



SPEECH

OF

SHRI VILASRAO DESHMUKH

CHIEF MINISTER OF MAHARASHTRA

**At the Fifty Second Meeting of the National Development Council
New Delhi**

9th December 2006.

HONOURABLE PRIME MINISTER, THE DEPUTY CHAIRMAN OF THE PLANNING COMMISSION, UNION MINISTERS, CHIEF MINISTERS, DISTINGUISHED MEMBERS OF THE NATIONAL DEVELOPMENT COUNCIL, DIGNITARIES AND FRIENDS,

I am very happy to participate in this important meeting of the National Development Council (NDC) to place our views. The main agenda for the meeting is consideration of the Draft Approach Paper to the 11th Five Year Plan prepared by the Planning Commission. I would like to compliment the Planning Commission for preparing a very valuable document. This document deserves serious consideration by all of us gathered here. The first four years of the 10th Five Year Plan has seen many economic changes in the country. The growth rate of national economy has gone up and has now crossed 8 percent and in the current year is expected to be almost 8.5 percent. In Maharashtra the annual average growth rate of 8% in the GSDP was targeted for the 10th Plan. The growth rate in the GSDP for Maharashtra during the first four years of the 10th Five Year Plan has been 8.3%, 7.9%, 8.3% and 8.6% for the years 2002-03, 2003-04, 2004-05 and 2005-06 respectively. This compares quite favourably with the growth rates achieved in the country as a whole.

Approach of Maharashtra : The planning process should aim at reducing disparities in development level and consequent income levels. Balanced regional development should be one of the objectives of the 11th Five Year Plan and the suitable financial allocations should come from the Central Govt. The approach paper emphasises effective implementation of the Scheduled Castes Sub Plan and the Tribal Sub Plan. Maharashtra has been making adequate provisions proportionate to the population for the welfare of SCs (10.2%) and STs (8.9%). Our target growth rate of GDP during the 11th Five Year Plan is tentatively fixed at 10%. Target growth rate in Agriculture, Industry and Services would be 3%, 10% and 12% respectively. We propose to bring down the percentage of population below the poverty line from estimated 16% in 2006-07 to 8% by the end of 2012. Dropout rate among the tribals at eighth standard which is about 50% presently, is proposed to be reduced it by half during the 11th Five Year Plan. We also propose to bring down the T. & D. losses in power sector from present 30% to 20% by the end of 11th Five Year Plan. Maharashtra has already made progress in public-private participation in infrastructure and we look forward to guidance from Centre in this regard.

While the target for economic growth of Maharashtra is 10 per cent, we target a growth rate of 12 per cent for Mumbai Metropolitan Region. To attract investment and spur its economic growth, Mumbai will have to dramatically modernize its infrastructure enabling it to compete with some of the emerging global cities. Our objective is to transform Mumbai into a

world class city that will lead the economic growth of the State and provide better quality of life. Providing greater comfort to the suburban train commuters, introducing the metro rail, establishing the east - west road linkage, road improvement, airport modernization, slum rehabilitation, etc. are some of the important projects that are already underway. I would like to place on record my appreciation towards the Central Government in speeding of the approval process for these projects.

While projects for Mumbai city are identified and funds tied up, we have now entered into next phase of developing an investment plan for the Mumbai Metropolitan Region. We estimate that the total investment in this region would be in the range of Rs. 2,28,000 crore. In our recent meeting with Managing Director, World Bank we were assured of all the necessary technical and financial support to improve the quality of infrastructure so also the services to the urban poor.

Though Maharashtra is amongst the most developed states, we still have major challenges in modernizing our infrastructure. Considering the demands on all our resources, we believe that public - private partnership holds the key in canalizing investment in infrastructure. Maharashtra is already a pioneer in attracting private investments in roads and ports sectors. The first ever Indian Express way connecting Mumbai with Pune has been securitised and is presently operated by a private company. We are now exploring the possibility of private investment in completing the unfinished irrigation projects. We are confident of private participation in the development of major airports, namely Nagpur and Navi Mumbai.

High speed rail connectivity between cities holds immense potential for accelerating the growth rate of Maharashtra and bring people close to the markets and other opportunities. We have already requested the Ministry of Railways to explore the possibility of connecting Mumbai - Nashik - Aurangabad - Pune - Nashik routes with high speed rail connectivity. We hope to see positive action from the Ministry of Railways in this direction.

Environmental clearance has hold up many development projects in power and irrigation sectors. Number of irrigation projects particularly from Vidarbha, where farmers are committing suicides, are stuck up on account of the provisions of Forest Conservation Act. It is necessary to streamline the procedure of environmental clearance in order to overcome intra-State disparities and rural distress. It would be necessary to provide policy relaxations exemption from income tax and excise duty to units set up in these districts on the lines of benefits granted to some of the northern States. Similarly, there is need for relaxation from the provisions of labour laws for the units to be set up in these areas as well as in Special Economic Zones.

