

## Speech of Shri Vilasrao Deshmukh, Chief Minister, Maharashtra

50th National Development Council Meeting on 21st December 2002 at New Delhi

Mr. Prime minister, Deputy Chairman of the planning commission, Union Ministers, Chief Ministers and distinguished Members of the National Development Council.

I am happy to get this opportunity to place before this august assembly the views of the Government of Maharashtra on several of the important issues with which we are all seized. The Tenth Five Year Plan (2002-07) will be an important landmark in the planning process of our country for two reasons: firstly, this plan is being formulated in the background of the radical changes that have been brought about in the last decade through the policy and process of economic liberalisation; and secondly, this is the first Five Year Plan of the twenty-first century, when India will definitely assume its rightful place as a major economic power.

Mr. Chairman, the approach paper of the Tenth Five Year Plan shows a remarkable identity of views between the Planning Commission and the state government on the priorities which we must now set for ourselves. I do not, therefore, wish to take the time of this forum by touching on each of the issues raised in the Plan Document. I would, however, like to emphasise a few aspects which I think deserve a pointed mention. Before, I do so, I would like to say a few words about Maharashtra's achievements in the Ninth Five Year Plan.

Review of the Ninth Five year Plan (1997-2002) of Maharashtra

### **Financial Performance:**

I am glad to say that despite the resource constraint facing the State Maharashtra could more or less achieve the objectives set out in the Ninth Five Year Plan. The approved size of the Ninth Five Year Plan for Maharashtra was Rs.45,125 crore. Sir, we could surpass this target by achieving a plan expenditure level of Rs.47,788 crore. This included major investments in the crucial sectors of irrigation and roads. Investment in irrigation alone reached an unprecedented 31% of our total plan expenditure while transport and communication accounted for 11.6% which was well above the 9.3% achieved in the 8<sup>th</sup> Plan. The average annual growth rate of the State Gross Domestic Product during the 9<sup>th</sup> Plan was 5.7% and growth in the income per capita was 3.7 %. The per capita income of Maharashtra is much higher than the all India per capita income.

### **Physical Performance:**

During the five year period from 1997 to 2002 the State made significant progress in terms of both economic development and creation of physical and social infrastructure. Fruit production in the State crossed 80 lakh metric tonnes and export of fruits from

Maharashtra contributes significantly to the nation's foreign exchange earnings. Sugarcane production recorded significant increases during this period and Maharashtra is the largest sugar producing State in the country. The expected irrigation potential created by the State at the end of June 2002 was 39.79 lakh hectares and the gross area under irrigation reached 38.14 lakh hectares. Unfortunately, water resources in the State being scarce Maharashtra's agriculture is primarily monsoon dependent and erratic monsoons adversely affected agriculture production in some part of the State or other throughout the ninth plan period. As regards road development, I am glad to say that 99.72% of the villages with population above 1500 have been connected by all-weather roads and 89.78% of the total number of villages in the State have been connected by all-weather roads during this period. On the industrial front Maharashtra continued to attract the largest industrial investment in the country during the ninth plan and played a pioneering role in promoting technology in the IT and BT fields. On the social infrastructure side the State achieved an enrollment level of 93.32% in primary education and 93.01% in girls' education. The percentage of people under BPL was reduced from 36.86 % in 1993-94 to 25.02 % in 1999-2000 and the Employment Guarantee Scheme continued to receive top most priority.

#### **Tenth Five Year Plan:**

The Tenth Five Year Plan 2002-07 is commencing in the background of economic slowdown on one hand and the widespread adoption of policy reforms in various sectors on the other. There is hope that the economy will revive in the near future and investment will pick up. I feel that this is an opportune time for us to modify our goals and reset our priorities and to devise new directions for our policies to take advantage of globalisation and tariff free trade in the post WTO regime.

