

[1 August, 2003]

RAJYA SABHA

THE VICE-CHAIRMAN (SHRI SHANKAR ROY CHOWDHURY): Now, the next Resolution is to be moved by Shri Ramachandra Khuntia. But, before taking up that Resolution, may I just take the sense of the House, as we have got 15 minutes left to five? A sufficient time of two hours is allotted for this, and there are three speakers who would be speaking on this Resolution. Should we continue with it?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI O. RAJAGOPAL): Sir, the hon. Member can move his Resolution now.

SHRI B.J. PANDA: Sir, with 15 minutes extension, we can wind up the discussion on that Resolution also. This is an important Resolution.

THE VICE-CHAIRMAN (SHRI SHANKAR ROY CHOWDHURY): I would like to take the sense of the House. One alternative being suggested is, Mr. Khuntia may move the Resolution, and we will discuss it later.

AN HON. MEMBER: Yes, Sir.

THE VICE-CHAIRMAN (SHRI SHANKAR ROY CHOWDHURY): So, in that case, Mr. Khuntia, kindly move the Resolution and we will discuss it later.

**Declaration of Orissa as a Special Category State**

SHRI RAMACHANDRA KHUNTIA (Orissa): Sir, I move the following Resolution:—

"Having regard to the fact that the State of Orissa is still mired in economic backwardness, fragile resource base, frequent natural calamities including Super Cyclone in 1999, perennial drought and floods, loan burden of Rs. 27,000 crores and interest burden of Rs. 3,700 crores per annum, this House is of the opinion that Orissa is the poorest State in the whole of the country with 47.15% people living below poverty line, 38.41% population of Scheduled Castes and Scheduled Tribes, literacy still

eludes 50% of the population, highest infant death rate per 1000 births, less than 30% irrigated land, 22kg. Fertilizer utilisation per hectare, only 10.42 quintal food grain production per hectare, per capita electricity consumption of 226 KWH, 30% of villages are yet to be electrified, starvation deaths, labour migration, sale of children and young women a regular phenomenon;

this House urges upon the Government to

- (i) declare the State of Orissa as a Special Category State;
- (ii) re-phase the central loan amount and give five years' minimum moratorium for payment of interest on it;
- (iii) approve the long term action plan for KBK districts;
- (iv) include all districts of western Orissa and coastal Orissa as well as Gajapathi and Kandhamala districts in KBK action plan;
- (v) clear all pending irrigation, projects of Orissa;
- (vi) provide special financial assistance for its development;
- (vii) remove regional imbalances; and
- (viii) Provide Grant in Aid by making necessary constitutional amendment."

Sir, through this Resolution, we seek the declaration of Orissa as Special Category State, As we all know, the question of declaring it as a Special Category State started from the Gadgil formula, that is in 1969. The original Gadgil formula was 30% share for three States, including NEC; in the modified Gadgil formula, there was 30% share for 8 States including NEC, then in 1980. In 1990, the NDC revised formula was 30% formula for 10 States including NEC. In 1991, the 30% share was for 10 States, including NEC and as of now, it is 90%: 10% share. That is, 10% share has to be shared by the State Government and 90% will be the Central Assistance, as per the latest revision. And, another State also, the Uttaranchal State also, has been included as a Special Category State.

[1 August, 2003]

RAJYA SABHA

As we all know, there are criteria for declaring a Special Category State. That is also codified. That is, the main criteria for declaring a Special Category State are: hilly and difficult terrain, which Orissa has, low population density, and weak resource base, which Orissa has; and overall economic infrastructure backwardness is a well known fact. The State strategically situated along international border of the country has a sizeable tribal population and most of them have been formed by people from small Union Territories or districts of some other States. This is the demand which has been made by the Congress Party and all other political parties in our State, including all trade unions, and also the State Government; consecutively, since 12 years, all the State Governments, all Chief Ministers have demanded it, and the Orissa Assembly has a special resolution for declaring Orissa as a Special Category State.

