

## Speech of Ms. Mayawati, Chief Minister, Uttar Pradesh

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

Hon'ble Prime Minister, Deputy Chairman, Planning Commission, Members of the Union Council of Ministers and the Planning Commission, Chief Ministers of the States and present dignitaries

We are grateful to the Hon'ble Prime Minister for convening the meeting of the National Development Council today to discuss the Tenth Five Year Plan and matters connected therewith. I am confident that we will strive hard to achieve and remain committed to the development targets to be set-up through the National Development Council. The prosperity of the nation depends on the compliance by all the states with total integrity, transparency, sensitiveness, efficiency and effectiveness which are corner stones of the polity. I am grateful to you for providing me this opportunity for presenting our views on this occasion.

Hon'ble Prime Minister, I am happy that the agenda of the Tenth Five Year Plan will be given a final shape on the basis of the norms approved by the National Development Council after considering the Approach Paper to the Tenth Five Year Plan. However, a broad outline of the plan was presented earlier in the approach paper of the plan which was approved by the Council also. Sir, when we go through the document under consideration of the National Development Council, we naturally, first of all, try to search whether the development problems, constraints and their remedial measures have been mentioned or not and also to what extent it would help us in solving our problems. Although, it is not necessary to mention these things with state-wise details but some indication of these must be there in the document. It would be appropriate that there should be a continuous dialogue between the Centre and the states at this national forum so that the expectations of the states get properly reflected in the dreams of development incorporated in the national plan.

Sir, some very important issues relating to systems and policies have been mentioned in the draft Plan, which are essential ingredients for successful implementation of the plan. I am happy that by reiterating commitment to reform initiatives, it has been accepted in the plan that certain obligations attached with development have to be fulfilled and cannot be avoided any more. These include level of living standard of the people, quality of life, increase in per capita income, creation of opportunities for productive employment, appropriate participation of women in labour force, equal opportunities for all sections of the society, poverty alleviation, immediate redressal of the problem of malnutrition in women and children and regional disparities are the important ones.

For achieving an annual growth rate of 8 percent in the Tenth Plan and to double the per capita income in 10 years, we will have to work hard and firm decisions in this regard have to be taken. For attaining the annual growth rate envisaged at the national level, it is imperatively necessary to achieve the growth rate at the desired level for the economically backward states like Uttar Pradesh. In order to give desired impetus to the growth rate of Uttar Pradesh, adequate capital investment will be required for which in addition to the adoption of positive steps by the states, the national policies have to be reoriented in the manner so as to give continuous boost to the economy of the backward states. Apart from ensuring uniformity in the economy and accelerated growth rate, our goal should be to ensure increased and active participation of people specially those belonging to poorer sections. A permanent solution to the problem of the poverty, implicitly requires creation of sufficient gainful and self sustaining employment opportunities. Therefore, in order to achieve these objectives, certain more national programmes need to be launched.

Respected Sir, monitorable targets for the Tenth Five Year Plan and beyond it have been enumerated in the document. Taking into consideration the targets for the big states like Uttar Pradesh, where one sixth of the total population of the nation resides, finds itself in helpless condition to attain these monitorable targets. The multi-dimensional backwardness of the State should therefore be visualised as a national problem, since it affects the interests of the entire country. According to the document, 31 percent of the population is living below the poverty line in the state whereas the corresponding average at the national level is only 26 per cent. Thus, on account of a large chunk of population still living in abject poverty, the growing dissatisfactions, increasing number of educated unemployed and mounting disparities amongst the states poses serious implications for national harmony. A quick solution of which is pressingly needed.