#### **Approach to the Tenth Five Year Plan :**

Acting on the suggestion of the Planning Commission we had constituted 14 study groups of eminent personalities and experts under the State Planning Board to finalise the approach to the Tenth Five Year Plan. The Study groups finalised their reports and these were taken into consideration while preparing the Tenth Five Year Plan of the State. The priorities of the Tenth Five Year Plan recommended by the NDC in September 2001 in the Approach Paper have been incorporated in our Plan. The Plan has been drafted keeping in mind our unequivocal commitment to the upliftment of the poor and downtrodden in our society.

The Tenth Five Year Plan priorities were accordingly identified as follows -

- (1) Accelerated economic development through infrastructural development (with more private initiative in all possible sectors) for ensuring high speed industrial

development and creating employment on a large scale.

- (2) Growth rate of 8% in SGDP.
- (3) Accelerated Agricultural Development Programmes and search for new opportunities in horticulture, floriculture, high tech horticultural and agricultural exports.
- (4) Water to be treated as the important catalyst of development (irrigation, water shed development, drinking water supply are to be treated as the part of the water policy).
- (5) Thrust on Privatisation thereby ensuring higher availability of funds to be allocated for priority areas i.e. social services package.
- (6) Balanced regional social service packages.
- (7) More efficient social service packages.
- (8) Population growth rate to be brought down below the national average.

The State Planning Board has also endorsed to the above priorities.

#### **Resources for the Tenth Five Year Plan :**

The State's finances are under a severe strain but I have no doubt in my mind that we will be able to work on the situation in the near future. Sir, we are committed to substantial resource mobilisation for matching the needs of the approved Tenth Five Year Plan size of Rs.66,632 crore. We have exceeded the financial target of the Ninth Five Year Plan but it is a matter of great concern to us that our growing revenue deficit and increased dependence on borrowed money has increased the interest burden and put the State's finances under severe stress. We are trying to improve this situation by adopting various measures and I would urge the Central Government to come forward to assist Maharashtra in its endeavours.

#### **States Fiscal Position:**

As you are aware, after the 5<sup>th</sup> Pay Commission award became applicable to State Government employees, the Government of Maharashtra was faced with a sudden resource gap with little funds to meet its planned development expenditure needs. This gap we attempted to plug through substantial short and medium term borrowings both on-budget and off-budget. Unfortunately the debt could only be raised at a very high cost in view of the limited instruments then available. As a result of this large borrowing the State's stock of debt rose from Rs.22726 crore in 1996-97 to Rs.72665 crore in 2001-02 and the debt servicing outflow rose from Rs.3034 crore in 1996-97 to Rs.21279 crore in 2001-02. Of this off-budget borrowing accounted for as much as Rs.1795 crore. In fact, interest as a percentage of revenue receipts rose from 13% in 1996-97 to 25% in 2001-

despite revenues growing at a good rate of around 11%. While the capital receipts could be spent on development projects in the first couple of years the state's net position on capital account soon became negative as the interest burden rose coupled with rising repayment instalments. The result of all this was an increasing fiscal deficit which could not be sustained without active intervention. As a corollary to the fiscal squeeze has also emerged the phenomenon of liability overhang from year to year. This has put immense pressure on the state's ways and means position thus diluting the sanctity of the planning and budgeting exercise. Fiscal Reforms

In order to control the situation we have taken some bold and unpopular decisions. These include several measures to boost tax and non tax revenues, delinking of dearness allowance of state employees from the Central Government pattern and non payment of adhoc bonus for the last two years. As desired by Government of India and in pursuance of the Eleventh Finance Commissions recommendations we have chalked out a "Medium Term Fiscal Reforms Programme (M.T.F.R.P.)" and signed a "Memorandum of Understanding (MOU)" with Government of India whereby we have agreed to put a cap on non-merit subsidies in various sectors, reduce market interventions and restrict the state's direct and contingent subvention for commercial activities. To augment resources and in keeping with the spirit of liberalisation my government has constituted the "Maharashtra Board for Restructuring of State Enterprises" for restructuring, amalgamation, merger, closure, etc. of State Enterprises. The board will recommend measures for disinvestment of the equity capital of government from these enterprises in a transparent but effective manner. We have just introduced a "Fiscal Responsibility and Budget Management Bill" in the state legislature. We have imposed a ban on new recruitment and on filling of existing vacancies (except in the Health, Primary Education and Police Sectors). We have taken a comprehensive review of all existing posts and have declared 29800 posts surplus. We have introduced a novel scheme of special extraordinary leave upto five years for government employees. In this way we are containing salary related expenditure to manageable levels.

