

**SPEECH OF SH. VIRBHADRA SINGH, HON'BLE CHIEF
MINISTER, HIMACHAL PRADESH AT THE 57TH MEETING
OF NATIONAL DEVELOPMENT COUNCIL ON
27th December, 2012**

1. Hon'ble Prime Minister, Hon'ble Union Ministers, Deputy Chairman, Planning Commission and esteemed members of the National Development Council.

2. It is my privilege to share my thoughts with this august gathering and also learn from the experience of the esteemed members of the National Development Council who have gathered here to finalize the Twelfth Five Year Plan.

3. I must begin by placing on record my appreciation for the Hon'ble Prime Minister Dr. Manmohan Singh and the Deputy Chairman Planning Commission, Dr. Montek Singh Ahluwalia for the continuous support provided to the State of Himachal Pradesh in formulating and implementing its Annual and Five Year Plans in an effective manner. I also thank Madam Sonia Gandhi for her constant support to the State. I can assure you Prime Minister Sir, that the State of Himachal Pradesh shall merge its planning perspective with that of the Centre to ensure that the goal of "Faster, Sustainable and More Inclusive Growth" as propounded in the Draft Twelfth Five Year Plan is achieved. The impact of the global slowdown, to which our economy had initially shown great resilience, has begun to take its toll and it would have to be a tremendous joint effort at the national and State level to see us through these testing times. The Draft Twelfth Five

Year Plan document has identified that with the help of strong corrective action aimed at expansion of public investment with a corresponding increase in the savings the potential growth rate of 9% can be realized only during the last two years of the Twelfth Plan resulting in achievement of an average growth rate of 8.2% during the Plan period. Thus there is an array of challenges that need to be tackled through unified and concerted efforts to achieve even the revised target growth rate of 8.2% as envisaged in the Draft Twelfth Five Year Plan. The State Government intends to achieve the growth rate of 9 per cent with the proposed outlay of Rs. 22,800 crore for Himachal Pradesh during the Twelfth Plan period as an attempt towards contribution to the national growth rate.

Agriculture
and
Irrigation

4. The draft Twelfth Five Year Plan document elaborates on inclusiveness of growth and shows how the benefits of rapid growth can transmit to all the sectors of the economy benefiting all sections of the society which, in turn, can lead to the path of sustainable development. The State currently has a growth rate of 4.2 percent in the Agriculture and Allied activities sector, which we intend to leverage by raising the productivity of this sector and thereby achieve a higher average growth rate of 4.5 percent during the Twelfth Plan period. The State Government envisages making all efforts to bring large part of the agricultural operations under the ambit of technology driven programmes. This would include efficient management of pre-harvesting and post-harvesting operations and provision of timely and adequate market linkages. Raising productivity of agricultural operations through diversification is the most desirable alternative considering that there is already competition between the availability of additional land for agriculture and diversion

of agricultural land for non-farm uses to meet the people's expectations about inclusive growth. The State Government envisages encouraging diversification into production of off-season vegetables, adoption of organic farming, setting up of poly-houses, drip and other micro irrigation facilities with an objective to raise farm incomes during the Twelfth Plan. Managing the storage of fruits and food grains using the latest available technology would be an integral part of the development strategy to be adopted by the State Government during the Twelfth Five Year Plan.

5. A large proportion of the population of Himachal Pradesh is dependent on apple cultivation for earning their livelihoods as the climatic conditions of the State are highly conducive for it. The last few years have witnessed a large influx of the imported apple into the national market. The Himachal apple needs protection from the cheaper imported apple. I request the Government of India to raise the import duty on apple atleast three times from its existing level to protect the Indian apple growers. The Government also proposes to invest in 'Research and Development' to encourage cultivation of improved varieties of all fruits in the State during the Twelfth Plan. We also envisage implementing a comprehensive plan to revive the Tea Industry in the State for which we would be needing active support from the center in terms of funds, technology and marketing facilities.

6. Our plan allocation for agriculture and Allied Sectors in the State has been more than 9 percent which is very high compared to other States. I suggest that such States having high allocations in agriculture sector be incentivised while deciding RKVY allocations. I would

request that Himachal Pradesh should be provided atleast 50 percent of the State outlay under RKVY during the 12th Five Year Plan keeping in view the fact that the State has more than 9% of the Plan outlay for agriculture and allied activities.

