



SPEECH
OF
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MAHARASHTRA

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HON'BLE PRIME MINISTER, DEPUTY CHAIRMAN OF THE PLANNING COMMISSION, UNION MINISTERS, CHIEF MINISTERS, DISTINGUISHED MEMBERS OF THE NATIONAL DEVELOPMENT COUNCIL, LADIES AND GENTLEMEN,

I am very happy to place before you the views of the Government of Maharashtra on several important issues related to the Eleventh Five Year Plan (2007-2012).

Tenth Five Year Plan Performance

The approved size of the Tenth Five Year Plan of Maharashtra was Rs. 66,632 crore. The plan period happened to be period of financial stress for the State, left the State little scope for resources being made available for the plan expenditure. During the plan period total outlay of annual plans approved by Planning Commission amounted to Rs. 59,122 crore and the expenditure incurred during the plan period amounted to Rs. 55,323 crore, i.e. 93.57 %. During the Tenth Five Year Plan period the expenditure incurred in some of the important sectors are - irrigation and soil/ water conservation at 27.54%; social and community services 25.99%; rural development 12.92% and industry and minerals 11.28%.

Maharashtra has been meticulously making adequate provisions for welfare of Scheduled Castes (SCSP) and Scheduled Tribes (TSP). During the Tenth five Year Plan period, the outlays provided for SCSP and TSP has been commensurate with the population i.e. 10.2% and 8.9% respectively.

Growth Rate

The State economy has registered an average annual GSDP growth rate of 8.5% (approx.) during tenth Five Year Plan as against 8% GSDP growth target envisaged in the Tenth Five Year Plan. Sectoral break up of the GSDP growth rate has been approximately 2.9% for primary sector, 8.3% for the secondary sector and 10% for tertiary sector.

Approach to the Eleventh Five Year Plan

We had constituted 13 study groups under the State Planning Board to finalise the approach to the Eleventh Five Year Plan as suggested by the Planning Commission. The study groups finalised their reports and these were taken into consideration while preparing the Eleventh Five Year Plan of the State. The priorities of the Eleventh Five Year Plan recommended by the NDC in the Approach Paper have been incorporated in our plan.

The Eleventh Five Year Plan priorities have been identified as follows :—

- (i) Augment income of people in rural areas through concerted efforts to accelerate growth of Agriculture and allied activities.
- (ii) Emphasis on balanced regional development with a view to achieve the targets of higher economic growth.
- (iii) Public and Private investment on large scale in industry and service sectors for creating the employment opportunities.
- (iv) Completion of incomplete on-going irrigation projects.
- (v) Well-planned strategy for capital intensive and labour intensive industries, with emphasis on inclusive growth.
- (vi) Master Plan for tourism.
- (vii) Public Private Partnership (PPP) in roads, ports, tourism, energy and irrigation sectors.

- (viii) Ensuring connectivity of villages to the nearest road under the Prime Minister Gramin Sadak Yojana.
- (ix) Focus on creating centres of excellence for technical and professional education.
- (x) Controlling population, strengthening of health services, extension of health services, decentralisation and strengthening of divisional referral centres, substantial reduction in IMR, MMR.

Proposed size of Eleventh Five Year Plan

The State has tentatively proposed an outlay of Rs.1,27,538 crore for the Eleventh Five Year Plan. This would be more than double the expenditure incurred during the Tenth Five Year Plan and 91% higher than the approved size of the Tenth Five Year Plan. Keeping in view the need for faster growth in agriculture sector it is proposed to increase the share of agriculture and allied services during the Eleventh Five Year Plan from 6.38% to 8%. Similarly, for education, the share of outlay is proposed to be increased from 5.43% to 6% and for public health from 1.66% to 2.00%. There is no substantial change in proposed share of other sectors.

Targets for Eleventh Five Year Plan

In line with the national objectives, Maharashtra aims to achieve growth rate of 10% per annum during the Eleventh Five Year Plan. Mumbai Metropolitan Region (MMR), that is the area covering Mumbai district, Mumbai suburban district, parts of Thane district and Raigad district, which account for bulk of the industrial and service activity and revenue collection in the State, is to grow at 12% per annum and rest of the Maharashtra will grow at 8% per annum giving an overall growth rate of 10% per annum for the State as a whole. MMR, which is expected to grow at 12% and will spur economic activity in rest of Maharashtra, will require creation of infrastructure facilities to facilitate the growth and to cope with the growth.