Hon. Prime Minister, when he visited Orissa, while responding to the Chief Minister and all other political parties' demand said that he would consider the demand of Special Category State. But, unfortunately, on 25th March, 2003, the hon. Minister in a letter to me has said that Orissa can't be declared as a Special Category State. I think, that also compelled me to bring this Resolution, to draw the attention of this august House to the plight of Orissa. As we all know, Orissa on its own, practically has no scope for capital formation, not to speak of substantial investment opportunities. Five decades of economic Planning by the Central Government, particularly through the eight or nine Five Year Plans and awards of the ten Finance Commissions have hardly had any effect in tackling the State's basic challenging problem of backwardness. On the other hand, the planning process has turned rich States into richer. This is despite the State's vast forest, mineral, land, water and marine resources, which, if thoughtfully and sincerely tapped, would have placed it as the most advanced region on the country's map.

The abundance of natural resources of the State is illustrated by the following facts. It commands 90 per cent of the country's chromate reserves, 86 per cent of nickel ore, 70 per cent of

bauxite, 28 per cent of manganese, 33 per cent of graphite, 31 per cent of rare earths, 26 per cent of iron ore and 24 per cent of coal. Besides, the State boasts of 56,000 sq. km. of forests, 450 km. of coastline and 10 per cent of the country's inland water resources. And such a lavishly endowed Orissa has only five per cent of the land area and four per cent of the human resource of the country.

The lopsided Central planning process, as far as Orissa is concerned, is evident from these statistics. Literacy still eludes 50 per cent of its population. As I have already said, it has the country's highest infant death rate of 126 per 1000 births. I have already given the other statistics. In spite of rich natural resources, Orissa is being regarded as one of the poorest States in the country.

Nothing but the Centre's unbalanced planning approach and injudicious distribution of resources, within the last 50 years of Independence are responsible for the ever perpetuating backwardness of Orissa manifest in ceaseless stories of human plight such as rampant malnutrition, disease, starvation deaths, labour migration and sale of children. No wonder that the clamour for treating Orissa as a Special Category State has become universal in the State, with each political party, whether in power or not, and other forums of activities coming to the conclusion that there is no other way to pull the State out of the morass and enable it to earn a rightful place in the nation's map. Orissa's economic conditions are the same and are worse than the 11 regions now being treated as Special Category States.

Sir, though the Constitution does not mention Special Category States, the Central Government has divided the States into two categories-General and Special - from the point of view of transfer of resources from the Centre to the States. The general principles on which some States are designated as under Special Category are their dominant tribal population, forests and hills abounding their locations, their proximity to international borders and all those things which have been mentioned earlier. The Sixth Finance Commission made specific observations to this effect. This shows the Central devolution of funds to those Special Category States is need-based rather than conditioned by any other norm.

[1 August, 2003]

RAJYA SABHA

And the very socio-economic needs for which the Centre categorised these States as Special are so prominent in Orissa that no sensible planner should choose to lose sight of. Compare some figures relating to the socio-economic profiles of the existing Special Category States to that of Orissa in every aspect.

As for the concentration of the tribal population, it has to be noted that Orissa's tribals outnumber the combined tribal population of 10 other Special Category States. After the bifurcation of Madhya Pradesh, Orissa, I think, has the second largest tribal population.

In respect of the extent of forests and hills, Orissa has more than 35 per cent of its geographical area covered with them. As many as 118, out of State's 314 rural blocks, are tribal blocks in Orissa. And taking the Scheduled Castes into accounts alongwith that of the Scheduled Tribes, the total number of these two poorer sections represents 38 per cent of the State's entire population. Such a large concentration of SC and ST population would explain a major reason for the State's backwardness and the manifestation of which is in the form of malnutrition, disease, hunger deaths and sale of children by starving parents. It has been hitting the headlines in the media over the last few years. We have heard about Kalahandi. We have heard about Koraput, Nowrangpur, Malkangiri, Rayagada, Bolangir, Sonepur, Kandhamal, which are, ultimately, declared as the KBK districts. And, as for the description of this border State is concerned, the 480 kms. of coastal line and other water lines facilitate other people to come to Orissa from Bangladesh, Sri Lanka, etc. The poor resource base of Orissa has been progressively adding to its revenue deficit year after year ever since its inception as a separate State in 1936 and it has reached a staggering figure of more than Rs. 4,500 crores at the end of 1998-99. A huge amount, as current expenditure, was made at the expense of capital investment of the crying needs of irrigation, roads, electricity, health and education and would continue to eat into the vitals of capital formation of the State.