You are aware that Maharashtra represents more than 20% of the country's economy and slippages in our infrastructure, social security and regulatory arrangements are bound to affect the country adversely. It is necessary to reverse the slow down in investment immediately and this cannot be done unless the state is seen to be actively pursuing a promotional agenda. The liquidity crunch is a major hindrance which is holding us back and needs to be tackled with a sense of urgency.

Against this backgrounds, my Government has requested the Finance Minister on 5<sup>th</sup> October 2002 for three specific types of assistance;

- (1) A one time infusion by way of grant or soft loan to ease our impossible ways & means situation. This could be used partly to offset our high cost debt and partly to

meet emergent spillover liabilities;

- (2) A pro-active role by the centre in getting for us a special structural adjustment loan from the world bank;
- (3) A directive to the financial institutions like LIC and others to assist us in meeting our off-budget debt burden by way to take-out/roll over financing; and
- (4) A rescheduling of repayment instalments due to be paid to banks and Financial Institutions by the state government and by state PSUs covered by state government guarantees.

I would, therefore, urge you to kindly request senior officers from Plan-Finance and Department of Economic Affairs, Ministry of Finance, Government of India to immediately initiate a dialogue with officers from Maharashtra and find a solution to the financial problems plaguing our state. 12<sup>th</sup> Finance Commission

As a long term measure, I would urge for your consideration a serious review of the terms of reference of the 12<sup>th</sup> Finance Commission. For too long now have progressive states like Maharashtra been penalised for their efficiency and good performance. Weightages for resource mobilisation, expenditure levels on plan vis-a-vis non-plan and output norms need to be revised upward so as to motivate states to perform and demotivate profligacy. Similarly, intra-state income distribution patterns and pressures from migratory flows cannot be ignored any longer. The former is closely linked to poverty redressal issues and the centre cannot wash its hands off the later. Federalism is an important feature of our constitution and the centre should play its legitimate role in defending states which bear its negative fallouts like economic migration. Maharashtra's percentage share of central devolutions will continue to fall unfairly unless these issues are squarely addressed but I also do believe that ignoring them now would be to the detriment of the nation as a whole. In any case I am sure the centre would not like to be seen as giving step motherly treatment to merit worthy states like Maharashtra.

### **Growth Rate**

During The Tenth Plan period the Planning Commission has projected a growth rate of 1.4% in GSDP for Maharashtra. In order to achieve this growth rate the agriculture sector in the State has to grow by 3.56% per annum as against 1.64% in the ninth plan period. However, nearly one third of the area of the state falls in the rain shadow region where the rains are scanty and erratic. In addition to scanty rainfall and limited irrigation (15%), the soil, topography and climatic condition in Maharashtra are also not very favourable to traditional agriculture. As a result, the per hectare crop yields for Maharashtra are in general lower than the National level. During Ninth Five Plan period the compounded annual growth for agriculture in the State was about 1.94% and to reach

the expected level of 3.56% per year in the Tenth Five Year Plan some major policy initiatives will be needed. There is a need to focus research development of high yielding crop varieties and technology oriented agronomic practices suited to dryland agriculture. Crop planning in both commercial as well as food crops if done effectively can result in raising value addition at the micro level besides improving agricultural productivity overall. The Ministry of Agriculture should apply its mind to these issues and advise the state governments effectively.