10th Five Year Plan - Financial Performance: The approved size of the 10th Five Year Plan of Maharashtra was Rs. 66,632 crore. The plan period happened to be period of financial stress for the State when the expenditure on salaries, interest etc. pre-empted financial resources of the State leaving little resources for the plan expenditure. It was only in 2005-06 Annual Plan that the plan expenditure exceeded the approved plan size. During the plan period total outlay provided amounted to Rs. 67,390 crore. The expenditure incurred so far during the plan period and to be spent during current year amounts to Rs. 58,000 crore i.e., 87 percent of approved 10th Five Year Plan size. During 2005-2006, the expenditure in Irrigation and Flood Control, Energy, Industry and Minerals sectors was more than 100% while in Agriculture and Allied Services, Rural Development, Special Area Programme, Transport and General Service sectors, the expenditure was more than 90%.

Maharashtra has been making adequate provisions proportionate to the population for the welfare of scheduled castes and scheduled tribes. The population of SC & ST is 10.2 percent and 8.9 percent respectively. During the 10th Five Year Plan period, the outlays provided for SCSP was more than 10.2 percent while in respect of TSP the outlays provided matched the percentage of population i.e. 8.9 percent (except during 2004-05).

I would draw the attention of this August gathering to two important issues that affect all the states and need support of this House. These are related to introduction of goods and services tax (GST) and National Small Saving Fund transfer (NSSF).

National Small Savings Fund (NSSF) transfers to the states: NSSF loans are transferred to the states automatically irrespective of the fact whether that much loan is required by the state or not. Besides, the loans have a high rate of interest as compared to other avenues such as SLR based open market borrowings. Currently, bulk of the SLR based borrowings is appropriated by the Government of India and small portion is distributed amongst the states. This has resulted into three adverse consequences for the states :-

- (i) borrowings exceed the requirement leading to costly cash build up in the states.
- (ii) debt burden of the State increases, and
- (iii) the average cost of debt becomes high leading to high interest payment and consequently lesser resources for plan.

To address this problem it is necessary that all borrowings, whether SLR based or under NSSF are distributed equitably among the Government of India and various State Governments on pro rata basis according to their borrowing requirements during the financial year. To begin

with, half the collections under NSSF may be transferred to respective states and the balance half may be made available only to those states that ask for it.

Abolition of Central Sales Tax and introduction of Good and Services Tax : It is matter of some satisfaction that States have been able to act in unison and replace the State Sales Tax by Value Added Tax. It is now desirable that we move towards an integrated national tax on goods and services. In order to reach this goal, it will be necessary to reform the present system of levy of Central Sales Tax as well as Service Tax.

We have proposed that the present system of Central Sales Tax wherein the exporting State taxes the consumption in the importing states be replaced by a system where the tax on inter state sales is paid in advance to the importing State and the importer is authorized to claim input tax credit of the tax paid on his inter-State purchase. The proposal is fully compatible with the basic principles of VAT and also protects the exporting States from potential wrongful claims of input tax credit by any exporter in that State. The State VAT needs to be converted into a standard VAT on goods and services (Goods and Services Tax or GST) consumed in the State. Similarly, Central VAT of Excise and Service Tax can also be converted into a Central GST. That will fulfill the promise of ushering in GST by 2010 made by the Union Finance Minister in his budget speech for the year 2006-07.

I, accordingly, propose that as provided in Article 268A read with Entry 92C in Union List in the Seventh Schedule of the Constitution, both the Union Government and the State Government should tax all services. As regards State GST, inter-State services should be taxed in the same manner as inter-state sales, that is, taxation on destination principle only.

Concurrent powers to states to collect and retain service tax is necessary for the long term fiscal health of the states. If services, the major component of GSDP, remain out of tax net of the states, state will find it increasingly difficult to manage their finances.

Currently, collection from state VAT on goods is equivalent to that from the central excise and the CVD. A 10% central VAT on goods and average 10% state VAT (instead of two slabs of 4% and 12.5%) will generate the equivalent revenue. The collective incidence of tax on goods is, therefore, 20% at present.

