreed parameters.

17.9 He said that the Tenth Plan document mentioned District Plans only in a very perfunctory manner. The Plan document should carry a Volume dedicated to the strategies and concerns at the district level too. That would mean creating additional databases in collaboration with the States, but that should not be difficult for the Planning Commission. Such a departure would also make the selection of districts under the proposed 'Rashtriya Sam Vikas Yojana' based on the felt needs and priorities of the district level planning exercise.

17.10 **Shri Jogi** said that the laudable objective of removing inter-regional disparities as set out in the draft Plan document has not been followed up with any strategy for an equitable and more rational distribution of additional resources. The persistent demand from States for a more rational application of interest rates for such assistance has also not been addressed.

17.11 The Chief Minister said that the Tenth Plan document quite appropriately identified policy imperatives regarding public finances to be taken up both by the Centre as well as the States. One such policy imperative identified in the document was that of pursuing the switching over to ad valorem rates of royalty on minerals through the Centre's initiative. However, action in this regard was yet to be taken.

17.12 **Shri Jogi** emphasized that the Sampoorna Grameen Rozgar Yojana (SGRY) was designed to provide assured wage employment to 50% of the BPL families in a Block for the entire lean period of employment in all districts. In that sense it was an improvement upon the predecessor Employment Assurance Scheme (HAS), although not entirely satisfactory as during recurrent drought or famine like situations, the pressure on employment avenues multiplied several folds and the needy included even small and marginal farmers in distress who may not belong to families that were Below the Poverty Line. The Tenth Plan strategy to provide employment for 100 days against the entire lean season at present; and, also to limit it to identified districts, may be clarified and corrected especially in the light of the Supreme Court direction to the Government of India to see that all needy persons were provided with wage employment under SGRY so that unfortunate incidents of avoidable deaths due to starvation were averted.

17.13 Concluding his speech, **Shri Jogi** hoped that the Tenth Plan would address concerns of the Scheduled Castes, the Scheduled Tribes, the Other Backward Classes and the Minorities in a befitting manner.

18.1 **Shri Vilasrao Deshmukh**, Chief Minister, Maharashtra said the Tenth Five Year Plan (2002-07) will be an important landmark in the planning process of the country as this was being formulated in the background of the radical changes that have been brought about in the last decade through the policy and process of economic liberalization. Secondly, this was the first Five Year Plan of the twenty-first century, when India will definitely assume its rightful place as a major economic power.

18.2 He observed that the approach paper of the Tenth Five Year Plan showed a remarkable identity of views between the Planning Commission and the state government on the Plan priorities. The Chief Minister reviewed Maharashtra's achievements in its Ninth Five Year Plan in respect of investments in the crucial sectors of irrigation and roads, transport and communication and the average annual growth rate of the State Gross Domestic Product. During the five year period (1997-2002), the State made significant progress in terms of both economic development and creation of physical and social infrastructure, especially in fruit and sugarcane production.

18.3 He said that the Tenth Five Year Plan (2002-07) was commencing in the background of economic slowdown on the one hand and the widespread adoption of policy reforms in various sectors on the other. He hoped that the economy will revive in the near future and that investment will pick up. He felt that this was an opportune time to modify the goals and reset the priorities and to devise new directions for our policies to take advantage of globalisation and tariff free trade in the post WTO regime.

18.4 **Shri Deshmukh** said that Maharashtra's Tenth Plan has been drafted keeping in view the State's unequivocal commitment to the upliftment of the poor and downtrodden in the society. The Tenth Five Year Plan priorities were accordingly identified as follows :

- Accelerated economic development through infrastructural development (with more private initiative in all possible sectors) for ensuring high speed industrial development and creating employment on a large scale.
- Growth rate of 8% in SGDP.
- Accelerated Agricultural Development Programmes and search for new opportunities in horticulture, floriculture, high tech horticultural and agricultural exports.
- Water to be treated as the important catalyst of development (irrigation, watershed development, drinking water supply are to be treated as the part of the water policy).
- Thrust on Privatisation thereby ensuring higher availability of funds to be allocated for priority areas i.e. social services package.
- Balanced regional social service packages.
- More efficient social service packages.
- Population growth rate to be brought down below the national average.

18.5 He stated that the State's finances were under a severe strain due to growing revenue deficit and increased dependence on borrowed money. The State was trying to improve this situation by adopting various measures and urged the Central Government to assist Maharashtra

in its endeavours. Dwelling on the State's fiscal position, he said that with the 5th i. Pay Commission award, the Government of Maharashtra faced a sudden resource gap with little funds to meet its planned development expenditure needs. This gap was attempted to plug through substantial short and medium term borrowings. Interest as a percentage of revenue receipts also rose substantially despite revenues growing at a good rate.

18.6 In order to control the situation, Maharashtra took some bold and unpopular decisions. These include several measures to boost tax and non tax revenues, delinking of dearness allowance of state employees from the Central Government pattern and non \ payment of ad hoc bonus for the last two years. As desired by Government of India and in pursuance of the Eleventh Finance Commission recommendations, the State has chalked out a "Medium Term Fiscal Reforms Programme (M.T.F.R.P.)" and signed a "Memorandum of Understanding (MOU)" with Government of India whereby Maharashtra has agreed to put a cap on non-merit subsidies in various sectors, reduce market interventions and restrict the state's direct and contingent subvention for commercial activities. To augment resources and in keeping with the spirit of liberalization, State government has constituted the "Maharashtra Board for Restructuring of State Enterprises" for restructuring, amalgamation, merger, closure, etc. of State Enterprises. The Board will recommend measures for disinvestment of the equity capital of government from these enterprises in a transparent but effective manner. The State has just introduced a "Fiscal Responsibility and Budget Management Bill" in the state legislature and has also imposed a ban on new recruitment and on filling of existing vacancies (except in the Health, Primary Education and Police Sectors).

18.7 He said that Maharashtra represented more than 20% of the country's economy and j slippages in its infrastructure, social security and regulatory arrangements were bound to affect the country adversely. It was necessary to reverse the slow down in investment; immediately and this cannot be done unless the state was seen to be actively pursuing a promotional agenda. The liquidity crunch was a major hindrance which was holding it back and needed to be tackled with a sense of urgency.

18.8 The Chief Minister emphasized that against this background, Maharashtra has requested the Finance Minister on 5th October 2002 for the following specific types of assistance;

- A one time infusion by way of grant or soft loan to ease State's difficult way & means situation. This could be used partly to offset high cost debt an partly to meet emergent spillover liabilities;
- A pro-active role by the centre in getting for Maharashtra a special structural; adjustment loan from the world bank;
- A directive to the financial institutions like LIC and others to assist the State meeting its off-budget debt burden by way of take-out/roll over financing; and
- A rescheduling of repayment instalments due to be paid to banks and Financial Institutions by the state government and by state PSUs covered by state government guarantees.

18.9 He urged the NDC to depute senior officers from Plan Finance and Department of Economic Affairs, Ministry of Finance, Government of India to immediately initiate a dialogue with officers from Maharashtra and find a solution to the financial problems plaguing the state. He also urged for a serious review of the terms of reference of the 12th Finance Commission as progressive states like Maharashtra were continuing to be penalised for their efficiency and good performance. He hoped that the centre would not like to be seen as giving step motherly treatment to merit worthy states like Maharashtra.

18.10 He said that nearly one third of the area of the state falls in the rain shadow region where the rains were scanty and erratic. There was a need to focus research development of high yielding crop varieties and technology oriented agronomic practices suited to dryland agriculture. Crop planning in both commercial as well as food crops if done effectively could result in raising value addition at the micro level besides improving overall agricultural productivity. He requested Union Ministry of Agriculture to address these issues and to advise the state governments effectively.

18.11 **Shri Deshmukh** further stated that the industrial slowdown in the State could be attributed to global recession, constraints in infrastructure and low demand. Globalization was also leading to restructuring of industries and there was a need to evolve more innovative schemes for encouraging industries with comparative advantages specific to states. He believed that the emphasis was being rightly shifted from investment in industry proper to investment in industrial infrastructure which should pay good dividends in the medium term. It was important that all states should adhere strictly now to the uniform floor rate regime and get away from the sales tax based incentives.

18.12 Service sector growth depended substantially on agricultural and industrial growth and unless these sectors grew at the rapid pace envisaged, it would be difficult to achieve the expected growth rate for the service sector in the State. To promote growth in the services sector Maharashtra was undertaking a series of initiatives like building knowledge corridor along the Mumbai-Pune expressway, establishing info-tech parks at the state, augmenting the roads infrastructure through private participation and setting up Special Economic Zones.

18.13 He dwelt at length on some of the important areas of activity considered crucial for the all round development of the state. These included :

- (i) Governance Reforms;
- (ii) Poverty Alleviation;
- (iii) Shelter for All;
- (iv) Water Supply under RIDF;
- (v) Urban Infrastructure;
- (vi) Special Assistance for Mumbai City;
- (vii) Improvement of infrastructure at Airports;
- (viii) Power shortage;
- (ix) AIB Project;
- (x) The Sugar Problem;
- (xi) Social Infrastructure;
- (xii) Increase in pension for aged and underprivileged;
- (xiii) Project on Forest Lands;
- (xiv) Externally Aided Projects; and
- (xv) Increase in Central grant for scholarships to SCs / STs / OBCs.

18.14 To improve the situation in the above areas of activity, the Chief Minister suggest that the Government of India may like to consider running a campaign on All India basis the pattern of Rajiv Gandhi Pragati campaign and competition for inviting solutions for Good Governance so that Good Governance practices were evaluated and rewarded on India basis. Innovative measures were required for leveraging government funds to finance housing schemes for the poor.

18.15 As a highly urbanised and water deficient State, Maharashtra faced daunting challenges to provide adequate and accessible safe drinking water to the people, especially in rural areas. The State has adopted a demand-driven, participatory approach since July 2000 in respect of provisioning of drinking water. NABARD should be instructed to include State's water supply schemes in their priority list as Maharashtra has already adopted the participatory mode of implementing and operating water supply schemes.

18.16 The Chief Minister urged the Centre to extend to Maharashtra a special central assistance of Rs.1335 crore per annum for the next five years to strengthen Mumbai's infrastructure, which was already under tremendous pressure. Good Airport facilities were essential for rapid development of industry, trade, commerce and tourism. There were 22 airstrips in the State of Maharashtra. Out of these 6 major airports at Mumbai, Pune, Aurangabad, Nagpur, Akola and Ozar were maintained by the Government of India while the other 16 airstrips were maintained by the State Government. Considering their importance for economic development it was necessary to improve the facilities available at all these airstrips. The Ministry of Civil Aviation should chalk out a detailed plan for improving the airports which were under central control and also come up with a centrally sponsored scheme for improving airports under state control.

18.17 He requested for providing adequate and assured supply of natural gas to Maharashtra's Uran Gas Turbine Project and also to maintain its share of NTPC allocation. The criteria of 75% completion of the project for getting assistance under the Accelerated Irrigation Benefit Programme should be brought down to 50%, so that the large number of incomplete irrigation projects of the State could be completed, expeditiously.

18.18 He urged for Centre's support to the sugar industry with export promotion assistance of at least Rs.2000 per tonne, in addition to the transport subsidy already in force and a total ban on import of raw as well as white sugar, soft loans and exemption in excise duty to the sugar industry. The Centre should provide Maharashtra about Rs. 3000 crore in the Tenth Five Year Plan period for the 'Sarva Shiksha Abhiyan', and called for the special measures for promoting literacy in the educationally backward minorities.

18.19 He suggested that the rate of pension provided to senior citizens by the Centre was needed to be increased to at least Rs.250 per month along with similar increases for other underprivileged groups, and promised that Maharashtra would match the increase by the Centre in this area.

18.20 He said some of the powers currently vesting with the centre under the Forest Conservation Act should be delegated to the states to ensure smooth and expeditious implementation of development projects.

18.21 He urged the Centre to issue suitable instructions to Department of Economic Affairs to expedite clearance of Externally Aided Projects of the World Bank in Maharashtra.

18.22 The Chief Minister requested for substantial increase in the provision for Centre's post matric scholarships scheme for Scheduled Castes and Scheduled Tribes for extending it to OBCs.

18.23 Concluding his speech, **Shri Deshmukh** said that the Tenth Plan marked an important milestone in our planning process as it was built on the economic changes ushered in the recent past and the foundations laid in this plan would set the pace of development of the country in the early part of 21st century. The objectives set forth by the State Government were in harmony with the priorities set out at the National level. He assured NDC that the Government of Maharashtra would not be found wanting in the implementation of the plan which seeks to develop the country in a holistic and balanced manner.

18.24 The Deputy Chairman observed that the problems that were blocking the progress of development of the Mumbai airport in bringing it up to the international level would be got over soon.

19.1 **Shri Naveen Patnaik**, Chief Minister, Orissa, said that the Approach Paper to the Tenth Plan was appreciated by all for its innovative approach and focus on equity-oriented sustainable growth. One could easily discern a paradigm shift in the Tenth Plan strategy. The Plan document has articulated strengths and weaknesses of regional economies taking note of existing regional disparities and has prescribed differential growth rates for different States. It has also attempted to consolidate the gains of the earlier development plans, and accepted that development was just not economic growth, rather it encompasses overall human development and has set several monitorable targets that significantly impinge upon the quality of life of the people e.g., reduction in poverty; provision for gainful high quality employment to the emerging labour force; universal access to primary education; safe drinking water supply to all villages; and frontal attack on reducing IMR. There was a distinct focus on innovative implementation strategies and improved delivery mechanism. Fiscal and governance reforms have also been rightly emphasized. In a clear departure from earlier approaches, it has envisioned to be a reform plan instead of a resource plan. Planning Commission deserved to be complimented for having drawn up such an innovative Plan.

19.2 Orissa has formulated its Tenth Five Year Plan with an outlay of Rs. 19000 crore keeping in view the mandates of the Approach Paper and taking into account the slow pace of development of the State because of several constraints. He said that the State shall strive to realize the growth target by mobilizing maximum possible private sector investment and improving the economic efficiency of Plan investments.

19.3 Observing that Orissa was the poorest State of the Indian Union, the Chief Minister laid that inter-regional inequity and imbalance were not socially, economically and politically desirable and that pockets of poverty breed serious socio-economic problems. There was corroborating evidence that the problems of terrorism, naxalism, increased incidence of crime, law and order and social strife in many pockets were attributed to social and economic depression of such regions.

19.4 It was a high time that a separate package of policies and policy instruments to arrest and reverse the growing regional imbalances was evolved. The first step in this direction would be to list out five to ten such States on the basis of certain objective criteria like percentage of people below poverty line, per capita income and net State Domestic Product and some social parameters like literacy level and IMR, etc. This group of States could be broadly categorized as Less Developed States (LDS). The LDS should, to start with, be given Central Assistance with 90% grant and 10% loan instead of 30% grant and 70% loan : as at present. Further, because of the special problem of debt overhang, the Government of India may work out a special debt relief package. This should include writing off 50% of the high-cost loan and the balance 50% swapping through

low-cost borrowing. The remaining Central Government loans as outstanding on 31.03.2002 may be consolidated at 8% interest rate. In future, the Central loan should be at market rate. In order to attract external aid, multilateral and bilateral, given by any donor agency as grant should be passed on to the LDS as a total grant and the assistance given by any agency as loan should be passed on to the LDS as 50% grant and 50% loan. The LDS should not be asked to provide the matching assistance to attract funds under Centrally Sponsored Schemes because of their poor resource base. The measures suggested here were only indicative and not exhaustive.

19.5 He noted that Government of India have also been striving to do away with regional imbalance and disparities. Orissa was grateful to the Centre for its support to the State under the Special Programme called Development and Reforms Facility (DRF). However, under DRF, 100 most backward districts have been identified on the basis of three criteria: agricultural productivity per worker, agricultural wage rate, and the proportion of the SC/ST population of the district. In this regard, it may be mentioned that no district of Orissa has been included in this component during the Pilot Phase of the project (i.e., during the year 2002-03). There was a need to include Kandhamal and Gajapati districts under the "Most Backward District Component" of DRF during 2003-04 as several key socio-economic indicators of these districts reveal their extreme backwardness. Orissa was also deficient in infrastructure i.e., railways, paved roads, ports, telecommunication and irrigation facilities. He requested that the Centre should pay special attention to develop infrastructure in the State by ensuring flow of adequate funds to various ongoing and new Central projects. The State was extremely vulnerable to natural calamities like droughts, floods and cyclones' and has to undertake massive programmes to repair the damaged infrastructure.

19.6 He said that Orissa faced a severe fiscal crisis. Being a poor agrarian economy, its tax base was low. While the State's own tax revenue has been recently increasing, its non-tax revenue has remained generally low, and often volatile. A very high proportion of the State's own resources, and assistance available from the Centre were consumed in meeting the committed expenditures for salary, pension and interest payments. There was very little available for productive investment. Because of persistent problem of increase in debt stock, the gap between Non-Plan receipt and expenditure was growing.

19.7 **Shri Patnaik** further stated that despite such critical financial situation, the State has not been able to get a fair deal from the Finance Commissions, particularly the Eleventh Finance Commission. The Commission over-pitched the Non-Plan miscellaneous grant and under-assessed the expenditure liability on pension and interest. On this count, Orissa has suffered a loss of Rs. 7500 crore for the period 2000-05. This has forced the State to resort to increased borrowing from year to year to finance the critical development programmes. He suggested that 12th Finance Commission should review such erroneous calculations and recommend a suitable compensation. Besides, the 12th Finance Commission, before finalizing the assessment of Non-Plan revenue deficit grant, should share the methodology of assessment of revenue receipt and revenue expenditure in advance with concerned State Governments before pre-devolution deficit was arrived at by the Commission.

19.8 He suggested that the Planning Commission should devise a suitable mechanism so that 12th Finance Commission should take into account the committed liability of the 10th Plan Period in the assessment of revenue receipt and revenue expenditure for the period from 2005-10. The Centre should find a way out for making the Five Year Plans and period of implementation of the award of the Finance Commission coterminous to make Plan Outlays more realistic.

19.9 He said that the Planning Commission should also make an assessment of the need of States regarding grant for up-gradation of Standards of Administration and Special Problems in non-developmental and, social sectors and services particularly of States which were backward in general administration with a view to modernize and rationalize the administrative set up in the interest of speed, efficiency and sound financial management. He requested for revising royalty rates of coal regularly to help State increase its Non tax revenue.

19.10 Dwelling on reforms, he said that the Plan document has rightly focused on fiscal and governance reforms which focus on down-sizing the bureaucracy, user charges for identified public services, power sector reforms and fiscal reforms. Orissa has also embarked upon an ambitious public sector reforms programme which aimed at: (i) strengthening governance, (ii) right-sizing bureaucracy, (iii) improving growth; performance and (iv) reducing poverty. He observed that the Tenth Plan document has; also rightly focused on participatory approach. Orissa has taken several steps in this regard: (i) For effective participation of the people in water management, Orissa Pani-Panchayat Act has been enacted; (ii) Village Education Committees have been constituted and entrusted with the powers to appoint para-teachers and Gram Panchayats have been given greater role and responsibilities; (iii) Responsibilities for protection and preservation of forests has been entrusted to Joint Forest Management at the village level.

19.11 Concluding his speech, **Shri Patnaik** said that repeated requests of Orissa for according it a Special Category Status has not been favourably considered by the Centre. As mentioned earlier, the gap between the State Per Capita Income and the corresponding National Per Capita income was increasing alarmingly. The State was also in a serious debt trap. A number of other socio-economic indicators in Orissa were far depressing than those in most Special Category States. Orissa, being the poorest State, has a very weak tax base. In the absence of substantial Central Assistance, the State tends to be an island of poverty and backwardness. There was, therefore, a strong case for declaring Orissa as a Special Category State. He reiterated his request to the Apex Body for giving instructions to the Planning Commission to take a lenient view on this matter and take appropriate action for declaring Orissa as a Special Category State. Equity considerations must be the corner stone of any development strategy for the country. The Tenth Plan makes a beginning in this direction. He said Orissa endorsed the Tenth Plan and commends this to the august house for its approval.

20.1 **Shri Tarun Gogoi**, Chief Minister, Assam, said that there was no doubt that the Five-Year Plans have taken the country ahead on the path of development and progress. Different strategies were adopted in the Five-Year plans in the past to meet the national priorities, aspirations of the people and the exigencies of the situation prevailing at that time. The strategies and objectives adopted for the 10th Five-Year Plan would have to meet the challenges of rapid globalization.

20.2 He said that the draft Plan has rightly expressed concern at the growing disparity in development among the different states in the country. But it has not spelled out the remedy or steps proposed to be taken to reduce the regional disparity. Mere achievement of national targets, however high they may be, at the cost of large increase in inter-state inequality was fraught with serious consequences for regional balance and national integration. The growth rate in the last three Five-Year Plans has been around a satisfactory 6 percent per annum. But in case of many states including Assam, the growth rate has been much below the national average. Special support will have to be given to these states, if they were to achieve the targets set by the Planning Commission. This will also help in reducing the regional or the inter-state disparity.

20.3 He said that the draft document has also outlined the huge investment that would be necessary to achieve the targeted growth rate. The resources will have to be generated mainly from within the country and for this purpose, it may be necessary to have a fresh look at the financial sector, so that it could generate adequate domestic savings. The centre would have also to give special support to States with near stagnant economy like Assam, in the form of investment, if they were to achieve the growth rate projected for them. At present in spite of the fact that banks were flush with funds, the Credit Deposit Ratio in most of the States was very low. In case of Assam it was around 32% only. Financial policies will have to be reoriented to ensure flow of credit especially in the rural areas.

20.4 He further stated that the per capita income of Assam which was higher than the all India average in the initial years after independence has become lower and the gap between per capita income of the State and the national average was widening steadily.

20.5 He said that the major factors responsible for the deceleration of the state's economy include lack of adequate investment, low rate of capital formation, high growth rate of population, inadequate basic infrastructural facilities, weak communication linkages, perpetual flood problem, over dependence on agriculture, gross wastage of natural resources such as natural gas, etc. Some of these deficiencies will be common to all the backward states in the country. If Assam and other backward states were to catch up with rest of the country, the above problems needed to be addressed in the 10th Five-Year Plan.

20.6 The Chief Minister congratulated the Planning Commission for a separate volume on the State Plans included for the first time as a part of the Tenth Plan document. Owing to financial constraints faced by most of the states in the last few years, it was observed that the states were finding it difficult to raise adequate resources to finance their Annual Plans. Most of the states have negative Balance from Current Revenue (BCR). Now, the state plans were being financed mostly out of borrowings as determined by the Planning Commission, This has resulted in heavy debt burden for the states.

20.7 The state plans have also been burdened with huge administrative and establishment costs. This has also adversely affected the investments for creation of productive assets out of plan funds. Funds were also hardly available for maintenance of the existing assets. The low growth of the economy of Assam in last two decades was also explained by the above characteristics of the state plan. This situation makes it imperative that adequate resources were needed to be transferred to the states through Finance Commission Awards. Most of the state Governments expressed their disappointment at the award of the Eleventh Finance Commission. Assam has repeatedly represented against the injustice done to it by the Eleventh Finance Commission. Since it was not possible to reopen the award, the state needs to be compensated in other ways so that the Government of Assam could come out of the financial stress, faced by it at present.

20.8 He requested the Hon'ble Prime Minister that quantum of royalty on minerals for the states should be determined timely. He agreed with the priority given to different sectors in the draft 10th plan document. Agriculture development has been appropriately recognized as the core of the plan. The attempt to redefine the role of the Central Government as well as the State Government in promoting development was welcome. Both Centre and the State, will have to continue to take the responsibility for development of the basic infrastructure especially in the backward areas. Similarly, the Government will have to continue to invest in social sectors like Health, Education, Rural Water Supply, etc. In rural areas, road connectivity was a prerequisite for development in all

other sectors. Economic potential in rural areas could be realized, only, by ensuring rural connectivity by providing all weather roads. The power sector was also important for development of both Industrial and the Agricultural sectors.

20.9 The growing unemployment among educated youth has been a major area of concern. The large scale unemployment has resulted in serious law and order problems in the State, which needed to be addressed without any further delay. He suggested that all the projects and schemes to be taken up under the 10th Plan should be appraised from the point of view of capacity to create employment opportunities and incremental output from such capital investment.