7. A large part of the agricultural operations in Himachal Pradesh are dependent upon the monsoons for meeting the irrigation needs. We are unable to optimize the benefit of the Flagship Programme like AIBP as the cost norms fixed under this programme are not commensurate with costs in the hills. The per hectare cost norm is Rs. 1.5 lakh whereas actual costs work out to approximately Rs. 4.00 lakh. Similarly, the completion period of the minor irrigation projects under this programme is two years which is impractical in view of the tough topography and limited working season in Himachal Pradesh. It is requested that the cost norms for hill States in the 12th Plan be increased and completion period enhanced to three years. This revision in norms by the Government of India will enable the State Government to achieve the target of adding another 27,000 Hectares of CCA to its existing 2.43 lakh Hectares of CCA by executing different irrigation schemes during the Twelfth Plan. I urge upon the Hon'ble Prime Minister and esteemed members of the National Development Council to reconsider the norms prescribed for sanctioning projects under AIBP to suit the practical requirements of the hill States.

8. Adequate provision of drinking water to all is a promise we have made to our people in the State. The State Government envisages provision of drinking water at the rate of 70 LPCD in all the rural areas of the State against the national target of 55 LPCD during the Twelfth

Plan. The State Government shall also attempt to cover all the remaining 10,725 habitations out of the total number of 53,201 habitations by providing drinking water supply to hundred percent population of these habitations by the end of the Twelfth Plan. I request the Planning Commission to allow sanctioning of water supply schemes with the provision of 70 LPCD for hilly areas under the National Rural Drinking water Programme during the Twelfth Plan due to higher requirement of drinking water in hilly areas.

9. The real challenge the State Government would face during the Twelfth Five Year Plan is to maintain the investment levels in the manufacturing sector in the State. The people of Himachal Pradesh shall always be grateful to the Government of India for the Industrial Incentives Package given to the State. It was because of this package that the manufacturing sector of the State has been able to achieve an average annual growth rate of 15% during the Eleventh Plan period. Although, the draft Twelfth Five Year Plan document shows Himachal Pradesh ranked as fourth among all the States in terms of index of infrastructure, it is strongly felt that the infrastructure facilities of extremely high quality along with the uninterrupted high quality power supply are the pre-requisites to attract private investment in the manufacturing sector within the State. Hon'ble Prime Minister Sir, you would agree with me that in a hilly State like Himachal Pradesh provision of infrastructure facilities of reasonable quality require huge investment and even higher recurring maintenance expenditure. This provision of infrastructure and subsequent maintenance is necessary to meet the objective of taking the Industrial activity to the interior areas of the State where local resource based Industries could be set up. The availability of improved infrastructure in the

Manufac-
turing
sector
and
Infra-
structure
require-
ments

State would also have far reaching implications in attracting the foreign investment in the State. I also take this opportunity to urge upon the Government of India to assist the State Government for setting up food processing Industry in the State during the Twelfth Plan

10. While appreciating the concern shown by the Government of India for the cause of the families displaced by development projects due to land acquisition, I would like to place on record a cautioning note. The proposed Land Acquisition Bill, once enacted, may lead to inflation of cost of land. This would raise the cost of developing public infrastructure like roads, schools and health institutions etc. The Union Government may consider making appropriate changes in the proposed bill to ensure that the land acquisition costs do not raise the cost of infrastructure development and provision of public and social utilities beyond reasonable limits while also ensuring that the project affected population gets an appropriate relief package.

11. The difficult geo-climatic conditions not only result in delays in the completion of infrastructure projects but also make maintenance of already created infrastructure extremely expensive and difficult. The draft Twelfth Five Year Plan proposes central assistance to the State Governments in building partnerships with the private players in providing required infrastructure. However, while assisting the State Governments, the Central Government needs to keep in mind the limited interest of the private investors in propositions which have low profitability due to low turn over of clients to whom the service or the good is envisage to be provided. This problem is peculiar to interior areas of Himachal Pradesh

which are characterized by sparsely dispersed population. In such areas perhaps there is no alternative but to resort to the Government investment even if there is no or very little return on the investment.