Maharashtra, therefore, suggests that both centre and states should move to 'goods and services tax' - 10 per cent as central GST and 10 per cent as state GST. To facilitate this, centre may impose 20 per cent services tax on all services and authorize 10 per cent collection by

centre and balance 10 per cent to be collected and retained by the states on all services. This will also enable states to manage the revenue loss that would arise on abolition of central sales tax. Central sales tax needs to be abolished for a proper VAT, but states cannot afford to bear the loss on CST abolition on their own. Empowering states to collect and retain 10 per cent tax on all services will enable states to bear the CST loss. In short, Kelkar Committee recommendation on GST may be implemented with the modification that both centre and states will have 10 per cent service tax each.

JN NURM (Housing): We are grateful to the Government of India for undertaking The Jawaharlal Nehru National Urban Renewal Mission, which will transform the urban areas in our country during the 11th Five Year Plan. Maharashtra welcomes the cluster approach, under the JNNURM. Under the Basic Services to the Urban Poor Sub Component of JNNURM, Government of India has already approved the housing projects for Pune, Pimpri Chinchwad, Thane, Nagpur and Nashik for constructing more than 68,000 tenements for families residing in slums. Under Integrated Housing & Slum Development Programme (IHSDP) component of JNNURM, Slum Re-development Plans of 29 cities are under active consideration of Govt, of India. The objective of slum free cities is laudable and needs to be pursued vigorously. However, considering that nearly half of Mumbai's population lives in slums, slum improvement and redevelopment is very important. Our approach has been in-situ development unless the land under slums is required for some vital public project. Today such development/redevelopment of slums on Central Government land is not permitted. We request Union Govt, to review its policy and permit slum development/redevelopment on land belonging to central govt. For slums that are situated on lands required for vital public projects, we request that salt pan lands may be made available. The issue is under discussion for long time and early decision is vital and requested.

JN NURM (Infrastructure): Maharashtra wholeheartedly welcomes the initiative of Government of India in improving urban services through the Jawaharlal Nehru National Urban Renewal Mission (JN NURM) and has signed a Memorandum of Understanding for reforms in urban governance. Eight cities have already joined the JN NURM and five of them have already signed the Memorandum of Understanding - Mumbai, Pune, Nagpur, Nanded and Nashik. The city development plans (CDP) detailed project reports (DPRs) from eight cities have already been submitted to Government of India. The projects submitted are mainly for roads; water supply; sewage; solid waste management. Projects worth Rs. 844 crore have already been approved and projects worth another 3,000 crore are under active consideration of Government of India.

For smaller cities not covered by JN NURM, projects have been posed under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and projects worth Rs. 108 crore have been sanctioned and projects worth another Rs. 264 crore are under consideration of Government of India.

National Rural Employment Guarantee Scheme (NREGS) :

Government of India launched NREGS in 200 districts in the country (12 districts in Maharashtra) from 2.2.2006 to provide 100 days guaranteed employment to Rural Households. The scheme is on the line of Maharashtra EGS. Maharashtra launched MREGS w.e.f. 2.2.2006 incorporating better features of both NREGS & State EGS like, guarantee of employment round the year to every rural adult, planning from grassroot level, social audit, ex-gratia amount of Rs. 50,000, maternity leave etc. 31,24,302 families have registered under MREGS so far; 25,33,072 families have been given job cards while 1,91,272 families have been provided employment on demand. An expenditure of Rs. 171.12 crore has been incurred during the first nine months of the scheme i.e. from 02.02.2006 to 31.10.2006.

The necessary administrative arrangements by providing manpower, outsourcing the work and online MIS as per the stipulation of the Government of India has been made. 80 per cent water conservation works are proposed and minimum 50 per cent work by cost are being executed through the gram panchayats. Social audit is being conducted. Arrangements for payment of wages through post offices are being worked out.

The Government of India is requested to bear the commission demanded by the post office for payment of wages and also requested to raise the ceiling on administrative expenses from two per cent to six per cent.

Ordinance regarding Amendment to State EGS Act - 1977 is issued on 31.10.2006 and thereby the MREGS introduced in February 2006 has got legal backing.

Draft notification for revision of minimum wages has been issued by the Labour Department on 30.09.2006 proposing minimum wage of Rs. 66/-.

Rural Development : Maharashtra pioneered democratic decentralization in the country through setting up a three-tier Panchayati Raj system in the state. At present, Zilla Parishads in the state function with a cumulative staff strength of 3 lakh and a budget of Rs. 10,000 crore, which demonstrates that the devolution in Maharashtra is significant and substantive. The State Government has just received the recommendations of the Third State Finance Commission, which would give further impetus to fiscal devolution in the State. In accordance with 73rd

Amendment, the Government is planning to hold elections to the District Planning Committee soon. Maharashtra would also be one of the first states to introduce electronic voting machines in all elections to the Panchayati Raj institutions.