Agriculture

Nearly 60% of the State population is dependent on agriculture and allied activities. Even though about 42% of the State population lives in urban areas some of those urban areas are dependent on agriculture and allied activities for their livelihood. In addition more than 80% of the agricultural land is under rainfed condition and large part of the area (more than half) is in the drought prone zone. This has led to low growth in agriculture and the primary sector of the economy growing at a much lower rate than the secondary and tertiary sectors and also low or than the overall GSDP growth. The result is that the share of agriculture in the State Domestic Product has declined continuously from 31% in 1960-61 to about 13% during 2006-07. Simultaneously the services sector accounts for more than 60% of SDP. Improving the lives of 60% of the population dependent on agriculture contributing 13% of GSDP is a challenging task, especially in view of rainfed agriculture subject to vagaries of monsoon in the drought prone areas.

I am grateful to the Hon Prime Minister to have given special emphasis on agriculture during the Eleventh Five Year Plan and increasing the gross budgetary support to agriculture and irrigation from 6.22% in Tenth Plan to 8.55% during the Eleventh Plan. The issue of self-sufficiency in food has again gained importance in view of rising demand for food and lower growth in domestic production leading to imports. The National Food Security Mission launched by the Government of India has included increasing production of rice, wheat and pulses in various districts of the State. Most of the districts of the state get covered for one or the other food crops. We will strive not only to achieve but also to surpass the targets of increasing production of cereals, pulses and oilseeds beyond targets of 13.91 lakh metric tonnes, 4.9 lakh metric tonnes and 8.04 lakh metric tonnes respectively. For this purposes we propose

to adopt the following strategy to augment irrigation or provide protective irrigation so as to improve yields and output.

(1) To develop micro watersheds on 80 lakh hectare by convergence of NREGP, DPAP, NWDPRA, IWDP & other state programmes.

(2) To develop protective irrigation through massive farm pond programme and dug wells.

(3) To repair and remodel malgajari tanks, programme of irrigation tube wells and water bodies for paddy production in eastern Vidarbha, and

(4) To bring more area of gram and rabbi jowar under irrigation.

Efforts are being made to make adequate credit available to agriculture through cooperative banks, commercial banks, RRBs, etc. Speedy implementation of Vaidyanathan Committee recommendations will revamp and strengthen cooperative societies and cooperative banks and further augment timely credit for agriculture sector.

In addition, to encourage timely repayment of crop loan and to maintain the credit cycle uninterrupted, the State has taken a decision to give interest relief of 4% to all farmers for loans upto Rs. 25,000 and 2% to for loans beyond Rs. 25,000 upto Rs. 3,00,000.

Maharashtra has taken steps to implement the Vaidyanathan Committee Report regarding cooperative credit to agriculture sector. Audit of Cooperative Societies is almost complete, the Maharashtra Cooperative Societies Act, 1961 has been amended, etc. **I would urge the Government of India to take a decision regarding recommendations of the Radhakrishnan Committee Report.**

Agriculture depends on vagaries on monsoon as also pests, disease, etc. and to provide support to farming, availability of insurance cover at reasonable premium is necessary. **I would urge**

the Government of India to formalise a design of affordable agricultural insurance scheme at an early date and to make it operational.

Under EGS linked Horticulture Development Programme, mandays generated are 23.33 crore with number of beneficiaries 16.83 lakh. Fruit crop production has increased from 81.88 lakh MT in 1999-2000 to 103.24 lakh MT in 2006-07. Total area under fruit crop production is 14.96 lakh hectare.

Public Private Partnership Projects (PPP)

Maharashtra is proposing to use the public private partnership model in a bigger way. Maharashtra already has a number of PPP projects under execution. These include several road works, development of minor ports, metro railway in Mumbai City, etc. Our aim is to take up all projects, which can be executed using PPP route to be developed through private participation and for this purpose, if necessary, provide viability gap funding. Even after taking recourse to PPP route, there would be many projects, which have to be executed using the State funds. This requirement of fund coupled with government contribution for PPP projects would require provision of about Rs. 25,000 crore in the Eleventh Five Year Plan. The total funds earmarked for viability gap funding in the union budget will need to be increased so as to facilitate more projects being taken up. **We will need the assistance and financial support from the Government of India in the form of increased availability of viability gap funding.**

