



SPEECH

OF

SHRI JAYANT PATIL

**FINANCE AND PLANNING MINISTER OF
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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 major item for consideration is the Mid-Term Appraisal of the 10th Five Year Plan prepared by the Planning Commission. At the outset, I would like to compliment the Planning Commission for preparing a very valuable document, which takes stock of the status of the economy at the national level as well as in the various states, the shortcomings and challenges which we face at this juncture and the various options which are available to us to chart our future course of developmental efforts. This document deserves serious consideration by all of us gathered here.

2. The first three years of the 10th Five Year Plan has seen many economic and political changes in the country. Amidst this flux, economic growth is regaining some momentum even though it is below the targets set in the 10th Plan Document. An annual average growth rate of 8% in the GSDP" was targeted for Maharashtra for the period covering the 10th Plan. The growth rate in the GSDP for Maharashtra during the first three years of the 10th Five Year Plan has been 7.85%, 7.35% and 7% for the years 2002-03, 2003-04 and 2004-05 respectively. This compares quite favourably with the growth rates achieved in the country as whole.

3. Even while the growth rate has turned robust, certain unfavourable trends still persist. The growth rates for the agriculture sector in Maharashtra have remained tardy. In fact, Maharashtra has passed through a difficult period with rains failing for four successive years. Given the fact that agriculture in Maharashtra is mainly rain-fed, the drop in agriculture production has not only adversely affected the overall growth rate of the economy, but, in fact, due to drought conditions in vast areas of the state, scarce resources have had to be diverted to save the population from the misery attendant upon drought.

4. In spite of the drag of the drought conditions on the economic growth within the state, and stress on the state's finances, the state's fiscal position is now seen to be stabilizing. After over a decade, revenue balances are being restored, and the state has presented a revenue surplus budget for the year 2005-06. The fiscal

correction has not been automatic upon accelerated economic growth. Though revenue receipts have shown a healthy growth, other steps towards prudent fiscal management taken in the recent past have now started to show results. The fiscal position is now being consolidated further by taking certain important decisions to strengthen the institutional framework. Maharashtra has recently enacted the Fiscal Responsibility Act, which seeks to keep a tight control on the Revenue Deficit and Fiscal Deficit apart from moving the Government to adopt a medium term fiscal framework. With the restoration of the fiscal health, Plan expenditures and the entire planning process will assume a more predictable course, which in turn should lead to improved outcomes.

5. The state's fiscal stability and plan outcomes are integrally linked. The Annual Plans were a major casualty of the fiscal instability suffered by most states from second half of 1990's onwards. The 'Scheme of Financing' for the Annual Plan of the states sees resources for the Plan as a residual "balance" (from "Current Revenues" as well as from "Capital Receipts"). Resources for the Plan get released after all other calls on the resources have been made. In times of fiscal instability, resources for the Plan are the first to be squeezed out. Planning as a process suffers due to this lack of predictability. If planning as a process is to assume an important role in the development strategy, the resources for the Plan will need to be put on a more predictable trajectory. The Award of the Finance Commission for a five year period is a model which needs to be emulated, so that Plan resources can have a similar automaticity attached to them (with suitable escrow mechanisms, thereby insulating them from other claims).

6. Another feature of the planning process, which needs to be debated, is the attempt to make it all "inclusive". Scarce resources get thinly spread across a plethora of schemes and projects, which delays timely completion and benefits. We all collectively need to debate the necessity of focussing on a limited number of schemes and projects. Positive outcomes rather than just outlays need to be given due importance in the planning process. While the need for involving the Private Sector in certain developmental activities has been recognized, sectors which can develop independent revenue models, need to be clearly distinguished from sectors where budgetary support will be inevitably required. Such a demarcation will ensure continued budgetary support for sectors requiring this support, while other sectors could have "policy support". Such a demarcation will put both streams on a more

predictable path, ensure that resources are not thinly spread across schemes and sectors, while having a comprehensive developmental strategy that is inclusive.