If you look at the financial position of the State, Sir, 47.15 per cent people of Orissa are under the Below Poverty Line when compared

**5.00 P.M.**

to all India's average of 26.10 per cent. The population of SC and ST constitute 22.12 per cent and 16.20 per cent respectively when compared to all India average of 18.08 per cent and 16.48 per cent. The population of SC and ST combined together constitute 38.41 per cent in Orissa when compared to all India average of 24.30 per cent. If the total salary and other financial expenditure, principle and interest payment taken together, it comes to Rs. 6,119 crores during 1999-2000, *i.e.*, Rs. 234 crores more than the total revenue of the State of Orissa which stands at Rs. 5,885 crores. The huge gap between revenue account and revenue receipts in 1999-00 comes to Rs. 2,573.87 crores and constitutes 6.53 per cent of the GSDR. The State has resorted to borrowing on higher rate of interest from year to year. As a result, the State is now in a debt trap. The outstanding loan as on 31st March, 2001, was Rs. 18,100.30 crores. which constitute 46 per cent of the GSDP and increased to Rs. 21,035 crores by 31st March, 2002, which comes to 51 per cent of the GSDR. Now, as on today the total loan of Orissa State has reached to Rs. 33,000 crores. Orissa has now the highest GSDP rate at 46 per cent as on 31st March, 2000, when compared to country's average of 26.33 per cent of the GSDP calculated by the Eleventh Finance Commission. While the State GSDP is 2.23 per cent to the national GDP, the population constitute 3.76 per cent of the country's population. Orissa shares 4.10 per cent of the total debt share of all States put together. Consequently, the debt liabilities have increased enormously.

Sir, the interest payment in 2000-01 and 2002-03 comes to Rs. 2317.60 crores and it comes to 5.35 per cent of the GSDP in 1985-86. In 2001-02, the interest payment was Rs. 3,900.88 crores and the same constitute 6.33 per cent of estimated GSDP. The increase on interest payment is about one per cent of the GSDP every year. As of 2003, the payment of interest is Rs. 3900 crores. The unchecked borrowing has ultimately led to debt trap, bankruptcy and stagnation to economy. Mounting revenue deficit, higher cost of borrowings, and consequently still higher revenue deficit and still higher borrowings by the Government results in that, if the State wants to invest Rs. 100, it has to borrow more than Rs. 500 which is more than 3/4th of the borrowings which do not contribute to the economic formation.

[AUGUST, 2003]

RAJYA SABHA

we all know, the continuous natural calamities like super-Cyclone in 1999, flood and drought in 2001 have completely devastated out the State's economy and the individual economic condition of the Orissa people. Because of the poor financial condition of the State, the restoration and rehabilitation works could not be completed till today. We have to achieve a target, as we have got, of about seven lakh houses under the Indira Awas Yojana for the purpose of rehabilitation, but these could not be completed. Whether it is the money given to the KBK districts; whether it is the money given from the Natural Calamity Fund for restoration and rehabilitation works ... (*Interruptions*)...

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI O. RAJAGOPAL): Sir, It is already 5 o'clock, I think, we can ask the hon. Member whether he would like to finish it today itself.

THE VICE-CHAIRMAN (SHRI SHANKAR ROY CHOWDHURY): Mr. Khuntia, I am sorry to interrupt you. You will, of course, complete your speech. But, could we have some idea how long will it take, because it is already 5 O' clock? Would you prefer to continue on the next day, scheduled for the Private Members Business; or, would you like to finish it today?

SHRI RAMACHANDRA KHUNTIA: I would like to complete it on the next scheduled day.

THE VICE-CHAIRMAN (SHRI SHANKAR ROY CHOWDHURY): Okay, Hon. Members, further discussion on this Private Members Resolution will continue on 14th August, 2003, which is the next day allocated for transaction of Private Members Resolution. Hon. Member, Shri Khuntia, may continue his speech on that day.

The House is, now, adjourned till 11 a.m. on Monday, the 4th August, 2003. Thank you.

*The House then adjourned at one minute past five of the clock till eleven of the clock on Monday, the 4th August, 2003.*