Respected Sir, the per capita income of the state in 1950-51 was Rs.259 which was lower by Rs.8 to the national average of Rs.267 i.e. 3 per cent less only. However, this gap has widened so rapidly that by the end of 2000-01, it has become 41 percent. This rising gap between the state and the national per capita income is a matter of great concern. We all are aware of the fact that the quality of life in rural areas is inferior in comparison to urban areas. Almost all the facilities necessary for healthy living are absent in the rural areas. In Uttar Pradesh, a little more than 80 per cent of the population is living in the rural areas and in the absence of these facilities, they are living miserable life. Besides, on the basis of various socio-economic development indicators, the backwardness of Uttar Pradesh presents a concrete example of the absence of regional balance. Meaning thereby that in the significant areas viz., improvement in the quality of

life, employment generation, reduction in the incidence of poverty and regional imbalances, the responsibility of the government has been manifestly underlined in the plan, but the comparative position of Uttar Pradesh is not satisfactory. Therefore, special measures are urgently required to be undertaken to make meaningful improvement in the situation of the most populous state of Uttar Pradesh. Drawing your kind attention towards some of such issues, I would like to request you, Sir, to initiate these measures at the earliest so as to build up confidence that the responsibilities, which the government has accepted, will be appropriately carried out through plan

1. Some of the areas of the country are prosperous and rich whereas some others are backward and poor. In various plan periods, efforts were made to bridge the gap between developed and backward states but regional disparities instead of narrowing down have, in fact, widened. Therefore, it appears implicitly inevitable from the development targets of the Tenth Plan that effective measures to reduce the regional imbalances are urgently required and should be taken as a national challenge
2. Scheduled castes, scheduled tribes, backward classes, minorities and women classes are socially and economically backward and are unable to reap benefits of available opportunities of development. Therefore, during the Tenth Five Year Plan, some firm steps will have to be taken for the development of these classes.
3. As per national target, villages/basties having population up to 500 are to be connected through link roads by the year 2007. For this, necessary resources would be made available through Pradhan Mantri Gram Sarak Yojna. At present, in the state of Uttar Pradesh, 27398 villages/basties remain to be connected by the link roads for which a sum of Rs.11361 crore is required. For this purpose, the State is receiving the amount at the rate of approximately Rs.350 crore per annum. This target will be achieved only when in view of the number of residual villages, requisite resources are made available by the Central Government.
4. For an all round development of rural areas, electrification plays a significant role. Although rural electrification programme has been included in Pradhan Mantri Gramoday Yojna by the Government of India, all the villages of the country are targeted to be electrified by the year 2007. But with the amount being made available, it would not be possible to saturate all the residual villages even after 15 years. So, the Government of India should provide sufficient amount for rural electrification.
5. After the creation of Uttaranchal State, the forest area in Uttar Pradesh has

reduced from 17 percent of the reporting area to 7 percent only. From the point of view of friendly environment, it is imperatively necessary that the forest area/cover is brought to the desirable level. Most of the hydro-electric generation sources are also out of the jurisdiction of the state now. The depletion in the natural resources is a matter of great concern for the State. To compensate this, a special economic package needs to be declared for the State.

Hon'ble Sir, one very pertinent point indicated in the plan is with regard to the manufacturing sector of the economy, the development of which, if does not witness a significant step-up or pace of industrialisation does not gain substantial momentum, agricultural development for employment generation as well as alleviation of poverty will remain the mainstay. In this context, greater stress has been laid on the accelerated development of the agriculture sector during the plan and for this, the growth rate is targeted at 3.97 percent. This target can only be achieved if in the agriculture dominant states, specially those which have sufficient potential for agriculture development, a substantial growth rate in agriculture is ensured. Uttar Pradesh is an agriculture dominant state which has considerable potential for agriculture development. The two economic regions viz. Eastern and Bundelkhand are agriculturally backward regions. If in these regions, the growth in agriculture sector becomes high, then the state would gain economically but it is only possible if sufficient investment is made. In Uttar Pradesh, unless a shift from food crops to the commercial crops, adoption of new agricultural technologies and generation of productive employment through agro-based industries and non-agricultural occupations are not achieved, the dependency on agricultural can not be reduced. Agriculture development will only be successful if desirable investments are made in the sector.