7. I would like to take this opportunity to highlight certain recent developments, which are likely to impact on the resources available for the plan. In pursuance of the recommendations of the 12th Finance Commission, the states are now expected to raise the loan portion of Central Assistance (which constitutes about 70% of total Central Assistance) from the market. It is widely accepted that Plan expenditures do not result in immediate returns, and take a considerable time in working their way through to beneficial economic returns. Loan assistance for the Plan till now has recognized this, and it is in appreciation of this fact that Central Loans for the Plan are suitably structured and have long tenors. In contrast, whatever instruments are available to the state governments in the market have extremely limited tenors. Given the mismatch between the tenors of the available market instruments, and the long time taken for returns to flow from these investments, state governments are likely to face additional stress on their fiscal position.

8. Another aspect that needs attention is the cost of borrowings of the state governments. The Mid-Term Appraisal Document prepared by the Planning Commission has recognized the fact that the state's Annual Plan is funded almost entirely from borrowings. It is also now widely recognized that a major contributory factor in worsening of the fiscal situation of the states in general, and the revenue balances in particular, has been the high interest rates that the states had to bear on their borrowings from the mid 1990's. It was in recognition of the adverse impact of the high interest rates on the fiscal position of states, that the Government of India first formulated a Debt-Swap Scheme in the year 2002 and more recently the 12th Finance Commission recommended a scheme for Debt Relief. The rights of the state government to borrow are circumscribed by Article 293 of the Constitution whereby most state governments require the permission of the Central Government to borrow. This power of the Central Government to regulate borrowings of the state governments need to be tempered with transparency, clearly laid out rules, fairness and equity.

9. In the allocation of borrowing instruments available to it, the Central Government has been keeping for itself the low cost funds while allocating the relatively more expensive funds to the state governments. The allocation of small

savings funds to the state governments, especially when the rates of interest on these instruments are fixed by the Central Government in pursuance of its policy objectives, needs to be looked at afresh. The Government of India needs to ensure that the average cost of borrowing is equal across the country and all governments. Article 293 of the Constitution provides other instrumentalities to check fiscal imprudence. Even in this respect, there is need for transparency and well established rules in prescribing borrowing limits under Article 293 of the Constitution. Well established rules in this regard will impart a certain amount of predictability to resources available for the Plan. Subject to these prescribed limits, the state governments should be accorded flexibility in the choice of instruments and the timing.

10. The cost of borrowing impacts on the revenue balances which in turn impacts on the resources available for the Plan. Thus, if the cost of borrowings for the state government is brought down, it will have the effect of increasing resources available for the Plan, without impacting the fiscal and revenue balances adversely.

11. Most of the states have embarked upon the road to ambitious indirect tax reforms by switching to VAT. Given the revolutionary nature of this reform, certain amount of volatility can be expected in the receipts from VAT, which is the mainstay of state's own revenue receipts. While the Government of India has graciously agreed to compensate the states for any shortfall in receipts according to an agreed formula, on account of implementation of VAT, it needs to be ensured that wherever compensation is payable, the same is remitted in a timely manner.

12. As the Mid-Term Appraisal also seeks to set the tone for the 11th Five Year Plan, the cooperation shown by the states in agreeing to a common VAT regime, needs to be extended so that the Central Government and the state governments can together agree upon rates within their respective constitutional jurisdiction, so as to ensure composite rates that will consolidate and expand India's increasing competitive strengths. There is need to have uniform rates across the country. While a large number of commodities have, thus, been covered, uniform rates need to be applied in the case of petroleum and petroleum products as well.

13. The Maharashtra Human Development Report, 2002, prepared by the state with the help of the Planning Commission and UNDP gives a detailed analysis of the situation of different aspects of human welfare in the state. The report highlights the

issues in regard to income and employment generation, reduction in poverty and regional disparities, provision of basic minimum services, people's participation in the development process and development of human capabilities, especially of the poor. This, I hope, will help in more focussed attention on the relatively neglected areas to enable them to catch up with the rest of the state and will prove to be an important milestone in the process of development of the state. As a follow up of State Human Development Report—2002 the state government has signed a tripartite agreement with UNDP and Planning Commission to implement "Strengthening State Plan for Human Development Project". The state government has signed a Project Cooperation Agreement so as to get technical support from UNDP and Planning Commission. A special Human Development Research Cell is being established in the Planning Department to monitor the important sectors viz. Health, Education and Employment as envisaged in 10th Five Year Plan.