20.10 The Chief Minister felt happy that for the first time a chapter has been included in the 10th Plan document on Disaster Management. The State of Assam has been suffering from the chronic flood problem for the last 50 years. It was high time that a permanent solution to the problem of floods in Assam was found. Assam has been using the funds under Calamity Relief Fund for restoration and repair of the public infrastructure damaged by the floods. But the 11th Finance Commission has put a restriction on the use of Calamity Relief Fund for such purposes. This has created resource crunch for the State and funds needed to be provided for creation or restoration of the assets.

20.11 He further stated that the Central Government has been implementing a number of Centrally Sponsored and Central Sector Schemes under the Central Plan through the State Governments. He mentioned that transfer of a large number of Centrally Sponsored Schemes over the years, has overburdened the State Governments with salary liabilities both under plan and non plan. He opined that Assam has no objection in rewarding the good performing states, by allocating additional share under the CSS, but it should not be at the cost of the poor states. He suggested that during the 10th Plan period, the Central Government should release the Central Share to the states irrespective of whether the State's Share has been released by the State Government or not.

20.12 He stated that in order to ensure accelerated development of the backward states, the Centre had introduced the concept of Special Category States in the year 1969. Till 1980s, the Planning Commission used to neutralize the negative BCR with Special Central Assistance. He urged that the Planning Commission should revert to this system for the Special Category States so that the resources under the Annual Plan were available for investment in productive assets, instead of diverting them for meeting the non plan deficits. He observed that allocation for the Externally Aided Project and Special Area Programmes were becoming larger and larger and as a result actual allocation for Special Category States in real terms was becoming lesser. This was a matter of concern which needs to be examined and attended to.

20.13 The lack of basic infrastructure like roads, non availability of power, inadequate social infrastructure and absence of avenues for creating employment opportunities were common to the states of this region. He suggested enlarging the NEC plan with adequate additional Central Assistance or through the Department of DONER, **Shri Gogoi** stated that the North Eastern Region and the Sikkim has been getting the benefit of Non Lapsable Central Pool of Resources (NLCPR) for infrastructure development in the region. The fund under this pool was released as 90% grants and 10% loan, as was the pattern for providing Central Assistance for the State Plan of Special Category States. The NLCPR fund consist of unspent balance of various Ministries, which were required to be utilized in the North East. Had the Central Ministries spent the earmarked amount for the North East, then there would have been no loan liabilities on the N.E. states. The flow of fund from this pool should, therefore, be given as a 100% grants to the states.

20.14 In the previous Five-Year Plans, Special Area Programmes for the backward regions of the country were also taken up. The two Hill districts in the State of Assam under the 6th Schedule of the Constitution were also covered under Special Area Programme like Hill Areas Development Programme. But these areas continue to be very underdeveloped with lack of basic infrastructure of Roads, Health Institutions, Water Supply etc. A careful analysis was necessary to find out why this was happening inspite of earmarked fund for these areas.

20.15 He stated that the Government of Assam has also created another four Autonomous Councils under the Acts of the Legislature, specially for the Tribal people in the state, who were not living in the 6th Schedule areas. The State has not been able to provide adequate funds for these Autonomous Councils. He requested that a special provision be made under the 10th Plan for providing funds to these Autonomous Councils created under the Acts of the Legislature in the State of Assam.

20.16 Special Area Programme, namely, Border Area Development Programme have also been taken up by the Planning Commission for the development of the International Border. But the fund made available under the programme has been very nominal, as a result of which it has not been possible to make the desired impact in the Border areas. He suggested that this programme be given special thrust during the Tenth Plan.

20.17 Showing his happiness on a new scheme under the name "Rashtriya Sam Vikas Yojana", he said the backward region of the North East India should also be given benefit under this new scheme. Keeping in view, the mandates under the 73rd and 74th amendments of the Constitution, the Panchayati Raj Institutions have been put in place with elected bodies in the State of Assam. The necessary delegation of powers have already been made. The State has transferred about 30 subjects to them. But, unless necessary financial support was given to them, Panchayati Raj Bodies would remain ineffective, since the scope to raise resources by them, were very limited. He suggested that the 10th Plan should provide for special allocation of funds to the Panchayati Raj institutions.

20.18 Concluding his speech, he said that we must congratulate the Planning Commission for placing before us a commendable draft 10th Five-Year Plan document. He urged that this meeting of the NDC should emphasise upon proper and timely implementation coupled with simplified administrative procedure to achieve the objectives of the 10th Plan.

21.1 **Shri Zoramthanga**, Chief Minister, Mizoram, said that he felt extremely happy to participate in this momentous session of the National Development Council deliberating on concerns and commitments as well as policies and programmes of the Tenth Five Year Plan. The strategies adopted and interventions provided to the growth process of the country by successive Five Year Plans have indeed brought about significant changes in the quality of life of the general public of the Nation. It was also perceived, with a sense of satisfaction, that the interventions provided by the Planning Commission have been successful in raising literacy, in providing better health and social infrastructure and above all, in bringing down the poverty level of the people. The nation's economy has all along been on the path of growth. He congratulated the policy planners of the country for all these achievements.

21.2 He stated that the distinguished members of this august Council would agree that peace and stability were the two first and foremost requisites for all kinds of development. Therefore, he requested the National Development Council and the Government of India to seriously address,

for the sake of steering the sails of development, the issues of conflict-management. Reduction of conflict should, therefore, form an integral part of the development process of the Centre and the States. In the case of the NER, all potential investors shied away from it because of insurgency and projects were hampered by extortions and kidnapping. Foreign donor agencies never got attracted to the region.

21.3 He stated that the Planning Commission was aware that the growth rate of many of the States including the North-East Region states would remain far below the national growth-target of 8%. There were insurmountable hurdles. Development of industries in the North-East Region has remained far from being satisfactory. He urged constitution of a special commission, on the pattern of Shukla Commission, to examine critical issues for ensuring development of the North-Eastern region.

21.4 The Chief Minister stated that there was no denying that development of NER in real terms can only be achieved through accelerated trade access and linkages with South Asian countries. The mandates of SAPTA agreements can only be achieved if process of development of road - rail - water links with the neighbouring countries like Myanmar and beyond leading to the prospective Asian economic giants like Thailand and Malaysia on the South-east and like China on the North-East was accelerated. He requested the Government of India to set aside a special corpus fund for road - rail - water ways development projects with this ultimate objective. The RITES projects for providing multimodal access to Myanmar from India should also receive adequate attention.

21.5 He said that the initiatives taken by the Honourable Prime Minister for accelerated development of NER should receive focused attention of the Government of India. The level of Central assistance, available for development of major projects also needed a review for upward revision. He invited the Planning Commission to call for a summary review of all major schemes of assistance for the North-East Region.

21.6 The literacy percentage in Kerala and Mizoram was much above all other states of India. Consequently, the problem of providing employment to the educated youth of these states was of greater dimension than anywhere else. He emphasized the need of evolving a separate planned programme for addressing the problem of unemployment among educated youth of India especially in the North Eastern region.

21.7 He further stated that the State Government fully endorsed the suggestion of the Planning Commission that adequate attention should be given to the problem of maintenance of various assets created during the earlier Plan periods. However, most of the North East States including other Special Category States have very little resource base and were not in a position to generate enough revenue through user-charges for maintenance of such assets. He suggested that the Planning Commission may review this matter, if necessary, in consultation with the Twelfth Finance Commission for providing adequate support to alleviate this particular problem faced by the North East States. Alternatively, the Planning Commission may even consider setting aside a certain percentage of Plan Fund for maintenance of such capital assets.

21.8 It was heartening to know that the Planning Commission has appreciated the necessity of adopting a new Agricultural Policy based on a careful assessment of current constraints and possibilities. This approach was most pertinent to the problems of agriculture and horticulture development of the North-East Region, whose inherent potentialities in these areas were yet to be properly tapped and utilised.

21.9 The entire North East in general and Mizoram in particular was far behind in industrial development. In Mizoram, there was no medium and heavy industry. The constraints of communication, poor CDR Ratio, the insurgency factor, low level of entrepreneurship and power deficiency were some of the critical factors for this state of affairs. As such, it was necessary to have a complete review of the industrial policy of the North-East Region vis-a-vis the special initiatives taken by the Government of India by announcing the new industrial policy for North East Region in December, 1997. The initiatives needed to be deepened and broadened. The existing EXIM Policy should also give special focus to the problems of export-import to and from the North-East Region. The planned initiatives of the Ministry of Commerce and Industries should lay adequate emphasis on this matter.

21.10 He pleaded that the existing cost-sharing formula for funding different projects from the Centre and State resources should be rationalized. The existing formula needed to be rationalized by adopting a uniform pattern of sharing in the ratio of 90:10 for all kinds of projects under Centrally Sponsored Schemes.

21.11 He urged that the small states of the North East Region, which do not have much scope of inviting investment and whose products and produce do not have much scope of being exported outside the region, have not yet been able to draw the benefit of the policy of liberalisation of Government of India. In fact, in the fields of infrastructure development and industrial development, it was perceived that the liberalisation policy has deprived the North East Region from the Government controlled installations and industrial development in the region.

21.12 Under the existing arrangement, the owner state was entitled to receive 12% of total power generated from power projects under the Central sector. This needed to be re-examined by National Development Council as well as the Government of India for enhancing the share at least upto the level of 20%. The enhancement will also conform to the special focus given to the North East Region by the Centre. He requested Planning Commission to exercise some element of flexibility in sectoral allocation and allocation in respect of "earmarked sector". The existing Central guidelines for various schemes should also contain similar flexibility to suit the local or regional requirements.

21.13 The Planning Commission has, of late, incorporated some of the centrally sponsored schemes and special area schemes like BADP, PMGY etc. within the ambit of the total Plan size of the State, as a result of which, the plan size gave an impression of being augmented. In this process, the actual Plan size vis-a-vis the size of the yester years hardly got augmented in physical terms. It was, therefore, necessary to place such allocations of special nature outside the normal Plan size.

21.14 The Honourable Prime Minister had approved the Reports of the Group of Officers constituted by the Ministry of Finance for award of Peace Bonus to Mizoram both under Plan and Non-Plan budgets. While the Government of India has fully honoured its commitments of awarding Peace Bonus under Non-Plan funds, its commitments under Non Lapsable Pool of Central Resources have yet to be fulfilled. The interpretation of DONER and the Planning Commission of Peace Bonus award regarding the amount to be sanctioned per year under Plan was not found to have been correct, as a result of which, the State of Mizoram has been deprived of a substantial amount of resources for its development programmes. This matter needed a thorough examination for honouring the commitment of the Government of India.

21.15 Concluding his speech, **Shri Zoramthanga** said that Bamboo constituted one of the largest natural resources of the State of the North-East Region in general and of Mizoram in particular. A

well tailored policy and programme needed to be formulated for making the best use of this resource for providing additional thrust to the economic development of these bamboo-rich states of North East Region. Bamboo-related special projects, therefore, should receive special attention of the Planning Commission for providing necessary funding.

22.1 **Smt. Rabri Devi**, Chief Minister, Bihar, could not attend the meeting. However, her written speech was circulated to the participants in the meeting. **Shri Ram Chander Purbey**, Minister, Parliamentary Affairs and Education who attended the meeting said that Bihar agreed with the targets of the draft Tenth Five Year Plan document and said that the State would try all out to achieve the set targets. He welcomed that a major portion of the Tenth Five Year Plan outlay was proposed to be spent on creating economic and social infrastructure in the country. He said that in the NDC meeting convened to discuss the Approach Paper to the Tenth Plan, Bihar Chief Minister opined that the GDP target of 8% during the Tenth Plan though essential was ambitious. With the estimated 5.5% increase in the GDP during 2002-03, the GDP growth in the subsequent years of the Tenth Five Year Plan have to be further increased to achieve the overall growth target of 8% per annum.

22.2 He further stated that there was a resource crunch to achieve the laid down growth target. He said that the proceeds of disinvestments and foreign investment in India as estimated in the Tenth Plan Document were unlikely to materialize considering the experience in the recent past. He suggested for convening a special meeting of the NDC to consider a 'White Paper' on disinvestments to evolve a consensus on it. He said that shortfall in the disinvestment proceeds and foreign capital would surely increase dependence on internal resources.

22.3 **Shri Purbey** said that the Centre should lead the efforts required for mobilizing more internal resources necessary for achieving the Plan target. The Central efforts to increase the revenue receipts and contain its revenue expenditure as a percentage of GDP to reduce the fiscal deficit could not yield the desired result. In this scenario, to expect States to reduce their revenue deficits was meaningless. In this regard, the Centre has to take decisive steps first.

22.4 He opined that a large number of developmental works were being executed in States and therefore major portion of the proposed Tenth Five Year Plan outlay should be allocated for the State Plans. He said the share of Bihar in the total outlay for the State Plans was only 3.32% which was meagre considering the population and problems faced by the State.

22.5 He stated that the Tenth Plan sought to achieve the objective of regional balance. He pleaded that in addition to measures suggested in the Tenth Plan Document, more was required to be done for Bihar keeping in view the poverty level in the State. He further stated that after the partition of the State, the economy of Bihar has suffered. The mines and minerals, factories and good educational institutions have gone to Jharkhand. Bihar has to make a new beginning. Considering the present economic situation in Bihar, he pleaded for Special Category Status to Bihar. He requested the Centre for providing solid assistance to the States failing which disparities could increase further which would not be in the interest of national unity.

22.6 Indebtedness was also a major problem for Bihar. It constituted 41.5% of the State Domestic Product. According to the Revised Estimates for 2001-02, Bihar's debt burden was of the order of Rs. 21152 crore. This needed to be brought down as the State has to spend a large amount on debt repayment and interest. Referring to the Chief Minister's request to the Hon'ble Prime Minister for writing off some of the State debt, he stated that the issue was discussed in

the meeting of Chief Ministers in October, 2002 as well. Shri Purbey requested for expeditious action in this regard.

22.7 He stated that in spite of poverty, people in Bihar save money and keep some of their savings in Banks. Thus about Rs. 30 thousand crore was deposited in Banks. However, the banks instead of utilizing it for Bihar, use it elsewhere. The credit : deposit ratio in the case of Bihar was very low at 21.32 per cent against 58.53 per cent for the country as a whole. Banks should be advised to be liberal especially in the matter of advancing loans, etc.

22.8 He further stated that the river flowing from Nepal, caused havoc in 22 districts of North Bihar disrupting developmental works there and causing misery to the people. He made a special request for a time bound project to contain this river so that the State was saved from the calamity caused by heavy floods.

22.9 Referring to the decision to close the Barauni Fertilizer Plant, he stated that the Bihar Assembly has already passed a unanimous resolution asking Centre to continue operating the Plant in the interest of Bihar. In view of the Resolution of the Bihar Assembly, he appealed for the continuance of the Barauni Fertilizer Plant.

22.10 He stated that Agricultural Produce marketing network in Bihar needed strengthening. In the absence of sufficient outlets of the Food Corporation of India, farmers of Bihar could not sell their produce taking advantage of the MSP and their condition has become pathetic.

22.11 He said PRIs have been strengthened in Bihar and these were being involved in the advancement of the education. People of Bihar were becoming socially and culturally more enlightened which has become a great achievement.

22.12 He urged that issues confronting Bihar due to the effect of the globalisation should be tackled, urgently. Small industries were badly hit rendering people unemployed. This needed to be checked so as to control terrorism and lawlessness. People have to be engaged in gainful employment for restoring peace and prosperity.

22.13 Concluding his speech, **Shri Purbey** drew attention to the low Credit : Deposit ratio in the State of Bihar and sought redressal so that a poor State like Bihar does not continue to be penalized on this account. He requested the Hon'ble Prime Minister to evolve a consensus on issues like disinvestments, foreign capital, fiscal reforms and poverty eradication for smooth development.

22.14 The Deputy Chairman, Planning Commission congratulated the Minister for raising many issues in addition to the written speech of the Chief Minister.

23.1 **Dr. F.A. Khonglam**, Chief Minister, Meghalaya could not attend the meeting. **Shri D.D. Lapang**, Deputy Chief Minister, Meghalaya, congratulated Planning Commission for preparing a remarkable Tenth Plan document, for N.D.C's approval. He fully endorsed the target of 8 percent growth of GDP during the Tenth Plan. He felt that this ambitious target was essential to achieve the immense potential which existed in the country, especially keeping in view the need for ushering in a faster rate of socio-economic development to improve the well-being and the quality of life of the people and for providing employment opportunities to the ever increasing work force. The country should mobilize all its resources and potential in an optimal manner and deploy them imaginatively so as to achieve the target.

23.2 He stated that in spite of a shortfall in performance during the Ninth Plan, positive steps both at the national and State level were required to remove the deficiencies, improve resource

base, gear up administrative systems and step up investments so that the targeted growth rate during the Tenth Plan could be achieved.

23.3 He thanked the, Center for extending, generous and continuing support and assistant to the State through agencies like the Planning Commission, Central Ministries and the NEC and requested' that Meghalaya should be helped in all its efforts to bring in faster socio-economic development. He said that Meghalaya needs to provide substantially more investment in power, roads, industries, education and health sectors and requested the Planning Commission to extend assistance in this regard.

23.4 He urged the Planning Commission to consider special assistance to the State so as to enable it to complete all spill over schemes in Transport Sector by 2003-04, as road development was one of the priority areas of the Tenth Plan. He further requested the Centre to consider adequate funds for maintenance, repairs and upgradation of the existing National Highways in the North Eastern Region, which would bring in commensurate returns in the context of national development.

23.5 He said that in successive Five Year Plans, poverty alleviation programmes had been implemented by the States mostly in the form of Centrally Sponsored Schemes for which policies and guidelines have been prepared by the Central Government. Till date, the implementation of anti-poverty programmes in the States were according to the guidelines framed by the Central Government, and these were often not in harmony with the actual conditions at the field level, thus, leading to a substantial under-achievement. He said that although funds for poverty alleviation programmes should continue to be earmarked, the detailed programmes and schemes may be left to the wisdom of the concerned State Governments, subject, of course to general parameters which may be specified by the Planning Commission and the Government of India. He observed that the policies and guidelines for poverty alleviation programmes should be made more flexible, for succeeding in the goal of tackling poverty effectively in the shortest possible time.

23.6 For tackling unemployment, he said that the State needed to provide a higher level of investment so as to create employment opportunities thereby generating sustainable income, especially in the private sector. He requested the Planning Commission and the Central Ministries to ensure that adequate funds flow from the Centre to the State for productive investments, both in the public and private sectors so as to boost economic activities and create employment opportunities for the youth.

23.7 **Shri Lapang** said that sound economic policies, strategies and activities could be ensured in an integrated manner for the homogeneous economic development of the North-Eastern Region. This matter may be examined and studied in depth by an expert agency ii consultation with the North Eastern Council, the North Eastern States and the industrial business houses. He requested the Centre to look into this.

23.8 Meghalaya has an enormous hydro-electric potential estimated at around 2500 MW whereas, the installed capacity of Power projects in the State was 186 MW only. He requested the Centre to look into this and find out ways to tap this power potential urgently; for feeding power hungry economy both at the State and national level.

23.9 He stated that Meghalaya has a narrow resource base, and availing of heavy loan from financial institutions would add to the already huge debt burden of the State and will also have a negative effect on the fiscal health of the State. He requested the Planning Commission to find out ways and means to increase the Normal Central Assistance for financing the State Plan.

23.10 Concluding his speech, **Shri Lapang** requested the National Development Council and the Planning Commission to review the pattern of funding of Centrally Sponsored Schemes and Programmes for making it to be 90 percent Central Share and 10 per cent State Share to enable the Special Category States to avail to a greater extent than at present, the Central funds under the different Centrally Sponsored Schemes and thereby, bridging the developmental gaps between these States and other regions of the country. Reposing full confidence in the Prime Minister, he requested him to continue in his efforts to meet the genuine aspirations of different sections of the country's population, and, in particular, the tribals of the North Eastern Region.

24.1 **Shri Mukut Mithi**, Chief Minister, Arunachal Pradesh, complimented the Honb'le Prime Minister, the Deputy Chairman, Planning Commission and his team for preparing a visionary and comprehensive draft Tenth Plan to steer the process of development. The document has tried to translate the vision of the Honb'le Prime Minister to take the country amongst the league of developed nations. The growth rate as envisaged in the Tenth Plan document was not only desirable but also essential to meet the rising expectations of the people. The document has made a thorough analysis of the existing economic situation in the country. He said Arunachal Pradesh endorsed the document.

24.2 He stated that Arunachal Pradesh being a special category state, has almost been completely dependent upon central subventions. However, the central assistance has been declining in real terms. The Planning Commission has recognised the need of continued and increasing central resources for the economically backward states. He requested that allocations to the state plan may be suitably increased. Public investments have been envisaged to play a significant role to achieve the targets under the Tenth Plan. The strategy to raise public investments will pose challenges to backward states like Arunachal Pradesh. The tax base of the backward states was very poor and, therefore, the possibilities of increasing revenues were extremely limited. Till the basic infrastructure was created and the resources of the state such as hydropower, forest, tourism and horticulture were adequately developed, the expectation of substantial revenues would not be justified. The State has also to make concerted efforts to increase employment opportunities in various sectors.

24.3 The Chief Minister further stated that agriculture sector has potential to create large-scale employment opportunities for the youth. The shifting of investment pattern to agriculture was likely to slow down the pace of physical infrastructure creation, thus, further reducing the State's potential for economic development. He urged the Honb'le Prime Minister for enhanced central grants especially for infrastructure creation. Till the infrastructure in backward states was comparable to the advanced states, the expectation of these states participating in the process of development would not be too bright. Another aspect, which needed attention for agriculture development, was the high incidence of taxation on agro-processing industry. For the development of agro-processing sector, the cost of investment will have to be brought down.

24.4 Agriculture in the North-East especially in the hilly and tribal states was by and large a subsistence activity. In view of increasing demand for organic foods worldwide, the agriculture sector could be made Arunachal Pradesh's strength. However, it needed the scientific inputs to increase the productivity of the land for growing organic foods. The extension services also needed to be revamped. Research and development for special regions like Arunachal Pradesh need to be taken up earnestly for enhancing the productivity with limited irrigation facilities and less use of inputs like chemical fertilisers. Horticulture was a promising sector for the Northeastern region.

The Government of India has set up Horticulture Mission for the Northeastern states. The people were enthused and took up horticulture activities on an increased scale. He suggested that to increase productivity special attention may be paid to the supply of good quality planting material suitable for the North-Eastern Hill States.

24.5 **Shri Mithi** said that public investment in irrigation sector was envisaged to be salient feature of the Tenth Plan strategy for agriculture development. For assured irrigation the upgradation of the existing assets was taken up under Accelerated Irrigation Benefit Programme (AIBP). The funding pattern of the programme required one-third contribution from the state and balance as a loan component. However, due to unsustainable level of loan liabilities, Arunachal Pradesh was not able to take advantage of this scheme. Similar Arunachal Pradesh was not in a position to take advantage of the Command Area Development (CAD) scheme. He requested that both the schemes may be modified to provide 100% grant, especially to the special category states.

24.6 He further stated that the deteriorating financial condition of the states, especially the backward and poor states such as Arunachal Pradesh needed special remedial measures. The capacity of backward states such as Arunachal Pradesh was further limited in the absence of sources of revenue. The Eleventh Finance Commission has not transferred sufficient resources to the states. The investment in new schemes will be further jeopardised, as the debt burden of the states will continue to rise. Therefore, the central government will have to take steps to improve the debt condition of the state governments. A significant component of debt of the state governments pertains to the central government. In a truly federal structure the State should be sharing in the development process. He suggested that the repayment to the central government may be deferred for fifteen to twenty year especially for states which have realistic expectations of raising revenues in the medium term.

24.7 The Chief Minister said that the Central government had started Rural Infrastructure Development Fund (RIDF) for funding the infrastructure in rural areas. In spite of a poll decision by Arunachal Government to take up only remunerative projects under RIDF, State has not been able to find economically viable rural infrastructure projects. The RIDF loans were further going to deteriorate the poor financial condition of the states. Therefore he requested that RIDF loans may be converted as grants.

24.8 The central government has focused special attention on the North-Eastern region in the last few years. One of the instruments for channelising the funds to create basic infrastructure in the North-East, was the creation of Non-Lapsable Central Pool of Resources. He suggested that the Non-Lapsable Pool should be made as a 100% grant.

24.9 He stated that most of the schemes and their guidelines were framed keeping in view the bigger states where population density was high and cost of development was uniform. However, states situated in the Himalayas such as Arunachal Pradesh were completely hilly and habitations were widely dispersed. Therefore, norms and parameters of development of most of the schemes were not fully applicable to such states. Unit costs of delivery of services were very high. Sometimes the guidelines were completely contrary and were not applicable to Arunachal Pradesh. Therefore, the guidelines of the schemes should be framed keeping in view the regional variations.