Many of the infrastructure development projects in the MMR will also require assistance from Government of India by according expeditious forest, environmental and Coastal Regulation Zone (CRZ) clearances. I may also highlight the plight of irrigation projects in Naxal affected districts of Gadchiroli, Chandrapur, Gondia, etc. The forest cover in these districts is much higher than the national average and practically all irrigation projects are held up on account of forest clearance as also the requirement of payment of Net Present Value (NPV) at exorbitant rates of 9-10 lakh per hectare of forestland to be diverted. Presently,

37 major and medium irrigation projects of Vidarbha region are held up and are awaiting forest and environmental clearance. **A mechanism for fast track clearance of these projects will help both in improving the economic conditions of population in the region and also help in meeting the challenge of Naxal activity.**

Mumbai's suburban rail is the backbone of its public transport system. It carries six million passengers every day. However, lack of adequate investment in the system has resulted in severe overcrowding on the trains. As against a capacity of 1,700 passengers per train, it currently carries 5,000 passengers. One recent study has proved that during peak hours, the suburban system carries 16 passengers per square meter. Many passengers have lost their lives by falling off the trains. There has been increasing unrest among passengers who are demanding better travelling conditions and improved services. **I would therefore strongly stress on Railway Ministry's approval to the second phase of the Mumbai Urban Transport Project costing Rs. 4,500 crore.** I may add that we have already agreed to share part of the cost. This will help reduce peak time congestion to half the existing levels. **I would also urge the Railway authorities to expedite the supply of rakes under phase one of Mumbai Urban Transport Project.**

Railway network in MMR and Maharashtra

Indian Railways has an extensive network of rail connectivity in India. Economically and environmentally it is the preferred mode of transport. Railway network in Maharashtra, other than trunk routes, is limited and needs augmentation. When Railways are requested for augmentation of rail network, demand for 50% cost sharing is made by Railways. This is beyond the capacity of state governments. 'Railways' is in list I of the seventh Schedule of the Constitution and is in the exclusive domain of Government of India. **Railway networks should be opened for development on PPP basis. Railway projects may also be covered under the viability gap-funding scheme of the Ministry of Finance.**

International Financial Centre (IFC)

The Expert Committee appointed under the chairmanship of Mr. Percy Mistry has submitted its report to Government of India for development of Mumbai as the International Financial Centre (IFC). This report, apart from various regulatory and administrative issues involved, envisages substantial upgradation of the infrastructure of MMR. This would include not only roads, water, sewage, electricity, housing, office premises but would also require provision of social infrastructure like quality education institutions, recreation facilities, shopping facilities, development of open spaces. The Percy Committee has estimated that the financial outgo on account of Indian entities availing of financial service from abroad (mainly Hong Kong, Singapore, London) is sizeable and undue delay in operationalising the international financial centre will make the project unviable, especially if some other alternative centre develops in Asia or Middle East. Therefore, there is urgency for development of IFC and requisite infrastructure facilities in the MMR. **I would request the Government of India to accord highest priority for development of Mumbai as International Financial Centre.**

Availability of finance for higher education – banking arrangements

Higher rate of growth would also put pressure for availability of qualified manpower. There is thus an urgent need to ensure adequate availability of trained manpower for industry, trade and service sector. The financial condition of parents of many of the bright students is not very sound and therefore such bright students are deprived of the facility of suitable professional education. It is necessary to make some arrangement for making available financial assistance to such bright students for pursuing their professional education and repay this financial assistance over a period of time once they start earning. I would, therefore, suggest that the Government of India, in consultation with various banks, should consider setting up a mechanism for making financial assistance available to these students in the form of

refundable soft loan with nominal rate of interest. **This will have twin benefit of making available adequate trained manpower for the economy as also improve the life of bright students who would otherwise have been deprived of the same due to weak financial position of their parents.**

Irrigation

The livelihood of about 60% of the people in the State depends upon agriculture and agro-related industries. To increase agriculture yield it is essential that time-bound efficient and definite irrigation facilities are created. Presently only 17-18% of arable area is irrigated and more than 80% of area under agriculture is rainfed.

In spite of incurring more expenditure compared to expected investment in irrigation sector during Tenth Five Year Plan period the irrigation potential created will be only 35% of the expected target.