14. The State of Maharashtra ranked third in Human Development Index in 1981 and slipped to fourth rank in 2001, following Kerala, Punjab and Tamil Nadu. The number of people below poverty line in the state is 25% in 2000 which expected to decline to 16.2% in 2006-07. Maharashtra's achievement in health sector is appreciable; life expectancy has increased to 65.2 in 1996 and Infant Mortality Rate is 48 in 1996. Maharashtra ranks second in literacy with 77% population and 67.5% females being literate. The percentage of enrollment of girls is increasing, and the drop out rate for boys and girls drastically reducing. In short, Government of Maharashtra is moving towards achieving 10th Five Year Plan targets especially in these sectors thereby improving the Human Development Index for the state.

Tenth Five Year Plan and the Annual Plan 2005-06

15. The Plan size for the Tenth Five Year Plan as approved by the Planning Commission is of Rs. 66632.20 crore. Upto 31st March 2005 (i.e. for the first three years of the current Five Year Plan period) around Rs. 34,300 crore have been spent as per estimates for the year 2004-05. The size of the Annual Plan 2005-06 as approved by the Planning Commission is Rs. 11000.00 crore. The entire Plan expenditure for the current year is estimated to be met through budgetary provisions. The government has accorded priority in providing outlays to the sectors such as social and community services, irrigation and flood control, transport and communication. The outlays provided for in the Annual Plan 2005-06 are matched by

adequate resources.

Health

16. Achieving an acceptable standard of good health amongst the general population of the country is the main objective of the National Health Policy in 2002 (NHP). Improvement in the health status of the population is sought to be achieved through improvement in health services in the state with special focus on the vulnerable segments of the population. Large investments in health care will be needed to maintain the current health situation, as the technology required for tackling resistant infections and non-communicable diseases is expensive and result in escalation of health care costs.

17. The vast Health Care Delivery System created in the state suffers from certain imbalances. Thus, there are many hospitals in public, voluntary and private sectors without appropriate manpower, diagnostic, therapeutic services and drugs. There are massive inter-districts/ urban-rural differences in performance, availability and utilisation of health services. Facilities are poorest in the hilly, remote, rural and tribal areas of the state. Most of the secondary and tertiary institutions in the state have good facilities with skilled staff but they are facing difficulties in running institutions because of change in the health care needs, rapid advances in technology, obsolescence of equipments and rapid turn over of the staff.

18. In order to reduce these imbalances in the Health Care Delivery System of the state, the focus of the 10th Five Year Plan 2002-2007 is on the reorganisation and restructuring of existing health care infrastructure at primary, secondary and tertiary levels so that they have the capacity to render health care services to the population residing in well defined geographical areas and have appropriate referral linkages with each other.

19. Building up an effective system of disease surveillance, effective implementation of the provisions for Food and Drugs Safety, building up a fully functional accurate health management information system using current available Information Technology (IT) tools, developing capabilities at all levels for emergency and disaster management and exploring alternative system of health care financing including health insurance, is essential so that need-based and affordable health care is available to all. The approach during the 10th Plan is to provide essential

primary health care, emergency life saving services, services under the national disease control programmes free of cost to all individuals, and essential health care services to people below poverty line.

20. The state of Maharashtra is leading the country in terms of major health indicators. Life expectancy increased from 45.2 in 1961 to 65.2 in 1996. Similarly, infant mortality rate declined from 119 in 1981 to 48 in 1996, with 10th Plan target being to reduce it to 45 by 2007. The other major Plan target is to reduce Maternal Mortality Rate (MMR) to 2 per 000 live births by 2007 and to 1 by 2012. Rising life expectancy, declining birth and death rates and comparatively low disease burden in Maharashtra could be attributed to an effective functioning of existing health care delivery system. The state was the first in the country to formulate and implement a Population Policy as per the Government of India's guiding principles. The decadal growth rate of the State has, thus come down to 22.57 as per 2001 Census from 25.73 at the time of 1991 Census.

21. The National Rural Health Mission has focused on 18 states to strengthen the public health system. Maharashtra is not included. In this respect I would like to stress that certain areas covering Thane, Nashik, Nandurbar, Amravati and Gadchiroli Districts have high risk tribal population with major problems of malnutrition in children below the age of five and also significantly high child mortality. It is desirable to address health problems of these five tribal districts by giving special attention in order to provide adequate health services especially focusing on women and children. It is therefore, suggested that the Mission should incorporate programme for tribal and backward areas focusing on major health concerns and problems like child diseases and drinking water. A special package is essential for improving the health status of tribal people by delivering effective health interventions and also by undertaking health promotional activities.