24.10 The long neglected region of the North-East India started getting focused attention from Government of India from the mid nineties. The Prime Minister under his socio-economic package constituted a Commission under **Shri S. P. Shukla** to assess the gap in infrastructure and backlog

of basic minimum services. The Commission after wide ranging consultations and touring the region submitted its report. However, decisive action has not been taken on the report.

24.11 He said that nature has endowed North-East with significant forest resources. The forests were not only an important livelihood support system for tribal communities but it formed an important part of their culture. They have been living in harmony with forests for generations. However, with the pace of modernisation and enactment of conservation related legislations, the harmonious balance between the forests and tribal communities has been disturbed. The most serious conflict emerged from the forest conservation laws. The projects of road construction and power transmission lines have been delayed on account of forest clearances. There was a direct conflict between development and forest conservation. A state like Arunachal Pradesh which was the latest entrant to the planned development process, needs to start major development projects. It was facing problems for executing these projects. Most of roads in the interior areas have to, per force, pass through the forest land. He suggested that till a legislation was brought modifying the forest conservation laws, the state should be granted special dispensation to compensate for the loss of revenue, or a conservation cess may be imposed on the states with less than 25% forest cover and given to states with more than 65% forest cover.

24.12 The central government had promised to set up National Institute of Bio-diversity Studies in Arunachal Pradesh. Experts from the Union Ministry of Environment & Forests had visited Arunachal Pradesh couple of years ago and selected a suitable site at Banderdewa. But no action has since been taken to set up the Institute. He urged the Hon'ble Prime Minister for the early establishment of this National Institute in Arunachal Pradesh.

24.13 Concluding his speech, **Shri Mithi** said that hydel power potential was another significant resource in Arunachal Pradesh, which could solve the power shortage in India. The Tenth Plan envisaged to increase the share of hydel power in the country. Several mega projects have been initiated in the state by the Centre. These projects which were at various stages of development, required huge resources. The Government of India will have to make special efforts to ensure adequate and timely resources for these projects. The Northeastern region was a single economic entity before independence, along with neighbouring region of Bangladesh and there was no restriction on movement of goods across it. However, after independence and creation of various states, the movement of goods was hindered and the trade has declined considerably. The growth rate of the region was low compared to the rest of India. There was good potential of increasing trade in the region. He pleaded for forging economic ties with the neighbouring countries and suggested that the entire region of the North-East may be declared as a special economic zone.

25.1 **Shri O. Ibobi Singh**, Chief Minister, Manipur, said that Manipur wholeheartedly endorsed the target of 8% average GDP growth for the period 2002 - 2007, and the proposed reduction in poverty. Manipur was in total agreement with the Plan document on the objective and ensuring education for all children and targeting creation of 50 million employment opportunities during the Tenth Plan period. He also shared the development strategies adopted for growth of agriculture, rural development and economic infrastructure sectors.

25.2 He stated that during the Tenth Plan period the administrative and physical infrastructure should be strengthened and, simultaneously, suitable mechanism evolved for directing investments into the less developed North Eastern States. In this context, he welcomed the initiatives taken by the Department of Development of North Eastern Region. These needed to be carried forward with the active involvement of the State Governments.

25.3 He said that Centrally Sponsored Scheme (CSS) with varying funding patterns were being implemented. However, full benefits under such schemes could not be taken by most of the less developed States due to their inability to provide matching share. On the other hand, the already advanced States which could contribute their matching contribution could reap the benefits. He proposed that the Centrally Sponsored Schemes be funded by the Central Government in the same ratio (90:10) as Plan financing in respect of the special category States.

25.4 The Chief Minister observed that Planned development in the entire North East including Manipur was hampered due to deterioration in the law and order situation and requested Centre to provide adequate forces to deal firmly with the underground militant outfits in order to ensure peace for development.

25.5 He noted that due to certain initiatives taken by the Ministry of External Affairs, there has been improvement in bilateral relations with some of the neighbouring countries like Myanmar. These initiatives should be carried forward to enable the North Eastern States to benefit from trade with the South-East Asian countries. Although Manipur was aware of the serious bilateral differences, the country needed to work towards restoring the historical linkages with Bangladesh to provide the much-needed fillip to the economies of the North-Eastern States. This could partly be achieved by upgrading and extending the railway line from Silchar in South Assam to Jiribam and Imphal in Manipur and onwards into Myanmar. It could subsequently be extended to Bangkok, Kuala Lumpur and Singapore.

25.6 Together with the railway line, the Ministry of Road Transport & Highways must, give focused attention to the upgradation of National Highway - 53 which linked Silchar to Imphal in Manipur. If this project was implemented successfully during the Tenth Five Year Plan, Manipur expected to catalyze trade with Myanmar and revive the stagnant economies of the North-East Region. He hoped that such projects will also generate considerable employment for the growing number of unemployed youths.

25.7 The Chief Minister further stated that another area of concern for Manipur was the heavy incidence of customs duties on import of equipment under externally aided projects. The State has been pleading that the Ministry of Finance should take a quick policy decision for exemption of customs duties on equipment imported under externally aided projects being implemented in the relatively backward North Eastern States. He urged that it may kindly be agreed in the larger public interest.

25.8 Concerning the downward trend in the award of successive Finance Commissions to the special category States, he said that unless about Rs.100 crore were provided annually by the Finance Ministry to offset the inadequate award by the Finance Commission, the assets created in the past may deteriorate considerably. The Planning Commission should also continue to provide Additional Central Assistance (ACA) to supplement meagre resource of the State for Plan financing.

25.9 **Shri Singh** said that boys and girls of Manipur excelled in sports while participating in national and international meets. However, the State was not able to provide them much incentive, resulting in their frustration.

25.10 Concluding his speech, **Shri Singh** requested that the Central Government expedite implementation of the Tipaimukh Hydro Electric Project which will generate 1500 MW, prevent annual flooding of vast areas in the Barrak Valley, create vast irrigation potential and provide employment to a large number of people in one of the most remote areas of the North-East

Region. The Ministry of Power may be advised to pay focused attention to this project. He thanked the Prime Minister, his Cabinet colleagues and the Deputy Chairman, Planning Commission for preparing an excellent Tenth Five Year Plan document and hoped that through this Plan the benefits of development will flow to the people.

25.11 The Deputy Chairman said that the idea regarding Asian Highway was alright and that it would require cooperation from other countries. Shri Pant congratulated the Chief Minister, Manipur on the progress of Manipur boys and girls in the field of sports.

26.1 **Shri Manohar Parrikar**, Chief Minister, Goa, congratulated the Planning Commission for preparing a bold Plan document particularly the excellent volume on State Plans, Trends, Concerns and Strategies. He said that this document provided fascinating insight into the progress made by all the States and would spur the States into improving their rankings. For the first time, human development has become the cornerstone of the planning process, encompassing both economic and social development. It was also for the first time that monitorable targets have been enshrined in the Plan. Achieving these objectives will require commitment and the collective efforts of all the States and the Union Government. He urged the Hon'ble Prime Minister to declare the proposed minimum agenda of reforms as the Prime Minister's 16-Point Programme and both the States and the Centre be immediately geared up to draw action plans and to achieve these goals. Every State Government may constitute a High Powered Committee headed by the Chief Minister for this purpose and the NDC may meet once in a year to review the progress.

26.2 He said that Goa has surpassed most of the monitorable targets set for the Tenth Plan. He noted that the Planning Commission in its analysis in Volume III of the Tenth Plan document has acknowledged Goa among the top five leading non-special category states in per capita flows in terms of public & private investment, institutional investment and credit utilization. The Eleventh Finance Commission too has ranked Goa as No. 1 in the index of Social and Economic Infrastructure. All this proved that the strong investment which Goa has been making in human capital, has borne fruit and the high social indicators coupled with high financial and infrastructural indicators have given Goa the platform from which it could achieve greater heights.

26.3 He stated that Goa has placed people at the very center of development. It has introduced comprehensive Social Security cover to the most vulnerable sections of the population such as the Senior citizens and single women. All bureaucratic procedures have been simplified and made people friendly. Recognizing that gainful employment was uppermost in the minds of the Youth and was a potential cause for unrest in future, Goa was committed to provide livelihood to all youth and to encourage self sustaining enterprises through the Chief Minister's Rozgar Yojana and Deendayal Rozgar Yojana. By the end of the Tenth Plan there will be minimal unemployment in Goa. Goa was committed to investing in the future by ensuring that all children in the State were taken care of. It had declared 2003 as the "Year of the Child".

26.4 Goa's literacy and health indicators were amongst the highest in the country and the State was now poised to embark on the next phase of qualitative improvement in these two sectors. He said that the State was committed to ensure that Goa becomes a State of Excellence in the field of Education and Health within the next few years.

26.5 Greater emphasis was being placed on the provision of infrastructure and the State was in the process of upgrading infrastructure in terms of uninterrupted water supply, high quality power supply and high quality transport systems, and also total sewerage network, solid waste management during the Tenth Plan.

26.6 Tourism formed the backbone of Goa's economy and the State was conscious of the need to provide new vistas for tourism like Eco-tourism, Hinterland tourism and Heritage tourism to attract more tourists and yet at the same time preserve the environment and also the unique character of Goa. While appreciating the role that tourism has played in Goa's economy, efforts to build up other sectors also, such as Information Technology and Bio-technology, were underway. Various IT Projects like Hi-tech Habitat and Cyber city were being taken up. It was also proposed to establish a Special Economic Zone with emphasis on IT and Tourism. Amongst other initiatives, Social Security "Smart" Cards were being issued to the adult population.

26.7 The Chief Minister said that the Tenth Plan Document of Goa will be a "People's Document" and citizens were being given an opportunity to participate in the planning process by sharing their views and dreams for Goa. The Plan focused on Human Development and aimed to improve the Quality of Life of the people of Goa. It stressed the need to provide livelihood to everyone and its corner stone was the preservation, protection and maintenance of the "Essence of Goa". The State was moving towards a greater appreciation of what nature has given to this State and an examination of how these could be best exploited for the good of the people.

26.8 He said that good governance was an integral part of the State Government. Delivery systems were being made more effective and efficient so that all services and benefits reached the people. People's participation was being ensured at all levels of development with a strong focus on Citizen-Government interface, greater transparency and accountability. Land records have been fully computerized. The Government has prioritized 20 departments having direct public contact for immediate and complete computerization. Special IT implementation teams were being set up in each of these departments and a Core Committee will supervise the progress of work on a periodic basis.

26.9 He stated that while rightsizing the Government workforce, the role played by these till date and their further contribution to sustain the levels of development and improve quality, through enhancement of productivity, have to be kept in mind. Goa was in the process of finalizing a Short Service Commission for future government employees and also working out the modalities of a Pension Fund . He said Goa was one of the fastest developing States in the country today and has recorded admirable increases in tax and non tax revenues. In fact due to a successful combination of broad basing user charges, rationalization of rates and implementation of reforms, non tax revenues were expected to register an increase of 60 percent by March 2003 over March 2001.

26.10 He reiterated that good performance has to be rewarded. Goa received the second lowest central support as a percentage of the Tenth Plan outlay amongst all the States in the country. One of the main reasons for this was the Gadgil-Mukherjee formula which appeared to reward non-performance. The time has come to review this in earnest. He said that the norms applied to a large State could not be applied to small States.

26.11 Concluding his speech, **Shri Parrikar** said that one of the major areas which was causing stress to State finances was the high interest rates charged by the Government of India on loans. He suggested that the Planning Commission should agree to alter the loan-grant ratio in the Central Plan Assistance from the existing 70:30 to 50:50. State Governments should be given the flexibility to raise soft loans from the market to swap existing high interest central loans. Development was manifested in the Quality of Life of the people and implied giving a greater choice to improve the living standards through increasing entitlement and capabilities. Goa was striving to achieve this through its planning process.

27.1 The written speech of **Shri S.M. Krishna**, Chief Minister, Karnataka, was circulated amongst the participants. Shri H. Hanumanthappa, Deputy Chairman, State Planning Board, Karnataka requested that the Chief Minister's speech may be taken as read. He stated that the National Development Council was meeting to consider and approve the Tenth Five Year Plan (2002-2007) at a time when the country has been tested by a failed monsoon and drought of unimaginable magnitude, a global slowdown which has hit hardest at the economy of developing countries, terrorism and communal violence. He said that doubts have been expressed regarding the targeted growth rate of 8% during the Tenth Plan since the Indian economy has registered a growth rate of 5.35% during the Ninth Plan period.

27.2 He opined that the Tenth Five Year Plan aimed at annual average rate of growth of 8% which was no doubt ambitious. The new paradigm of development that was needed to achieve such an unprecedented growth rate called for a significant increase in the role of the States in the development process of the country. The current sharing pattern of Central assistance to states should offer greater financial incentives to States that have reformed key economic sectors. Unless the State Governments were enabled to play their legitimate and rightful role in bringing about necessary policy and institutional changes and strengthen infrastructure facilities, the targets set for the plan would remain on paper. The growth of the country could not come about without the growth of the States. In this context, it was important to recognize that the allocation of resources must be based not on the dynamics of coalition politics but on objective criteria so as to harness the development potential prevailing in different regions. Politicisation of the allocation decisions in an open economy would only be detrimental to healthy growth. Therefore, the Tenth Five year Plan would have to present fairly radical, innovative strategies to promote growth in the economy. The best kind of economic growth was that which also fosters human development, poverty reduction, universal primary education, significant reductions in the IMR and MMR, safe drinking water, housing and reducing the gender gap.

27.3 Reflecting these concerns in state's Tenth Five Year Plan, Karnataka has brought in various reforms in the fiscal policy, power sector, industry, urban development and governance. The State has initiated public-private sector partnerships to leverage resources and expertise. Consequently, Karnataka has already achieved most of the monitorable targets set for various indicators by the Planning Commission in the Tenth Five Year Plan document.

27.4 He stated that Karnataka was one of the three states that have achieved a high growth rate while keeping its fiscal deficit low. This was the outcome of sweeping reforms in fiscal policy and resource management. Karnataka's main objective was to follow up on the declared fiscal objectives of containing fiscal deficit, eliminating revenue deficit and stabilisation of debt. In order to promote departmental accountability and planning, departments also formulate Departmental Medium Term Fiscal Plans (DMTFP) which indicate performance targets, strategies, resources and major programmes that would be undertaken over the MTFP period. The DMTFPs will be extended to almost all the departments in the coming year. The State was on course to achieve the fiscal targets of the Tenth Plan. He emphasized that there was an immediate need to bring down the interest rate of Government of India loans to around 6%.

27.5 He said that Karnataka was committed to the introduction of value added taxation (VAT) from April, 2003. He said that the Tenth Five Year Plan defined itself as a "Reforms Plan" rather than a "Resources Plan", meaning thereby that allocation of resources for priority sectors would not suffice if these resources were not utilised optimally through efficient and effective implementation strategies. Governance reform in Karnataka has focused on making implementing agencies truly

accountable for outcomes and on empowering users of public services. The Transparency in Tenders and Procurement Act and the Right to Information Act were early initiatives in this direction. E-governance has successfully demystified the public/government interface and taken information technology to the grassroots.

27.6 He stated that significant steps undertaken include the computerisation of the treasury, “Mahithi” which enabled the citizens to access online information about public services and “Bhoomi” which has completely transformed the land records maintenance system in Karnataka. “Bhoomi” was a programme that provided online delivery of land records in the state. The project has reduced dramatically the delays, red tape and corruption that often characterized the manual system of land record maintenance. User fees were charged and Rs. 9 crore have been collected so far thereby establishing clearly that people were willing to pay for efficient delivery of service. The Union Ministry of Communication Information Technology intends implementing ‘Bhoomi’ as a pilot project in 28 districts across the country.

27.7 Agriculture was currently in a state of crisis, partly because of drought but primarily because this sector has been consistently neglected in the post-Green Revolution phase. The WTO agreement was another factor which has brought into sharp focus the problems of farmers. It called for more support and investment in agriculture for a lasting solution Karnataka State has one of the largest drought prone areas in the country. Therefore, the State has adopted a three-pronged strategy of high investment in irrigation projects, revitalisation of small tanks and dry land development based on watersheds. But in the long run the solution lies in inter-basin transfer of surplus waters. In this context, he referred to Ganga-Cauvery link for a systematic development of the water resources of the country.

27.8 On Energy sector, he said that several reforms have been initiated. An Electricity Regulatory Commission was established in 1999. The Electricity Board was corporatised, and unbundled and four distribution companies were formed on a regional basis with a view to encouraging private sector participation in the distribution of electricity in the state. The Government intends to complete the process of privatisation in the next two years. The Government of India should also review its policy of encouraging capacity addition particularly high cost energy generation from non-conventional energy sources. He urged that Centre should seriously examine how utilities should recover the costs as well as user charges. No policy or legislative framework should be thrust upon the states without addressing the financial sustainability of the states and state power utilities. He hoped that the Government of India would come out with a comprehensive power reform policy which would address all these issues.

27.9 The Government of India has launched some major road connectivity projects which were to be commended but the overall scenario was less encouraging. In Karnataka National Highways do not pass through three districts namely, Gulbarga, Raichur and Kodagu. Therefore, such districts must be provided with connectivity to National Highways. Out of the 3728 Kms length of National Highways in Karnataka, about 1691 Kms were yet to be widened and strengthened to bring them on par with National Highway standards. Maintenance and upgradation of existing roadways should be prioritised in the Tenth Plan.

27.10 The primary objectives of Karnataka’s reform programme in Industry sector was the creation of a competitive business environment to promote the private sector. as the primary engine for growth. He urged that the Tenth Plan should seriously address labour reform. He renewed the Karnataka Government’s request to consider service exports for providing assistance to states.

He said that service exports should be included while calculating the infrastructure funding support by the Centre. The State was moving towards disinvestment and restructuring of PSUs. He said that Karnataka which has shown a high rate of growth was committed to ensuring that the fruits of economic growth promote human development in meaningful ways.

27.11 Welcoming the initiative taken by the Union Government in launching a massive programme of 'Sarva Shiksha Abhiyan' to universalise elementary education, he said that education was in the concurrent list and hoped that the Central Government would provide substantial funding to supplement Karnataka's own considerable outlays in the sector. Midday meals have been introduced in the 7 educationally backward districts of the state. Since the programme resulted in improving enrolment and retention rates and provided nutrition to the poor, the Government of India should seriously consider including this in the Sarva Shiksha Abhiyan scheme. He called for more Central assistance for teachers' training and a new programme of assistance for secondary education for upgradation and modernization of infrastructure needs. In higher education the bulk of grants were channeled to universities and institutions of higher learning but hardly any funding was extended to colleges which cater to 90% of the students in tertiary education. This anomaly should be addressed. A greater consultative process with states on pay hikes etc., would facilitate decisions in the best interest of the Centre as well as States.

27.12 He said that the State was conscious of the gender disparities in literacy and education and has taken major steps to promote girls' education. Education was also free in vocational courses in women's polytechnics. Parents have now become stakeholders in the efficient management of schools through School Betterment and Monitoring Committees resulting in better student performance and reduced teacher absenteeism.

27.13 Turning to Health sector, he hoped that Centre would come forward, in a big way, to financially assist the states in the compliance, implementation and enforcement of various statutory requirements relating to mental health, drugs, bio-medical waste disposal, blood safety, prevention of sex determination tests, etc. Karnataka was building a strong network of secondary level hospitals. Under the World Bank assisted Health Systems Development Project, 200 secondary level hospitals, and under the German assisted KFW Project Phase-1, 26 hospitals, would be completed by the end of the current financial year. The Government of Karnataka has also introduced an innovative and novel comprehensive rural health care scheme.

27.14 He recommended that the Centre should implement a women's plan on the lines of Karnataka Mahila Abhivrudhi Yojana under which a minimum of a third of the resources in all beneficiary oriented schemes were earmarked for women. Under "Stree Shakti" more than a lakh women's self help groups have been formed with NGO participation.

27.15 Karnataka has identified 3 core sectors where investment would yield optimal outcomes for the economic development of the Scheduled Castes and Tribes. They were education, irrigation and housing schemes. The Government has launched an ambitious programme of providing 11 lakh houses during the period 1999-2000 to 2003-2004 and has already completed 5 lakh houses by the end of November 2002 and hoped to complete all the 11 lakh houses targeted by the end of 2004-05.

27.16 The Government of India has introduced a new and very ambitious programme called VAMBAY to provide housing for the slum dwellers in urban areas. However, in order to ensure comprehensive development of VAMBAY colonies, the scheme needs to provide for basic infrastructure at least.

27.17 Concluding his speech, he hoped that the Tenth Five Year Plan would not become a mere wish list. Greater fiscal discipline, aggressive resource mobilisation and effective implementation were critical to achieving the goals of the plan document. Greater cooperation between the Centre and the states in major projects and a genuinely participatory approach to planning in keeping with the spirit of federalism were necessary for economic growth and human development. The interests of the farmers must be nurtured and protected because agriculture was still the cornerstone of the country's economy. Massive investments in agriculture and irrigation would ensure a strong economy, food security and reduce poverty. He said we must foster the public/private partnership and introduce major reforms to make governance more effective and accountable. The principal beneficiaries of the Tenth Five Year Plan should be those who constitute the most vulnerable sections of the society for achieving a polity based on equity and social justice.

28.1 **Shri Babu Lal Marandi**, Chief Minister, Jharkhand, could not attend the meeting. However, his written speech was circulated to the participants in the meeting. **Shri Mrigendra Pratap Singh**, Finance Minister, who attended the meeting welcomed the target to double the per capita income in the next ten years. This would help in removing poverty and improving the standard of living of the people. It was also necessary to improve the situation in health, drinking water and basic sanitation sectors and the State Government was fully committed to improve the situation.

28.2 He said that it was necessary to contain the population growth and Infant Mortality Rate to bridge the gap between the rich and the poor. To achieve the objective of a home and clean drinking water facility for each family, the State was ready to follow the directions of the Prime Minister.

28.3 Considering the situation in the field of poverty, literacy, irrigation, power and transport, the State needed improvement in the basic infrastructure including those in health and educational facilities. He said that the State was promoting tourism through strong measures and in a planned manner.

28.4 The Finance Minister pointed out the steps undertaken by the State especially the unique village development programme for the all round development and empowerment in Jharkhand. He said that the State has adopted "Jharkhand Vision 2010" for its guidance. He indicated various targets including those pertaining to GDP, poverty eradication, irrigation, industry, environment and forests, power, education, health and tourism etc. which the State would plan to achieve by 2010.

28.5 Recalling that India lived in villages, he said that in Jharkhand more than 77% of the population lived in villages. In the Tenth Plan, therefore, priority has been accorded to agriculture and agricultural based development projects. He also felt that agricultural sector should be accorded due priority to enable it face the challenges thrown up by the WTO. As the tribals in the State were primarily depending on livestock for their livelihood, he requested the Centre for providing assistance for setting up disease controlling Centre for the livestock in the State.

28.6 He stated that Jharkhand was making special efforts for development of vegetables, horticulture and medicinal plants. The State was taking steps to make available necessary market facilities to the farmers. He requested for opening a Horticultural Research Institute of the Indian Agricultural Research Council in Jharkhand as were operating in other States.

28.7 He pleaded for increase in the quantum of Special Central Assistance for tribal welfare. He also requested for the removal of the prevalent IRDP system for regulating expenditure and said that the State should have the freedom to spend the amount as per their discretion.

28.8 The Finance Minister urged the Centre to give more powers to the State for proper development of forest land. He said that it was necessary to uplift the standard of tribals living in forest land.

28.9 He stated that a new 'Knowledge-based Society' was developing in India and Jharkhand was also taking appropriate measures in this direction for the generation of employment and welfare of the youth. The State Government was committed to the Accelerated Development of Jharkhand as per its capacity so that it may join other developed States. This would help involvement of the weaker and backward classes in the process of development.

28.10 **Shri Singh** requested for Special Central Assistance during the Tenth Plan to the States having poverty above the national average. This would help the State in reducing poverty level within a definite time frame.

28.11 He urged the Centre to make available funds for the completion of incomplete works specially in irrigation, roads and power sectors by holding joint consultations between the Planning Commission and the State Government. The State could not take up these works which required large investment due to paucity of funds. Giving due attention to the process of restructuring and reform, the State Electricity Regulatory Commission (SERC) was being set up to regulate electricity tariff.