The projected growth rate for industries in the Tenth Five Year Plan is 8.22 per cent, higher by about 1.65 per cent than the growth rate observed during 1993-94 to 1999-2000. The industrial (Registered manufacturing) growth rate in the state has shown wide fluctuations in recent years and has remained rather subdued during the last 2-3 years. The slowdown can be attributed to global recession, constraints in infrastructure and low demand. Globalization is also leading to restructuring of industries and whereas in normal time we could call this a settling down period, I am afraid, with the present slowdown of the economy, we will need to come up with more innovative schemes for encouraging industries with comparative advantages specific to states. I believe that the emphasis is being rightly shifted from investment in industry proper to investment in industrial infrastructure and this should pay good dividend in the medium term. It is important that all states should adhere strictly now to the uniform floor rate regime and get away from the sales tax based incentives.

The expected growth rate for the services sector in the Tenth Five Year Plan is 8.09 per cent while the actual observed growth rate up to 1999-2000 was 6.68 per cent. Thus the service sector has to grow by another 1.41 per cent in the Tenth Five Year Plan period. Service sector growth depends substantially on agricultural and industrial growth and unless these sectors grow at the rapid pace envisaged it will be difficult to achieve the expected growth rate for the service sector in the State. To promote growth in the services sector we are undertaking a series of initiatives like building a knowledge corridor along the Mumbai-Pune expressway, establishing info-tech parks across the state, augmenting the roads infrastructure through private participation and setting up Special Economic Zones. In the field of IT and BT development the state government has announced an independent IT and BT policy and it is expected that this will encourage entrepreneurs to venture boldly into this sector.

Taking into consideration what I have said above, the goal of 1.4% growth in the GSDP set by Planning Commission for Maharashtra appears to be somewhat on the higher side. But Sir, I would like to assure you that we will try our level best to achieve this goal during the Tenth Five Year Plan.

I would now like to mention some of the important areas of activity which we have undertaken in Maharashtra and the problems relating to these activities which I consider

to be crucial for the all round development of the state.

## **Governance Reforms**

The State Government gives a high priority to governance issues and has taken a number of steps to improve delivery mechanisms and redressal of grievances of citizens. The Revenue Department has launched the *Setu* scheme whereby facilities have been created for the provision of various types of documents required by litigant farmers (specially relating to land records), registration of documents, etc. through a Single Window system on the same day.

The State Government has run a Rajiv Gandhi Pragati campaign and competition for inviting solutions for Good Governance. The Government of India may also like to consider running a similar campaign on All India basis so that Good Governance practices are evaluated and rewarded on All India basis. The State has also started a Lokshahi Din on the first Monday of every month whereby the district Collectors in the districts and I, in the Mantralaya hear people grievances directly.

Activities of the State are being transferred to NGO's, cooperatives and even the private sector in order to rationalise them. The activities of infrastructure development are also being undertaken in the State through joint ventures with the active participation of the private sector. Road building activity in the State has already been transferred to the private agencies on EOT basis. The State is in the process of enacting the Maharashtra Infrastructure Development and Support Act (MIDAS) which will provide an enabling atmosphere for private investors to make major investments in infrastructure development.

## **Poverty Alleviation**

The main issue in rural sector in India, including Maharashtra, is that anti poverty programmes have not been very successful. We feel that objective of the next Plan should be to improve opportunities for the rural poor to meet priority social and economic needs. To achieve this end, we are planning to-

- (i) promote the Self Help Group movement started during the Ninth Five Year Plan further.
- (ii) build the capacity of established local institutions especially the Gram Sabhas to operate in a more inclusive manner in addressing the needs of the poor.
- (iii) encouraging NGOs to participate in rural development.