Education

22. Maharashtra has registered impressive progress in the last decade with literacy rate rising from 64 per cent to 74 per cent from 1991 to 2001. During the last 20 years the urban rural and male-female literacy gap has been brought down substantially. Maharashtra has a decentralized system of primary education. Out of more than 65000 primary schools, 80% are run by Zilla Parishad, 7% by the Urban Local Bodies, 6% are private aided. 7% are private unaided and less than 1% are

directly run by Central and State Governments.

23. It is imperative to ensure improvement in quality of the education imparted through schools. For this the quality of teaching has to be improved substantially. A comprehensive strategy to upgrade teaching skills with periodic training programmes needs to be undertaken. A suitable system of incentives and disincentives needs to be introduced to put premium on acquisition of higher skills among teachers.

24. The governments also needs to adopt a more liberal attitude towards unaided schools as these schools provide quality education and through competition can raise the standard of education in publicly funded schools. Growing per capita incomes have enabled large sections of population to afford quality education even at high costs. The governments need to proactively respond to this by allowing unaided institutions to be freely established with freedom in regard to charging of fees, but with over sight in regard to quality.

Employment Guarantee Scheme (EGS)

25. Government of Maharashtra has been implementing the EGS in the State since 1972. The Government is aware of some of the defects in the scheme and therefore has been constantly devising ways to improve the quality of implementation. For this the Government is proposing to display the programme details on website, measure the work through independent agencies, post progress of work and manpower details in the district headquarters database, pay wages through post office savings accounts or banks, and ensure prompt distribution of food grains to labourers.

26. The Government of Maharashtra has gained sufficient experience in implementation of employment programmes like the EGS. Therefore it would recommend that NFFWP / NREGA can be made more effective by adopting some of the good practices from the EGS, including payment of compensation on account of death or accident. No programme can take roots unless it is flexible and meets the needs of not only an individual but also the community. Hence, the NFFWP / NREGA will need to be made more flexible. The scope of works which can be taken under the programme will need to be enlarged further so that every possible work relating to water conservation, drought proofing (including afforestation/ tree plantation), land development, flood control / protection (including drainage in

waterlogged areas), and rural connectivity in terms of all-weather roads and any other similar activity for economic sustainability can be undertaken. In fact, we need to have a negative list of those works which should not be taken under the programme. The condition of providing employment for minimum 100 days to one person from a family should be removed, especially for drought prone areas.

27. It is usually found that sometimes labourers prefer cash instead of food grains, and at other times they like to have food grains. The pattern varies from district to district and from time to time. Hence, it is recommended that labourers be paid in cash or food grains depending upon their need. For this their option should be obtained when they first report for work.

Agriculture

28. Conditions are not conducive for agriculture in the state. 85% of the total cultivable area is rain-fed and therefore dependent upon the monsoons. Nearly 40% of the area is under light soils, while nearly 27% is drought prone. In spite of these adversities our farmers have helped the state to increase total food production from 77 lakh metric tones in early 1960s to 146.00 lakh metric tones in 1996-97. Further they have continuously tried to diversify while growing crops suitable to their agro climatic conditions.

29. Realizing the importance of crop diversification, the state launched a path breaking scheme of "EGS linked horticulture" in the year 1992 wherein plantation of the horticultural crops is taken on the private fields through public funds. I am happy to inform that as a result of the encouragement given to horticulture, area under horticultural crops has increased from 2.42 lakh hectares in 1991-92 to 13.06 lakh hectares in 2004-05. Maharashtra today is the largest grower of seedless grapes, banana, mandarin oranges, onion and tomatoes in India. Further the Government of Maharashtra has decided to diversify dry land cereal based agriculture and encourage cultivation of oilseeds, pulses and innovative crops like medicinal, aromatic plants and floriculture. A large number of polyhouses (950) have been erected for growing export quality flowers.

30. Considering the limited and scarce water resources, the state government has encouraged the use of micro irrigation systems in a big way. Nearly 3 lakh hectares today are covered under drip and sprinkler irrigation making it the largest area

amongst various states. The state government proposes to take these initiatives of crop diversification and macro irrigation further with the active support of the Central Government. The state government intends to take maximum possible advantage of the recently launched National Horticulture Mission and the proposed Mission on Micro Irrigation and Dryland Farming.