12. Hon'ble Prime Minister Sir, you would acknowledge that roads are the only mode of transportation available in Himachal Pradesh. The draft Twelfth Five Year Plan document stresses upon the need to develop National Highway Network, State Highways and District Roads to improve village connectivity. However, there is a need to recognize the fact that the cost of construction of roads in the hilly and rocky tract is considerably higher than the cost of construction of same length of roads in the plain areas. This warrants adoption of different norms for funding road projects for the hill states under different Central Sector Programmes.

13. Hence, I request the Planning Commission to make higher allocations under PMGSY and CRF during the Twelfth Five Year Plan for Himachal Pradesh considering difficulties it has to face in the development of roads network. I would also like to request the Planning Commission to provide adequate funds for completing four laning of Shimla – Kalka stretch of the National Highway 22 during the Twelfth Plan considering its strategic and economic importance not only for the State but also for the country.

14. The State Government also proposes to construct about 7,500 Kms. of roads connecting all the villages and habitations with the population of more than 100 persons in the State; construction of 2000 Kms. of National Highways; and, provision of adequate funds for

maintenance of the already existing roads during Twelfth Plan. The State Government is also looking forward to the Government of India to fund a programme to construct new bridges and tunnels for providing better connectivity in the State.

15. There is an urgent need to expand the railway network in Himachal Pradesh. The delays in completion of ongoing Nangal– Talwara rail line and Bhanupalli– Bilaspur– Beri rail line projects have resulted in not only cost overruns but have also failed to meet the expectations and needs of the people of Himachal Pradesh. Keeping in view the economic and strategic importance of two projects; one from Baddi to Kalka and another from Bilaspur to Leh via Manali they may be declared as Projects of National Importance while finalizing the shelf of railway projects to be implemented during the Twelfth Plan period. Early completion of these projects will certainly be a step towards meeting the objective of faster, sustainable and more inclusive growth.

Civil Aviation 16. Hon'ble Prime Minister Sir, tourism, as an industry, provides livelihoods to a large proportion of the State's population. The recent discontinuation of the already limited air flights to the State has adversely affected the State. I request the Union Government to arrange to restore the air traffic to the State. I request the Union Government to allow subsidized heli-taxi services for Himachal Pradesh on the lines of the North-Eastern States. I request the Planning Commission to fund the State for expansion and upgradation of the existing civil aviation infrastructure in the State. The runway of the Shimla Airport can be extended by way of building extensions for which I make an earnest request to the Government of India

through you Hon'ble Prime Minister Sir for liberal funding. This is one of the imperatives of the future development strategy of the State to boost tourism as a means to ensure livelihoods for a large proportion of its population on a sustainable basis.

17. The Draft Twelfth Five Year Plan document Energy mentions that the average growth rate of the total energy requirement is expected to increase from 5.1% during the Eleventh Plan to 5.7 percent in the twelfth Plan to achieve the target average growth rate of 8 to 9 percent during the same period. Himachal Pradesh has a Hydro Power Potential of about 23,000 MW. Hydel power is undoubtedly one of the cleanest renewable forms of energy. The State is close to harnessing about 8,368 MW of the available potential by the end of the year 2012-13. During the Twelfth Five Year Plan alone, the State Government proposes to harness of another 4,630 MW of Hydel Power.

18. Since hydel power is recognized as one of the cleanest sources of energy, all efforts are required to be made to harness the available potential. However, execution of the run-of-the-river hydel power projects despite being the cleanest is being delayed due to the delays in environmental clearances. The power to accord environmental clearances for the hydel projects should be delegated to the State Governments. This will help in avoiding the time and cost overruns in the implementation of these projects. This will also help in achieving the target of hydro-power capacity addition of 88,000 MW set at the national level out of which about 4,630 MW is proposed to be contributed by Himachal Pradesh alone during the Twelfth Plan.