Micro credit initiative as means to combat poverty through micro enterprise development was one of the alternate rural development strategies in the Ninth Five Year

Plan. The Self Help Group movement needs to be developed to its full potential as a mechanism to trigger development impulses. There are around 45,000 SHGs in Maharashtra under SGSY. Apart from these groups there are several mixed and APL groups. The Government of Maharashtra with the help of MAVIM & NGOs is trying to organise them into federations. Micro credit movement has to be viewed from a long term perspective. Its mission goes beyond development through credit for poverty reduction. These groups can ideally become a medium for convergence of development schemes of different departments like health, primary education, social welfare, etc.

### **Shelter for All**

"Shelter" is closely connected with the physical quality, of human life. Provision of better housing facilities to the poor is an important objective of our plan. The task before us is two fold. Firstly, to provide shelter to the shelterless and secondly to improve disadvantaged neighbour-hoods which are often described as slums. There are various housing schemes for economically weaker sections and lower income groups like the Indira Awas and Gramin Awas Yojanas being implemented in State. However, there is a need to provide housing at affordable rates on a massive scale and these schemes will have to be enlarged several fold to meet the demand. Similarly, schemes like the Lok Awas Yojana, the National Slum Development Programme and the Valmiki Ambedkar Awas Yojana will help improve the living standard of slum dwellers. While grants from the Central Government under NSDP are available for these schemes it is necessary for both the centre and the states to address the dimension of the problem and not merely the design of the programme. As per recent estimates 42 % of the population of the State is staying in urban and semi-urban conglomerates. The estimated shortage of housing in the State is 104 lakh units in urban areas and 206 lakh in rural areas. The financial institutions in the housing sector are mainly geared to middle income housing. Innovative measures are required for leveraging government funds to finance housing schemes for the poor.

### **Water Supply under RIDF**

As a highly urbanised and water deficient State, Maharashtra faces daunting challenges to provide adequate and accessible safe drinking water to the people, especially in rural areas. In spite of spending Rs.2795.06 crore on Rural Drinking Water Supply during 9<sup>th</sup> Five Year Plan period as against the target of Rs.2069.75 crores, there are still over 13000 habitations out of total 86600 habitations in the State yet to be tackled. About 3,000 ongoing schemes covering 9226 habitations still need Rs. 2000 crore for completion. The State has adopted a demand-driven, participatory approach since July 2000 in respect of provisioning of drinking water.

NABARD is assisting both irrigation projects and roads under the RIDF. We are



implementing this programme in the State very well. Unfortunately NABARD has not included water supply schemes in their priority list. If this is done it will pave the way for giving loans to the large number of incomplete water supply schemes at concessional rate of interest. Lack of funds has adversely affected the implementation of both rural and urban water supply schemes in the State. It is necessary to give suitable instructions to NABARD to include water supply schemes in their priority list. It may be noted that we have already adopted the participatory mode of implementing and operating water supply schemes. This will ensure better collection of water charges and hence operational viability.

### **Urban Infrastructure**

Maharashtra State spans over an area of 3.07 lakh sq.kms. with an urban population of 42% encompassing 240 cities and towns which include 19 Municipal Corporations, 21 'A' Class Municipal Councils, 62 'B' Class Municipal Councils and 142 'C' Class Municipal Councils. The State thus has a tremendous potential to attract investment in Urban Infrastructure projects. With the acceleration of the liberalization process coupled with reforms in various sectors the role of the government has changed to that of a facilitator rather than a provider and regulator. In keeping with this spirit my Government has initiated serious structural changes in the urban infrastructure dispensation.