Respected Sir, the agriculture plays a vital role in the economy of the country and the main source of income of the people. The share of agriculture in the national income is about 24.7 percent and about 64.8 percent of total workers are engaged in the agricultural sector. It has been spelt-out in the plan document that there has been a reduction in agricultural income. This is a matter of concern because, it affects the income of sizable workforce engaged in this sector. In this respect, the status of Uttar Pradesh emerges to be still more pitiable. The share of agriculture in the total income of the state has come down to 33 percent from 42 percent during the last decade, but there is hardly any decline in the share of work force which is about 72 percent in this sector. Consequently, the per capita income in agriculture sector in the state is much lower as compared to other sectors in the country. Poverty and unemployment in the state of Uttar Pradesh are the outcome of this very imbalance. In the State, the annual growth rate in agriculture is almost

stagnant. Till the generation of employment opportunities in other sectors of the economy is not achieved in such magnitude which may result in shifting of people from agriculture to other remunerative sectors/areas, there hardly appears any alternative of meaningful reduction in the size of un-employment, under employment and poverty.

It has also been highlighted in the plan document that the main objective will be to divert manpower engaged in agriculture sector to other sectors and to create 10 million new employment opportunities in the country per annum. There is a significant potential for the development of agriculture in the State but there is a limited scope for creating new employment opportunities in this sector. However, other agro-based areas like dairy, poultry, etc. have vast employment potential. In addition, industry or manufacturing sector is such an area where opportunities of gainful employment can be generated. In this sector, the un-organised sector i.e. small and cottage industries are more labour intensive and more employment opportunities can be created but the problem is with regard to the growth of these industries is that new industries are attracted only towards prosperous areas. The regions, lacking the basic infrastructure facilities, are hardly able to attract these industries. In this context, this question remain unanswered as to how employment opportunities of such a high magnitude would be created. In order to realize the national objective of employment generation, it becomes highly imperative for the State to make considerable efforts so as to come up to the expectations. At the same time, it also appears logically necessary to have flexibility in the national policies so that new employment opportunities get created in the backward areas.

Respected Sir, growth rate in other sectors of the economy, specially manufacturing sector has special significance in addition to that of agriculture sector. In the plan document, a growth rate of 9.82 percent has been envisaged for this sector. Although, this target in the present situation may appear to be pragmatic but this hardly offers any satisfactory solution to our problem of the unemployment, poverty, etc. In view of the fact that if present trend continues, the capital intensive industries, as usual, are bound to grow in the manufacturing sector so much so to further reduce the share of labour intensive industries. So, we should not presume that the growth rate targeted at 9.82 percent will be able to generate adequate employment opportunities so as to siphon-off major portion of surplus workforce from the agriculture sector. The situation of the state like Uttar Pradesh regarding surplus workforce in agriculture is grave with no sign of shifting of workforce. On the other hand, there is an acute shortage of infrastructural facilities viz., electricity, road, etc. needed for the expansion of manufacturing sector. As a result, the regions, where these facilities are relatively better have witnessed naturally higher growth in these sectors. This trend can not be reversed in the present era of economic reforms with

declining participation of public sector and increasing role of private sector. Respected Sir, it would be quite appropriate if backward states are provided with adequate financial resources for infrastructural development.

Respected Sir, we are confronted with the adverse effects of deteriorating financial condition of the states. On the one hand, the role of states in development has increased and while on the other hand the share of states in the total outlay of public sector has been declining. Respected Sir, the issue of resources for the plan has been highlighted in this plan document. We all agree that the unproductive expenditure should be reduced and more resources should be generated for the development. In our state, we are making efforts in this direction and hope that these efforts will bring fruits after some years and there would definitely be improvement in the situation. But, we need central assistance for this purpose. The state is confronted with main problem of debt burden and its repayment. Although, this problem is not confined to the state alone but the Centre will have to find some positive solution. Otherwise, the financial position of Uttar Pradesh along with other states will further worsen. I, therefore, request you to seriously consider this issue and find some solution.

Respected Sir, I have attempted to present some important development issues. The Tenth Five Year Plan is of paramount importance to us. We are lagging behind in the race of development. We will make an all out effort to bring our state at the level of the developed states and in the national stream.