19. Hon'ble Prime Minister Sir, I thank you for reconsidering to increase the total number of subsidized LPG cylinders to nine from the existing six per year to each household. However, I also request you to kindly consider the needs of the poor population living at high altitudes in extremely cold conditions in the Hill States while taking a final decision on rationalization and re-structuring of subsidies on LPG. Higher fuel requirements in the colder areas and high transportation cost add to the cost of fuel. If fuel subsidy is lowered or discontinued, the demand on fuel wood will increase leading to increased pressures on the forests. The resulting situation will be in total conflict with the State's conscientiously adopted policy of conserving its forest wealth for posterity of the entire nation. I, therefore, request you to kindly consider and continue the LPG subsidy for the population of Himachal Pradesh as before.

Education

20. The draft Twelfth Plan document makes mention of the ranking of the States on Human Development Indicators. Himachal Pradesh has been ranked third after Kerala and Delhi in terms of Human Development Index. The achievements made in the field of Health and Education in Himachal Pradesh have been acknowledged at the National and International levels. Himachal Pradesh with the literacy rate of 83.78% is second to Kerala with 93.91% literacy rate. However, low female literacy rate of 76.6% compared to male literacy rate of 90.3% is our concern and our endeavour in the Twelfth plan would be to eliminate this disparity between male and female literacy rates. High enrollment ratios and low drop out ratios up to the elementary level have already been achieved. The strategy during the Twelfth Five Year Plan would aim at improving the quality of education through teachers training

and improving the learning environment in the Schools. Special attention is envisaged to be given to raise the enrollment ratios at the secondary and higher level of education. In fact, Himachal Pradesh will consider entitling its population with the right to secondary education during the Twelfth Plan with an objective to universalize the access to secondary education.

21. Hon'ble Prime Minister Sir, the State Government envisages provision of safe drinking water and separate toilets for girl students in all the Schools of the State during Twelfth Plan. The State Government also proposes to encourage the use of information technology at the school level. A new scheme called as 'Rajiv Gandhi Digital Student Scheme' is proposed to be launched which would provide lap tops to the meritorious students of the State.

22. A Skill Development Corporation will be established in the State in collaboration with the National Skill Development Council. Private investors will be collaborated with to make use of the infrastructure existing in the Government sector thereby enabling higher order of skill upgradation. The Corporation will seek to achieve convergence of different training programmes run by various departments with the aim of providing best available placement opportunities to the youth of the State. The Corporation also plans to provide placement services to the trained youth. Similarly, a Skill Development Authority with an objective of creating five lakh addition jobs during the next five years is proposed to be established during the Twelfth Plan.

23. Last two decades of development have witnessed an expansion in the health infrastructure in the

State with availability in rural areas being one of the best in the country. However, the health care service needs constant budgetary support since the high cost of private health care cannot be met by every individual. Achieving inclusive growth on sustainable basis would require greater longevity and low mortality with sound state of health of individuals. The 108 Ambulance Service introduced by you under the NRHM in the country has given yeoman service to the State. 2.07 lakh persons have already gained direct benefits from this service in the State and has consequently led to 72 percent of the deliveries being done in the institutions as well as a decline in mortalities due to accidents. Hon'ble Prime Minister Sir, it is important that the Ministry of Health & Family Welfare continues to provide funding for this scheme on the same pattern as it is for the other components of National Rural Health Mission and do not transfer the funding responsibilities on to the States.

24. The State's Twelfth Plan envisages bringing down infant mortality rate to 22 from the existing level of 40 and raising the percentage of institution deliveries to near to 100 per cent in Himachal Pradesh. All necessary steps will be taken by the State Government to eliminate under nourishment from the State and to ensure quality Mother and Child Health Care. The rural areas located in the higher reaches of the State require expansion of public sector health care services with special emphasis on ensuring the availability of physicians, specialists and other trained medical personnel in these areas. Three medical colleges of the State will help in meeting the demand of Doctors and Specialists in the rural areas of the State during the Twelfth Plan. Hon'ble Prime Minister Sir, I request you to assist the State Government to upgrade

Tanda Medical College, Kangra to the status of All India Institute of Medical Sciences, New Delhi during the Twelfth Plan.