31. There is urgent need for holistic thinking for promoting agro and food processing industries to take care of the increased agricultural production. This will ensure higher income to the farmers. It has been decided to comprehensively amend the APMC Act to provide choices to the farmers. To implement this decision, a Bill is being introduced in the State Assembly in the forthcoming session. We feel this will greatly help farmers in obtaining fair prices for their produce. This will rejuvenate agriculture sector in the state..

Removal of Backlog

32. When the State of Maharashtra was carved out by integrating predominantly Marathi speaking areas, the unified State came to be comprised of areas of Vidarbha, Marathwada and the rest of Maharashtra. Regional disparities came to the fore during the process of integration. To address the issue of regional disparities. Article 371(2) of the Constitution of India, provided for three Statutory Development Boards for Vidarbha, Marathwada and Rest of Maharashtra. Three boards came into existence in the state in April 1994.

33. Even prior to this, since 1985, the State Government had started making special provision of funds in the Annual Plans for removal of regional imbalance. The Fact Finding Committee constituted under the Chairmanship of the late Dr.V.N.Dandekar, had for the first time in 1984 identified the total quantum of regional backlog in financial terms at Rs.3186.78 crore. The Indicators and Backlog Committee constituted by the Governor of Maharashtra in 1994 had then once again worked out backlog at Rs. 14006.77 crore with reference to 31st March 1995. It was observed that, across the State, two main sectors viz. roads and irrigation, accounted for the major portion of the backlog—about 62 per cent of the total backlog as identified by the Fact Finding Committee, and 69 per cent by the Indicators and Backlog Committree.

34. Between 1985-86 and 2003-04 the expenditure incurred for removal of

backlog amounts to Rs.10745.81 crore. As per the latest directives of the Governor for the Annual Plan 2005-06 the State has to provide Rs.3880.24 crore for removal of backlog in the sectors other than Irrigation and Rs.4688.46 crore for the Irrigation sector in the Annual Plan 2005-06. However, only Rs.1400 crore is provided for in Annual Plan 2005-06 for removal of backlog in sectors other than Irrigation and an outlay of Rs.2083.36 crore has been provided for Irrigation sector.

35. In order to meet the statutory obligations cast on the Governor by the Constitution and the fact that projects are suffering on account of meagre resources at the disposal of the State, I request the Central Government to extend special assistance for removal of the backlog, as in absence of this assistance the Government will find it difficult to remove the backlog expeditiously, even while other areas are not getting funds for developmental activities.

IRRIGATION

36. The Government of Maharashtra has taken up several reforms so as to improve the performance of irrigation sector with a special emphasis on improvement of water use efficiency in the irrigation sector. These reforms include Water Auditing, Bench Marking, Participatory Irrigation Management and the creation of a Maharashtra State Water Resources Regulatory Authority . The State has enacted the Maharashtra Water Resources Regulatory Authority Act, 2005 and Maharashtra Management of Irrigation System by Farmers Act, 2005. The Water Resources Authority will regulate sectoral allocation, water rates, changes in water use, compensation mechanism for any change in water use etc. Similarly, the Management of Irrigation System by Farmers Act has made it mandatory to form Water Users Association comprising all members in the command area, to manage the water distribution system.

37. In order to make irrigation systems self-sustainable so as to meet annual O & M expenditure, the Government of Maharashtra revised the water rates in 2001. There is an in-built provision of 15% increase annually in water rates beyond 2001. This has enabled the State to be the first in the country to recover water rates exceeding the O & M expenditure of the State.

38. At present the area under irrigation is far below the national average. In order to bridge the gap, completion of irrigation projects is to be accomplished at a faster

rate. The State has taken up 1168 irrigation projects requiring funds to an extent of Rs, 36,000 crores. In order to accomplish the goal of creating irrigation potential, other major projects apart from Gosikhurd be considered as National projects and funded from the Central funds.

39. As regards Accelerated Irrigation Benefit Programme (AIBP), the State being a reforming State, we are getting Central Assistance on 4:1 basis. We feel that the entire funding for the projects be provided to the States which meet with the sectoral reform criteria set by the Central Govt. 30% part of Central Assistance is being given as grant and 70% as loan. The grant portion needs to be raised to 50%.

