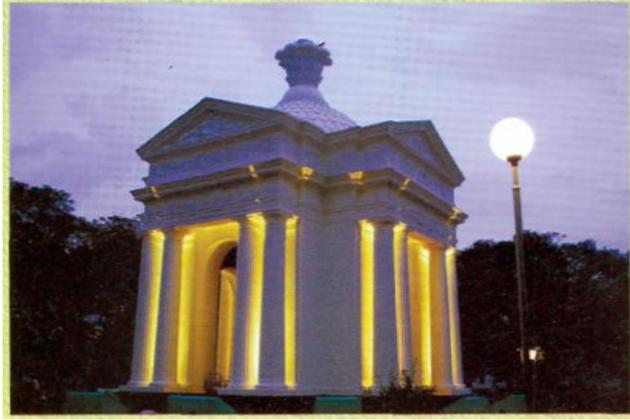




GOVERNMENT OF PUDUCHERRY



Speech by

Thiru N. RANGASAMY

Hon'ble Chief Minister of Puducherry at the

**52nd Meeting of the National Development
Council**

at

NEW DELHI on 9th December 2006

52nd Meeting of the
National Development Council

Hon'ble Prime Minister, Hon'ble Deputy Chairman, Planning Commission and Distinguished Members of the National Development Council,

It is a great pleasure and privilege to participate in the 52nd meeting of the National Development Council convened to approve the Approach Paper for the Eleventh Plan.

2. It is time for us to take stock of the past performance, analyse the achievements made and to accordingly evolve our strategies and priorities to achieve a higher growth rate for overall economic development which would in turn create the desired impact on alleviation of poverty and removal of unemployment. It is also feasible within the available resources to achieve higher growth provided appropriate policies are put in place. I am sure that under the leadership of our Hon'ble Prime Minister Dr. Manmohan Singh our nation shall move forward rapidly in the next five years.

3. The strategy for the Eleventh Plan, namely targeting a growth rate of 10%, extending access to essential public services, achieving an agricultural growth rate of around 4%, reinforcement of rural infrastructure and giving high priority in the areas of power, roads, ports and airports are sure to increase levels of investment and improve the living condition of the poor. The National Common Minimum Programme adopted by the Government must be further strengthened so that the strategies proposed for the Eleventh Plan could be achieved. I assure you that my Government will take all steps to ensure the growth of our economy is accelerated further to achieve the desired rate of growth during the Eleventh Plan.

4. I am happy to report that Elections to the Local Bodies were held in our Union Territory after a gap of 38 years. Now elected representatives are in place to take active participation in the process of Local self-governance. We are in the process of transferring additional functions to these local bodies and to provide adequate funds for their efficient functioning at the grass roots level. I take this opportunity to request the Hon'ble Prime Minister and Hon'ble Union Minister for Panchayati Raj to give liberal central Assistance to strengthen our Panchayati Raj institutions and to carry out various development works in order to meet the aspirations of the people of Puducherry.

5. Focussed attention on agriculture is needed to accelerate the growth rate in agriculture to around 4%. Increasing cropping intensity, improving the productivity of land with cost effective approach, strengthening of marketing network and storage, value addition on infrastructure, narrowing the gap between research and farm yield, timely and adequate availability of inputs, diversification to high value horticulture / floriculture crops, adequate flow of credit for agriculture and allied activities at low rates of interest and offering remunerative prices for agricultural produce, better water management are some important issues.

6. As outlined in the approach paper, one of the major challenges in the Eleventh Plan will be to reverse a deceleration in agricultural growth which has led to the problem of rural distress that has surfaced in many parts of the country, reaching crisis level in some States. The agriculture deceleration is affecting farms of all sizes. Hence, as

suggested in order to reverse this trend corrective policies must not only focus on small and marginal farmers who continue to deserve special attention but also on middle and large farmers who suffer from productivity stagnation. I am sure that the policy shift proposed in the Approach Paper will regain dynamism and achieve the desired levels of growth of 4% during the Eleventh Plan.

7. Reduction of unemployment and removal of poverty are two major issues that need to be addressed through the Planning process. Despite our sincere efforts during the Ninth and Tenth Plan periods, the desired result could not be achieved. Factors such as low literacy rate, high birth rate, inadequate availability of resources to take up major infrastructure projects prevented us from achieving the desired result. I am very happy to note that our planners have recognised the above facts and set targets to achieve these objectives by the end of the Eleventh Plan. These targets will also be monitored at periodical intervals. I assure you Sir, that my Government will take all steps and ensure that targets fixed for our Union Territory are fully achieved.