More than two lakh Self-help Groups (SHGs) have been formed in the State. These SHGs, mainly of women, represent a strong expression of women's empowerment and economic independence. They are playing an increasingly important role in the delivery of critical services such as the provision of nutrition in Aanganwadis and mid-day meals in schools. However, these SHGs face a serious credit constraint, despite their record of repayment to commercial banks being extremely positive. Today, the total supply of credit to the SHGs in the State is approximately Rs. 150 crore annually, whereas their credit requirements have increased tenfold. A sharp increase in the supply of credit to these SHGs through all the financial channels would be one of the most critical imperatives of our strategy for poverty alleviation.

The Government of Maharashtra would actively promote Rural Business Hubs, which would give opportunity to the primary producers for improving marketing linkages and becoming part of the supply chain for retail business. The Government is making appropriate changes in its regulatory structure to promote wholesale markets promoted by a partnership of primary producers and retailers. We shall commit necessary state resources for building local competences and skills, and improve the necessary infrastructure for transportation, storage, and processing of agricultural produce. We believe that Rural Business Hubs can provide the platform through which primary producers can participate in an increasingly global economy on equitable terms.

State Housing Policy : Maharashtra is determined to provide affordable housing, particularly to the Economically Weaker Sections (EWS), Low Income Group (LIG), Middle Income Group (MIG). We propose to introduce reforms and liberalisation in the housing sector so that affordable housing is created on large scale. In accordance with the National Housing Policy, the State of Maharashtra has declared the Draft State Housing Policy on 1st November, 2006. The Draft Housing Policy is open for public debate up to 31st December, 2006. It has evoked tremendous debate on proposals like carpet area to be the only basis for sale of flats, credit rating of developers and NGOs, Third party/ Social Audit of Slum Rehabilitation Schemes and mandatory zoning even in private layout for LIG/MIG tenements. Maharashtra also proposes to setup the Housing Sector Regulatory Commission which would balance the concerns of various stakeholders.

Energy : Maharashtra is presently reeling under severe power shortages and is being forced to

buy costly power in inter-state trade. In order to overcome not only the present shortage but also to cater to the anticipated increase in demand due to the accelerated economic activity, MAHAGENCO, the generating entity ensuing from the unbundled Maharashtra State Electricity Board, has drawn up plans of adding 7,225 MW during the 11th & 12th plan period. Out of this, orders for 2,000 MW have already been placed. Except for the proposed imported coal based green field project at Dhopawe on the Western coast, which is to be implemented in a joint venture, all the other projects are expansion projects for which land, water etc. have been tied up. Coal linkage for these expansion projects however remain the major bottleneck. It is requested that the coal linkages as requested by MAHAGENCO can achieve its target.

The State of Maharashtra and Gujarat have together been allotted a coal mine at Machhakata in Orissa. We request the State of Orissa as well as the Ministries of Power and Coal to provide all the necessary cooperation to ensure the required clearances so that coal from this block becomes available for power projects.

For a regulated industry like electricity, it is suggested that upstream inputs such as coal, rail transportation etc. should also be regulated in order to have a more predictable economic environment for the power sector.

Thanks to the efforts made by the Government of India, the Dabhol Project has been restructured and re-commissioned. However, the long term supply of gas to this project is vital but is not yet in place. Hon. Prime Ministers' personal intervention for this has become necessary.

Irrigation : Maharashtra is a water stressed state. Some parts of Maharashtra are in rain-shade area and are drought prone. The monsoon though heavy in the coastal area of Konkan does not provide much opportunity for irrigation and the water flows to Arabian sea. As per the Second Irrigation Commission appointed by the Government of Maharashtra, the maximum likely area under surface irrigation is 85 lakh hectares or 37 per cent of the cultivable area. So far, irrigation potential of 41 lakh hectares has been created through 31 major, 176 medium, 2,153 minor irrigation projects and one lift irrigation scheme. Presently, 55 major, 121 medium, 852 minor irrigation projects and 48 lift irrigation schemes are under implementation and require Rs. 33,750 crore for completion and will add 37.78 lakh hectares to irrigation potential. Of this 1,021 projects are proposed to be completed during the 11th Five Year Plan at a cost of Rs. 28,000 crore and will add 21 lakh hectares of irrigation potential.

The Government of India launched Bharat Nirman Programme to accelerate irrigation development. It is requested that greater central assistance be extended to states. The funding pattern under AIBP needs to be restructured by raising the grant component to 50 percent.

Important project like 'Rajeev Sagar' (Goshikhurd project) in Vidarbha, may, kindly be declared as 'National Project' and fully funded by Government of India.