40. The Supreme Court has given directives to pay net present value for the forest land being acquired for the irrigation development purposes. While making the acquisition of forest land, the State is giving alternate forest land and also bearing the expenditure for development of forest on alternate land. Similarly, the expenditure on cutting and felling of forest from the acquired land is also being borne by the irrigation project. However, the produce is the property of the Forest Department. Under the circumstances, imposing NPV on the irrigation projects would certainly jeopardise the development activities, as no irrigation projects would be viable. The Central Government is, therefore, requested to look into the matter and take appropriate policy decision so that there will not be any burden on irrigation projects due to NPV costs of forest lands being debitted to the projects.

Watershed Development

41. Currently watershed development programmes are being implemented by the Union Ministries of Rural Development and Agriculture. While the Drought Area Development Programme (in drought prone areas) and the Integrated Watershed Development Programme (outside drought prone areas) are being implemented by the Ministry for Rural Development, the National Watershed Development Programme for Rain-fed Areas is being implemented by the Ministry of Agriculture. In many ways these programmes are similar. The responsibility need to be given to a single Ministry with uniform guidelines. Implementation at the grass roots and monitoring from the higher level will be easier. Hence, we request that the existing watershed development programmes be merged into a single comprehensive integrated watershed development programme.

42. It has now been well understood that while efforts for raising the ground water level through various water conservation efforts are necessary, it is also essential to have a plan for proper use of surface as well as ground water. We would, therefore, welcome the formulation of a Central Water Code to ensure proper use of water and to control over exploitation of ground water.

Drinking Water & Sanitation

43. The State Government has decided to establish a separate Water Regulatory Authority which will be empowered to decide on issues regarding allocation of water for different uses, equitable distribution of water and also regarding issues on pricing of water. The WRA will determine the royalty payments that individual utilities or urban local bodies would pay for the water that they take from irrigation projects. The State Govt. is also contemplating empowering this WRA with suitable powers to determine issues regarding pricing of water to the consumers. This will result in optimum use of water, transparent policies regarding subsidies, as well as rationalisation of water and wastewater tariffs.

44. The State Government has also taken an ambitious project of empowering the village level institutions to design, execute and maintain their drinking water and sanitation facilities. The funds go directly to the village panchayats and a Social Audit Committee elected by the Gram Sabha monitors both the quality as well as the reasonableness of the expenditure incurred by the Water Supply & Sanitation Committee responsible for the implementation. In this way, the panchayati-raj institutions get an opportunity to design facilities according to their specific needs and to evaluate different technical options that are available to them and gain experience in project management through a participative decision making process.

Power

45. In accordance with the provisions of the Electricity Act 2003, the Government of Maharashtra has recently carried out the first phase of restructuring of the MSEB by forming four separate companies viz., Generation, Transmission, Power Distribution and Holding Company. The Government has accordingly transferred the property, interest in property, rights and liabilities of the MSEB to the respective companies. It is proposed to quickly take up follow-up steps especially in respect of distribution reforms, to reap the benefits arising out of reduction in distribution losses.

46. In regard to pricing policy for the sector, we appreciate the urgency stressed by the Mid-Term Appraisal Document upon the Government of India to issue a Tariff Policy as required under the new Electricity Act 2003. There is perhaps need for consultation, and a broad consensus across states and various political groups regarding the need for continuation of subsidies in the power sector especially in the rural areas. A consensus in this regard can help in formulation of strategies which while recognising the need for subsidy to certain vulnerable groups will not adversely impact the flow of investments that are sorely required in this sector.

47. At present, the qualifying capacity limit for grant of Mega Power Status is 1000 MW for Thermal Power Projects and 500 MW for Hydro Power Project. These projects get several concessions. The demand for power in the State is growing rapidly while the supply is not keeping pace leading to shortages that can have a crippling effect. To quickly fill the gap between the demand and supply it is suggested that qualifying capacity limit for grant of Mega Power Status may be reduced to 250 MW for both Thermal and Hydel Power Projects. Such a reduction will encourage setting up of power projects by the private sector quickly.

48. For projects above 500 MW, Environmental Clearance from Central Government is required. As per our experience, Environmental Clearance takes considerable time. The powers for Environmental Clearance for power projects may therefore be delegated to the state government. This will speed up the preparation of detailed project reports and early commissioning of projects.