8. The financial requirements for infrastructure are so large that no amount of resource mobilisation within the public sector can meet them. Therefore, there is a need to identify alternative and imaginative modes of funding. We should harness the resources and energies of the private sector. We should forge relationship whereby our development goals are met on the one hand and the private sector can gain a decent return on its investments. There is also need for financial support in the form of grant from the Government of India for the States / UTs to avail long term credit facilities from financial institutions for infrastructure projects so as to make such projects economically viable.

9. My Government has already taken full advantage of this new approach of forging Public Private Partnerships to speed up the pace of development. As indicated by the Planning Commission a Secretary level officer has been appointed as Nodal Officer for the PPP mode. Based on the advice to States and Union Territories to choose appropriate Mass Rapid Transport System (MRTS) for meeting the traffic needs of the cities and towns my Government will be appointing a consultant shortly to study, suggest and submit a report for an appropriate Territory. This proposal will be included in the Eleventh Plan of our Territory.

10. Launching of the Jawaharlal Nehru Urban Renewal Mission and Bharat Nirman for Development of Rural infrastructure during the last phase of the Tenth Plan needs to be expanded with enhanced plan allocations during the Eleventh Plan. This would go a long way in meeting the funding requirements of States / UTs in upgrading their infrastructure over a period of time.

11. We have made significant strides in the fields of Agriculture by increasing land productivity, achieving crop diversification, exploiting irrigation potential, building infrastructure and creating a well knit input marketing network. But the progress has also brought problems like dwindling land availability, declining watertable, fragmentation of land holdings etc. Due to competing demands on inelastic land resources by urbanization, industrialization and other socio-economic activities, there

has been a constant decline in the net area cultivated. The development strategy under agriculture is to modernize agriculture practices to substantially increase the earnings of the farmers and agriculture labourers. The farmers crops as a part of a crop diversification strategy to commercialize agriculture for better earnings.

12. My Government has formulated many major infrastructure projects like the expansion of Puducherry and Karaikal ports into all weather ports, setting up of a multi-product Special Economic Zone, expansion of Puducherry Airport, setting up of Karaikal Airport, underground sewerage system in Puducherry, etc. The focus would be to complete these projects during the Eleventh Plan. Due to the implementation of these projects the demand for supporting infrastructure facilities will automatically increase in the Eleventh Plan.

13. The present availability of power is about 380 MW. However, this demand is likely to increase with the development of Port, Special Economic Zone and other infrastructure in Puducherry. It is expected that in next 5 years, the demand for power in Puducherry would go up to about 600 MW. We are making efforts to ensure that Captive Power Generation gets promoted with an additional allocation of gas from GAIL. If gas is made available, it will be possible to get another 100 MW capacity installed at Karaikal itself.

14. To seek availability of Gas through private sources we are making efforts. We are exploring the feasibility of generating Gas based electricity within Puducherry by adding another 250 MW in addition to 380 MW available from Central generating stations. This is enough to meet the demand of power by the end of Eleventh Five Year Plan. The Power Finance Corporation of India has also shown interest to provide loan for generation of additional power in Puducherry.

15. I am happy to report that all villages in the Union Territory have been well connected by all weather roads. Our efforts would be towards improving the standard of roads to meet the present day traffic and for smooth and quick flow of materials from village to town and *vice versa*. However, due to rapid urbanization and industrialization the traffic intensity has increased manifold resulting in traffic congestion, poor road / pedestrian safety, strain on public services, stress on road stability and over all degradation of the road environment. Therefore, there is a need to upgrade and strengthen the existing roads to IRC standards in a comprehensive manner including widening, strengthening and standardizing road pavements and junction geometries, construction/ reconstruction of bridges, culverts, subways, flyovers etc.

16. Tourism is another important sector, which is expected to contribute significantly to Puducherry's economy. Many new Tourism infrastructure projects like Arts and Crafts Village at Murungapakkam, development of the Temple Town at Karaikal, beautification of Puducherry and Karaikal Beaches, are ready for implementation on the ground. These projects apart from attracting tourists will provide much needed impetus to the economy. We are planning to organise an annual 'Tourism festival' as is being organised in Singapore and Malaysia.

17. Puducherry is not well connected and travellers find it very inconvenient to travel to Puducherry by public transport as the passengers have to change the mode of transport at Chennai. The electrification of the Puducherry-Villupuram Railway line supported with Express/Speedy train linkages may go a long way in connecting Puducherry with other parts of country. Hence, it is necessary to take immediate steps to increase the frequency of Villupuram bound trains and provide attachment of one or two coaches from Puducherry to these trains. Further, lack of connectivity between Puducherry and Cuddalore, the distance being 23 kms., seriously hampers movement of trains beyond Puducherry. Hence, providing a new Broad Gauge (BG) line between the two towns will help in improving connectivity from Puducherry to other Southern destinations *via* Cuddalore. The ongoing gauge conversion of the Cuddalore-Salem sector will facilitate easy connectivity from Puducherry to Kerala once the Puducherry-Cuddalore line is established. The proposed Puducherry-Cuddalore Broad Gauge line will also enable diverting of trains plying in Chennai-Villupuram-Cuddalore-Chidambaram sector *via* Puducherry which will enable direct connectivity between Puducherry and Karaikal.