28.12 Concluding his speech, **Shri Singh** said that the Central Undertakings in Jharkhand which constituted backbone of the economy of the State were in pitiable situation. He requested for a comprehensive package to improve their economic situation especially of the Heavy Industry Corporation. He thanked the Hon'ble Prime Minister for convening the meeting of the NDC and hoped that the Central Government would provide needed assistance to the newly constituted State of Jharkhand.

29.1 **Shri A.K. Antony**, Chief Minister, Kerala, thanked the Government of India and the Planning Commission for convening meeting of the National Development Council to discuss the draft Tenth Plan. He said that this NDC session was a historical milestone as it was the golden jubilee meeting. India can be proud of this living symbol of India's federal polity which has survived the test of time and has made many a valuable contribution to forging the development agenda of the country. He repeated the suggestion made last time to have more frequent meetings of NDC and more detailed discussions so as to ensure genuine dialogue and real consensus.

29.2 While sharing the optimism of the Plan, he felt deeply disturbed by some of the recent developments in certain parts of the country, which challenged the secular fabric of the nation. Reaffirming faith in a socially united and economically vibrant India, he congratulated the Planning Commission for the well-written Plan document, which made a good analysis of the present problems and suggested a wide range of solutions. However, he opined that a large number of schemes were just extension of the old schemes with new names and most of them do not address the development problems in their complexity. The growth target was admittedly stiff and this should motivate all of us to strive harder to achieve it, whatever be the obstacles. He felt that a faster rate of growth alone could make India stand up proud in the comity of nations. A firm and total commitment to the Plan was required from the Government of India and all the States.

29.3 He said that for the first time targets have been disaggregated state-wise. Though more consultations could have been held, he welcomed this wholeheartedly and assured that the State would do its best to attain them. It was with great hope that we endorsed the Tenth Plan as a

Reform Plan. And, like charity, reform should begin at home. In the last one year or so there has not been any evidence of serious reform at the level of the Government of India, to reduce the fiscal problems or to improve governance or to address the core issues of development facing the country. The Central Government was continuing to take up development programmes in functional areas which were earmarked for States and even for local governments. In the new context, the Central Government should concern itself more with being a proactive facilitator rather than a, direct doer of things with which it was not functionally related.

29.4 Terming continuing neglect of the PRIs, he said that this is tantamount to disregarding one of the basic features of the Constitution. At least a partial remedy could be attempted by spelling out clearly the roles of local governments in the implementation of those schemes which fell in their area of responsibility. He requested the Prime Minister and the Planning Commission to seize the spirit of consensus and push ahead with further Constitutional amendments to strengthen local governments and urged Government of India to hold detailed consultations with those States which have done pioneering work in this field.

29.5 On the Centrally Sponsored Schemes, the Chief Minister stated that in spite of the historical decision of the NDC in 1996 to transfer Centrally Sponsored Schemes, not much has been done in this Plan. He agreed with the logic of Centrally Sponsored schemes in certain areas of national priority or in areas where States do not have the capability. But even in such schemes, he preferred the model followed by the Ministry of Agriculture, in allowing flexibility to the States to prepare their own programmes within a broad framework. Transferring responsibility for continuing Centrally Sponsored Schemes without transferring resources all of a sudden also could not be accepted. He requested the Planning Commission to review all such cases where responsibilities have been passed on without a commensurate share of the resources, putting a burden on the States' finances.

29.6 He observed that another potentially dangerous tendency was the so called reform linked and demand based allocation for which huge funds have been set apart - nearly Rs.45,000 crore for the Tenth Plan. Past experience showed that a substantial chunk of such funds got allotted without any transparent norms using bureaucratic or political discretion. In a federal polity fiscal decentralization has to be totally above patronage and should be based on absolutely transparent norms. It was a reform that was urgently required in our methods of financing.

29.7 Talking of fiscal reforms, he stated that the State has taken several measures to contain its fiscal deficit, especially the revenue deficit. The Medium Term Fiscal Framework has been approved and it was being followed while deciding the expenditure pattern of both Plan and Non-Plan. He drew attention to an accounting fallacy which characterized all grants to local governments as revenue expenditure irrespective of their end use. Kerala was devolving one-third of its State Plan resources to local governments which has created a big problem. He has evidence to show that local governments use nearly 60% of the grant for creating infrastructure. Therefore some sort of corrective was required; otherwise the accounts will not reflect the real situation.

29.8 He warmly welcomed the decision of the Ministry of Finance to lower the interest rates on RIDF. This may be followed up by enhancing the allocation under RIDF to double the existing ceiling. Since RIDF was project-based creation of infrastructure, it will serve the interest of planning automatically. At the same time interest rates of national financial institutions like HUDCO etc. were unrealistically high even though these were guaranteed by the Government. It was necessary to bring them on par with the real interest rate or else it will add to the burden of the State and even

create distortions. These institutions should be encouraged to lend more liberally without Government guaranteeing projects sponsored by State agencies, which were by themselves capable of generating the revenue stream required to pay back the loan.

29.9 The role of Banks and other financial institutions in the development of a State needed clarity. Kerala generated a higher order of savings and all financial institutions including the insurance Companies were benefited. It was only proper that these institutions invest substantial funds in the State. He urged the NDC for a review of Central assistance and demanded that as the first step a 50:50 loan : grant composition would be more appropriate, with substantial reduction in the interest rate.

29.10 Turning to externally funded projects, he said that it was good that Government of India was now more liberal in allowing States to access donor assistance based on viable projects and local reform initiatives. The next step should be to review the pattern of assistance. It would be better to pass on assistance on the same terms and conditions except in the case of capital projects which were likely to generate an income stream direct or indirect.

29.11 He said that the State's fiscal health was directly linked to the economy of the State. In these days of liberalized international trade, extreme price fluctuations often hit the farmers hard. He suggested that a national policy be framed to face such shocks mainly by rescheduling loans, providing temporary relief to the workers through wage employment and food for work programmes and other mitigating measures.

29.12 Now that the WTO regime was in operation, decisions related to export and import, particularly in agriculture, often have tremendous ramifications for regional economies. It was possible that the full impact could not be fore-assessed by Central Government agencies. He requested Government of India to evolve a practice of regularly consulting States whenever such decisions were taken.

29.13 He stated that States have their own anti-poverty programmes which were implemented by different departments and local governments and for this the State needed to have poverty assessment based on locally relevant criteria. It was impractical and unscientific to follow a common set of factors for the whole country. He stressed the importance of allowing States the freedom to decide the factors, which should go into the poverty index. It was time that definition of poverty which was more than three decades old was reviewed. No longer could poverty be defined just on the basis of calorific requirements. It has to be linked to realization of a set of entitlements and this set itself would broaden as the nation grows. Otherwise the gains of growth would never percolate to the poor.

29.14 He stated that in a country where the economy was still dominated by agriculture, there was need for investment particularly in rain-fed farming so as to achieve some sort of pro-poor growth. Terming the devolution by the Central Finance Commission for operation and maintenance as inadequate, he suggested that asset management needed to be construed as part of development expenditure. Plans prepared without reference to the existing stock of assets and their upkeep requirements would be just isolated exercises.

29.15 Touching upon other sectoral issues, he said that a large number of development sectors particularly those related to social development, poverty reduction and natural resource management required convergence of resources and services. Unfortunately this was missing in the Plan. He suggested that the Planning Commission may go into specific programmes and indicate clearly the process of convergence.

29.16 As far as the health sector was concerned the programmes do not take care of second generation issues particularly those related to aging population, change of disease profile and the advance of technology in medical equipment and R & D. Necessary flexibility needed to be provided to the States to incorporate these concerns by modifying the scheme guidelines. In the context of the expanding urbanization of the country it was necessary to think of an institutional mechanism to provide primary health care in urban areas. As regards Ayurveda, it certainly needed to be boosted and the Centre should come out with a programme for standardization and for creating centres of excellence by upgrading existing centres to international levels. States which were in the forefront of Ayurveda like Kerala needed to be given special incentives to further improve their capacity and even to build the capacity of other States. He informed that Kerala has taken an important step by patenting "Arogya Pacha" a rejuvenative tribal herbal medicine, with the community getting a significant share of the profits.

29.17 In the case of education too, the focus was still on coverage which may be relevant to a large part of the country. This aspect has been touched upon but needed greater elaboration. He suggested that the 'Sarva Shiksha Abhiyan' (SSA) be made more amenable to adaptation according to State specific needs and to promote local innovations. This opportunity may be used to build the capacity of Panchayats by getting them to plan and implement the scheme so that primary education could be used as an entry point to push decentralization. Also the SSA funds could be earmarked for quality aspects and the infrastructure component funded from the wage employment programmes as was attempted under '*Operation Black Board*'. He felt that the Central Government has an important role to play in vocational education, technical education and higher education. In the entire education sector right from primary school up to university education the role of information and communication technology needed to be properly explored and operationalized. Here again a Central initiative with the participation of the States would be more relevant.

29.18 He requested Government of India to assist in the development of sports in the country. The support arrangements should provide for a package approach suited to the States' requirements. In order to boost creation of sports infrastructure, a formal tie up with the wage employment programmes was required. Necessary modifications in the guidelines needed to be made. The sustained achievements of Kerala in the last two decades in the field of sports particularly in athletics needed to be recognized and its talents nurtured by providing infrastructure and special incentives. Certainly there was a strong case for establishing a National Sports Academy in Kerala.

29.19 He supported the concern of Government of India in the field of youth affairs, and the importance given to the gender aspects of development. Gender elements needed to be incorporated in the planning process itself and gender sensitive projects have to be formulated under every scheme. He requested the Planning Commission and the Department of Women & Child Development to ensure that every relevant centrally sponsored scheme has provision for a gender sensitive component. In the context of successful self-help ventures with the involvement of women, there was an urgent necessity to strengthen '*Rashtriya Mahila Kosh*'. He said that the National Social Assistance Programme has been passed on to the States without any resource support. The Plan document was quite ambiguous about land reforms and this indicated government's waning commitment to this important reform.

29.20 He supported targetted PDS but did not agree to the dismantling of universal PDS. In a State like Kerala which was food-deficient, universal PDS has to continue for some more time. Also the idea of leaving procurement to the State agencies within and outside the State could not contribute to greater efficiency.

29.21 Turning to the socially disadvantaged groups, he pointed out that the shrinking of the public sector would hit the Scheduled Castes and Scheduled Tribes most. He felt that greater emphasis should be given to human and social development of the disadvantaged groups. He said that just as we have Special Component Plan and Tribal Sub Plan, it was necessary to have component plans for the disabled and the destitutes. He suggested that at least 3% of the Plan be set apart for the disabled and at least 20% of the anti-poverty funds be earmarked for destitutes.

29.22 He observed that the section on agriculture presents a very good analysis of the issues confronting India's agriculture. But the solutions recommended in the form of schemes were quite stereotyped. A twin focus on rain-fed farming especially in the backward and tribal areas and on high value agriculture especially organic farming, floriculture and other aspects of horticulture was required. Support for rehabilitation of plantations including coconut was also additionally required. In the case of fisheries, provision of costly facilities like dredging equipment for harbour maintenance would have been more appropriate for the Central Government. He was in agreement with the initiatives chalked out under forest and environment and suggested that redefinition of tribal rights vis-a-vis forests be given special priority.

29.23 He further stated that Kerala has a long coastline and the Central government has some responsibility in protecting the coastal boundaries of the nation against sea erosion. It was heartening to note that a community-based approach was being advocated for rural water supply and sanitation. Investment in this sector has several beneficial returns particularly to the poor. He welcomed the launching of 'Swajal dhara' Scheme.

29.24 He opined that the institutional options in urban development were quite weak. Nagarpalika institutions have not been given the role they deserve in urban management. Urban development needed huge investment and this called for long-term institutional finance at relatively low interest rates. HUDCO has to focus on this. As regards urban poverty reduction, there was a greater need for converging the existing schemes. For employment generation in urban areas the capacity building component has to be strengthened, in order to tap the skilled labour market.

29.25 The Chief Minister said that urban solid and liquid waste management was now the basic issue in urban development. To tackle this problem on a sustainable basis it was necessary to harness massive resources by tapping the market. The Central Government could function as a clearing house of information on technology, management practices and funding options.

29.26 He welcomed programmes like Agricultural Export Zone, market access initiatives, and technology upgradation fund and requested a proper selection of locations based on potential and need. Agreeing that every effort must be made not to waste precious budgetary resources on unviable public sector units, he felt that disinvestment in industries which were profitably run or could be turned around, even in non-strategic areas, may be deferred.

29.27 He said that the energy scenario has not improved in spite of the first phase of reforms. In addition to concentrating on reducing the losses of State Electricity Boards there has to be emphasis on diversifying the energy portfolio and improving technology to achieve efficiency in generation of power. The Approach Paper gave hope that there would be substantial stress on information technology and biotechnology, the promising sunrise areas of the economy. Similarly, tourism was expected to be given special importance. In all these sectors both the Central and State Governments needed to play only the role of an enabler and facilitator. But this certainly required more investment than indicated now.

29.28 He said that IT industry would be sustainable only if the internal requirement increase. He informed that Kerala has launched a big drive to achieve universal computer literacy in two districts to bridge the digital divide, and requested the Planning Commission to study this innovative programme and provide necessary support for expansion. Turning to Transport sector, he said that it was necessary to open up new areas through high quality connectivity. It was not the existing pattern of metropolitan location but the potential for even development which should be the main criterion for expansion of the road network particularly the super highways. There was a well-established need for proper connectivity of interior habitations. In the case of railways also the State has high density of traffic. Investment, especially in doubling of railway lines and electrification required high priority.

29.29 He stated that natural calamities badly affected the State's plan calculations. States which were affected required special support not only for immediate amelioration but also for full restoration of assets and even for the absolutely essential preventive works.

29.30 Concluding his speech, **Shri Antony** said that Planning and plan implementation required a lot of capacity building, more so, if one expects changed attitudes and enhanced performance, focussing on outputs and outcomes. This lacuna must be filled up through a series of initiatives like earmarking of scheme funds for training, dissemination of best practices and networking of institutions of excellence. Kerala has launched a Modernizing Government Programme to implement governance reforms in a co-ordinated way to make government people-friendly and to make development pro-poor. Such initiatives may be supported. He urged that there should be a system for following up suggestions made by States in NDC meetings. For major items sub-committees could be constituted to go into details and come out with recommendations within a reasonable time frame. For other issues, official Committees could go into each item and come out with comments and suggestions. This will make NDC a vibrant body. In these days of pluralistic federalism there was greater need for consensus building for which NDC was the ideal forum. Wishing the Tenth Five Year Plan all success, he said that Kerala State would strive hard to attain the broader goals and specific targets of the Tenth Plan which should be a combination of human development plan, economic development plan and governance improvement plan.

30.1 **Shri Mufti Mohammad Syeed**, Chief Minister, Jammu & Kashmir said that he was immensely pleased to participate in this meeting of the National Development Council convened to approve the 10th Five Year Plan for the Country. Recalling sufferings under the dark clouds of violence, terror and despair, the Chief Minister said that the resilience of our people, coupled with the will of the Nation's leadership, has not only regenerated and reinforced a sense of security in the majority of our people but has also, on the political front, ushered in a new dawn of hope. The resolute declaration made by the Hon'ble Prime Minister from the ramparts of the Red Fort to ensure fair elections in Jammu & Kashmir was an act of great courage and statesmanship. Thanks to the great sense of duty and the commitment to democratic norms, shown by the Election Commission of India, this declaration got translated into true deeds in the towns and villages, lanes and bye-lanes of this pain-stricken and, otherwise, desolate State.

30.2 He stated that Jammu & Kashmir was almost at the bottom in terms of the network of roads, the consumption of electricity and the availability of other basic amenities of life. The total foreign investment and the total investment of the Union Government in the State in the public sector has been meagre. The people of Jammu & Kashmir, particularly those living in the Valley and Ladakh, remained substantially cut off from the rest of the country sometimes for months

during the winter season. There was no rail link with either Kashmir, or Ladakh. These geographical disabilities and locational disadvantages have naturally bred a mentality of isolation and siege in some regions of the State. It has, therefore, lagged far behind, as compared to some of the lucky sister States, not only in terms of the economic development and industrialization, but also in a field of even greater political import, namely, emotional and cultural integration with the rest of the country. It may sound paradoxical that while the dreadful phenomenon of militancy has uprooted lakhs of Kashmiris, mostly Pandits and even many Muslims, yet this very tragedy in our lives has opened a vista and mandated an imperative for emotional integration.

30.3 He said that even though militancy, violence and terror, that has wreaked havoc on the people of the State and has caused enormous concern to the entire Nation generally, and to the families of those brave men, particularly, who were stationed in Jammu & Kashmir State for the defence of the Nation, yet we hope that we will not only survive but that we will emerge, from this crisis, with a greater confidence in our own strengths and a much deeper and abiding faith in values and institutions.

30.4 He said that with every fibre in our political body and with every impulse in our being, we are committed to build peoples' faith in the institutions of democracy and the process of governance in the State. He further said that we were conscious of the fact that our challenge was great but our resolve and our hope were even greater. J & K was committed to provide a government and administration, which was accountable, transparent, responsive, disciplined and result-oriented. The State's policy of healing touch was intended to win over the hearts and minds of the people, where the battle of ideas has to be fought and won. The State Government has to remove the supportive causes of militancy and terror, isolate, and finally overcome, the forces of hatred and destruction. The Government was also committed to usher in an era of understanding and solidarity between the various regions and the communities of the State to remove the causes of their alienation and mistrust and to involve them as equal partners, in the great task of decision-making and nation building in the State. This was an act of faith with us. He said that his Government was determined to create an environment of understanding and fairness, peace and honour throughout the State.

30.5 He further said that the problem of the under development and underemployment, which has plagued the State and was a major cause for creating an environment of despair, has to be overcome with speed. As a welfare state, it was committed to providing a decent life, full of hope and promise to the people and to provide them with the basic necessities and amenities, to which every human being was entitled to in a civilized society. Development will not only mean the discharge of a paramount duty by the Government, this process will also serve strategic interests of the Nation. The issues of security and development were closely inter-linked and interdependent. However, while the State was acutely aware of its duties regarding fiscal reforms and financial discipline, it cannot, despite best intentions and strong resolve, succeed on its own.

30.6 He stated that the entire Nation was concerned about the welfare of the people of Jammu & Kashmir State. This National reservoir of good-will and good wishes must get translated into an immediate and sustained National effort for the reconstruction and rehabilitation of the people of the State. With the understanding and compassion of the entire Nation, and with the generous and timely moral and material support, Jammu & Kashmir Government will be able to seize the golden opportunity that was knocking at the doors. He said that we shall not let this movement pass in idleness and futility. The people of Jammu & Kashmir shall seize it firmly and up-front, and

shall hopefully triumph. He said that this has been his dream and he hoped that this will also become the collective National goal.

30.7 He hoped that the 10th Five Year Plan Allocation of Rs. 14500 crore shall be provided in full to the State to avoid short-falls in achieving physical targets and loss of credibility with the people. He suggested that for Special Category States, increase in Annual Plan outlay should be provided by increasing the Central Plan Assistance, but not by increasing the loan component.

30.8 The shortage of power in the State of J & K was a matter of great concern for the Government. This generated considerable criticism and disillusionment among the common people who expect un-interrupted supply of electricity in the acute winter of Kashmir and severe summer of Jammu. It was necessary that this shortage was minimized and the potential available in the rivers of the State for hydel power was harnessed to the full. In this context, he made a fervent appeal to the private entrepreneurs to come forward and requested the National Hydel Power Corporation to start work on the seven Projects that have been handed over to it in the State to generate about 3000 MWs of power by the year 2010.

30.9 He further said that the Ladakh region has an added problem. In view of its topography and huge costs involved, Micro-Hydel Projects could not be taken-up in this region. The power was supplied there through generators, at a very heavy cost, and through solar lighting. Ladakh was the only region not connected with the National Grid. The 220 KVA transmission line from Srinagar to Kargil to Leh, which was required to be constructed, will cost nearly Rs.450 crore. The State Government has not been able to find the resources to build this transmission line. He suggested that the Srinagar-Kargil-Leh grid line be treated as a National Project by the Government of India and be funded accordingly so that about 62 MWs of power could be carried from the National Grid to Ladakh.

30.10 He urged that tourism in the State had been one major source of economic development. It has suffered tremendously in the past decade. In the year 1988, the inflow of tourists to the Kashmir Valley alone was 7 lacs, whereas in the year 1993-94 it was less than 10,000. It has only now picked up slightly. He expected a large number of tourists to visit the Valley and other places of tourist interest in the State in the near future, because normalcy was returning fast. For this purpose, the State Government has plans to improve and expand the Tourism infrastructure. He expected the Planning Commission and the Government of India to provide whatever assistance, in terms of expertise, consultancy and resources to help Jammu & Kashmir to achieve this end. He appealed to private investors to come forward to set up Tourism infrastructure of the highest quality on modern lines in the State.

30.11 Concluding his speech, **Shri Syeed** said that no one can arrest the ascent of our nation towards the peaks of its great manifest destiny in the twenty first century. He said that we would proudly and actively like to be partners, in this glorious journey of our great Nation.

31.1 **Shri Pawan Chamling**, Chief Minister, Sikkim, expressed his gratitude to the Hon'ble Prime Minister for having agreed to make Sikkim as the eighth member of the North Eastern Council and hoped that notification for the same would be issued soon. He also felt extremely grateful to the Union Government for extending special industrial package to Sikkim on the lines of NE Industrial Policy and all the timely assistance in the form of non-lapsable funds.

31.2 Describing the National Development Council both as an apex development body and as the guiding institution, he said that the robust and resilient shape of today's India was a strong

manifestation of the unflinching commitment of versatile role played by and the immense contribution made by the NDC in post-independent India. This meeting was historic in two significant respects. First, this was the 50th meeting of the NDC which had the leadership of very eminent public figures including **Pandit Jawaharlal Nehru**. Today it had the great fortune of being guided by one the greatest visionary and statesman of India, **Shri Atal Bihari Vajpayee**. The very fact that the Council was meeting for the 50th time underscored the relevance, usefulness and efficacy of an apex institution like this. Secondly, the NDC was meeting at a very critical juncture of the post independence period. The global situation has undergone a massive transformation. Therefore, the Tenth Plan was very opportune and critical.

31.3 He said that the Plan Document was a well designed and substantive document meant to act both as a road map and as a development guide. He hoped that it shall pave the way for a steady switch over to a new India, an economic power with an unending promise and a strong international leadership trait. The 10th Plan amply indicated the strong urge and potential shown by the country to enter into the 21st century and to make this century an era of opportunities, prospects and sustained development.

31.4 At the same time, there were formidable challenges and complex problems ahead. They vary from traditional concerns, such as, poverty, inequality and food security to the present day concerns like poor governance, resource crunch, energy security and environmental imbalances. The increasingly higher expectations and changing structures of demand and consumption across the country have made the development issues multi-dimensional. The globalisation process has only made these concerns more imminent and diabolical.

31.5 Regarding reorientation of the development paradigm, he urged that the objectives of the national Tenth Plan document were very much in tune with the present needs and future direction of the political economy. The strategies as laid out in the document were both appropriate and responsive to changing needs and ever transforming challenges. The plan document rightly mentioned that the country was in a “decelerating phase” and that restoration of momentum was extremely vital.

31.6 The 10th Plan target growth rate of 8 percent in the national GDP was indeed very formidable given the lackluster performance of a large number of states during the 9th Plan period. On the contrary, Sikkim could maintain one of the highest growth rates in the country during the Ninth Plan. Sikkim would not only maintain this growth regime, but would also strive to enter into a higher and double-digit growth rate in the 10th Plan.

31.7 He said Sikkim was emboldened in its effort by four imperatives : i.e., (i) consolidating the economic reforms introduced in the last few years; (ii) generating a total political and social consensus on the need for reforms; (iii) drawing a long term vision & a road map along with the agenda for sectoral & sub-sectoral reforms & (iv) involving Zila Adhyakshas & other grass root functionaries in formulation & implementation of the State’s Tenth Plan.

31.8 He said that within the broad parameters of planning and development, the State wanted to diversify the agencies involved, avenues of resources, delivery mechanisms and inject institutional responsibilities and individual accountability. These were the core elements and dynamic forces in the 10th Plan document of Sikkim.