49. Assured availability of the fuel, is a pre-requisite for setting up of power projects. For coal based power projects availability of coal needs to be assured. Government of India needs to issue necessary directives for early decision on finalization of fuel supply to various projects in Maharashtra State.

50. For gas based power projects, gas price, at present is given in terms of U.S. dollars. This should be reviewed. The gas which is produced indigenously needs to be priced in Indian rupees. This will remove the burden of exchange rate fluctuations and gas will be available at competitive price in Indian rupee for power projects.

51. The completion of Dehej Uran Gas Pipe Line is of crucial importance in the capacity addition programme of the State. The completion of this pipeline which was earlier scheduled for the year 2004, and was subsequently post-poned to 2005, is

presently projected as February 2007 by the Gas Authority of India Ltd. (GAIL). The Government of India needs to issue necessary directives for completion of pipe line by February 2007.

52. The Government of India through National Thermal Power Corporation (NTPC) sets up Thermal /Gas based power projects across various States. The NTPC has not set up any power project in the state of Maharashtra. A 1000 MW coal based power project is proposed by NTPC at Mauda near Nagpur. Clearance for undertaking this project needs to be given at the earliest. Similarly the Government of India is requested to issue directives to NTPC to set up a gas based power project near Uran.

Roads

53. The development of a good quality road network is seen to provide a major boost to growth, development and all round prosperity. To complement the initiatives taken in recent years by the Central Government, the Government of Maharashtra has also been aggressively pursuing development of roads on BOT basis. Under this policy, 171 projects costing around Rs.3600 crore have been completed, and another 163 projects costing Rs. 3100 crore are under implementation. Another 205 projects costing around Rs.8000 crore have been identified to be undertaken via the BOT route. A policy of sharing the viability gap between the central and state governments will give a big boost to the programme.

54. The state government has identified Mumbai-Pune-Nashik Golden Triangle as an area having a very high growth potential. The road links between the three cities are covered by National Highways. The state government feels that top priority needs to be accorded for 4 laning of the roads linking the three cities, as it would yield enormous economic benefits in a short time.

Housing (VAMBAY & NSDP)

55. Maharashtra State has been implementing the VAMBAY and NSDP schemes for the last few years. The State has achieved substantial progress by constructing about 35000 houses by spending an amount of Rs. 187.77 crore. Similarly, under NSDP, the State spent an amount of Rs. 338.61 crore out of an allocation of Rs. 417.70 crore in 80 cities by constructing 28,694 toilets, 5121 water taps, 29713

meters of pathways and 7,23,620 meters of drainage lines. Since it gave a major boost to the improvement of slums, these two schemes should be delinked from Urban Renewal Mission and continued till the targeted population is entirely covered.

56. The State has been implementing the " SRA scheme " for redevelopment of slums on State Government, Municipal Corporation, MHADA and private lands. The scheme could not be extended to Government of India lands for want of consent from the concerned departments of Government of India. The Government of India may introduce one window system to interact with the State Government, or allow the State Government to implement SRA schemes on Government of India land.

57. Government of India may come out with the National Slum Policy to deal with urban encroachments on open lands. The objective should be to stop encroachment upon open spaces. At the same time Government of India may devise a National Low Cost Housing Policy in Urban Centres for poorer sections of society to prevent encroachments on open lands, since the open spaces are needed for schools, playgrounds recreation and public amenities.

Industries & labour

58. As per the national consensus, all State Governments have voluntarily stopped giving tax concession for setting up new Industrial unit from 1st January 2000. Various tax concessions / incentives offered by the Government of India to industries in Himachal Pradesh and Uttaranchal are not in accordance with the national consensus and are causing heartburn amongst other States as they have the effect of distorting competitive strengths.

59. The Government of Maharashtra has proposed amendments to a number of labour laws as a part of its proposed SEZ and Designated Areas Act. The Government of India has not granted administrative approval to these amendments in the labour laws. To enable the State Government to pursue its initiative, the Government of India should quickly grant administrative approval to the proposed amendments to labour laws.