18. The Trichy-Nagore-Karaikal Broad Gauge Railway Project was announced in the 1996 Railway Budget. Now, BG Conversion covering Trichy-Thiruvarur sector has been completed and the conversion work upto Nagore and the new extension line work from Nagore to Karaikal is being taken up. The land acquisition for the whole stretch from Nagore to Karaikal has already been completed and land has been handed over to the Railways. In the 2006-07 Railway Budget it has been announced to undertake a survey for establishing Karaikal-Thirunallar-Tranquebar-Thirukadaiyur-Mayiladuthurai line. Since the Thirunallar Temple Town Project' has already commenced, establishment of a Broad Gauge link from Karaikal to Thirunallar may also be considered and accordingly this section may also be taken up along with Karaikal - Nagore sector works.

19. I would like to bring to your attention that on the Information Technology front my Government is in the process of bringing out a Revised Information Technology Policy encompassing IT enabled services to promote Puducherry as an important destination for establishing software development centres. However, the adjoining States of Tamil Nadu, Karnataka and Andhra Pradesh are taking up IT related activities in full swing. Being a small Union Territory we find it difficult to cope with the pace taken up by the neighbouring States. Hence, we would like to have certain special concessions in the IT related field for our Union Territory so that the pace of development will be faster if not on par with the neighbouring States. We are approaching the concerned Ministry in this regard.

20. Over the past few years, this Union Territory has come to be recognised as an Educational hub with many professional colleges being set up. This is one sector where Puducherry could go from strength to strength. While welcoming more professional colleges, we have to take adequate care to ensure that the institutions that are coming up in Puducherry function as centres of excellence. As addressed in the approach paper during the Eleventh Plan, steps must be taken in a major way to expand and improve the quality of the higher education system. I endorse that unless these efforts

are made we will be running into skill constraints which will limit our ability to gain competitive advantage in this area.

21. The Central Assistance to the Union Territory of Puducherry has been the prime source for faster development of Puducherry. Central Assistance and the Union Territory's own resources are two important components of our Plan Finance. Central Assistance for our Plan programmes was of the order of 73% of the agreed Plan outlay for the Seventh Plan 1985-90. It has been reduced over a period of time. The Central Assistance for our Plan programmes for the Annual Plan 2004-05 was only 32%. As a result we have few resources for infrastructural development. I request the Hon'ble Prime Minister to kindly allow at least 60% of the Plan outlay as Central Assistance to fund our Plan programmes during the Eleventh Plan to enable us to take up various infrastructure development projects.

22. Conventionally 35% of the Central Assistance was given as loan and 65% was given as grant. This has been the practice for long. But for the current financial year, the Ministry of Finance, Government of India have advised us to go for market borrowings in respect of loan component of the Central Assistance. It is understood that this advice is based on the recommendations of the 12th Finance Commission. I would like to bring to your kind notice that the recommendations of the Finance Commission are not applicable to the Union Territories. Hon'ble Prime Minister may appreciate that it is very difficult for small Union Territory like ours to raise resources through market borrowings. Hence, the old practice of giving loan to Union Territory under Central Assistance for funding the Plan schemes may be continued in the Eleventh Plan also. Further under Non-Plan the gap between revenue expenditure and revenue receipts is given as gap grant and the gap between capital expenditure and capital receipts is given as loan assistance by Government of India. We approach Government of India again for loan for repayment of the loans thus obtained under Plan and Non-Plan. This has become a vicious circle and the loan burden is increasing every year. I would request the Hon'ble Prime Minister and Finance Minister that the entire outstanding loan may be written off and the loan component of Central Assistance may be withdrawn from the Eleventh Plan onwards.

23. My Government will make all out efforts to achieve the monitorable socio-economic targets of the Eleventh Plan outlined in the approach paper. I would like to inform this august forum that some of the socio-economic targets have been already achieved.

24. With these few words, I endorse the "Approach Paper to the Eleventh Plan" and assure you Sir that Union Territory of Puducherry will strive hard to achieve the targets as envisaged in the Eleventh Plan.

25. In the end, I am thankful to Hon'ble Prime Minister for giving me an opportunity to express my views. I am also thankful to all dignitaries for giving me a patient hearing.

VANAKKAM