31.9 Dwelling on the Employment Scenario, he emphasized that Sikkim has tremendous potential in specific areas like power, information technology, tourism, natural resources, health, education

and agro-based industries. He requested the Union Government to play a critical role to help Sikkim in these areas. Sikkim Development Fund to train and equip youth with modern and professional skills was being created. The Fund will help sponsor graduate and under-graduate youths to various regional and national institutions for acquiring professional degrees and skills in areas like tourism, IT, rural management, small scale enterprises, science and technology, media management, software, communication and advertisement. A range of institutions will be set up to help realize these goals. The Union Government could support both Skill Development Fund and setting up of institutions.

31.10 Sikkim was concentrating on two major aspects of education. First, it would now strictly adhere to improving the quality of education at all levels as this was the gateway to the new dynamics of development. Secondly, the State was diversifying the educational system by introducing professional colleges, technical institutions and skill building schools. The primary idea was to inculcate scientific temper amongst the youngsters right at the school levels. All these will finally lead to accumulation and spread of both intellectual and professional capital. He called upon the Union Government to lend support in setting up all these new institutions.

31.11 The villages were the greatest asset and strength of the Sikkimese society. As Sikkim has limited urban centres, there was a need to encourage young people to remain in the villages. He urged the Union Government to give Sikkim full institutional and financial backing in this regard. The NGOs and other development agencies both national and international may also be encouraged to come to Sikkim.

31.12 He said that Sikkim has developed indigenous technologies in areas of medicine, food, agriculture, and other rural occupations which could be used on commercial scale. These technologies required urgent patenting. The Union Government may provide Sikkim with the basic and modern technologies through its various agencies including the ICAR and CSIR and the State be given all support to patent its indigenous technologies.

31.13 **Shri Chamling** further stated that with the removal of restrictions including the quantitative restrictions on the imports of agricultural products under the time bound agreement with the WTO, there would be no restriction on imports of agricultural commodities now. This implied that many of the traditional agricultural products including fruits, vegetables, dairy, cardamom and ginger were likely to face stiff competition from other countries. Sikkim has already set up Agricultural Export Zones (AEZs). He strongly urged the Union Government to take up following measures on a priority basis: i) Extension of East-West Corridor to Sikkim and its linking with the Golden Quadrilateral under the ongoing National Highway Development Project, ii) Building of an alternative highway to the present 31-A National highway linking West Bengal with the capital of Sikkim, and iii) Integration of Agriculture Export Zones of Sikkim with the national export houses both in public and private sectors.

31.14 Describing Sikkim as the most significant geographical entity that provided comprehensive security to the Indian nation state, he said that it provides i) military security, ii) environmental security and iii) human development related security. He said that the benefits which would have otherwise accrued to the state, needed to be objectively assessed and accordingly provisions made for compensating the opportunities foregone. One way to recognise these services of comprehensive security to the nation building process was to partially supplement the state resources for the upkeep of the hills.

31.15 He urged the Union Government to take into consideration all these factors as invisible costs to the Sikkimese economy while deciding Sikkim's plan expenditure and revenue budgets.

31.16 He said that though in absolute terms the grants from the Centre have been increasing in last two decades, in relative sense its share in total revenue has been falling. However, an optimistic sign was that, Sikkim has vastly improved its resource mobilisation capacity. He appealed to the Union Government to effectively start in the 10th Plan, a range of medium sized hydel projects, extend institutional and professional support to commercialise the trade in traditional medicinal practices and facilitate the opening of trans-border trade with China through the traditional route.

31.17 Concluding his speech, **Shri Chamling** said that Sikkim has adopted an outward looking policy mainly aimed by complete and emotional integration with the mainstream India. Planning and development have brought about significant changes in the standard of living, thinking of the people and the extent of their contributions to the nation building process. He assured NDC of the absolute commitment, devotion and dedication of the people of Sikkim to the nation building process. Though small and far off, Sikkim has and would more solidly contribute to the national development. The people of Sikkim want to be in the forefront of national campaign for better livelihood, efficient governance and high growth regime. Sikkim looked forward to blessings and total support from the Hon'ble Prime Minister and his able team, to Sikkim's efforts to achieve its goal of Dhanadya Bharat bhitra sukhi Sikkim (prosperous Sikkim in affluent India). Government of Sikkim, therefore, wholeheartedly extends its support and commitment to the approval and implementation of the National 10th Five Year Plan (2002-2007) as placed before the National Development Council.

32.1 **Smt. Sheila Dikshit**, Chief Minister, Delhi said that though the GDP growth rate of 8% was absolutely essential, it looked a mite too rosy. She observed that the resource picture was grim both for the Centre and the States. A great effort would be required to bring about the required fiscal corrections. She said that Delhi supported other monitorable development targets of which reducing poverty by 15% by 2012 was the single most important monitorable target. No effort should be spared to ensure that the development targets were met.

32.2 Regarding the poverty alleviation programmes, she stated that the task of reducing poverty was rendered all the more difficult by the large scale inflow of migrant labour from neighbouring States as well as from other parts of the country. It was in this context that the target of "Providing gainful and high quality employment at least to the addition to the labour force over the 10th Plan period" was especially relevant to Delhi. It was only when the neighbouring areas develop and provide gainful employment, that the magnetic attraction of Delhi will decline. She said that Delhi has a special interest in seeing that this employment generation target was realised by other States, especially its neighbours.

32.3 The Chief Minister said that initiatives in terms of reforms will increase the efficiency of new investment and augment the productivity of existing capital stock. She informed that w.e.f. 1st July, 2002, Delhi's Power Distribution business has been privatized which will bring substantial reduction in commercial losses, thefts and the quality of service to customers will improve. Delhi Transport Corporation (DTC) has to be restructured on modern corporate lines with a longer term plan for its restructuring. She also stated that public transport was one of the highest priorities in the Tenth Plan. The Metro Rail Projects were to be completed in the Tenth Plan period. The public transport system in Delhi has entirely switched over to CNG.

32.4 The Delhi Jal Board (DJB) has taken up a comprehensive study of its organisation, finances, processes, and management, with the goal of transforming itself into an efficient, commercially

viable water utility. The Government has approved the outsourcing of major works in priority sectors. This will enable faster project execution. A new excise policy has been announced. She opined that Government must get out of areas in which it has no business to be, and concentrate on delivering governance in core areas where it matters.

32.5 **Smt. Dikshit** stated that Delhi's financial management has been good. Admittedly, Delhi has its problems, as do all other States. Delhi's balance on current revenues was positive; debt and debt servicing were within manageable bounds; and its resource mobilization effort and tax revenues have been buoyant. Even so, much still remained to be done. Delhi was moving forward with reform - managerial, institutional and financial -with the objective of further improving its fiscal and financial health.

32.6 She pointed out that in the field of good governance, the Government of Delhi has strived to make the administration open, transparent and accountable, to provide governance that was both caring and responsive. Delhi was amongst the first few States that have statutorily enabled citizens to obtain information from the Government. The Right to Information Act has been in force since October 2001. The insistence on public display of Citizen Charters in all Government Departments has empowered citizens by informing them of their rights and what they could legitimately demand of the service-provider. It has also engendered accountability at all levels in Government service. The Government has taken a lead with its Bhagidari programme of citizen-government partnership that was launched in January 2000.

32.7 The Chief Minister stated that the plan for the NCR must be adequately funded and implemented with greater vigour. She requested the Minister for Urban Development and the Minister of Railways to seize the initiative and lead the way. She also requested the Chief Ministers of UP, Haryana and Rajasthan to join her in achieving the objectives. A number of projects have been identified for implementation such as the Regional Rail Network, a road transport network, and the Eastern and Western Peripheral Express Ways.

32.8 She said that the Government of Delhi needed special financial support from the Govt. of India for implementing plan programmes meant for the poor residing in JJ clusters and timely allotment of land for rehabilitation of these clusters to alternate project sites.

32.9 She stated that in collaboration with the Ministry of Environment and Forests, the Govt. of Delhi has prepared a 20-year perspective titled "Delhi Urban Environment and Infrastructure Improvement Project" with financial assistance from the World Bank. This was completed in February, 2001 and highlighted the status of environment and civic infrastructure in Delhi. It made a number of recommendations for the planned development of the city keeping in view a projected population of 22 million by 2021. The Delhi Government had approved the project report and has requested the Union Ministries for timely action on recommendations made in the report. Delhi Government was ready to make all possible efforts to implement the recommendations of the project and sincerely hoped that the concerned Ministries of the Central Government will cooperate in making the planned development of the city a success.

32.10 The Chief Minister said that if the citizens of the national capital were to control their destiny, Delhi Government must be responsible for governance of all issues relating to urban planning and management and development.

32.11 Concluding her speech, **Smt. Sheila Dikshit** said that Delhi Government appreciated the system of providing incentives for urban reforms, started in the current year. She suggested that

the guidelines issued for Urban Reforms Incentive Fund may be amended with the inclusion of the programmes for improvement in urban transport and urban environment in the guidelines for incentives from Government of India. Delhi was deprived of the benefits of the Finance Commission's recommendations. She requested for including Delhi in the terms of reference of 12th Finance Commission so that Delhi got its due share of resources.

33.1 **Thiru N. Rangasami**, Chief Minister, Pondicherry, appreciated the commendable work done by the Planning Commission for bringing out a well conceived document, which addressed itself to the requirement of different sectors of the economy during the period 2002-07 to achieve higher GDP growth rate. Endorsing in toto the strategies and priorities outlined in the Tenth Plan document, he felt that the States and Centre should work together in close co-ordination towards realizing the targets envisaged under each and every sector of the economy so as to achieve the ultimate goal of removal of poverty and ensuring full employment within a reasonable time frame. He also endorsed that a change in policies was required to accelerate the pace of economic growth and to integrate India's economy with global economy to emerge as a super power in the years to come.

33.2 He expressed his happiness to note that Pondicherry was identified as one among the very few States/UTs to achieve double digit GDP growth rate during the Tenth Plan and assured Pondicherry would spare no effort to surpass the target fixed for the Union Territory.

33.3 Infrastructure was the backbone of economic development and performance of the infrastructure sector was the key indicator of the economic growth. Good roads, uninterrupted and quality power supply, excellent transport system, availability of Sea Port, Airport and Railway terminals were essential for rapid industrialization. Ministry of Railways have already taken up the conversion of the existing 40 km. metre gauge railway line between Villupuram and Pondicherry into broad gauge in the current year. He urged that adequate funds may be allocated to complete this project at the earliest. He requested for adequate provisions in the next financial year for laying new broad gauge line from Nagore to Karaikal. He further requested the Ministry of Railways to consider the extension of proposed Nagore-Karaikal broad gauge line upto Mayiladuthurai via Thirunallar and Peralam.

33.4 He said Pondicherry has a small Airport constructed in 1989. Presently there was no airline operating from this Airport. The National Airport Authority of India may be requested to extend the existing runway in consultation with the Government of Tamil Nadu so that Pondicherry and adjoining region could take the benefit of the airlink for economic and tourism development.

33.5 He said that the request of the Union Territory to consider setting up a Special Economic Zone (SEZ) and Free Port at Pondicherry has been agreed to in principle by the Centre and conveyed special thanks to the Prime Minister and requested him to allocate adequate funds to give effect to this project during the Tenth Plan.

33.6 A grant of Rs. 20 crores was allowed by the Planning Commission towards setting up of 32.5 MW Gas Power Plant at Karaikal. The Plant was performing extremely well with a very high plant load factor of 97.91%. The target fixed by Ministry of Power for power generation has been exceeded during the past two years. He requested Hon'ble Prime Minister and Deputy Chairman, Planning Commission to support the proposal for expansion of power project from 32.5 MW by 100 MW using natural gas at an estimated cost of Rs. 400 crore so that the excess power generated could lead to industrialization of Karaikal and surrounding regions of Tamil Nadu.

33.7 He requested the Hon'ble Prime Minister to consider UT's case and issue necessary directions to allow Union Territory of Pondicherry to utilize funds available under Pradhan Mantri's Gram Sadak Yojana for profile correction and strengthening of pavements to design thickness on the existing rural roads. This would go a long way in establishing better communication facilities to urban market centers.

33.8 He emphasized that presently the U.T. was implementing one externally aided project namely 'Tank Rehabilitation Programme' by availing assistance from European Union. There were a number of schemes which required external funding. Procedures needed to be simplified and accounting methods were to be evolved in such a manner that direct assistance to the identified and approved programmes was ensured to enable faster implementation.

33.9 Focussing on the problems caused by the implementation of Uniform Floor Rate of tax (UFR) in the Union Territory, which adversely affected its financial resources, he said that after implementation of UFR, the sales tax revenue has come down. This downward trend would be further compounded because of the recent amendment in the Central Sales Tax Act. He requested the Hon'ble Prime Minister, to permit Pondicherry to retain the Central Sales Tax collected as in case of National Capital Region (NCR) of Delhi or it may be released as Additional Central Assistance to fund its plan programmes.

33.10 He requested the Hon'ble Prime Minister to enhance the Central Assistance to at least 60% of the total Plan outlay to the Union Territory during the Tenth Plan. The practice of splitting the Central Assistance may be dispensed with, and the practice as prevailed in the earlier years may be restored. Planning Commission while reviewing the various Centrally Sponsored Schemes have decided to transfer certain programmes to the States/ UTs along with the current year's allocations. He requested the Centre to continue the allocation of funds for the Centrally Sponsored Schemes for a few more years, in the form of Central Assistance, since transfer of these schemes to the Union Territories leads to a severe strain on their plan budget. He requested that Home Ministry may also be allowed to operate "Calamity Fund" to take care of the Union Territories under its administrative control. Once this arrangement was made, diversion of funds for relief from important plan programmes could be avoided.

33.11 He said Pondicherry has made impressive progress in the field of health, education and implementation of various welfare programmes for the benefit of poor and downtrodden. The U.T. had embarked upon ambitious programmes for recharging ground water with rain water harvesting, water conservation and management. To regulate the exploitation of ground water "Pondicherry Ground Water Act 2002" had been enacted and it was awaiting the Presidential assent.

33.12 To offset and counter the implications of the WTO regime on Agriculture sector, the Union Territory has implemented during the current year, a demand driven extension approach through Farmers Help Centres. These Centres offered one stop solution to all the needs of the farmers. Apart from rationalizing the issue of agricultural inputs through these centres, dissemination of information on cost cutting technologies, weather forecast and such other useful data has been planned. To increase farm income and also to reduce the dependance on the declining ground water for farm operations, the Union Territory promoted horticultural crops under diversification programme.

33.13 Concluding his speech, **Thiru Rangasami** said that "Heritage Tourism" was given priority in the Action Plan. Pondicherry has initiated various steps to protect and preserve heritage buildings

as an integral part of giving push to tourism development. He expressed hope that Pondicherry would continue to get support from the Union Government in the form of liberal Central Assistance for building Pondicherry as a unique place of economic development without losing sight of social justice and the needs of the poor and the less privileged,

34.1 **Shri Narayan Datt Tiwari**, Chief Minister, Uttaranchal, in his written speech circulated to all the participants stated that the new State of Uttaranchal had come to existence on 9th November, 2000. He expressed his gratitude to the NDC for having accorded a Special Category Status to the newly formed Himalayan state. He assured NDC that Uttaranchal shall do its best to discharge its duties and hoped to have similar cooperation and guidance from the NDC.

34.2 **Shri Tiwari** stated that the State of Uttaranchal was not in existence when the 11th Finance Commission made its recommendations. The State was deprived of the revenue deficit grants and other assistance that should otherwise have legitimately been available to it as a newly created State. He reiterated the request of the State for providing assistance to develop a Plan of the appropriate size. The creation, establishment and strengthening of infrastructure and a new set up of governance, in the initial years was the most important sine qua non, for attaining objectives of all round integrated development.

34.3 He said that the Approach Paper to the 10th Five Year Plan has laid considerable stress on integrated and equitable development and removal of inter-regional disparities. The targeted growth rate of Uttaranchal at 6.8% was less than the national target of 8%. If Uttaranchal was to achieve the targetted growth rate of 6.8%, the state would need to ensure sizeable investment in developing basic infrastructure. Considering the economic and topographical conditions of the State, there was a very limited possibility of private investments. The pilgrimages to the Char Dhams, eternal to India's history, the congregations of Kumbh and Ardha Kumbh at Haridwar and development and maintenance of holy places as Hemkunt Sahib, Nanak Matta Sahib and Kaliyar Sharif, required highest levels of commitment from the State Government. It also significantly increased the need for Central Assistance.

34.4 The Chief Minister stated that Uttaranchal has identified Tourism, Power, Agriculture & Horticulture, and IT & Bio Technology as key GDP drivers for the State. It has also been decided to lay special emphasis on development of infrastructure facilities like Power, Roads and Drinking Water which would impact growth, cutting across sectors. **Shri Tiwari** said that alongwith other states in the Himalayan region, Uttaranchal has greater responsibility to ensure preservation and protection of environment as the entire country was affected by changes in the Himalayan environment. This responsibility also limits choices in undertaking developmental activities. Given the fact that these Himalayan States were located on the international border, a comprehensive approach was needed to be adopted to ensure speedy development of this region. Hon'ble Prime Minister has already announced the formation of a Special Development Authority for states in the Himalayan region, in the "Year of the Mountains". This announcement needs to be given a concrete shape, quickly.

34.5 He stated that Uttaranchal has identified Tourism, IT and diversified Agriculture and Horticulture as areas of special focus to maximize employment opportunity. The State cannot depend on only Government investment to increase its growth rate and generate employment. The State seeks to encourage private investment, public participation and institutional financing to fuel the engine of growth.

34.6 To increase opportunities of employment in IT and IT enabled services based industries, the government was working in a mission mode to encourage computer education in educational institutions. Uttaranchal believed that the initiatives taken in the field of human resource development would go a long way in improving the employment potential of the youth and will simultaneously attract IT based industries. It also planned to use IT to improve the response time of administration 'as also reduce the distance between the government and its citizens.

34.7 He stated that Uttaranchal also had a huge potential of hydro power generation. In this context, the State has commenced work on 'Maneri Bhali (Phase II)', which was one of the several languishing schemes. It was also making an effort to begin work on other such projects which have been stalled for years.

34.8 Adequate emphasis has been given to create Roads and Bridges infrastructure and significantly increase the coverage of health facilities. Special attention has been accorded to designing schemes which make agriculture, horticulture, dairy development, and tea cultivation more profitable and return oriented for the farmers. To increase public participation in development of rural areas, special efforts were underway to form self help groups.

34.9 The Chief Minister stated that in view of the industrial backwardness of the state Uttaranchal has set up a Multipurpose Industrial Development Corporation to promote setting up of industries in the state. The state has set up a statutory Tourism Development Board with a view to integrate development of Tourism with other sectors in the state. New and ambitious Master Plans for developing tourist destinations were being developed in order to maximize private sector investment in creation of tourism infrastructure.

34.10 Concluding his speech, **Shri Tiwari** said that Ardh Kumbh was due in Haridwar in 2004 which was a national event and, therefore, additional resources should be made available to the State on a priority basis. Given the developmental needs of the state and the constraint of resources, the State was preparing projects for external funding so as to ensure that development was not adversely affected due to paucity of funds. In the last two years, since the formation of the state, it has achieved significant progress in increasing tax and non tax revenue. The State, however, needed extensive investments in establishing basic infrastructure. Uttaranchal has major challenges and the State Government was committed to successfully overcoming these challenges. He sincerely hoped that the newly created state would continue to receive understanding, support and cooperation.

35.1 **Lt. Gen. J.F.R. Jacob**, PVSM (Retd.), Governor of Punjab and Administrator, Union Territory, Chandigarh, in his written speech circulated to all the participants congratulated the Hon'ble Prime Minister and the Deputy Chairman, Planning Commission for the bold new vision and strategy in the draft 10th Five Year Plan in order to increase the nation's rate of economic growth and redirect the development effort so as to enable India's population to achieve its true potential.

35.2 He stated that Chandigarh was unique because it was the capital of two state governments, Punjab and Haryana. Chandigarh was a planned city with a high standard of civic amenities. It has become a regional economic hub for all the states in north-west India. Chandigarh's infrastructure was originally planned for a population of 5 lakh, but the city has expanded rapidly over the last three decades and faced problems common to other growing cities in India, including the proliferation of slums and squatter settlements. Despite these problems, Chandigarh ranked first in India in the human development index. The infant mortality rate was amongst the lowest in India, the literacy

rate was above 80%, the poverty ratio was among the lowest in India, and social sector expenditure by government was the highest in India. Chandigarh would build on these strengths and ensure that the poorest also got a fair chance to participate in Chandigarh's vibrant economy.

35.3 Chandigarh's 10th Five Year Plan has been drafted in line with the Government of India's approach which seeks to accelerate the economic growth significantly, eradicate poverty and enhance domestic capability for mobilizing resources for development. The Chandigarh Administration has adopted a multipronged strategy for achieving equity and growth. As a result Chandigarh's Plan focused on three areas; (i) human development, (ii) Infrastructure, and (iii) environmental protection.

35.4 He urged that the objective of the plan was to build a knowledge society; to promote Chandigarh as an investment destination, and to significantly deepen the skill base of the work force and the people of Chandigarh. Chandigarh was a leading centre for higher education and health services in the region. Therefore, it will focus on these areas and provide the required infrastructure and policy framework to promote employment in the services sector including information technology, bio-sciences, health services, tourism and housing. The objective was to provide an environment in which enterprises could function competitively, with low transaction costs and with the help of world-class infrastructure. Chandigarh Administration has adopted the new paradigm of public management that emphasized transparency, citizen participation, private sector participation and high quality of service provision.

35.5 He said that the rapidly growing city of Chandigarh required an efficient and clean mass transit system. Chandigarh has undertaken a feasibility study for an Electric Trolley Bus System in cooperation with Bharat Heavy Electricals Ltd. Based on the recommendations of the feasibility study it was proposed to introduce an Electric Trolley Bus System in Chandigarh during the 10th Five Year Plan. This will be the first of its kind in India. An Empowered Committee set up by Govt. of India in the Ministry of Urban Development was to examine and decide issues pertaining to technical, financial and commercial aspects of the project.

35.6 Chandigarh has one of the best electricity distribution systems in India. It has begun undertaking reforms of the commercial and operational aspects of electricity distribution with the objectives of improving customer satisfaction and financial viability, annual targets have been set for distribution loss reduction. He requested Government of India to approve a feasibility study to be carried out under the Indo French Protocol by a French Public Sector Utility called Electricite De France, which will assist U.T. of Chandigarh in designing a high quality power distribution system.

35.7 Regarding investment, Lt. General **Jacob** stated that the Chandigarh Administration shall implement a comprehensive investment facilitation policy during the Tenth Five Year Plan with the objective of attracting private sector investment in high growth potential sectors of the economy. The policy shall facilitate investment in key high-growth potential areas such as information technology, biotechnology, higher education and health services with a view to enhancing employment, economic growth and exposure to technology, in keeping with Chandigarh's existing economic profile. As a part of this Investment policy three business parks, i.e., (i) Chandigarh Technology Park; (ii) Chandigarh Science Park; and (iii) Chandigarh Logistics Park will be developed in Chandigarh. He said sufficient provision has been made for the Panchayati Raj Institutions to discharge their developmental functions and responsibilities.

35.8 On the issue of housing, he further pointed out that in order to achieve the goal of "Shelter for All" by the year 2012, the Administration has been planning for the poor and has provided

extensive low cost housing with basic infrastructure during the last two decades. The target was to provide 16,000 dwelling units.

35.9 Regarding environmental improvement, he said that several important measures were proposed to improve the urban environment during the 10th Five Year Plan. Expansion of the existing sewerage treatment plant and setting up of two new sewerage treatment plants; one by the Municipal Corporation and one by the Chandigarh Administration, were envisaged. The water supply to the city shall be enhanced by undertaking the piped water supply project from the Bhakhra main line to Chandigarh.

35.10 He stated that the Chandigarh Administration runs two referral hospitals; Government Medical College and Hospital, and General Hospital. In addition there were two community health centers, one polyclinic and a number of dispensaries in all parts of the Union Territory. During 10th Five Year Plan, the new blocks C & D of Government Medical College and Hospital will be fully functional. It will then be a complete, premier and prestigious medical college with a 500 bedded multi-speciality Hospital containing all the important disciplines. Private sector hospitals, nursing homes and medical education institutions including dental colleges, pharmacy and nursing schools shall be encouraged under the Investment policy.