Irrigation potential created in Vidarbha area of Maharashtra is low even though the region is primarily dependent on agriculture, resulting in dependence on monsoon for agriculture and low productivity. Failure of monsoon leads to financial stress on the farmers and increasing incidence of suicides. One of the reasons for low level of irrigation is that many of the projects under execution or planning require some forest land. Deforestation is a long and time consuming process and affects execution of approved schemes. In addition, stipulation of payment of net present value of the forest cover on the land to be deforested adds substantially to the cost of the project. It is requested that the powers of Government of India for according permission for deforestation of upto fifty hectares of forest land be delegated to the State. Beyond this powers of recording clearance be delegated to the regional offices of the Ministry of Environment and Forest, Government of India. The stipulation of payment of net present value may be dispensed with in respect of public projects like irrigation, water supply, electric lines, access roads for tribal habitations etc. In fact, irrigation projects can help in rejuvenation of the forests by providing water storage.

Maharashtra has taken a number of reform initiatives in the water sector in recent times. These include declaration of State Water Policy in 2003; participatory approach to water services management through an Act in 2005; setting up of Water Resources Regulatory Authority under the Act in 2005; benchmarking and water auditing of irrigation projects; and revision of water user charges.

Drinking Water : Maharashtra has 17,738 uncovered habitations which are proposed to be covered by 2008-09. The water supply schemes are being implemented on a demand-driven basis with community participation at various stages including conception, design, implementation and operation & maintenance of schemes. The powers have been vested in the village panchayats for the water supply schemes. Ten per cent public participation for the water supply schemes is being implemented.

Sustainability of water supply schemes and their operation & maintenance costs however continue to cause concern, especially since many parts of Maharashtra experience drought periodically. During such times the water table goes down or the surface sources of water either dry up or are insufficient to meet the needs. Underground water management and recharge, therefore, are important and are being addressed through participation of local population. Maharashtra also has problems relating to quality of water like fluorides, total dissolved solids,

nitrate, salinity, etc. Such habitations are also being covered under the Bharat Nirman Programme.

Sanitation : Coverage of rural sanitation in Maharashtra till 1980s was around five per cent and in 1991 only 5.8 per cent of families in rural Maharashtra had toilets. Maharashtra launched total sanitation campaign with emphasis on behavioral change by providing education in personal and community hygiene. This resulted in coverage being increased to 20 per cent in 2001-02 and further to 40 per cent as on 31st October 2006. By the end of the year this is likely to increase to 50 per cent. 8 lakh families are constructing toilet facilities each year. It is a matter of satisfaction that Maharashtra has won majority of awards given by Government of India to gram panchayats for sanitation programme - out of a total of 780 gram panchayats awarded by Government of India, 381 are from Maharashtra. This year also 2,956 gram panchayats and three block panchayats have submitted applications to Government of India for awards. Maharashtra is confident of achieving the millennium development goal in sanitation ahead of schedule.

Agriculture: The state broadly agrees with the 11th Plan strategy to raise the agriculture output by emphasizing water and watershed management, by bridging the knowledge gap, diversifying agriculture cropping and energizing national agriculture research system. Some of the suggestions in the approach paper like examining the details of the impediments in the way of social and developmental banking, suggesting innovations that include one time settlement of debt while maintaining the credit discipline and financial prudence need to be pursued in detail and decisions taken thereof. The approach paper also mentions about improving insurance cover for farmers against crop failure as well as accidents and health. The Government of Maharashtra is already implementing unique Farmers Personal Accident Scheme which needs to be accepted and extended to all other States.

The approach paper also mentions about integration between NREGP and National Horticulture Mission (NHM). Government of Maharashtra implements horticulture programme through Employment Guarantee Scheme where farmers do their own plantation and look after plants for three years and are treated as labourers working on their farms. This has helped increase in horticulture produce in the state substantially. This initiative can be replicated at National Level.

The State is aware of the farmers' distress and is implementing the package very effectively. The water conservation works are in full swing and we plan to do better in the next kharif season.

However, achieving 4% growth rate in agriculture may not be possible with the best of

the efforts and intentions at our level as Maharashtra is primarily a rainfed state.

Sarva Shiksha Abhiyan (SSA): The Sarva Shiksha Abhiyan has been implemented successfully in Maharashtra and the achievements include benefit to 3,71,68,900 students under text book scheme, setting up of 895 computer laboratories; construction of 26,785 classrooms; development of 240 Block Resource Centers and 2,901 Cluster Resource Centers; 96,734 students benefited under Inclusive Education; 5,79,391 students benefited through Alternative Schooling.

With successful implementation of SSA during the last and current plan, the pressure for improving facilities and services in the secondary education is bound to increase during the 11th Five Year Plan. It is imperative that the scope of SSA is expanded to include secondary education activities at the earliest.