25. One of the important steps toward achieving Fiscal the goal of more inclusive rapid growth would be to Federalism reinforce and strengthen the element of federalism which is inherent in the existing structure of the financial relation between the Center and the States. More fiscal autonomy together with wider space to pursue individual State's economic goals within the framework of the National priorities is required to be injected in to the existing structure of such relations. The current structure of most of the Centrally Sponsored Schemes and the Flagship Programmes of Government of India is such that the financial allocations and the implementation mechanism are prescribed in the 'One size fits all' construct. The States have very little freedom in modifying the implementation mechanism to make it suitable for the locally existing conditions. Reasonable degree of flexibility is required in the financial norms to the States and also in the implementation procedures of the Centrally Sponsored Schemes and other Flagship programmes of Government of India. There is also a need to link the devolution of funds to the States with the number of services the States have been made responsible to deliver. The responsibilities that are concurrent on the Central and State lists also need to be funded in proportion to the responsibilities shared between the two.

26. Hon'ble Prime Minister Sir, I would like to Centrally mention here that the State liability in implementing the Sponsored most of the Centrally Sponsored Schemes keeps on Schemes increasing with the life of such schemes and finally the

implementation of such Centrally Sponsored Schemes becomes the liability of the State after the Central financial support peters out. The ever increasing number of such Centrally Sponsored Schemes where the Central support diminishes at progressive rates has been adding up to the financial liabilities of the State Governments. Sarv Shiksha Abhiyan is a classic example of the Centrally Sponsored Scheme falling in this category. There is an urgent need to restructure and rationalize all the existing Centrally Sponsored Schemes so that a continuous flow of funds to meet the investment requirements of the State Governments is ensured on the one hand and the State Governments are able to exercise the flexibility in the implementation mechanism.

27. It is heartening that the draft Twelfth Plan document mentions implementation of the recommendations of the Chaturvedi Committee Report on rationalization and re-structuring of various centrally sponsored schemes. There is a need to put a cap on the gross budgetary support for the Centrally Sponsored Schemes in conjunction with rationalizing the total number of Centrally Sponsored Schemes so that support to the States through Normal Central Assistance is increased.

28. The Draft document also shows a decline in share of central assistance to the States and UTs taken together from 24.42% realized during the Eleventh Plan to 23.08% projected for the Twelfth Plan in the total plan resources for financing the Five Year plans. Hon'ble Prime Minister Sir, I request you to keep the share of Central assistance to the States and Union Territories at the existing or higher level while working out the financing of Twelfth Plan.

29. The development needs of the Special Special Categories States are entirely different from those of other Category States. The status of Special Category is conferred upon States a State after making an assessment of the geographical, economic and social circumstances prevailing in those States. These States are special because of the peculiar challenges being faced by them in the implementation of the development schemes. In case of Himachal Pradesh, the hilly terrain makes the implementation of developmental schemes relatively expensive. The Special Category States require a special mechanism for devolution of financial resources to them for speeding up the pace of development in such States. I would like to request that the Plan allocations during the 12th Five Year Plan may be made after giving due weightage to the above mentioned problems of the Special Category States.

30. I am very glad to see that the Twelfth Five Year Plan document has acknowledged the existence of developmental disparities among States and within the special category states. I would like to suggest here that the Twelfth Five Year Plan Document may incorporate a special chapter laying out an elaborate strategy for development of the Northern Hill States on the analogy of the North-Eastern states. Hon'ble Prime Minister Sir, the State has performed well on many fronts in the past. However, these achievements may not be allowed to come in the way of the required level of Central Assistance to Himachal Pradesh as, you would also agree with me, it is always difficult to achieve the last mile goals. I request the Planning Commission to consider enhancing Gross Budgetary Support to all the Special Category States alike. All the Centrally Sponsored Schemes like Sarv Shiksha Abhiyan, Mid Day Meals Scheme, Rashtriya Madhyamik

Shiksha Abhiyan and others need to be funded uniformly in the ratio of 90:10 for all the Special Category States.

31. Most of the Special Category States have strategic importance as they share their boundaries with the neighbouring countries. Creation of new infrastructure and up-gradation of the existing infrastructure specifically with respect to Roads, Rail and Communications in such States is need of the hour due to strategic reasons. A liberal funding from the Central Government would be required to achieve these goals keeping in view the limited resource availability with the Governments of these States.