35.11 In order to provide adequate educational facilities both quantitatively and qualitatively, Chandigarh intend to ensure that an adequate number of schools with all facilities were provided, especially for the poor. Government Schools in Chandigarh provided a high quality of education. Computer education was introduced in last year in nearly 60 high schools and all the colleges. Chandigarh has some of the finest sports infrastructure and facilities in India.

35.12 Chandigarh Administration has always been proactive in looking after the needs of the weaker sections. A large number of NGOs were active in Chandigarh and were supported by the Chandigarh Administration especially in the fields of primary education, voluntary health care, AIDS awareness, vocational training, women's activities and child care. Antyodya Cards have been issued to the families living below the poverty line. The mid-day meal programme has been implemented this year in all Govt. schools of Chandigarh as per the orders of the Supreme Court. The Administration was also implementing the schemes for self-employment of scheduled caste persons.

35.13 He urged that Chandigarh was a Union Territory without legislature and its plan formed part of the Union Budget. In recent years, the budget of the Chandigarh Administration has shown a healthy surplus on the non-plan side.

35.14 He said that the planned urban development undertaken in Union Territory, Chandigarh has been a fiscal success story and has led to a very disciplined fiscal scenario in which the plan was being funded without recourse to any debt whatsoever.

35.15 Concluding his speech, **Lt. General Jacob** said that our endeavour was to continue to make Chandigarh the premier city of the region in terms of its infrastructure, urban amenities, education and health facilities, welfare measures and the quality of its human resources. He assured full cooperation and participation of the U.T. of Chandigarh in achieving the goals of the Tenth Plan.

36.1 **Shri N.N. Jha**, Lt. Governor, Andaman and Nicobar Islands in his written speech circulated amongst all the participants stated that the draft Tenth Five Year Plan document was comprehensive

one with a clear perspective, objectives and development strategy. It also clearly laid down monitorable targets for the Tenth Plan Period and beyond. The draft document has rightly laid emphasis on critical issues of poverty reduction, changing demographic profile, growing incidence of unemployment & under employment and environmental degradation.

36.2 He noted with satisfaction the proposed development strategy for employment generation, poverty reduction and the targeted growth rate of 8% per annum during tenth plan. This target was achievable if the policies were appropriately dovetailed towards improving efficiency both in the public and private sectors and through combined efforts of all sections of the society. Agriculture and allied sectors have to be made more attractive, for private investment, as these were the backbone of a large industrial base. Education and health required larger allocations and emphasis as they provide confidence to the citizens to achieve the best and add to enhanced productivity. He said that the energy and transport infrastructure was needed for any significant acceleration in development. He felt happy that the philosophy behind Panchayati Raj Institutions was gaining wider acceptance. Andaman & Nicobar Islands were going ahead with the process of democratic decentralization and have devolved significant powers into the hands of the PRIs.

36.3 He said that significant progress was made in the field of infrastructure specially construction of power plants, expansion of runway, acquisition of new ships and completion of the Andaman Trunk Road. Development indicators in the fields of education, health services and water supply have shown significant improvements. The 10th Plan will lay special emphasis on further improvement of connectivity both with mainland and inter-island, upgradation of rural infrastructure, enhancing the availability of rural water supply and better rural roads. Further, in line with national priorities, Self Help Groups will continue to be promoted for income generation and asset creation. He hoped that NGOs will gradually develop so that the Voluntary sector became important.

36.4 **Shri Jha** said that the Andaman & Nicobar Islands have peculiar topographical features. There were 572 islands extending over 900 KMs from north to south. The Union Territory was a repository of a large biological diversity, both marine and terrestrial. The rainy season lasts more than 7 months in a year and was thus restrictive of major developmental works.

36.5 Hon'ble Supreme Court's Order on forest & environment related matters was under implementation by A & N Administration and was going to have far reaching socio-economic implications on the lives of the islanders. This involved massive rehabilitation of affected families, large expenditure and finding alternate avenues for their livelihood and has already rendered a large number of islanders unemployed and without livelihood. It will also substantially affect already meagre revenue receipts of the Union Territory. The development strategy of the islands that started with the settlement of the refugees and other settlers from the mainland and continued till the mid seventies now needed a major re-orientation, keeping in view the orders of the Hon'ble Supreme Court, the ever-present environmental and security concerns and also because the islands were prone to natural disasters. It was vital that a 25-year perspective plan was prepared for the development of the Union Territory. Fortunately, this was already under the active consideration of the Planning Commission. The Union Territory also needed a regional plan for the entire area and a complementary Master Plan for Port Blair town. This will enable it to take a holistic perspective of all infrastructure requirements like drinking water supply and connectivity, etc. With a fragile eco system, it was not possible for the Union Territory to go in for any major interventions in the industrial sector. Only Tourism, Fisheries and IT sectors offered some hope for economic development and employment generation in the islands.

36.6 He urged the Govt. of India to recognize the Tourism potential of the Islands and promote high value low volume eco-tourism through a Tourism Task Force, directly under the highest supervision. These islands needed greater funding for tourism, faster environmental clearances and, perhaps, most importantly a sustained level of publicity worldwide which would enable it to fully exploit its potential. In case tourism was not allowed to prosper because of too restrictive environmental and security constraints, it could deprive these islands of an economic future and lead to a massive unemployment problem in the years to come. He suggested setting up of a high level Task force for improving tourism infrastructure consisting of the Ministries of Shipping, Tourism and Planning Commission.

36.7 **Shri Jha** further stated that the runway at Port Blair was being extended to 11,000 feet and was likely to become operational by the middle of the next year. He hoped that the airport will be declared as an International airport, thus, hopefully bring down the operational costs and air tariffs. This could lead to a major boost in tourist traffic.

36.8 He said that in the Fisheries sector, the Union Territory needs to attract investment from the mainland both in fishing as well as in setting-up of processing units. It also required clear long-term policies, specially in the area of liberalising deep sea fishing, of course, with appropriate safeguards.

36.9 He pointed out that the Islands offered a conducive environment in the I.T. Sector in view of clean environment and high literacy. Encouraging private initiative required enhanced satellite connectivity, or even connection with the high bandwidth undersea cable passing near the area. The feasibility of either proposition needed to be assessed at an early date.

36.10 Due to its remoteness and environmental considerations, basic necessities like food and clothing will continue to be imported from the mainland. The cost of living was very high. It was, therefore, not fair to impose the same standards/norms for poverty as in the mainland. BPL norms needed to be raised substantially. He welcomed the revised guidelines issued by the Ministry of Rural Development to rest on a score based ranking method which gave weightage to different factors.

36.11 He requested for a greater delegation of financial powers, so that plan schemes of urgent nature could be sanctioned and implemented expeditiously. This was in the context of the fact that the Ministry of Finance has recently enhanced the delegation of powers to the Public Investment Board, EFC and the Secretaries of various Ministries, substantially. The present level of delegation to the Lieutenant Governor needed to be substantially enhanced for quicker decision making and timely implementation of vital projects.

36.12 He further stated that the Great Nicobar Island was located centrally between Singapore/ Colombo and just north of the sea traffic route to South East Asia and beyond. The Southern tip was only about 160 Kms away from Indonesia. He said that development of South Eastern tip of Nicobar as a Trans-shipment port for Container handling, bunkering and refueling of international/ national ships passing through this route has great economic and strategic potential.

36.13 Concluding his speech, Lt. Governor, **Shri N.N. Jha**, stated that the Oil & Natural Gas Corporation (ONGC) has informed that it has now vigorously embarked on hydrocarbon exploration programmes in both eastern and western deep water offshore area and proposes to carry out geological studies in parts of the Northern as well Southern Andamans. Such exploratory efforts

needed to be expedited to give thrust not only to the development of the economy of A&N Islands but also in the national interest. He urged all for their full support to U.T.'s endeavour to further develop these remote islands and thanked the Prime Minister and the Deputy Chairman Planning Commission for giving opportunity to place its views before the NDC.

37.1 **Shri K.S. Mehra**, Administrator, Lakshadweep in his written speech stated that the planning process which began in 1956 has helped in achieving a higher literacy rate, electrification of all villages, building up of an efficient network of cooperatives which looked after public distribution system and marketing of copra, improving connectivity between mainland and islands as also the inter - island connectivity with a view to providing economic and social opportunities. It also helped in development of a very good infrastructure of roads and for ensuring greater participation in decision making process. The panchayati raj institutions started functioning from 1997 with a two tier Panchayati Raj System.

37.2 The areas of concern included evergrowing unemployment, non-availability of sufficient and safe drinking water, disposal of liquid as well as solid wastes, non-exploitation of the fisheries and tourism potential, non availability of marketing facilities for the agricultural produce, poor quality of education. The thrust areas during the 10th Five Year Plan, therefore, include schemes to reduce poverty, marketing facilities for the agricultural produce, gainful employment to educated unemployed, literacy and quality of education, potable drinking water, further improvement in transportation facilities, sanitation and infrastructure for fisheries and tourism sectors.

37.3 He said that the development of a dependable transport system between the mainland and the islands and the inter-island sectors was the key to the socio-economic development of the territory. The perspective plan of the next 15 years on shipping requirement of the union territory has been prepared. The plan envisaged acquisition of 22 new vessels of different categories including a dedicated tourist ship and a collector mother vessel for fisheries. The character of these islands has decided the main occupation of the people, which were coconut farming and fishing. The pristine beauty of the white beaches and the clear lagoons as well as the colourful underwater life have great potential for a thriving tourism industry.

37.4 The annual production of coconut varies from 28 to 30 million nuts. These were converted into copra and marketed in the mainland. Market intervention by the administration often became necessary due to fall in prices of copra, when the fanners do not get remunerative prices for their produce. This was achieved through procurement of copra from the farmers in the islands through a network of primary co-operative societies at the declared support prices and marketing through its apex body, the Lakshadweep Co-operative Marketing Federation. There was a need, therefore, to strengthen the co-operative structure in the islands to undertake such socially beneficial programmes.

37.5 The Administrator further stated that fish was one of the natural resources available in the waters in the island territory in abundance. There was a need to fully exploit the potential which was being utilised only to an extent of 10% in the absence of requisite systems in the territory. The need, therefore, was to put the requisite systems in place for optimal exploitation of the potential which would facilitate generation of self employment opportunities for the youths of the islands and also improve fish landings in the territory.

37.6 There was a need to develop and augment tourism facilities in the Islands with a view to creating self employment opportunities and for improving the per capita earning of the islanders.

The development of tourism infrastructure has been limited by design due to the fragility of the ecology of the islands, their carrying capacity and the strain that the islands and the ecology has to undergo while accommodating tourists. It was a fact that the development of tourism must be based on enhancing and enjoying the richness of the marine life and coastal resources.

37.7 Concluding his speech, **Shri Mehra** stated that there was no surface water available in the territory. A limited quantity of water was available as ground water for the utilisation of the local population. There was, therefore, a need to set up de-salination plants in all the islands to make available potable drinking water on payment through authorised agencies on certain terms and conditions. A pilot project was being set up at Kavaratti during the current financial year with a capacity of converting 6 lakh litres of sea water into potable drinking water. He said that there was no arrangement for disposal of solid/liquid waste which at present get discharged into the open sea/lagoon directly/indirectly. The quantity of wastes was also increasing with increase in population. Such a situation was going to severely damage the marine life in the long run thereby affecting the ecology of the island. It was, therefore, imperative to establish sewage disposal systems in all the islands and ensure that all solid/liquid wastes were disposed off only in an eco-friendly manner. There was a plan to set up a sewage disposal system in Kavaratti and subsequently in other islands. The total outlay agreed for the 10th Five Year Plan will be utilised in a judicious manner by ensuring need based planning by involving the Panchayati Raj Institutions.

38.1 **Shri Arun Mathur**, Administrator, Dadra & Nagar Haveli and Daman & Diu attended the meeting.

39.1 **Shri Narendra Modi**, Chief Minister, Gujarat could not attend the meeting. However, the Chief Secretary of the State attended the meeting.

40.1 **Shri Jaswant Singh**, Union Finance Minister, stated that the tax reform was fundamental to accelerating investments as well as improving efficiency in resource allocation. The traditional method that has hitherto been followed, of a single point sales tax was vulnerable to evasion and does not capture value at subsequent stages. Sales tax failed to capture adequate resources and in the process it was not possible to get public investment by States in the critical areas of financial and social infrastructure. All the States have agreed to implement value added tax from April, 2003. It would in fact enhance revenues and also improve efficiency. As a backstop arrangement, he said that the Central Government has, in principle, agreed to hold the hands of the States during the transition to value added tax.

40.2 On service tax, the Finance Minister said that the Cabinet has recently approved a proposal to amend the Constitution by introducing a new entry 92 (C) which explicitly empowers the Central Government to levy tax on services as a specific item of taxation. The proposal also includes a new Article 268 (A), which would enable the Union Government to levy this service tax and both the Centre as also the State Governments to collect the proceeds of the tax in accordance with the new law which would be enacted by Parliament. A Working Group comprising of the representatives of the Centre as well as some State Governments has already submitted a draft of the new legislation to fix and to govern this tax on services as envisaged in Clause 2 of the proposed new Article 268 (A). After examination of the proposal and the draft by the Ministry of Finance, it would be forwarded to the Empowered Committee of State Finance Ministers for detailed consideration, comments and suggestions for changes, if any, consistent with the proposed constitutional amendment. The Finance Minister said that Centre would complete this process as expeditiously as possible but

certainly not later than 15th February, 2003, so that the legislation could be introduced in the Budget Session of Parliament, after the proposed constitutional amendment comes into effect.

41.1 **Shri K.C. Pant**, Deputy Chairman, Planning Commission expressed his thanks to all the participants for their very constructive participation in the debate and for many ideas which were put forward. He said that the discussions were very greatly supportive as all the participants were determined to accelerate the growth process and move faster in spite of the difficulties faced by the country. He stated that the Hon'ble Prime Minister had asked us to formulate our views and it is this spirit of constructive cooperation from all the participants which has animated this whole debate. This would be a source of strength. **Shri Pant** said that he drew a great deal of strength from the general approach to difficult problems.

42.1 **Shri Atal Bihari Vajpayee**, Prime Minister, in his closing remarks (Appended) said that the most productive outcome of the meeting has been the adoption of the Tenth Five Year Plan Document by the NDC. He thanked the participants for their active participation, useful remarks, suggestions and unanimous endorsement of the Plan document. He said that let us now move forward to implement the mandate of the Tenth Plan with determination and in a spirit of strong, rather stronger, partnership between the Centre and the State.

42.2 He also thanked the participants for broadly endorsing the four specific proposals about setting up sub-Committees of the NDC and for making these as Empowered Sub-Committees of the NDC.

42.3 The Prime Minister drew the attention to the Deputy Chairman, Planning Commission's suggestions to use Centrally Sponsored Plan Schemes to promote policy and institutional reforms by linking the flow of funds to implement all such mutually agreed reforms. He also endorsed the suggestion of the Deputy Chairman, Planning Commission on drawing a priority agenda on action for the coming year taking into account the specific directions contained in the Tenth Plan Document. The time-bound implementation of this agenda would be monitored by the Cabinet Committee on Economic Reforms and facilitated by the Committee of Secretaries.

42.4 He observed that several Chief Ministers have forcefully urged to evolve a national consensus on certain critical areas of reforms for speeding up investments and growth viz. labour reforms, fiscal reforms, changes in environment and forest laws and a few pertinent; and pressing developmental issues. He proposed to continue consulting Chief Ministers with a view to strengthening a common understanding on these important issues.

42.5 The meeting concluded with Prime Minister's thanking all the participants for making this Golden Jubilee meeting of the NDC an important land mark in India's history of Planned development.

Welcome Address by Shri K.C. Pant, Deputy Chairman, Planning Commission at the 50th Meeting of the National Development Council (NDC)

Hon'ble Prime Minister, Hon'ble Members of the Planning Commission, Hon'ble Chief Ministers and friends,

It gives me great pleasure to welcome you all to the 50th meeting of the National Development Council, which is the highest decision-making authority in the country on development matters. We can draw strength from the effectiveness of the NDC, which is an affirmation of the democratic and federal ideals that are enshrined in this unique institution. Fifty times we have met, and fifty times we have shown to the world that, whatever our differences, we are united in our efforts to build the best possible future for our people.

Today we have the opportunity of placing our country on a course of development which should culminate in a significant improvement in the living standards of our people over the next decade. As you are aware, the draft of the Tenth Five Year Plan, covering the period 2002 to 2007, has been approved both by the Full Planning Commission under the chairmanship of the Prime Minister and by the Union Cabinet. It is now before you for your consideration and adoption.

It was a little over a year ago, in September 2001, that we met to discuss and approve the Approach Paper to the Tenth Plan and to give broad directions for the formulation of the Plan. At that time we had collectively decided that it was time for us to stretch beyond our immediate capabilities and set targets which would be in consonance with our needs and the evident aspirations of our people. We had no illusions about the magnitude of the effort that would have to be made by each one of us. The Approach Paper had clearly laid out a preliminary assessment of the conditions under which these targets could be met and the measures that we would have to adopt. Accepting this challenge, the NDC directed the Planning Commission to prepare the Tenth Five Year Plan with a target growth rate of 8 per cent per annum along with significant improvements in social and environmental indicators.

Over the past one year, the Planning Commission has worked long and hard to flesh out the skeleton presented in the Approach Paper on the basis of the directions given by the NDC. Having taken into account the recent economic developments, both positive and negative, the detailed analysis undertaken reveals that these targets continue to be feasible. There is, therefore, no need for us to waver at this stage.

However, this is not to say that the task at hand will be easy or will not require considerable effort. The Tenth Plan document lays down in detail the measures that will have to be taken both on the policy front and in our programmes. It is a substantial agenda, which will have to be completed within a well-defined time frame. It will call for a strong and coordinated effort by all Central Ministries and by every State so that we can get the best out of the potential that we possess.

The process of Plan preparation reflects our democratic tradition. The degree of involvement of and range of consultations with various constituents of our society that have gone into the making of the Plan is probably unparalleled in the world. We have involved central ministries and state governments fully in this process. Academics, subject experts, civil society organisations, trade unions and industrialists, have been involved at various stages of preparing the Plan in order to take full advantage of their expertise and ideas.

The most pressing issue facing us today is the rapid growth in the labour force that we are likely to experience over the next decade. At current rates of growth, and with the current labour intensity in production, we face the possibility of rising unemployment, which could lead to social unrest. Our studies have brought out that the composition of the 8 per cent growth target mandated by the NDC would have to favour certain key labour intensive sectors in order to reduce the backlog of unemployment in the country.

We have also been conscious of the fact that national targets do not necessarily translate into balanced regional development. The potentials and constraints that exist at the state-level vary significantly. Therefore, for the first time, we have broken down the national targets to the state-level in consultation with state governments. The Tenth Plan contains a separate volume on States as a reflection of the importance we place on the role of the States in our development process.

We hope that this will enable the states to better focus their own development plans by more careful consideration of the sectoral pattern of growth and its regional dispersion within the State. In order to facilitate this process, the Planning Commission is preparing a series of State Development Reports, which will take stock of the capabilities of each state and develop appropriate strategies.

Finally, in addition to the focus on sectoral investments and on schemes and programmes, the Tenth Plan lays out the policy and institutional reforms that are required for each sector, both at the Centre and in the States. In particular, we believe that improvement in the quality of governance forms the essential ingredient for success. We have, therefore, prepared a separate chapter on the issues of governance and implementation.

We have also recently brought out a 'Compendium of State Governments' initiatives in this regard entitled 'Successful Initiatives and Best Practices - Experiences from Indian States' a copy of which is being made available to all the Chief Ministers. India is in the midst of transforming an agrarian economy into a modern, multi-dimensional economic powerhouse and a traditional stratified society into an egalitarian society through consultative politics. It is inevitable that such rapid social, economic, technological and political development of one billion people would generate turbulence. Yet, it is essential that this turbulence be managed and confined within limits that preserve the social fabric and permit the nation's transformation to continue apace. Our Five Year Plans are the central component of this process in that they lay out a vision and in which we can all share and work towards in a spirit of cooperation and purpose.

Let me once again extend a hearty welcome to all of you. I would now request the Chairman of the National Development Council, Prime Minister **Shri Atal Bihari Vajpayee**, to address this 50th meeting of the Council.

Inaugural Address of Shri Atal Bihari Vajpayee, Prime Minister of India to National Development Council (50th Meeting)

I welcome you all to this 50th meeting of the National Development Council. This is an important occasion, not only because it marks the Golden Jubilee of NDC meetings, but also as an opportunity for us to recall that we have been wedded to achieving India's all-round development through economic planning within a democratic set-up.

You will recall that just a year ago, we had shared a common vision of the Indian economy growing at a rate by which we would be able to double the per capita income of our people within ten years. I felt then, and continue to feel today, that our country has the potential, both in terms of human and physical resources, to perform substantially better than it has done in the past.

It was a matter of great satisfaction that the NDC approved the Approach Paper to the Tenth Plan unanimously. We shared and affirmed our belief in the potential of our country to achieve an 8 per cent average annual growth during the Tenth Plan period.

The Approach Paper made it clear that the task would not be an easy one. It urged; all of us to realize that this task would be fulfilled only if all of us, regardless of the political diversity reflected in the Governments at the Centre and in States, showed unity of purpose and expanded the area of consensus.

The rate of growth of our labour force during the coming years will be such that unless we accelerate economic growth, there will be a worrisome increase in the level of unemployment during the Tenth Plan period. We cannot allow such a situation to develop.

We have also committed ourselves to bringing about significant improvements in social indicators, especially in education and health. The National Human Development Report has held a mirror to our conscience, which we cannot ignore.

In this context, I would like to emphasise that there is no need to be skeptical; there is no need to wonder whether it is at all feasible for us to climb from the growth rate of 5.5 per cent last year to 8 per cent during the Tenth Plan. Our economy has shown great resilience in the face of adversity - both domestic and global. Already, trends of revival and growth are visible in many sectors. If we remove the many constraints and hurdles in agriculture, industry and services, India's economy will undoubtedly attain a higher growth rate.

I wish to underscore a few issues on which we must speedily build consensus, no matter how difficult are the decisions involved.

Fiscal deficit : Our biggest worry for quite some time has been the management of the fiscal deficit, at both Central and State levels. A high fiscal deficit, which stems largely from unwarranted revenue expenditures, crowds out investment - both public and private. It thereby reduces the prospects of increased future GDP growth. To ensure fiscal consolidation at both levels, we need to enhance revenues, and address the problem of untargeted, runaway subsidies. We should ensure that the VAT regime is implemented in all States from 1st April, 2003. This will open the door to enhance revenues for the States. The Finance Ministry is also preparing a paper on reform of subsidies. We need to be clear in our minds for what purposes the subsidies are meant, for whom, to what extent, and how we can make sure that they reach the poor and are not siphoned off by others. Where the existing subsidies do not fulfill these objectives, we should put in place a firm roadmap for applying correctives in a time-bound manner.

Stabilization function of the Plan : The business cycle is a fact of life in market economies, and one of the most important Governmental functions is stabilization of the business cycle. While the appropriate mix and sequencing of fiscal and monetary measures is a matter of policy debate, the Plan provides a pipeline of investments, which, implemented efficiently in a time-bound manner, would act as a fiscal stimulus to the economy. We need to take a view as to what further stimulus is necessary at this point in time.

Public Private Partnerships : We have to forge public-private partnerships in the widest possible range of activities in both physical and social infrastructure to leverage private sector resources and skills for development. An outstanding example of public-private partnerships is our National Highway Development Project. The scope of such partnerships could be extended to virtually all physical and social infrastructure schemes. I would urge that all concerned Central Ministries and Chief Ministers to actively participate in the Task Force which has been set up to develop model contracts for public-private partnerships. I would also like the NDC at this meeting to endorse the norm that once PPP model contracts are validated, they should be the standard modality for financing projects and schemes in each of these sectors.

Need to accelerate and expand reforms : We have to undertake thoroughgoing reforms and remove bottlenecks in our energy-transport-and-water infrastructure. In particular, I can see danger lights flashing because of the slow pace of reforms in the power sector.

In this context, we have recently begun an exercise to overhaul of the process of project preparation and approval for publicly funded projects in both physical and social infrastructure. We expect that this measure will significantly reduce time and cost overruns in the implementation of schemes and projects. An action plan has been prepared for reengineering all regulatory requirements, whether at the Central, State, or municipal levels, involved in the execution of investment projects. We seek the cooperation of the State Governments in its implementation, so that the present inefficiencies and harassment at the business-Government interface will disappear.