Higher & Technical Education : Maharashtra has some of the best institutions that impart training in various fields including technical education. However, with rapid globalization, promotion of setting up of special economic zones, public services being provided through public - private participation, etc., the need for newer skills has increased and the educational system needs to be geared to provide individuals with requisite skills. This also requires continuous dialogue with trade and industry. To meet this challenge the Total Education Quality Improvement Programme (TEQIP) is being implemented and under the programme a few institutes have been given autonomy. Government is also planning to promote/ facilitate self-financed universities and foreign universities to provide manpower of requisite skills.

Tribal Development: Maharashtra has a large tribal population of 85.8 lakh that constitutes 8.85 percent of total population. The tribal sub-plan is spread over an area of 50,758 sq. km. - 16.5 percent of total area of the state. Proportionate share of annual plan funds are made available for tribal sub-plan and these areas also get the benefits of other plan schemes.

Our approach to 11th Five Year Plan envisages development of tribals through -

Poverty reduction through self-employment, skill development, development of Small Scale Enterprises by providing soft loans; provision of irrigation facilities and agricultural equipment, procurement of agricultural and minor forest produce and distribution of food in interior areas; integrated and coordinated development of selected areas, to provide self-employment, health services, nutrition to women and children and food security through consumption loan, etc.; improving the literacy and providing vocational as well as professional education in order to reduce the gap between the tribals and others; bring tribal children to the main stream, educating them in private institutions and providing hostel accommodation in

urban centres to inculcate competitive spirit among them is envisaged; provision of gainful employment so as to check infant mortality, malnutrition, migration and indebtedness; and improve infrastructure facilities in Tribal Sub Plan Areas.

Science & Technology: To give impetus to Science and Technology Activities in Maharashtra, Rajiv Gandhi Science & Technology Commission has already started functioning under the Chairmanship of Dr. Vasant Gowariker, with other expert members. Projects like water harvesting, energy conservation, patent information centre, and science centre at Solapur are being taken up in the first phase, by the Commission.

Roads : The 10th Five Year Plan stressed the needs for improving mobility and accessibility. Govt, of Maharashtra has embarked upon road development projects on BOT basis on a large scale. In all 169 projects with an estimated cost of Rs. 21,000 crore are taken up in hand. Out of this 90 projects costing Rs. 3,862 crore have been completed thereby addressing 1,367 km. road length, 97 bridges, 33 rail-over-bridges etc.

In the 11th Five Year Plan, the road development in interior area will have to be taken up in a manner to drive synergy with developed area. A network of 4-lane state highway is being given priority. This will attract movements of traffic and thereby improvement to area along corridors. Govt, has already embarked upon ambitious 4-laning programme of 14 important state highways with a total length of 1,037 km. and costing Rs. 2,000 crore. The assistance from Government of India in providing part of the funds needed for viability gap funding will accelerate pace of road development.

Agriculture Marketing: Govt, has amended Maharashtra Agriculture Produce Marketing (Development and Regulation) Act, 1963, to move away from the monopoly of APMCs in marketing of agriculture produce. The main purpose of the amendment is to increase competitiveness in agricultural marketing and increasing productivity and quality of agricultural produce. This will result in providing fair price to the agriculturist and user and give boost to the agro processing industry.

Industry : The State has put in place its comprehensive Industrial, Investment, and Infrastructure Policy 2006 which targets Industrial Sector growth rate of 10%, Service Sector growth rate of 12% and additional employment generation of 20 lakh by 2010. It has evolved various measures to address critical impediments to growth viz. Infrastructure more specifically Power, Communication, Connectivity etc., human resource development, labour reforms and providing fast track clearances.

The policy aims at incentivising the investment particularly with a view to generate employment, providing impetus to SME sector by creating Conducive Environment for R&D and technology upgradation, facilitating healthy and positive linkage with large industrial projects, streamlining the administration for creating hassle free, industry friendly environment

and offering incentives for acquisition of capital equipment for technology up gradation, for adopting cleaner production measures, for meeting part of the expenses incurred for patent registration, quality certification etc.

The State has promptly responded to the initiative of the Central Government to promote the setting up of Special Economic Zones as engines of growth by passing the SEZ Bill. The provisions in the Bill are aimed at providing an enabling environment and assuring the State's commitment for promoting SEZs. The State is encouraging setting up of SEZs in Public - Private Partnership. SEZ's are aggressively being pursued for the lesser developed areas of Vidarbha & Marathwada especially in sectors which would add value to agriculture produce such as food processing, textiles, agro based bio-tech etc.