Institutional reforms initiated through the 74<sup>th</sup> Constitutional Amendment Act, 1992 and consequent amendments made by the Maharashtra Government to the Acts governing urban local bodies and the Maharashtra Regional & Town Planning Act, 1966, have not only created an investment friendly environment but also helped to decentralise the functions of Government and in this way paved the way for privatisation of urban services. Some of the specific reform initiatives are :

- (a) Policy to encourage the development of alternative hill stations by private sector (i.e. SAHARA near Lonavala Dist, Pune.)
- (b) Policy for privately developed township (e.g. Magarpatta City in Pune)
- (c) Draft policy for planning and development of new towns by private sector aims to encourage private investment by removing various legal constraints and promoting simplified development regulations and procedures.
- (d) Development of Navi Mumbai, Special Economic Zone through Joint Venture participation. CIDCO has received "Expression on Interest" from 12 leading companies and consortiums.
- (e) Sant Gadgebaba Nagri Swachhata Abhiyan' to encourage urban local bodies to keep towns and cities clean, introducing reforms in municipal management and

adopting innovative techniques in management of urban services.

- (f) Regularisation of unauthorised development in gunthewari areas and providing Infrastructure Services by charging user fees.

### **Special Assistance for Mumbai City**

The state government has been requesting the Government of India to look at the problems facing Mumbai City as a national problem. This city has been attracting migrants in huge numbers from all parts of the country for decades. The responsibility of providing civic amenities rests with the Municipal Corporation. Unfortunately the resources available fall far short of requirements resulting in a gradual deterioration of the quality of the city life. If an urban collapse is to be averted, additional funds are required to refurbish the existing infrastructure, part of which are 50 to 100 years old. The collapse of service in Mumbai City, which is the financial hub of the country will have serious repercussion not only on the city's economy but also of the nation as a whole.

The problems being faced by the City today are in no small measure due to the large migration taking place to the City from various States in the country. Mumbai, due to its economic advancement, is today the leading centre of employment generation in the country attracting lakhs of people to come and settle down there to earn their livelihood. It is impossible to stop this inter-state migration due to the constitutional protection provided to all citizens. However, we feel that it is our right to request the Government of India to extend to us special central assistance to strengthen City's infrastructure, which is already under tremendous pressure.

Government of India had helped the Dharavi slum with a special grant of Rs.100 crore 15 years back. Since then, problems in Mumbai have multiplied manifold. Let it not be said that the Union Government was not sensitive to the problems and needs of this great City. Sir, I therefore request you to grant special central assistance of Rs.1335 crores per annum for the next five years to solve the problems of Mumbai City.

### **Improvement of infrastructure at Airports**

Good Airport facility is essential for rapid development of industry, trade, commerce and tourism. There are 22 airstrips in the State of Maharashtra. Out of these 6 major airports at Mumbai, Pune, Aurangabad, Nagpur, Akola and Ozar are maintained by the Government of India while the other 16 airstrips are maintained by the State Government. Considering their importance for economic development it is necessary to improve the facilities available at all these airstrips. The Ministry of Civil Aviation should chalk out a detailed plan for improving the airports which are under central control and also come up with a centrally sponsored scheme for improving airports under state control. Mumbai Airport is the gateway to India but is ranked amongst the worst

international airports in the world. The facilities at the airport need to be upgraded to world class standards so that international passengers get a favourable first impression of the country upon landing. The need to tackle the problem of slum habitations adjoining the airport cannot be over emphasized. Other aspects which need improvement are facilities for passengers, cargo handling, signages, inter connectivity to the airport and upgradation of roads within the airport area. The State Government will actively co-operate with the centre in any effort it may like to make in improving the airport at Mumbai as this should be treated as a subject of national pride. While on the subject of airports I would like to add that we have approached the central Government to permit the setting up of a second international airport in the Special Economic Zone at Navi Mumbai. We have assessed the need for this airport which will be set up with the assistance of the private sector and we are satisfied that it will enhance the value of the SEZ and help to raise it other SEZs of its type in the world.

### **Power shortage**

Sir, for the first time in decades, Maharashtra is facing acute shortage of electricity. Due to the expectations raised by the Dabhol Power Project no power generation capacity was added during last few years. The Enron Problem and the consequential shutting down of Dabhol Phase-I has resulted in serious shortages. Presently, there is a gap of approximately 1500 MW between demand and supply and load shedding is affecting both our industry and agriculture adversely. I, therefore, request you to kindly provide adequate and assured supply of natural gas to our Uran Gas Turbine Project and also to maintain our share of NTPC allocation. Against our allocation of 4.5 MMCMD gas we are getting only 2.5 MMCMD gas and against our due share of 2287 MW from NTPC we are getting only 1800 MW.