Reforms for the poor : Economic reforms and development planning are without meaning if the poor and marginalized are not enabled to better their lives. This calls for action on many fronts. A jungle of laws, in particular municipal, police, and forest laws, many of which have not been reformed since many decades, render numerous legitimate occupations of the poor illegal. While microfinance modes of lending have been shown to be fully viable, the commercial banking system has yet to mainstream microfinance lending to the poor. The SSI sector, which has unequalled employment potential faces a number of challenges, including availability of credit, technical and marketing support, and realizing its comparative advantage in the context of globalization. These are some of the directions in which serious reform is necessary.

Problems of urbanization : Urbanization is an irreversible process. Accordingly, conditions of living in our towns and cities must improve. This will require reforms in municipal fiscal practices to enable raising of resources from financial institutions and user fees for municipal services. The flow of Plan resources to municipalities and States should help to leverage such reforms.

Connecting major rivers : As you are aware, we have set up a Task Force to prepare a blueprint for linking the major rivers in our country. This will significantly solve the problem of repeated floods in some States, and drought in others. Already, the very concept of inter-connecting our rivers has generated great expectation and excitement among people all over the country. I am glad to note that a consensus is also emerging among political parties. I would like the States to give their response to this project, so that we can move forward quickly.

I would now like to make four specific suggestions for the consideration of this meeting.

1) Governance Reforms, with special reference to e-governance : A Central message of the Tenth Plan, which has been echoed by a number of Chief Ministers, is the imperative of Governance Reforms to speed up India's all-round development. Our experience has shown that adequate resources are not enough, and that the best policies and programmes can flounder on the rocks of poor governance and implementation. We need to bring about dramatic improvements in the functioning of our administrative, judicial and internal security systems in order to foster a dynamic and vibrant market economy. It is an issue that concerns us all. Since it is not possible to have different institutional structures in different parts of the country, I propose that we constitute a sub-Committee of the NDC on Governance Reforms to go into this matter in detail and present a set of proposals to the NDC, which we can adopt uniformly.

E-Governance, which can contribute significantly to better governance, is a major thrust of the Tenth Plan. I congratulate these States and Central Government Departments, which have already launched major initiatives in this respect. I am heartened by the fact that the judiciary has also recognized the need for and scope of e-governance for speeding up the judicial processes. I urge all concerned to implement this strategy.

2) Barriers to Internal Trade : Creation of a common economic space is one of the most basic advantages of nationhood. All over the world, countries are coming together for this purpose, but we have continued to maintain and erect barriers. There may be logical reasons for doing so at the State level, but the country as a whole loses. Although it is within the Constitutional powers of the Centre to bar such measures, I appreciate the political difficulties that you may face. I, therefore, propose that we constitute an empowered Committee of the NDC under my Chairmanship, which can consider all such barriers on merit and decide what would be the most appropriate steps that can be taken. I would, however, only remind you that the most developed States also need the markets that are provided by the under-developed States, and therefore regional balance is to the advantage of all.

3) Creating an investor friendly climate : Although the responsibility for creating an investor-friendly climate is the responsibility of each State Government, the progress on this front varies widely between States. We have inherited a wide range of controls and restrictions from the past, and it may be beyond the powers of any individual State Government to even identify these or even correct them. Since this is likely to be an extended process, I propose that we constitute a Standing Committee of the NDC under the chairmanship of the Union Minister for Industry and Commerce to oversee the process of dismantling such barriers.

4) Financial and Administrative Empowerment of Panchayati Raj Institutions : The problems faced in transferring functions and resources to PRIs has been raised by some of the Members. However, we believe that this is essential if we are to bring about accountability and speed up development at the grassroots. In this context, we may consider the manner in which the Centre can help in terms of resources. One method could be for the Centre to directly fund the PRIs for specific activities, provided that the appropriate powers are transferred. These are contentious issues, and I would suggest that we set up a small sub-committee of the NDC under the chairmanship of the Minister Rural Development to go into these issues.

I would like to make one last point. It is very important that we effectively communicate the goals, strategies, tasks and targets of the Tenth Plan to the various constituencies of our diverse

society, without whose support we cannot hope to move ahead rapidly. We should generate enthusiasm about the Plan and its targets among our people, especially among the youth. Let us pledge today to make Development a People's Movement, and the Tenth Plan a People's Plan.

I request you to join me in congratulating the Deputy Chairman of the Planning Commission and his team for having laboured hard to detail a plan of action which would enable us to achieve our objectives. The draft Tenth Five Year Plan is now before us. I would request the Deputy Chairman to make a presentation of the salient features of the Tenth Plan document so that we can deliberate upon the strategy that is proposed and the specific suggestions that have been made.

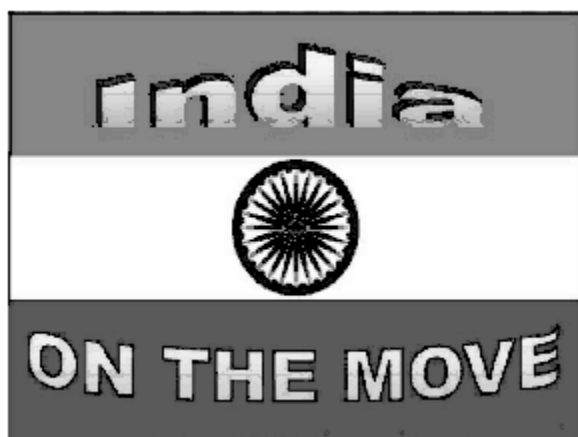
At the end of the meeting, we shall formally adopt the Tenth Five Year Plan document.

Thank you.

**Presentation by Shri K.C. Pant, Deputy Chairman,
Planning Commission at the 50th Meeting of the
National Development Council (NDC)**



Slide 2: During the past two decades, India has been one of the ten fastest growing economies in the world, The Tenth Plan aims to take country even further ahead, potentially to become the fastest growing country by the end of the Plan Period.



Slide 3: You will all recall that at our last meeting in September 2001, while approving the Approach Paper to the Tenth Plan, the National Development Council had mandated a set of objectives and targets which would enable us to focus on accelerating growth, not only as an end in itself but also as the means to achieve success in other dimensions such as poverty reduction and employment creation.

**NDC MANDATED OBJECTIVES FOR
THE TENTH PLAN**

1. Doubling per capita income in ten years
2. Growth rate of GDP to be 8% per annum
3. Harness the benefits of growth to improve the quality of life by:
 - Reduction in poverty ratio by 5 percentage points by 2007 from 26% to 21%
 - Growth in gainful employment to, at least, keep pace with addition to labour force
 - All children in school by 2003; all children to complete 5 years of schooling by 2007
 - Reducing gender gaps in literacy and wage rates by 50%
 - Providing potable drinking water in all villages
 - Cleaning of major polluted river stretches

Slide 4: The NDC also mandated targets for significant improvements in critical indicators of the quality of life. These include health and education indicators and also on environment. The Tenth Plan is designed to achieve these mandated objectives that we had set for ourselves and for the nation.

NDC MANDATED OBJECTIVES			
Indicators	1999-2000	2007	2012
Literacy Rate	65%	75%	80%
Infant Mortality Rate*	72	45	28
Maternal Mortality Ratio*		4	21
Increase in Forest / Tree Cover	19%	25%	33%
Decadal Population Growth*	21.3%		16.2%
* - per thousand live birth		* - for 1891-01 & 2001-11	

Slide 5: The target growth rate of 8 per cent per annum is essential to generate substantial employment opportunities. But it will not be enough. Our projections show that during the Tenth Plan period, the labour force will increase by 35 million, whereas the growth process by itself will generate 30 million job opportunities. Therefore, special focus will have to be placed on a few critical sectors which have high employment potential. By doing so, we should be able to generate 50 million work opportunities, which will not only take care of the additions to the labour force, but also significantly reduce the back-log of unemployment.

FIFTY MILLION EMPLOYMENT OPPORTUNITIES
<ul style="list-style-type: none"> • 35 million people to be added to labour force during 10th Plan period • 8% growth with business as usual will contribute only 30 million employment opportunities • 8% growth with emphasis on employment intensive sectors and programmes will yield 50 million employment opportunities

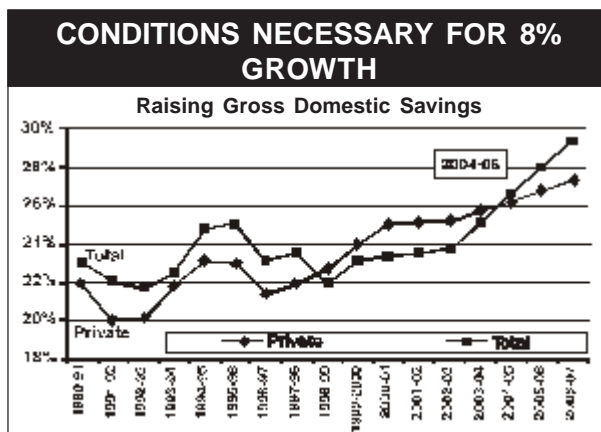
Slide 6: The areas of focus will have to be agriculture and its related activities, and also a number of services. Special attention will have to be paid to the needs of the small and medium enterprises in almost all activities. Encouragement to tourism activity, in particular, can have large multiplier effects on a number of sectors.

EMPLOYMENT INTENSIVE SECTORS
<ul style="list-style-type: none"> • Special emphasis on agriculture, irrigation, agro-forestry, small and medium enterprises, information communication technology and other services • Tourism - an important stimulus to employment <ul style="list-style-type: none"> ➤ Strengthening tourism infrastructure ➤ Rationalise tax structure ➤ Project India as an attractive tourist destination

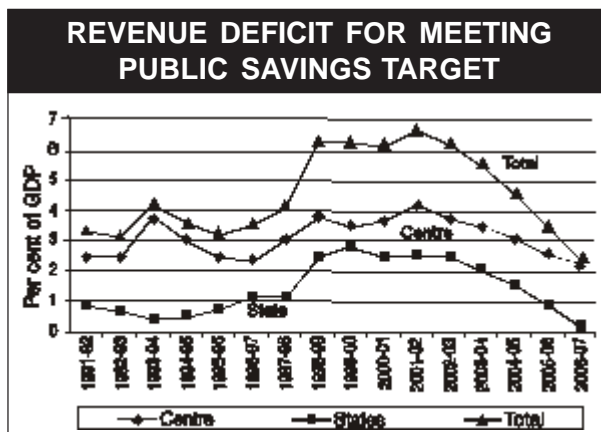
Slide 7: In order for us to achieve the 8 per cent annual growth target, we will have to increase our savings and investment rates significantly, but perhaps by not as much as we had initially estimated in the Approach Paper. Subsequent analysis has revealed that there is substantial excess capacity in some of the sectors, and therefore it should be possible to increase output without a commensurate increase in investible resources. This, along with improvements in efficiency and better sectoral focus, should lead to a drop in the incremental capital-output ratio. I should mention here that the ICOR was even lower during the Eighth Plan period, and increased in the Ninth due to lower capacity utilisation.

MACRO PARAMETERS FOR THE TENTH PLAN (2002-07)			
	IX Plan	X Plan	
	Actual	Approach Paper	Target
1. Domestic Savings Rate (% of GDPmp)	23.31	29.80	26.84
2. Current Account Deficit (% of GDPmp)	0.91	2.80	1.57
3. Investment Rate (% of GDPmp)	24.23	32.60	28.41
4. Incremental Capital Output Ratio (ICOR)	4.53	4.08	3.58
5. GDP Growth Rate (% per annum)	5.35	8.00	8.07

Slide 8: The first issue is how to raise the savings rate of the economy. As you may notice from the slide, private savings have grown more or less steadily since the early 1900s. However, public savings, i.e. the difference between total savings and private savings, turned sharply negative from 1998-99 onwards. This must be corrected; and from 2004-05 onwards, we must aim at achieving positive and growing public savings.



Slide 9 : In order to generate sufficient public savings, it is necessary to bring about significant improvement in the revenue deficit of the government. Both the Centre and the States have to contribute to this process.

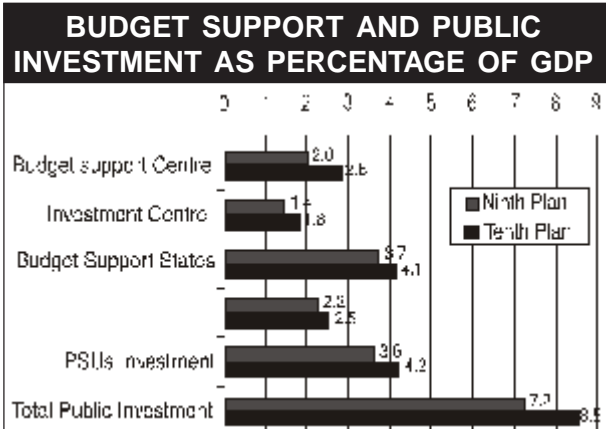


Slide 10 : Realising the desired level of investment will require an increase in public investments in physical and social infrastructure. This is essential for encouraging a revival in private investment. It is also necessary to bring about better allocation of our resources and to improve the efficiency of investment and delivery of critical social services. Policy, procedural and institutional changes will be needed to increase private investments.

CONDITIONS NECESSARY FOR 8% GROWTH

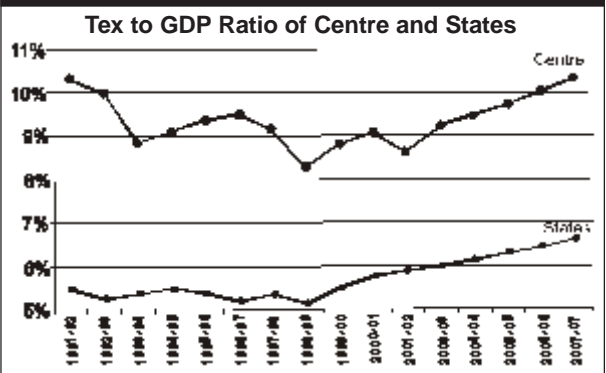
- **Larger Public investment in infrastructure and social sectors**
- **Emphasis on:**
 - **Allocative efficiency**
 - **Policy reforms for investor friendly environment**
 - **Improvement in governance**
 - **Efficient delivery systems**

Slide 11 : The success of the Plan, both in achieving its macroeconomic targets and meeting the desired improvements in social indicators, rests critically on the necessary resources being made available for financing Plan activities, including both public investment and current expenditures.

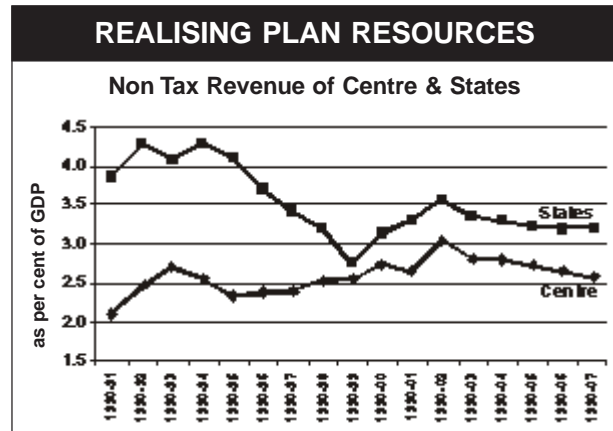


Slide 12 : We are conscious of the fact that fiscal sustainability is essential, and Plan resources have to be tailored to what is possible. We have undertaken a fairly detailed analysis of public finances on the basis of achievable parameters. The Centre's Tax-GDP ratio needs to be raised back to the level that it had attained in the early 1990s. The States too will need to augment their tax collections. It is necessary to point out that raising resources of this magnitude will not be easy unless all other measures needed to raise the growth rate are taken in the early years of the Plan.

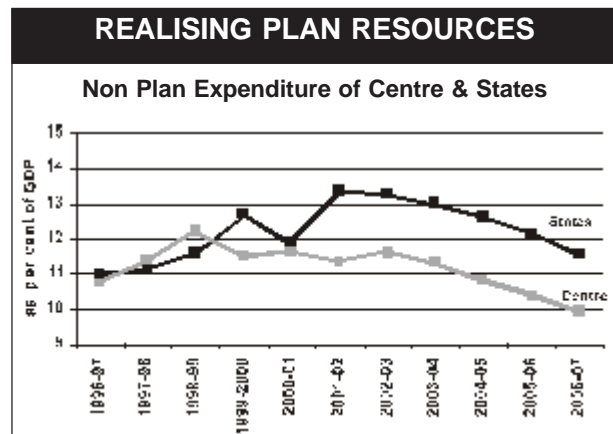
REALISING PLAN RESOURCES



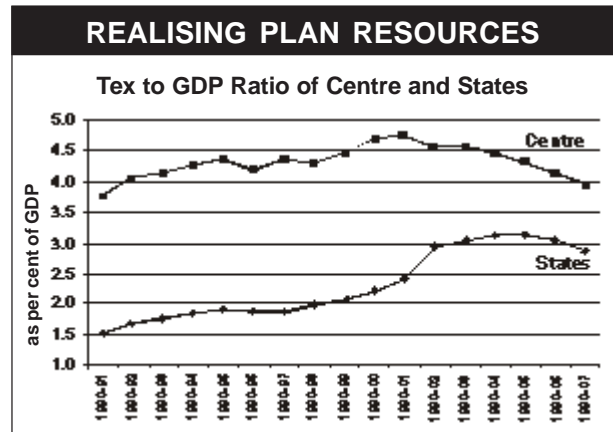
Slide 13: The need to raise tax collections becomes even more compelling since our projections indicate that the non-tax revenue to GDP ratio of both the Centre and the States is likely to decline somewhat during the Tenth Plan period.



Slide 14: Raising revenues alone, however, will not be enough to reduce the revenue deficits sufficiently. Efforts will also have to be made to curtail the growth rate of non-Plan expenditures. This should be facilitated by the fact that the main impact of the implementation of the Fifth Pay Commission award is behind us. Our projections indicate that the ratio of government salaries and wages to GDP should decline steadily, provided that recruitments are held down to the minimum necessary.



Slide 15: The other large component of non-Plan revenue expenditure is interest payments. Here again our projections indicate that the interest payments to GDP ratio will show a declining trend even if the interest rates harden a little from their current levels; This trend is of course conditional on the fiscal deficits of the Centre and the States being maintained at the levels indicated in the Plan document.



Slide 16: The steps needed for efficient fiscal management are fairly well known, and I will not dwell on them. I will only reiterate that the fiscal targets are achievable, but it will require collective commitment to the policies and their timely implementation. The expenditure control measures will require cooperation of all Central Ministries and State departments.

EFFICIENT FISCAL MANAGEMENT

- **Widening the tax base and improving collections**
- **Rationalising tax incentives/ concessions**
- **An integrated Central and State VAT**
- **Reduction of Government staff**
- **Reduction in subsidies and administrative overheads**
- **Increasing user charges**

Slide 17: I have already referred to the need to stimulate investment activity in the country. We believe that at the present time, public investment in infrastructure will “crowd in” private investments. This will require strengthening of the institutional capacity to undertake public investment. We need to simplify the rules, regulations and procedures which unnecessarily hamper private investment activity in the country. Every Ministry and State government needs to focus on these issues so that early action can be taken to bring about policy and procedural reforms.

STIMULATING INVESTMENT

- **Public investment necessary to stimulate private investment**
- **Development institutional capacity for public investment**
- **Revamping the public works structures at Centre and States**
- **Simplifying laws and procedures for investment**
- **Reforming Development Financial Institutions for long term financing of small and medium enterprises**
- **Additional annual FDI flows to reach US \$ 7.5 billion**

Slide 18: There are numerous barriers to the free expression of entrepreneurial energies in the country; some of which are in the Centre and some in the States. In particular, our agricultural sector is ham-strung by a plethora of controls which prevent our farmers from realising the full value of their efforts. We have brought considerable reforms in the industrial arena, but the agricultural sector continues to be governed by regulations which were framed during an era of shortages. This must change.

UNLEASHING ENTREPRENEURIAL ENERGY

- **Eliminating inter-state & intra-state barriers to trade and commerce**
- **Essential Commodities Act to be amended**
- **Amending Agriculture Produce Marketing Act**
- **Liberalising agri-trading, agri-industry and exports**
- **Encouraging contract farming**
- **Integration of various acts dealing with food into one ‘Food Act’**
- **Permit futures trading in all commodities**
- **Removal of Government & Reserve Bank of India restrictions on financing of stocking and trading**

Slide 19: Even for the non-agricultural sectors, there are a number of critical reforms which are still pending, and which need to be implemented as soon as possible. Many of these are no doubt in the domain of the Centre, but the States would also have to cooperate fully in order to make them effective.

UNLEASHING ENTREPRENEURIAL ENERGY

- **Repeal of SICA, introduction and strengthening of bankruptcy and foreclosure laws to facilitate transfer of assets**
- **Reform Labour Laws**
- **Policy reforms for village and small scale sectors**
- **Phased dereservation of small scale industries**
- **Early enactment of Electricity Bill, Coal Nationalisation Amendment Bill, and Communication Convergence Bill**
- **Abolish restrictions on private road transport passenger services and encourage private sector participation in road maintenance**

Slide 20: In our opinion, the rural sector holds the key to our future growth efforts. It is the home to 70% of our people and nearly 80% of our poor. Thus it offers the greatest potential for wide-spread development. The two main areas of focus should be connectivity and water management in all parts of the country. In particular, we need to pay attention to the regeneration and revival of old irrigation systems and projects. In the dry land areas of the country, appropriate watershed development is critical.

INVIGORATING RURAL INDIA

- **Growth mediated strategy with focus on basic services and direct anti-poverty programmes, and active involvement of the people**
- **Rural connectivity to all habitations of 500 or more population, by end of Tenth Plan**
- **Expanding area under irrigation primarily through minor irrigation and watershed management**
- **Priority for completion of ongoing irrigation projects and revival of old irrigation projects**
- **Regulating ground water use on sustainable basis**

Slide 21: There is also need to change our strategic and policy approach to agricultural development. In particular, we need to bring wastelands and degraded lands into productive use, either under crops or agro-forestry, and to improve credit flows to our farmers through innovative methods.

INVIGORATING RURAL INDIA

- **Rationalise irrigation charges and ensure community participation in maintenance**
- **Comprehensive Flood Management strategy especially for Eastern India**
- **Utilising waste and degraded lands**
- **Reforms for agro-forestry**
- **Improving credit flows & simplifying procedures**
- **Universalisation of Kisan Credit Cards**

Slide 22: Technological interventions are essential to improve agricultural productivity and to widen the range of products. Institutional structures governing rural activities also need to be reformed and strengthened. We cannot expect improvement in the quality of life unless improved drinking water supply and proper hygiene and sanitation are provided in all our villages.

INVIGORATING RURAL INDIA

- **Diversification of cropping systems and production of medicinal and aromatic plants**
- **Application of science & technology for improving agricultural productivity**
- **Adoption by States of key features of Multi-State Cooperative Act, 1984**
- **Integrated agriculture markets in private and cooperative sectors**
- **Complete coverage of all remaining 'not covered' and 'partially covered' habitations with potable water supply**
- **Promotion of proper hygiene and sanitation**

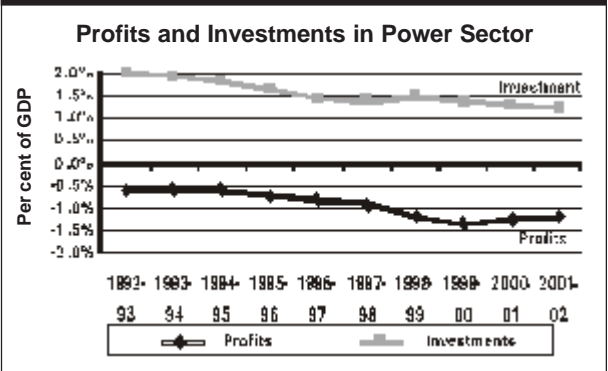
Slide 23: The power sector can potentially be a serious constraint on our growth process. During the Eighth and Ninth Plans we were able to achieve less than half the targeted capacity addition mainly due to the infirmities of the State Electricity Boards. Despite the fact that a lot of attention has been devoted to it, the status of this sector continues to cause concern. We need to make vigorous efforts to complete the restructuring of our power sector so that the ambitious targets that we have set for the Tenth Plan are realised.