Rehabilitation

60. From 2001 onwards, Maharashtra is facing drought on a continuous basis in one or the other part. During these droughts, the Government of Maharashtra has

requested central assistance from the National Calamity Contingency Fund (NCCF) for meeting the enormous cost of relief operations. Though the Government of India has provided assistance to Maharashtra in the last two years, it needs to be brought out that the assessment of relief needs is seriously flawed. Drought is a slow-onset disaster and its distress indicators cannot be identified at one time. However, the Central Mission always assesses the relief needs largely on the basis of the situation that exists at the time of its visit, with little reference to the long-term relief needs of the drought. Further, the assistance from the NCCF is released only after the adjustment of the balance available in the Calamity Relief Fund (CRF). Such a balance is calculated on the basis of release of funds rather than the expenditure from the CRF. Due to these flawed methods of assessment and sanction of assistance, the actual relief that the State receives from the NCCF is very small. We urge the Government of India to revamp the entire system of drought assessment and release of assistance from the NCCF in consultation with the State Governments.

Mumbai Development

61. Mumbai is the financial and economic nerve centre of the country. However, due to various reasons, its economy is showing signs of stagnation. The Government of Maharashtra, with a view to accelerate the pace of Mumbai's economic growth and afford a better quality of life to its citizens, has drawn up a detailed plan. Projects, estimated to cost Rs. 40000 crore have been posed to the Government of India for assistance. We are grateful to the Hon'ble Prime Minister and the Finance Minister for having 3 major projects announced in this year's Union Budget as a part of the Urban Renewal Mission (URM). We are, however, unable to proceed in the absence of detailed guidelines for assistance under URM. I would urge the Urban Development Ministry to issue the guidelines at the earliest so that in the remaining 8 months, we may be in a position to utilize the allocated funds.

62. We have also been given to understand that the state governments will have to carry out some mandatory reforms before availing of the funds under URM. Since we have little time left in the current year to implement the reforms and thereafter avail URM funds, I urge the Government of India to release the funds during the current year without any pre-conditions.

Fast Track Courts in Maharashtra

63. As on 31st March 03, a total No. of 37,62,888 civil and criminal cases were pending in Maharashtra. In order to clear pending cases in the courts the coverage of Fast Track Courts should be further extended up to lower courts. The Government of Maharashtra desires that a time bound program should be arranged for speedy disposal of these cases. Accordingly, a proposal has been sent to Government of India on 18th February, 2005 that for next 10 years 100 courts of Civil Judges (Senior Division) and Civil Judges (Junior Division) and 500 courts of Judicial Magistrates (First Class) should be established. The infrastructure of these courts and salaries and allowances of Judicial officers as well as unit staff need to be funded by the Government of India.

National Coastal Protective Project (NCP)

64. Government of Maharashtra has submitted a project of Rs.193.88 crore to the Government of India. This is a project under National Coastal Protection Project under the external assistance scheme. The project submitted to Government of India includes anti erosion bunds of 72 kms in coastline area. The proposal has been approved by the Ministry of Water Resources and has been recommended to the Planning Commission. As the length of coastline of Maharashtra is prone to erosion by sea, particularly in the monsoon, the implementation of the scheme needs to be speeded up with early clearances to the proposals which have been pending since long.

Historical Monuments

65. There are number of monuments in Maharashtra which not only represent the art and culture, but also have been witness to great historical events e.g. Forts like Sivaneri, where the Shivaji was born, Raigad the capital of Shivaji and Sindhudurg, one of the naval bases from where Shivaji controlled the western sea.

66. Most of these monuments are under the control of the Archaeological Survey of India, Government of India. There is a general feeling amongst the people that, although they are closely related to their life, these monuments are not properly maintained and looked after. No efforts are being made to develop them. There are many instances where people themselves come forward to collect funds and take up

the work to develop these monuments, but are not allowed to do so as they are with the ASL. It is strongly felt that without comprising on norms, it is necessary to provide basic amenities for the people who visit these monuments. If the A S I permits the State to develop these monuments, the State will be willing to contribute a matching grant to maintain them in a manner befitting the status of these monuments.

Conclusion

67. In conclusion I would like to again put on record the deep appreciation of the Government of Maharashtra for the high quality of the work put in while producing an excellent Mid-Term Appraisal of 10th Five Year Plan by the Planning Commission. The document provides valuable guidance for formulation of development policies and strategies. We will refer to it repeatedly in discussing within the state, the development strategies to be adopted in the coming years.

Thank you,

Jai Hind, Jai Maharashtra.