### **AIB Project**

Government of India is assisting irrigation projects which are in advanced stages of construction under the Accelerated Irrigation Benefit Project. Under this programme assistance is given to those projects which have been completed to the level of 75%. However, there are very few projects which have reached there advanced stage in our State. I, therefore, request you that this criteria of 75% be brought down to 50% so that the large number of incomplete irrigation projects of the State can be completed expeditiously.

### **The Sugar Problem**

Maharashtra is the largest sugar producing state in the country and as many 45 lakh sugarcane growers are dependent for their livelihood on this industry. The area under sugarcane cultivation is 8.5 lakh hectares. There are more than 160 sugar mills in the

state employing 1.60 lakh number of people. As is well known the entire industry is currently facing a crisis and this has effected the livelihood of all those who are connected with this industry. The problem has arisen in the wake of falling prices and growing stocks. Due to three years of continuous overproduction the sugar mills in the state have together an unprecedented inventory of 44 lakh tonnes valued at Rs. 5300 crore. This crisis has put the sugar industry and the co-operative banking sector in the State, which is closely connected to the sugar industry, in serious jeopardy. With a view to giving a helping hand to the cooperative sugar mills to liquidate their stock through exports the State Government has taken a decision to give Rs. 1000/- per tonne as marketing assistance for export promotion to the sugar factories in the state. This decision has put an additional burden of Rs.100 crore on the State exchequer. However, despite this assistance the declining international sugar prices are making sugar exports increasingly difficult. Therefore, we request the Government of India to support the industry with export promotion assistance of at least Rs.2000 per tonne. This should be in addition to the transport subsidy already in force. With a view to make export prices internationally competitive the ocean freight at actuals may be reimbursed to the exporting mills. This is WTO compatible. In view of record inventories and likely surpluses anticipated in the next two years a total ban on import of raw as well as white sugar is necessary.

Due to a sudden drop in the sale prices of sugar, a huge short margin (loans from banks on uncovered by stocks) of about Rs.1800 crore has been created. This needs to be converted into mid-term loan for five years without which it will not be possible for the mills to raise the requisite working capital. Necessary instructions in this regard, may kindly be issued to RBI and NABARD. In view of the unprecedented crisis in Maharashtra's sugar industry, we request the Government of India to grant exemption in payment of Excise Duty which is as high as Rs.850 per tonne. This help is required only for one year, i.e. the production season of 2002-03.

## **Social Infrastructure**

We in Maharashtra are conscious that only a strong social infrastructure can serve as the pedestal for rapid economic growth. Our literacy rate is now 77.3% and about 45% of the students are reaching up to the S.S.C. Our university access ratio is about 14%. We should be able to cover the Sarva Shiksha Abhiyan target of enrolling all the children in the 6 to 11 age group in school by the year 2003. We expect the Government of India to provide about Rs.3000 crore in the Tenth Five Year Plan period for the Sarva Shiksha Abhiyan.

During the Tenth Five Year Plan we propose to provide computers to all the Secondary Schools in the State. This would require provision of computers to about 2000 additional schools per year. At the current pace of the CLASS project, only 15 percent of these schools would be covered. I request the council that the budget for the CLASS

project may be at least quadrupled.

I need not overemphasize the need for the special measures for promoting literacy in the educationally backward minorities. Last year my Government sanctioned a project of Rs.6.28 crore, the largest in the country under the Area- Intensive Programme for minorities. The Area- Intensive Programme at present covers only blocks with more than 20 percent minority population. I submit that these are substantial minority population, which cannot be taken up under this project since the minority population of the block is less than 20 percent. We have requested the centre to extend the project to include blocks with a minority populations of 20,000 so that maximum coverage of educationally backward minorities is possible. I would request an early decision in this regard.