Public Health: It is a matter of satisfaction that the State has achieved the target of elimination of leprosy by the end of September 2005. The Prevalence Rate by the end of March 2006 is 0.64 per 10,000 population. Neo-natal Tetanus elimination (less than 1/1,000 live births) has also been achieved. Under the National programme for control of blindness 109% of target for cataract operations was achieved during this year and 96% of these were Intra Ocular Lens (IOL) surgeries. At present birth rate of Maharashtra is 19.1 and death rate is 6.2. The State is second in the rank next to Kerala for Infant Mortality Rate (IMR - 36 as per Sample Registration System).

Large number of Voluntary Counseling and Testing Centres have been started in the state. As per Sentinel Surveillance, HIV positivity in STD cases is showing declining trend in Maharashtra. The Government is also framing work policy for HIV positives in the State.

In addition to various National Health Programmes, two innovative schemes are implemented in the state. Under Navsanjeevani Scheme which is implemented in tribal areas to improve the quality of life of tribal people, pada volunteers, flying squads of medical personnel are functioning to enhance accessibility and availability of services. Jeevandai Scheme has been started for persons belonging to below poverty line and offers free treatment for heart, brain or kidney. Now 'Cancer' also, has been added to it. The financial assistance has been increased from Rs. 70,000 upto Rs. 1,50,000 from July 2006. Upto September 2006 a total 10,394 operations have been performed under this scheme.

We are implementing the National Rural Health Mission whole heartedly and the State health machinery is geared up for effective implementation of various activities under NRHM.

Nutrition: Nutrition is most important aspect of human development. Nutrition & Health are two non separable parts of one coin and need awareness creation about what to eat and what not to eat. Government of Maharashtra is emphasizing on Nutrition & Health Education as important-service delivery through the ICDS programme. There is also need to concentrate on grade two malnourished children.

State of Maharashtra is first state to take steps on Supreme Court's decisions regarding contractors in the supply of ready to eat food under the ICDS. There are about 22,000 SHGs supplying ready to eat hot food in anganwadis. In urban area food is supplied by Mahila Mandal. Soybean is made compulsory in all recipes of the ICDS to improve nutritive value of food supplied in anganwadis. District level committees have been given freedom to make choice of recipe using locally available indigenous food. Attaining food security is important target, and through nutrition and health education, State is working to achieve the same. These efforts have led to education in IMR and incidence of malnourishment in children from 50% in 1998 to 40% in 2006.

Sports & Youth Welfare : To promote and popularise sports and games, State Government has established a Sports University with 11 sports academy in various places in Maharashtra and also prepared sports policy for getting better results at National and International level in sports activities through financial assistance for construction of swimming pools, stadiums, gymnasias and organising sports competitions; financial assistance for national and international competitions and providing special coaching, organising youth welfare activities such as National Integration Camps, leadership training camps, mountaineering camps and social service camps; organising sports competitions in primary and secondary schools and junior colleges.

State Government is geared to organise Youth Commonwealth Games in the year 2008 at Balewadi, Pune and is modernising existing infrastructure up to the international standard.

Water Conservation : For a water stressed state like Maharashtra water and soil conservation offers relief. These works have been taken over the last so many years under the employment guarantee scheme being run the state since 1975. State has declared special watershed development programme for Marathwada and Vidarbha region. Government has also Constituted State Level Watershed Development Council under my Chairmanship, with Dr. Mohan Dharia as advisory member and Shri Vijay Anna Borade as Deputy Chairman.

Under Prime Minister Package 500 check dams per district are to be constructed per year in 6 districts of Vidarbha Region for the next 3 years at an estimated cost of Rs. 180 crore.

Farmers' suicide : State has been witnessing incidents of farmer's suicides for the last 6 years. Six districts; namely, Amravati, Yavatmal, Akola, Buldhana, Washim and Wardha of Vidharbha region are more acutely affected. Deeply concerned about the escalating trend of suicides, state government announced a comprehensive package, in December, 2005, of measures like; ex-gratia assistance to the heirs of the deceased, rescheduling of agricultural loans, arrangement of fresh crop loans, regulating lending by private money lenders, disbursing crop-loans through farmers self help groups, subsidy on crop insurance premium, financial assistance to farmers for enhancing agrarian production and productivity, encouraging subsidiary occupations, promoting agro processing industries through co-operatives, promoting joint farming in cotton and

arranging financial assistance for facilitating community marriages.

The Hon. Prime Minister constituted a fact-finding team of senior officers of Government of India and after the visit to affected areas, in July 2006, Hon. Prime Minister announced a special package which laid emphasis on debt relief, credit flow, interest waiver, assured irrigation facilities, multi-pronged strategy to enhance agrarian production and productivity. So far, in 1,221 cases of assistance given so far includes payment of Rs. 12.21 crore as ex-gratia assistance to families of suicides, assistance of Rs. 2.55 crore for education and health purposes to 3,319 distressed families; Rs. 130 crore assistance to 11.32 lakh farmers; additional budgetary provision of Rs. 882 crore for irrigation projects.