The approach paper has fixed growth rate in agriculture at 4.1% from 2.7%. It is also proposed to increase area under irrigation at double the rate to increase agriculture production. The following criteria/priorities for irrigation sector during Eleventh FYP period is proposed to be adopted :—

- (i) Completion of last mile projects
- (ii) Completion of projects on which more than 50% expenditure has been incurred.
- (iii) Completion of irrigation projects required for liquidation of backlog.
- (iv) Making provisions for irrigation projects in drought prone area and tribal areas.
- (v) No new major or medium projects should be taken up except those required for liquidation of backlog.
- (vi) No new lift irrigation schemes should be taken up at Government cost.

Investment proposed during Eleventh Five Year Plan is Rs. 30,000 crore with potential target of 18 lakh hectares of additional irrigation potential creation.

Presently, on-going 1,246 irrigation projects in Maharashtra with balance irrigation potential of 32 lakh hectares require an investment of Rs. 41,000 crore and the State is able to provide Rs. 4,000 – 4,500 crore per year. Additional investment from Government of India in irrigation sector would help complete the on-going projects and ensure higher growth in agriculture production.

Central assistance for irrigation projects under AIBP should be distributed amongst the states in such a manner that states which have irrigation potential below the national average and states that have above national average share of drought prone area get added weightage for sanction and disbursement of funds under AIBP. Simultaneously, the availability of total funds under the AIBP also needs to be augmented substantially to achieve the Bharat Nirman Programme objective of bringing one crore hectare of land under irrigation during 2005 to 2009. The present limit of about Rs.4,000 crore per annum for all states put together is inadequate and Maharashtra's share for 2007-08 is only about 8%.

I would request the Hon'ble Prime Minister that additional weightage be given while allocating funds under AIBP to states having irrigation below national average and drought prone area above national average. Central outlay for the irrigation projects may also be increased suitably.

I am happy to state that Maharashtra has taken a number of reform initiatives in the water sector in the recent past. This includes adoption of State Water Policy 2003, enactment of Maharashtra Water Resources Regulatory Authority Act, 2005 (MWRRA) and Maharashtra Management of Irrigation Systems by Farmers (MMISF) Establishment of MWRRA and Water Entitlements & Water Users' Association (WUA), adoption of new management practices such as publishing reports on water auditing, benchmarking and irrigation status.

Health

During the Eleventh FYP our focused target will be population control, increase in health services at different stages, strengthening existing health services, extension of health services and increasing scope to rural, hilly and tribal areas to remove intra-regional and regional disparity, decentralisation and strengthening of regional referral centres, substantial deduction in IMR, MMR and birth rate. The targets fixed by State for Eleventh FYP for IMR, MMR, TFR, Malnutrition, Anemia amongst women and Sex ratio are 20, 75, 2 , 24.8, 24.3 & 921 respectively. Allocation for health services in the State Plan has been increased over the years. During the Eleventh FYP, allocations for health services will be enhanced.

Water Supply & Sanitation

The State has focused target to tackle all partial and not-covered rural habitations under the Bharat Nirman Programme of the Government of India and the State funded Minimum Need Programme (MNP) and the World Bank assisted Jalswarajya Project. The State is also committed to address the issue of chemical contamination of water sources in about 10,000 habitations of the State. The State has taken lead in initiating and pursuing the demand-driven approach in the real earnest and has accordingly devolved administrative and financial powers to Panchayat Raj Institutions (PRIs). It is making efforts to empower the village community and develop its capacity to plan, execute and maintain water supply schemes.

85% of water supply schemes in the State depend on ground water. Fast depletion of the ground water being a cause of concern, the State has embarked on both conventional and unconventional methods of Rain Water Harvesting to strengthen the ground water based sources of drinking water. The State is also considering to revise the Ground Water Regulation Act, to check indiscriminate drawl of ground water.

Maharashtra is most urbanised State in the country with 42% population (2001 census) in 247 cities and towns. Cities being the growth engines of economy, the development of adequate urban infrastructure is imperative of economic development. The State is embarking on ambitious reform based infrastructure development programme in the areas of urban water supply and sanitation.