### **Increase in the pension for aged and underprivileged**

The state Government is providing pension @ Rs.175 per month to all old persons who are destitute. This is in addition to the Government of India's provision of Rs.75/- per month. The State Government is also providing assistance of Rs.250 to Rs.650 per month per family to other underprivileged groups, such as widows and disabled persons who do not have means of subsistence. The state govt. spent an amount of Rs.262 crore towards its share of this scheme during 2001-2002. It is our view that the rate of pension provided to senior citizens by the Government of India needs to be increased to at least Rs.250 per month along with similar increases for other underprivileged groups. I assure you that our state will more than match whatever increases the centre decides to give in this regard.

### **Projects on Forest Lands**

Development of tribal and Naxalite affected areas is a priority issue with my government. To ensure smooth and expeditious implementation of development projects in these areas it is necessary that some of the powers currently vesting with the centre under the Forest Conservation Act should be delegated to the states. We have been requesting the Government of India for some time to delegate certain powers to the State Government under Forest (Conservation) Act, 1980 involving Forest Land. Specifically the request is -

- (i) Delegation of powers for diversion of forest land upto 5 ha. for non-forestry purpose through out the State as recommended by Sarkaria Commission,
- (ii) Delegation of powers for diversion of forest land for non-forestry purpose for projects aimed at providing infrastructural facilities in the Tribal areas, namely :
  - (a) Approach Roads
  - (b) Electricity Supply and Sub-stations
  - (c) Laying of pipelines and storage tank for water supply schemes

- (d) School buildings
  - (e) Primary Health Centres / Sub-Centres
- (iii) Delegation of powers for diversion of forestland for non-forestry purpose for all development projects in Naxalite affected areas. These areas happen to be the least developed areas of the State. It is, therefore, necessary to carry out speedy development of these areas so that the quality of life of the people is improved and they are not attracted towards the Naxal movement.

### **Externally Aided Projects**

Sir, apart from the special structural adjustment loan which I have asked for earlier we have posed also the Maharashtra Water Services Improvement Project and the Maharashtra Rural Water Supply and Health Education Project and Scheme of up-gradation of Government Medical Colleges for assistance to the World Bank. Suitable instructions may be given to Department of Economic Affairs to expedite the World Bank for early clearance of these projects. Increase in Central grant for scholarships to SC/ST/OBC Government of India's post matric scholarship scheme for Scheduled Castes and Scheduled Tribes provides scholarships at the rate of Rs.90 to Rs.425 per month for different groups. These rates were fixed in 1995. There have been persistent demands for increasing the rates due to increase in costs. This issue needs to be addressed on priority to ensure that the education of these sections does not suffer. The state government has decided to also make the scheme of post matric scholarship applicable to other Backward classes in addition to Vimukt Jatis and Nomadic Tribes covered earlier. This will cost the State Rs.150 crores annually. The total provision for the scheme made by the Ministry of Social Justice and Empowerment for the entire country during 2001-2002 was only Rs.18 crores. This needs to be increased very substantially if our objective of extending the scheme to OBCs is to be implemented.

### **Conclusion**

In conclusion I would once again like to thank you and other members of the NDC for giving me this opportunity for placing my views before this forum. The Tenth Plan marks an important milestone in our planning process as it is built on the economic changes ushered in the recent past and launches us into the 21<sup>st</sup> century. The foundations we lay in this plan would set the pace of development of our country in the early part of 21<sup>st</sup> century. The objectives set forth by the State Government are in harmony with the priorities set out at the National level. Sir, I would like to assure you that my Government will not be found wanting in the implementation of our plan which seeks to develop the country in a holistic and balanced manner.

Thank you. Jai Hind ! Jai Maharashtra !!