Environ-
ment
Conser-
vation

32. There is a need to compensate the Himalayan States for conserving the ecology the benefits of which are also reaped by the people residing in other States of the country. The topographical consideration also warrants upward revision of environmental cost norms for creation of physical infrastructure and implementation of other social sector programmes. The expansion of tourism, as an economic activity, requires special attention so that the natural resources are conserved while providing livelihood opportunities to a large number of people in exploiting the potential of tourism in the Himalayan States.

33. The Forest Policy of the State will be reviewed and necessary changes will be incorporated into it to ensure that the natural resource base is not over exploited on the one hand and the livelihoods of those sections of people who depend on the forest resources are not affected adversely on the other.

Financial
Re-
sources

34. I take this opportunity to raise some of the issues which are peculiar to Himachal Pradesh and need

attention of the Planning Commission while making financial allocations to the 12th Five Year Plan for Himachal Pradesh.

35. Sir, the successive Finance Commissions of the Government of India have always been considerate to the State of Himachal Pradesh. However, unfortunately, the Thirteenth Finance Commission was unable to correctly estimate the committed liabilities of the Special Category States. In the case of Himachal Pradesh, the Commission had assumed an average annual growth of 2% in salaries over the period 2010-2015 whereas the increase in the Dearness Allowance alone has been much higher. The Planning Commission taking cognizance of the plan financing problems of the Special Category States had constituted a 'Group on Finances of Special Category States' to explore a reasonable solution to compensate such States during the post 13th Finance Commission Award period. The group has not submitted its report as yet. Hon'ble Prime Minister Sir, I therefore request that the Committee submits its report at the earliest and the State of Himachal Pradesh is compensated by raising financial allocations to the State in order to enable the State to meet its development needs.

36. Hon'ble Prime minister Sir, I foresee an improvement in governance and enhancement in accountability if the Twelfth Plan witnesses implementation of recommendations of the High Level Expert Committee (HLEC) on Efficient Management of Public Expenditure headed by Dr. C. Rangarajan as mentioned in the Draft Twelfth Five Year Plan. The Himachal Pradesh Government endorses its recommendation to do away with the system of distinguishing between plan and non-

plan expenditure along with its other recommendations. Implementation of recommendations of this committee will help in achieving the desired outcomes of the Government Programmes implemented during the Twelfth plan.

37. Sir, it shall be our endeavor to provide a clean, transparent and accountable government to the people of Himachal. The State Government will follow a policy of zero tolerance to corruption. The State Government shall make extensive use of Information Technology to make all the Government procedures and transactions simple and transparent. The innovations in e-governance will be used to ensure timely and effective redressal of public grievances.

38. Hon'ble Prime Minister Sir, I appreciate the recent decision of the Government of India to pass on the subsidy under various Government Programmes directly to the beneficiaries. This will ensure that the benefits of these programmes reach the deserving section of the population. I am glad that four districts of Himachal Pradesh have been identified as pilot districts for implementing the policy. Sir, I am happy to inform you that the State Government has already enrolled 51.34 lakh persons out of its total population of 68.56 lakh under Aadhaar. We shall ensure that soon the entire population is covered so that benefits of development schemes directly percolate to them.

39. I take this opportunity to inform the esteemed members of the Council that the state has adopted a Performance Measurement and Evaluation System (PMES) in the State with the assistance of the Cabinet Secretariat's Performance Management Division whereby

the departments are evaluated for their performance on annual basis with the help of a basic tool – the Result Framework Document. The RFD's of all the major Government departments have been prepared and the Twelfth Plan envisages covering the subordinate and subsidiary offices of all the major Government Departments under PMES. The effort envisages better outcome based planning and utilization of resources in the State.

40. Hon'ble Prime Minister Sir, I sincerely hope that the issues raised by me will be given due consideration by National Development Council and the Planning Commission during the implementation period of the Twelfth Five year Plan. The consultative approach of the Planning Commission would also help in settling the issues arising during the Twelfth Plan. With these words, I thank the Hon'ble Prime Minister, the Deputy Chairman of the Planning Commission and the other esteemed members of the National Development Council for giving me this opportunity to share my view on the draft Twelfth Five Year Plan.

Jai Hind!