Maharashtra has also launched an ambitious sanitation programme under the name 'Sant Gadgebaba Sanitation Campaign'. Under this programme, apart from creating awareness about importance of sanitation, proper drainage arrangements in the village emphasis on promoting household toilet blocks and making the villages free from open defecation. **I am glad to inform that Maharashtra has received maximum number of Nirmal Gram Puraskar at the hands of Hon'ble President of India.**

JN NURM

I thank the Hon'ble Prime Minister for introducing Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT), to provide basic infrastructural facilities to cities and towns in a manner hitherto unattempted. Maharashtra has taken steps to implement the scheme in right earnest. Already 47 detailed project reports amounting to Rs.6,396 crore have been approved by Government of India under JN NURM and works of water supply, sewerage disposal, connectivity, mass rapid transport and solid waste management have been taken up in seven municipal corporations and 12 smaller cities. Against the release of Rs.668 crore, the expenditure till the end of November 2007 is Rs.428 crore i.e. 64%. Ten more projects are under scrutiny by Government of India and still more projects are under submission. The State is committed to implement Reform Agenda linked with JNNURM/UIDSSMT funding like ensuring transparency in the working of all urban local bodies, making municipal services efficient and people friendly and unshackling laws which prevent free and

market driven transaction of land and property in the cities. **As a part of the same measures, Government of Maharashtra has recently repealed Urban Land Ceiling and Regulation Act, 1976 (ULCRA). Requirement of funds under the scheme may kindly be met as per approved pattern by suitable increase in the budgetary allocation for the scheme.**

I am happy to inform you that these schemes are monitored regularly and a special task force has been constituted for ensuring the completion of the project in a time-bound manner. The Mumbai Metropolitan Region Development Authority (MMRDA) has been designated as a Nodal Agency for JNNURM projects and the Director of Municipal Administration as the Nodal Agency for UIDSSMT projects. Works under JNNURM are monitored under Monthly Information System (MIS).

While I place my sincere appreciation towards the work done by the Ministry of Finance and the Ministry of Urban Development in sanctioning various projects under JNNURM, **I would urge for an early clearance of Mithi River development project costing Rs. 1,100 crore and the Versova-Andheri-Ghatkopar metro project costing Rs. 2,300 crore.**

Energy

Maharashtra is presently under severe power shortage and has to buy power from other States and utilities. This is more because the power consumption has grown at a rate faster than estimated, and generation capacity addition has not kept pace with this. We have drawn up and are implementing a programme for capacity addition, augmenting the transmission capacity and strengthening the distribution network. We have also promoted non-conventional sources of energy, like windmills, solar panels, cogeneration by sugar mills using bagasse as fuel. We are also implementing the 'Rajiv Gandhi Gramin Vidyutikaran Yojana', under which it is imperative to provide electric connection in the habitation areas of the village. **We request the Government of India for expeditious approvals and sanctions under the Rajiv Gandhi Gramin Vidyutikaran Yojana.**

In addition to demand - supply mismatch in the Energy sector resulting in load shedding and loss to economy, I would draw the attention of this house to the phenomena of overdrawl of power beyond sanctioned quota and non-observance of grid discipline by some of the States leading to possibility of a grid collapse. We in Maharashtra have been scrupulously following the grid discipline. However, due to actions of some other states, we are compelled to resort to unscheduled and sudden power cuts in large part of the State, to avert a grid collapse. During recent times there have been occasions when such unscheduled power outages have been on 20-25 occasions in 24 hours. This has caused great resentment in the affected parts of the State.

The present provision of levying a higher charge for such excessive drawl of power does not seem to be a strong enough deterrent to such grid indiscipline. **I therefore suggest that a greater and effective mechanism of enforcing grid discipline on all the states be evolved and implemented at the earliest.**

Central funds for balanced regional development.

Development levels of three parts of the State carved out of erstwhile Bombay State, Hyderabad State, CP and Berar Province at the time of formation of State in 1960 were different and the gap has not been bridged even in last four and half decades. To address this challenge the Hon'ble President of India has constituted three Development Boards for Vidarabha, Marathwada and rest of Maharashtra under the provisions of Article 371 of the Constitution of India. The State Government is making allocations as per directives of the Hon'ble Governor. The efforts at bridging the development gap require additional assistance from Government of India over and above what State Government is able to afford. **The Central Government is requested to provide special funds for development of relatively backward Vidarbha and Marathwada regions of the State on the line of provision it makes for special category states.**

I have highlighted some of the concerns of the state Government and efforts being made to address them. I fully endorse the Eleventh Plan priorities proposed for approval in today's NDC meeting and assure that my State will strive to achieve them.

Jai Hind ! Jai Maharashtra !!