Respected Sir, a consistent growth rate of 7.6 percent has been indicated for Uttar Pradesh in order to achieve the national target. The Tenth Five Year Plan of the State has been formulated in accordance to the national targets. Keeping in view the necessities and requirements of state's economy, the growth rate for the state's economy has been fixed at 8 percent per annum and agriculture, industry and other sectors has been targeted with growth rate of 5.17 percent, 12.36 percent and 8.6 percent respectively. An investment of Rs.364645 crore would be required to attain the targeted growth rate. During the Tenth Plan, agriculture development has been accorded top priority. Besides, encouragement will be given to all such activities which increase production and attract farmers to grow high value crops. Economic infrastructure like energy, irrigation, transport will be encouraged. Gainful and productive employment will be ensured so that the workforce from agriculture sector may be diverted towards other sectors. Substantial step-up in the literacy rate, reduction in infant mortality rate (IMR) and improvement in the quality of health services will have to be ascertained in order to control population growth, potable drinking water facility in both rural as well as urban areas will be made available

and improvement in the socio-economic condition of disadvantaged group of the society will be the main thrust and priority.

Sir, I would like to indicate some salient features of the Tenth Plan. Incidence of poverty in the year 1999-2000 stood at 31.15 percent which is targeted to be reduced to 25.41 percent by the end of the Tenth Plan. Like-wise, generation of additional employment to the tune of 81 lakh and reduction of gender gap in literacy will be given special emphasis. Along-with this, the birth rate will be reduced from the present 32.1 per thousand to 22.0 per thousand, death rate from 10.2 per thousand to 9.0 per thousand and infant mortality rate from 84 per thousand to 70 per thousand. Women empowerment along with formation of self help groups would particularly be encouraged. In order to optimally utilise the limited funds, sectoral convergence has been introduced for the resources to be made available through different activities of the departments.

Sir, we have taken various steps for fiscal and administrative reforms. With a view to bring desired pace in the growth process and financial stability, wide ranging economic programmes have been initiated. Renovation of user charges has been done with a view to providing better services to the public. The strength of the state government employees is being reduced at the rate of 2 percent per year. Re-organisation of irrigation sector in order to ensure participation of farmers in water management is also under process. Efforts have been made to rehabilitate loss making public sector enterprises so that they may become profit earning and retrenchment of employees may be avoided. Voluntary retirement scheme is also being extended.

The reforms in energy sector has been taken by the State as challenge. Dissolution of state electricity board also requires creation of confidence among employees that the reform programme is in the interest of employees. Active participation of central government is therefore needed in the energy sector reform programme. Assistance should also be made available to power corporation in order to compensate the losses incurred during the initial years. Sir, vigorous efforts are being made for the development of Uttar Pradesh. About 99 proposals worth Rs.451 crore have been received in the first six months. About 1626 acres of land has been developed for the establishment of industrial city, Tronica city. The state is committed to provide infrastructural facilities to investors and the strategy of least interference is therefore, being followed in the administrative system.

Under the new industrial incentive policy, three economic zones will be established which will include NOIDA, greater NOIDA and Agra. Besides, three special economic zones viz., greater NOIDA, Bhadohi and Kanpur will be established in which infrastructural

facilities of international standards will be made available. Medical University in the name of Chhatrapati Sahuji Maharaj has been established with an investment of Rs.600 crore.

A process of earmarking a definite proportion of total plan outlay on the basis of Scheduled Castes and Scheduled Tribes population and keeping it separately at the disposal of the social welfare department has been initiated. Ambedkar Gram Vikas Yojna is being implemented effectively to provide basic facilities to weaker sections of the society. Selected Ambedkar villages in this scheme are being saturated with 11 developmental facilities. Representatives of the World Bank have appreciated and expressed desire to extend assistance in view of the success of this scheme. A massive programme has been prepared which will cover 10,000 villages every year in the Ambedkar Gram Vikas Yojna.

Sir, the Planning Commission has initiated Rashtriya Sam Vikas Yojna in the hundred selected backward districts of the country. For this scheme, 20 backward districts of Uttar Pradesh have been selected. I extend my special thanks to Hon'ble Prime Minister for extending an assistance of Rs.15 crore per district per year for three years under this scheme. However, you will agree Sir, that an amount of Rs.45 crore is not adequate for the integrated development of a backward district. To fill up critical gaps of infrastructural facilities, poverty and unemployment, in these districts, the total required investment would be far greater. The state government is committed to provide necessary assistance from its limited resources. I would like to request that the central government should provide atleast Rs.100 crore for each backward district.