Concerted efforts of various departments of the State and Centre have resulted in arresting trend of suicides.

Animal Husbandry, Dairy Development and Fisheries : Rs. 30 crore have been made available for implementation of special package in 6 districts to provide milch animals, poultry units, goats etc. and another Rs. 12 crore for strengthening the milk collection system. Apart from providing assistance in various forms; it is necessary to establish dialogue with distressed people of these six districts and for this we have decided from next month, to have a television serial that deal with the issues concerned.

State Relief Package :

1) Under the scheme of Organic Farming 60,000 farmers are to be given Rs.25,000 each as financial assistance within three years (2006 to 2009) for the farm implements, bullock carts, pump sets etc.

2) To promote the organic farming practices in the Vidarbha Region Rs. 30 crore are to be made available. Out of this Rs. 10 crore have been released to these six districts of the Vidarbha Region in current year. This programme constitutes production and distribution of 1) Vermiculture compost; 2) Bio dynamic compost fertilizers 3) Neem concentrates 4) Organic farming.

3) To safeguard the interest of farmers from the failure of crops, the National Agriculture Insurance Scheme has been implemented in the region with subsidy of 75 % in the premium for small and marginal farmers for cotton crops and the 50% subsidy to the other crops. The amount of Rs. 20 crore has been released for this purpose.

4) As single time relief to the cotton growing farmers, Rs. 132 crore have been released and 97% of the same is actually disbursed to the beneficiaries. This relief is treated as ex-gratia assistance to the farmers.

Hon.ble Prime Minister of India announced special relief package for the six districts of Vidarbha Region.

The Seed replacement scheme is announced to help the farmers of the Region to procure the best quality seeds at the rate of 50% subsidy. The amount of Rs. 180 crore have been proposed to be spent within three years i.e. 2006 to 2009. The work of distribution of seed has started from current Rabi Season which has covered six districts, 64 talukas through 285 centers of Vidarbha Region.

Rehabilitation : The State Government has established the State Disaster Management Authority according to the Disaster Management Act. To strengthen Disaster preparedness and its management at District level, State Government is committed to establish District Disaster Management Authority. Ever sensitive to the livelihood security issue of project affected persons and to ensure their timely rehabilitation, State Rehabilitation Authority has been setup under the Chairmanship of Minister for Relief and Rehabilitation.

Conclusion : Maharashtra has set target of growth rate of 10 per cent during the 11th Five Year Plan through induction of on-going initiatives and adoption of new initiatives. The growth of services is assumed at about 12 per cent where as agriculture may not grow at more than 3 per cent. Agriculture in Maharashtra is largely dependent on monsoon. We also plan to reduce the percentage of population living below poverty line from the present estimated 16 per cent to 8 per cent by the end of 11th Five Year Plan.

Maharashtra is also committed to participate and execute the Bharat Nirman Programme, the Flagship programmes of Government of India. State emphasis will continue to be on improving the human development index in the State through better health and nutrition, improving education services and revitalizing agriculture. For providing infrastructure necessary to increase growth rate, we propose increasingly rely on the public - private participation model. We have already made headway on this direction and propose to intensify our efforts. Early coal-linkage for additional generation capacity will mitigate not only power shortage condition but also enable additional capacity to meet expected increase in power demand. We are actively promoting and partnering the set up of special economic zones to provide not only growth to the economy but also to provide increased employment opportunities. To meet the varied skills required as a result of increased economic activity higher and technical education system is being reoriented. Economic distress in rural Maharashtra is the cause of serious concern and various measures to increase agricultural productivity and production as also to provide supplementary economic activities to the rural population are being pursued more vigorously. We have whole hearted support of Union Government in our effort. I would take this opportunity to request the Hon'ble Prime Minister to look into the issue of decentralizing powers of according environment clearance, approving deforestation of forest lands and delegation of powers to field officers for according permission where they are required by the Government of India.

I would like to conclude by recommending adoption of two measures outlined for improving finances of the states, namely requirements regarding transfer of national small

savings fund to state and introduction of central goods and services tax and state goods and services tax at the rate of 10 per cent.

I once again thank the Hon.'ble Prime Minister and Deputy Chairman, Planning Commission for convening the meeting of the National Development Council to enable us to place our views for framing 11th Five Year Plan. I would assure that we will make all efforts for implementation of various policies and programmes arising out of deliberations of this Council.

Jai Hind ! Jai Maharashtra.