CREATING THE PRODUCTIVE BASE

- **Capacity addition of 41,110 MW comprising 22,832 MW in central sector and 11,157 MW in state sector and 7,121 MW in private sector**
- **Reduce gap between cost of supply and pricing of power**
- **Electrify 62,000 villages through grid extension, by end of Tenth Plan and 18,000 remote villages by end of Eleventh Plan, through renewable sources of energy**
- **Actively promote R&D on fast breeder reactor and thorium based technologies for unclear power**

Slide 24: The pace of investment in the power sector cannot be accelerated unless there is significant improvement in profitability and internal resource generation. The financial condition of the State Electricity Boards not only limits their own ability to invest, but also discourages private investments. As can be seen from this slide, the increasing losses in the power sector are mirrored by the declining rate of investment.

POWER : THE MAIN PROBLEM



Slide 25: The various components of the transport sector also need policy changes to enable them to perform better. We should take note of the success of the National Highways Programme, not only in terms of what it has achieved but also the multiplier effects that it has had on the rest of the economy. This success can be replicated in other sectors as well.

CREATING THE PRODUCTIVE BASE

- **Railways to focus on provision of transport services-other peripheral activities to be out-sourced**
- **Expansion of National Highway Development Programme and strengthening of State highways and district roads**
- **Make Tariff Authority for Major Ports (TAMP) an appellate body and extend its jurisdiction to all ports**
- **Early adoption of a Civil Aviation Policy & establishment of a regulatory framework for the sector**

Slide 26: Construction is one of the most labour-intensive sectors, but has been ham-strung by excessive controls on land use and poor urban infrastructure. In order for the construction activity and urban development to gain momentum, significant changes in land use policies and municipal functioning will have to take place. The Tenth Plan proposes to intensify this process and the role of the States is crucial.

CREATING THE PRODUCTIVE BASE

- **Removal of urban land ceiling to ease supply of land, reform of rent control to promote housing stock, rational stamp duty rates etc.**
- **Improvement of municipal resources (property taxes, user charges); access to financial markets for infrastructure schemes; restructuring of utilities for higher efficiency**
- **Simplify and computerise registration of property transactions etc.**

Slide 27: One of the most important decisions that has been taken is to provide ; universal elementary education. We must, however, bear in mind that the turn-out from ; elementary education would be looking for further training in order to access the job; market. We must, therefore, begin the process of strengthening the secondary stream, and j also our institutions of higher learning. Special focus must be laid on vocational education in order to ensure that there is consistency between the demand for and supply of skills.

IMPROVING THE QUALITY OF LIFE

- **'Education for All' through Sarv Shiksha Abhiyan-total enrolment by 2003; universal retention and achievement (elementary) by 2010**
- **Plan for strengthening secondary stream (9th to 12th)**
- **Focus on vocational education to cater to increased numbers from elementary and secondary streams**
- **Quality improvement of Technicl education-IITs, RECs, other Engineering Colleges and Polytechnics**
- **Greater autonomy to UGC and higher technical institutes like IIMs, IITs, etc.**

Slide 28 : One of the most disturbing facts about the current situation is the prevalence of under-nutrition among a large segment of our people despite sufficient availability of food in the country. The vulnerable groups, particularly women and children and people living in remote areas, need special attention to meet their dietary requirements. In addition, the primary health system needs to become more sensitive to the specific requirements of different parts of our country both in terms of differences in disease incidence and in the nature of medical care.

IMPROVING THE QUALITY OF LIFE

- **Nutrition Mission for correcting nutrient deficiencies**
- **Grain banks in remote areas**
- **Provide essential public health and family welfare services**
- **District based differential strategy for providing family welfare and health care**
- **Mainstream Indian systems of medicine and homeopathy in health care system**
- **Medicinal Plants Board to realise the full potential of herbal products**

Slide 29 : Shelter is a basic necessity, and we must resolve to provide shelter to all by the end of the Eleventh Plan period. Housing apart, the living condition of our slum-dwellers also needs to be improved significantly. The majority of our people work in the unorganised sector with no social security or protection. We must devise measures which will reduce the risks and uncertainties faced by them.

IMPROVING THE QUALITY OF LIFE

- **Shelter for all by 2012**
- **Projectised improvement of slums through National Slum Development Programme (NSDP), dovetailed with Valmiki Ambedkar Awas Yojana**
- **Special attention to the needs of unorganised labour**
- **Social security cover to workers in agriculture, small establishments and in informal sector in a perspective of 10 to 15 years**

Slide 30 : There are a number of special groups in the country whose needs may not necessarily be met through the normal processes of growth and development. Attention has to be paid to meeting these needs and also empowering these groups to integrate more effectively into the development process.

IMPROVING THE QUALITY OF LIFE

- **Women's empowerment and gender equity**
- **Continuing focus on disadvantaged sections of the population like Scheduled Castes, Scheduled Tribes, other Backward Classes, Minorities and Differently Aabled**
- **Eradication of manual scavenging by 2007**
- **National Commission for Children to ensure protection of their rights, to be set up**
- **Protection of life and property of the Aged**

Slide 31 : India has always been at the forefront of the movement to protect the environment and ensure sustainability of development. Despite this, there are a number of areas of concern. The Tenth Plan has specifically taken these into account while framing the development strategy.

ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT

- **National Environment Plan to be prepared annually**
- **Action Plan for reducing air and water pollution**
- **Expand treatment and improve management of urban waste**
- **Conservation and sustainable use of biodiversity and protection of ecologically sensitive areas**
- **Universalisation of Joint Forestry Management to ensure food and economic benefits to tribals**
- **Greening of degraded lands by planting medicinal plants, bamboo, jatropha etc.**

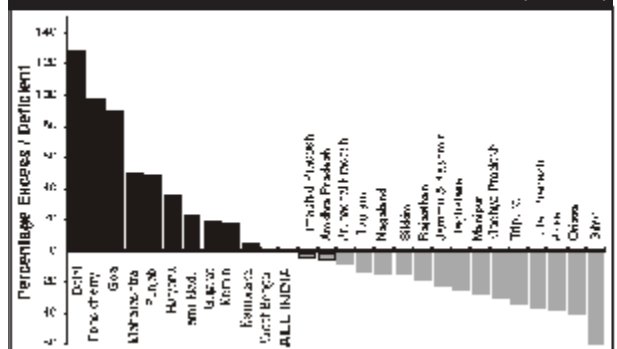
Slide 32 : The Tenth Plan explicitly takes into account the potentials and limitations of the different States of the country and proposes differential growth strategies for them. As I have already mentioned, not only do we have for the first time a separate volume on the States, a number of the other sections of the Plan also address State-related issues. We have also proposed a number of initiatives for reducing both inter-State and intra-State imbalances.

IMPROVING REGIONAL BALANCE

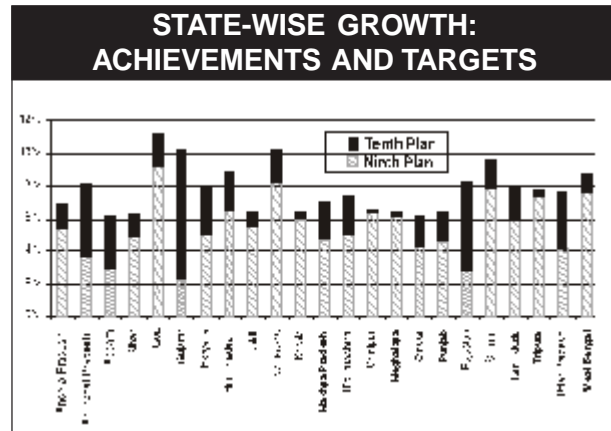
- **Planning Commission's focus is to promote balance and equitable regional development**
- **For the first time, State-wise sectoral growth rates, determined in consultation with States**
- **Separate volume on States for the first time**
- **State Development Reports to lay down road map for accelerating growth**

Slide 33 : Although the issue of regional balance has been an integral component of almost every five year plan, there has been perceptible increase in regional imbalances over the years. The extent of income disparities that exists today becomes clear from this slide. There are parts of our country where the per capita incomes are more than double the national average, and others where it is nearly half.

PER CAPITA INCOME OF STATES IN RELATION TO ALL INDIA AVERAGE (1999-2000)



Slide 34 : The State-wise growth rates that are targeted in the Plan through consultations with State governments attempts to narrow the range in which these growth rates are distributed. Of course, there are States which have the potential to grow faster than others, and no limitation should be placed on their efforts. At the same time, however, greater focus has to be brought to bear on the relatively slow growing States and regions.



Slide 35 : You may recall that in the Approach Paper we had estimated that an 8 per cent growth rate would lead to the poverty ratio dropping to 21 per cent by the end of the Plan. We now believe that it may be possible to bring it down to nearly 19 per cent with the regionally differentiated strategy proposed in the Plan. Nevertheless, there will still be a number of States where the incidence of poverty will continue to be high.

State/U.T.		2006-07
1.	Bihar	43.18
2.	Orissa	41.04
3.	Sikkim	33.78
4.	Assam	33.33
5.	Tripura	31.88
6.	Nagaland	31.86
7.	Meghalaya	31.14
8.	Manipur	30.52
9.	Madhya Pradesh	29.52
10.	Arunachal Pradesh	29.33
11.	Uttar Pradesh	24.67
12.	Mizoram	20.76
	All-India	19.33

Slide 36 : Most of the other States, however, should be well on the way to eradicating poverty by the end of the Eleventh Plan period.

State/U.T.		2006-07
	All-India	19.33
13.	West Bengal	18.30
14.	Maharashtra	16.18
15.	Rajasthan	12.11
16.	Andhra Pradesh	8.49
17.	Karnataka	7.85
18.	Pondicherry	7.72
19.	Tamil Nadu	6.61
20.	Andaman & Nicobar Island	5.82
21.	Lakshadweep	4.59
22.	Kerala	3.61
23.	Himachal Pradesh	2.00
24.	Haryana	2.00
25.	Gujarat	2.00
26.	Punjab	2.00
27.	Chandigarh	2.00
28.	Jammu & Kashmir	NOt Available
29.	Daman & Diu	NOt Available
30.	Goa	NOt Available
31.	Delhi	NOt Available

Slide 37 : These estimates provide yet another compelling reason to bring about greater regional focus both in our strategy and to our anti-poverty programmes. The Tenth Plan proposes a number of steps for bringing about such focus on backward areas.

Slide 38 : As I mentioned at the very start, reforms for improvement of efficiency lies at the heart of the Tenth Plan. In particular, we believe that the States need to be incentivised in order to carry out the requisite reform agenda, and several steps have been proposed in this direction.

Slide 39 : We have also taken a number of initiatives which would introduce focus and rationality in our planning and implementation processes.

Slide 40 : Finally, the most critical factor in achieving the objectives of the Plan quality of governance in the country. No matter how good the plans and program can all flounder on poor implementation. Bringing about transparency, accountability: efficiency in all our public institutions is the key to success.

IMPROVING REGIONAL BALANCE

Other steps in this regard include:

- **Rashtriya Sam Vikas Yojana - Special Plans for (i) Most Backward districts (ii) Bihar (iii) KBK region of Orissa and a Reforms agenda**
- **Special focus on the North East**
- **On Farm Water Management for Eastern India**

ENHANCING THE IMPACT OF PLANNING

Some Major Initiatives include :

- **Core plan strategy for States**
- **Reform based initiatives in crucial sectors**
 - **Accelerated Irrigation Benefit Programme**
 - **Accelerated Power Development and Reform Programme**
 - **Medium Term Fiscal Reforms Programme**
 - **Urban Incentive Fund**

ENHANCING THE IMPACT OF PLANNING

- **First National Human Development Report - inter-state development analysis and benchmark**
- **Better monitoring through Quarterly Progress Reviews by Members of Planning Commission**
- **Zero based budgeting resulting in reducing/converging CSSs and CSs from 360 to 188 and from 2247 to 922 respectively**

GOVERNANCE

the essence of success

- **Improved people's participation, especially through strengthening Panchayati Raj Institutions and urban local bodies**
- **Involvement of civil society, especially voluntary organisations, as partners in development**
- **Enactment of the Right to Information Act**
- **Civil service reforms for improving transparency, accountability & efficiency; security of tenure; a more equitable system of rewards and punishments**
- **Rightsizing both the size and role of Govt.**
- **Revenue and Judicial reforms**
- **Using Information Technology for good governance**

Slide 41 : Given the constraints of time, I have been able to give you only the key elements of the Plan document, which runs into about 1600 pages. As would be evident from my presentation, action has to be taken on a wide range of issues across a very large number of sectors. In the case of the States, the two most critical areas are fiscal correction and power sector reforms, without which the availability of resources would prove to be an insurmountable hurdle. In a situation when countries are coming together for creating a common economic space, restrictions on inter-State and intra-State trade have become anachronistic. We need to create conditions in which all citizens of our country can take advantage of the opportunities that become available. We urge upon the States to carefully review all laws, rules, regulations and procedures which retard the expression of individual entrepreneurial initiatives and to remove them as expeditiously as possible.

At the Centre, it is necessary for the various Ministries to prepare a detailed list of the actions that needs to be taken both in terms of policies and programmes, and to ensure that these are undertaken on a time bound basis. Since we are contemplating a considerably greater degree of engagement between the Centre and the States in the process of reforms, the Ministries will also have to institutionalise a consultation process with the States so that both implementation and monitoring of Plan programmes can be carried out in a spirit of cooperation.

Some of the measures that we feel are necessary for meeting the Plan objectives no doubt involve taking hard decisions, but I am certain that with appropriate coordination between the Centre and the States, and with cooperation of all political parties, we can achieve the targets that we have set for ourselves and thereby meet the aspirations of our people.

THE COLLECTIVE FOCUS

FOR THE STATES :

- **Fiscal correction**
- **Power sector reforms**
- **Removing barriers to inter-state commerce**

FOR THE CENTRE :

- **Time bound Action Plans for policies and programmes**
- **Monitoring reforms and programme implementation in states**



Thank you

**CONCLUDING REMARKS BY PRIME MINISTER SHRI ATAL BIHARI
VAJPAYEE AT THE 50TH MEETING OF THE NATIONAL
DEVELOPMENT COUNCIL (NDC) 21ST DECEMBER, 2002**

Friends,

We have had a very productive meeting today. The most productive outcome of the meeting has been the adoption of the Tenth Five Year Plan document by the NDC.

I thank all of you for your active participation, your useful remarks and suggestions, and your unanimous endorsement of the Plan document. Let us now move forward to implement the mandate of the Tenth Plan with determination and in a spirit of strong, rather stronger, partnership between the Centre and the States.

I also wish to thank you for broadly endorsing the four specific proposals I had made in my opening remarks about setting up Sub-Committees of the NDC. Some Chief Ministers have pointed out that, in view of the serious nature of the reform initiatives involved, there is need to prevent delays and hence to make these Sub-Committees, empowered Sub-Committees.

If you agree, we shall constitute these as Empowered Sub-Committees.

Pantji has drawn our attention to a good point in the Tenth Plan document, which too will accelerate the implementation of reforms. It is to use Centrally Sponsored Plan schemes to promote policy and institutional reforms by linking the flow of funds to implementation of such mutually agreed reforms. We have already begun such initiatives in crucial sectors like irrigation, power, urban infrastructure etc. I would like more areas to be brought under reform-based incentives.

Deputy Chairman, after a very lucid presentation, has remarked that, it is necessary for the various Central Ministries to prepare a detailed list of actions that need to be taken both in terms of policies and programmes. He has also stressed the need for these to be

undertaken on a time-bound manner in consultation with the States. Some of the issues that delay project implementation are environment and forest clearances, absence of clear norms for resettlement of project-displaced people and complex and long drawn procedures for land acquisition.

I endorse this. I would like a Priority Agenda of Action for the coming year to be drawn up, taking into account the specific directions contained in the Tenth Plan document.

The time-bound implementation of this Agenda would be monitored by the Cabinet Committee on Economic Reforms and facilitated by the Committee of Secretaries.

Several Chief Ministers have forcefully observed that we must, without further delay, evolve a national consensus on certain critical areas of reforms for speeding up investment and growth. Shri Chandrababu Naidu mentioned Labour Reforms. Dr. Jayalalithaa ji mentioned the need for a Minimum Agenda for Fiscal Reforms. Shri Digvijay Singhji called for changes in environment and forest laws. Other Chief Ministers, too, have raised a few pertinent and pressing developmental issues.

Some of these issues are contentious. And speedy progress is possible if we build broad consensus. I propose to continue consulting Chief Ministers with a view to strengthening a common understanding on these important issues.

With these words, I once again thank all of you for making this Golden Jubilee meeting of the NDC an important landmark in India's history of planned development.

Thank you.

Decisions of the 50th National Development Council (NDC) Meeting

- The National Development Council unanimously adopted the Tenth Five Year Plan Document.
- The National Development Council unanimously endorsed setting up of the four Empowered Sub-Committees of the NDC viz. :
 - (i) Empowered Sub-Committee on Governance Reforms with special reference to E-Governance;
 - (ii) Empowered Sub-Committee on Removal of Barriers to Internal Trade; (iii) Empowered Sub-Committee on creating an Investor-Friendly Climate; and
 - (iv) Empowered Sub-Committee on Financial and Administrative Empowerment of Panchayati Raj Institutions.
- The National Development Council also endorsed a Priority Agenda of action for the coming year to be drawn up taking into account the specific directions contained in the Tenth Plan Document.

PARTICIPANTS

PLANNING COMMISSION

Shri Atal Bihari Vajpayee	Prime Minister and Chairman
Shri K. C. Pant	Deputy Chairman,
Shri Jaswant Singh	Minister of finance and company Affairs
Shri Yashwant Sinha	Minister External Affairs
Shri Vasundhara Raje	Minister of State for Small Scale Industries and Planning
Dr. S.P. Gupta	Member
Dr. K. Venketasubramanian	Member
Dr. D.N. Tewari	Member
Shri Som Pal	Member
Shri Kamaluddin Ahmed	Member
Shri N.K. Singh	Member

STATES

ANDHRA PRADESH	Shri N. Chandrababu Naidu Chief Minister Shri Y. Ramakrishnudu Finance Minister Shri B. Bhasakara Rama Rao Vice Chairman, SPB
ARUNACHAL PRADESH	Shri Mukut Mithi Chief Minister
ASSAM	Shri Tarun Gogoi Chief Minister Shri Himanta Biswa Sarma MOS, Planning & Development Shri Silvius Condpan Vice Chairman, SPB
BIHAR	Shri Ram Chander Purdey Minister, Parliamentary Affairs & Education
CHHATTISGARH	Shri Ajit Jogi Chief Minister

	Shri R.C. Singh Deo Finance Minister
GOA	Shri Manohar Parrikar Chief Minister
GUJARAT	Shri G. Subba Rao Chief Minister
HARYANA	Shri Om Parkash Chautala Chief Minister
	Shri Sampat Singh Minister for Planning & Finance
HIMACHAL PRADESH	Prof. Prem Kumar Dhumal Chief Minister
JAMMU & KASHMIR	Shri Mufti Mohammed Syeed Chief Minister
	Shri Mangat Ram Sharma Deputy Chief Minister
	Shri Muzaffar Hussain Beig Minister for Planning & Finance
JHARKHAND	Shri Mrigendra Pratap Singh Finance Minister
KARNATAKA	Shri S. M. Krishna Chief Minister
	Shri R.B. Timmapur Minister of State for Planning
	Shri H. Hanumanthappa Deputy Chairman, SPB
KERALA	Shri A.K. Antony Chief Minister
	Shri K. Sankaranarayanan Minister for Finance & Excise
	Shri V. Ramachandran Vice-Chairman, SPB
MADHYA PRADESH	Shri Digvijay Singh Chief Minister
	Shri Rajmani Patel Minister for Planning, Economic & Statistics Deptt.
	Shri K.S. Sharma Dy. Chairman, SPB

Summary Record of Discussions of the NDC Meetings

MAHARASHTRA	Shri Vilasrao Deshmukh Chief Minister Shri Chhagan Bhujbal Dy. Chief Minister Shri Jayant Patil Minister for Finance & Planning Shri Ratnakar Mahajan Executive Chairman, SPB
MANIPUR	Shri O. Ibobi Singh Chief Minister
MEGHALYA	Shri D.D.Lapang Dy. Chief Minister Shri M. Sangma Minister for Taxation
MIZORAM	Shri Zoramthanga Chief Minister Shri Sanghmingthanga H. Pautu Vice-Chairman, SPB
NAGALAND	Shri S.C. Jamir Chief Minister Shri S.I. Jamir Minister for Planning
ORISSA	Shri Naveen Patnaik Chief Minister Shri Panchanan Kanungo Minister of State for Finance & Parliamentary Affairs
PUNJAB	Capt. Amarinder Singh Chief Minister Shri Lal Singh Minister for Finance & Planning Shri Ram Rattan Bhardwaj Dy. Chairman, SPB
RAJASTHAN	Shri Ashok Gehlot Chief Minister Shri Pradyuman Singh Minister for Finance Shri C.P. Joshi Minister for Planning

SIKKIM	Shri Pawan Kumar Chamling Chief Minister
	Shri Muchkund Dube Dy. Chairman, SPC
TAMIL NADU	Dr. J. Jayalalithaa Chief Minister
TRIPURA	Shri Manik Sarkar Chief Minister
UTTARANCHAL	Shri Narayan Dutt Tiwari Chief Minister
UTTAR PRADESH	Ms. Mayawati Chief Minister
WEST BENGAL	Shri Nirupam Sen Minister for Development & Planning

UNION TERRITORIES

ANDAMAN & NICOBAR ISLANDS	Shri N.N. Jha Lt. Governor
CHANDIGARH	Lt. General (Retd.) J.F.R. Jacob Administrator
DADRA & NAGAR HAVELI AND DAMAN & DIU	Shri Arun Mathur Administrator
LAKSHADWEEP	Shri K. S. Mehra Administrator
NCT OF DELHI	Smt. Sheila Dikshit Chief Minister
	Shri Mahinder Singh Sathi Minister for Finance
PONDICHERRY	Shri N. Rangasamy Chief Minister

CABINET MINISTERS

Shri Ajit Singh	Minister of Agriculture
Shri Kariya Munda	Minister of Agro & Rural Inds.
Shri Sukhdev Singh Dhindsa	Minister of Chemicals & Fertilizers
Shri Syed Shahnawaz Hussain	Minister of Civil Aviation

Summary Record of Discussions of the NDC Meetings

Sadhvi Uma Shree Bharati	Minister of Coal
Shri Arun Shourie	Minister of Commerce
Shri Sharad Yadav	Minister of Consumer Affairs, Food and Public Distribution
Shri George Fernandes	Minister of Defence
Shri Jaswant Singh	Minister of Finance & Company Affairs
Shri T. R. Baalu	Minister of Environment & Forests
Shri Yashwant Sinha	Minister of External Affairs
Shri Sharughan Sinha	Minister of Health & Family welfare
Shri Balasaheb Vikhe Patil	Minister of Heavy Industries & Public Enterprises
Shri L.K. Advani	Minister of home
Dr. Murli Manohar Joshi	Minister of Human Resources Development and Ocean Development
Smt. Sushma Swaraj	Minister of Information & Broadcasting
Shri Pramod Mahajan	Minister of Information Technology
Dr. Sahib Singh Verma	Minister of Labour
Shri K. Jana Krishnamurthi	Minister of Legal Affairs
Shri Ram Naik	Minister of Petroleum & Natural Gas
Shri Anant Gangaram Geete	Minister of Power
Shri Nitish Kumar	Minister of Railways
Shri shanta Kumar	Minister of Rural Development
Shri Vedprakash P. Goyal	Minister of Shipping
Dr. Satyanarayan Jatiya	Minister of Social Justice & Empowerment
Shri Kashiram Rana	Minister of Textiles
Shri Jagmohan	Minister of Tourism
Shri Jual Oram	Minister of Tribal Affairs
Shri Ananth Kumar	Minister of Urban Employment & Poverty Alleviation
Shri Arjun Charan Sethi	Minister of Water Resources
Shri Vikram Verma	Minister of Youth Affairs & Sports

MINISTER OF STATE (INDEPENDENT CHARGE)

Shri N.T. Shanmugam	Minister of State for Food Processing Industries
Smt. Vasundhara Raje	Minister of State for Small Scale Industries and Planning
Shri Vijay Goel	Minister of State for Statistics and Programme Implementation
shri Braja Kishore Tripathy	Minister of State for Steel

SPECIAL INVITEES

Dr. Bimal Jalan	Governor, Reserve Bank of India
Shri N.L. Lakhanpal	Secretary, Inter-State Council
Dr. Vijay kelkar	Adviser to Finance Minister
Shri Sahab Singh	Principal Information Officer