Having expressed my views for the plan and its related issues, Hon'ble Prime Minister, I would seek your permission to bring in your kind notice certain other relevant points, which in todays context, are highly significant for Uttar Pradesh. Although, attention has been drawn towards these points at different forum. Since certain points for the overall development of the State are to be decided only at the level of the National Development Council, I would request for a general consensus on such points.

1. The rate of direct capital formation in social sector schemes and certain other schemes is very slow or direct capital formation does not take place at all. The economic profitability of such projects is not such that total loans could be repaid within scheduled period. Therefore, we should decide that 50 percent of central assistance to the states should be made available in the form of grants.
2. Loans under AIBP for irrigation works are being available to the States by the Centre. In view of precarious economic situation and the problem of loan repayment of the States, it appears necessary that the centre should provide assistance in the



form of loans and grants in the aforesaid programme, as in case of Normal Central Assistance.

3. The amount of Central share under the Centrally Sponsored schemes of rural development is being released directly to implementing agencies at the district level by the central government, which is not consistent with federal fiscal system. This has resulted in not only the problems related to administration and financial discipline but the implementation of the programmes is also getting delayed. Therefore, in view of these consequences, which are against the objective of the system itself, the amount under these schemes should also be made available to implementing agencies through the State Government.
4. Under National saving scheme, the central government has taken the decision to transfer the deposited amount on cent percent basis to the state to reduce their indebtedness, out of which 20 percent of the funds should be utilized for high cost loans. This is a laudable decision. This measure would undoubtedly help the states to reduce their high cost loans but due to the implementation of this schemes in the midst of the financial year, has caused an adverse effect on the estimation of resources for funding this scheme and this will naturally affect the plan expenditure. Hence, my suggestion is that this scheme be implemented from the next financial year.
5. The repayment period of loans should be comparatively longer for the backward states whose financial position is weak. Also, the rate of interest should be lower in order to lighten economic burden on them. This is particularly important in case of those loans which are made available by the financial institutions viz. RIDF, REC, NABARD etc. and are used for rural development.
6. We have so far gained the experience of several Five Year Plans in the field of planning and development. The excellent knowledge and experience in respect of our development needs are available in the states. The states can themselves efficiently carry out the appropriate prioritisation of development needs and allocation of limited resources. Therefore, more flexibility and participation of the states in the formulation as well as implementation of Centrally Sponsored Schemes need to be ensured. The number of Centrally Sponsored Schemes should be kept at the minimum and the total assistance admissible to the states in the remaining schemes should be pooled at one place and distributed among the states on the basis of approved formula for the normal central assistance with the amendment that such assistance, on cent percent basis, is made available to them

in the form of grants and transferred schemes should be completely left on the rationale and prudence of the states.

7. The condition of backward regions is getting further deteriorated on account of stoppage of special facilities, which were available to them under the liberalisation and new industrial policy. It, therefore, appears a need of launching Backward Area Development Programme for the balanced regional development on the pattern of Border Area Development Programme.
8. The investment from scheduled commercial banks is quite inadequate in Uttar Pradesh and the credit-deposit ratio is on the decline. Likewise, situation with regard to loans/advances received from the All-India Financial Institutions viz. IDBI, ICICI, etc. also does not emerge satisfactory. Out of the total amount of credit advanced by these institutions at the national level, the share of Uttar Pradesh amounts to only 6 percent, which is far less as compared to 16 percent share of the State's population. Therefore, there is a pressing need to enhance credit flow in the State through these financial institutions, for which after due consideration, appropriate arrangement need to be done at the central level.
9. In the absence of proper maintenance of assets created under different schemes/programmes, there are serious problems of their maintenance at present. It appears, therefore, relevant that a separate NIDHI be created by the Central Government for the maintenance of assets and assistance to the states be made available from this NIDHI.

I am very much grateful to Hon'ble Prime Minister and all other dignitaries of this council for giving a patient hearing to me. I assure you Hon'ble Prime Minister on behalf of the government and people of Uttar Pradesh that we pledge and remain committed to attain the development targets, which have been determined for us today through the National Development Council.

Today, we all are confident that we shall emerge successful in the execution of the Tenth Five Year Plan along-with all decisions taken today under the efficient and dynamic leadership of the Hon'ble Prime Minister.

Thanks!