



Address by

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Chief Minister Uttar Pradesh

NATIONAL DEVELOPMENT COUNCIL

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

We are grateful to the Hon'ble Prime Minister for convening this meeting of the National Development Council to deliberate on the issues that have emerged in the Mid-Term Appraisal of the Tenth Plan. I am also grateful for the opportunity provided to me to express my views on the subject.

2. Sir, the analysis of achievements as well as problems faced in the implementation of the Tenth Plan and the policy issues listed in the Mid Term Appraisal document are significant. The document prepared by the Planning Commission indicates that the anticipated growth rate is not likely to be achieved. This was apprehended in the meeting of NDC held for finalizing the Tenth Five Year Plan. The targets should have been more realistic. Broadly, desired investment could not be made in the economy for realizing the targeted growth rate. Sir, when we look at the growth rates of the less developed States like Uttar Pradesh, then the picture is perhaps gloomier. It is imperative to focus attention on those sectors of the economy as well as regions, where desired results have not been achieved despite the potential and take special measures to rectify the position.

3. In consonance with the national target, an ambitious target of 8 percent growth rate had been envisaged for Uttar Pradesh. The drought situation adversely affected the state's economy during the first year of the Tenth Five Year Plan. During 2002-03, the growth rate in the state was just .0.1 percent which rose to 5.9 percent during 2003-04 due to measures taken by the State. During 2004-05, despite partial drought conditions, the State could achieve a growth rate of 5.2 percent. Thus, the average growth rate; for the first three years of the Tenth Plan works out to 3.7 percent. The per capita plan expenditure in Uttar Pradesh has always been much below the national average and lately the position has further worsened. The per capita plan expenditure in the State was merely Rs.25 (65.8 percent) as against the national average of Rs.38 during the First Five Year Plan. This is expected to be only Rs.3311 (54.0 percent) against the national average of Rs.6126 during the Tenth Plan. The per capita income of the State in 1950-51 was Rs.259, which was just 3 percent lower than the national average of Rs.267. However, this gap has increased to about 50 percent in the last fifty years.

4. It has been accepted in the Mid-Term Appraisal document that the growth rate will be one percent lower than the targeted growth rate of 8 percent. It is also expected that the growth rate in agriculture sector will be significantly lower. Decelerated growth in agriculture sector would have an adverse impact on crores of rural workers who are dependant on agriculture. While uneducated unemployed labourers are being provided some employment under Sampoorna Gramin Rozgar Yojana and Food for Work Programme, the problem of educated unemployed is assuming serious dimensions. Employment opportunities in organized sector has shrunk although the sector has registered growth. In a scenario, where even the Employment Guarantee Act proposed by Government of India does not adequately address the issue of educated unemployed, it has perhaps become imperative to give a serious thought to the proposal for providing 'unemployment allowance' to educated unemployed. Today, no State Government is in a position to provide this without Central assistance.

Agricultural Development

5. Increase in State's growth rate is critically dependent on agricultural growth rate. In the last two-three decades, contribution of agriculture sector to the State's growth rate has shown a declining trend and agricultural growth rate has been virtually stagnant. However, there has not been a corresponding decrease in the number of workers dependant on agriculture. We believe that until and unless sufficient employment opportunities are created in other sectors of the economy which could attract agricultural workers, this problem of unemployment and poverty cannot be controlled.

6. Sir, increase in agriculture productivity alone can lead to increase in food grain production. Towards this end, seed replacement, supply of quality seeds, balanced use of chemical fertilizers etc. need focused attention. Maximum retail prices of phosphatic and potashic fertilizers are fixed by Government of India every year. Due to delay in this exercise, manufacturers and importers are unable to ensure timely availability of these fertilizers which is important for maintaining soil fertility. It is suggested that a long term perspective policy may be prepared in respect of these fertilizers and their prices may be fixed for a three year period and not annually as is presently the case. It is also suggested that to promote increased usage of phosphatic and potashic fertilizers, subsidy should be enhanced by

Rs.1000 per metric tonne on DAP, Rs.700 per metric tonne on MOP and Rs.350 per metric tonne on SSP.

7. State Government is encouraging private companies as well as cooperative institutions to promote, inter-alia, soil testing, supply of quality seeds, balanced use of chemical fertilizers among farmers. Despite limited resources, agricultural universities are being encouraged to develop new techniques for agricultural production. However, the Central Government will have to take positive initiative in this respect.

8. We believe that a shift from food grains to other income generating cash crops, adoption of new agricultural technology, development of agro-based industries and expansion in allied activities under agriculture is necessary for reducing hidden unemployment in agriculture. This entails adequate investment in the sector. The State Government has taken several steps in this direction like notification of Fruit belts, provision of technical support under Uttar Pradesh Diversified Agriculture Support Programme, setting up of Bhoomi Sena, adequate facilities for marketing of produce etc. But a lot still remains to be done. Although the Mid-Term document and Budget speech of the Hon'ble Finance Minister speak of increased investment in the sector, more concerted efforts are required to improve the condition of farmers. Sir, it is our belief that if timely payments are made to the farmers, then it will usher in a new revolution. The State Government has taken steps to remove bottlenecks in contract farming, to promote direct purchase of agricultural produce by private companies at remunerative prices and to extend marketing support. The State Government is also taking measures for export of fruits and other produce under "NAWAB" brand name. Similarly, the State Government is also encouraging the setting up of agri-marts and agri-clinics by agriculture graduates in the private sector. Exemption under income tax and service tax for 10 years by Government of India can provide further impetus to the efforts of the State Government. Support of Central Government would also be required in undertaking quality control of agricultural produce.

9. A subsidy of only 10 percent of the premium amount is presently being provided under National Agriculture Insurance Programme. This should be increased to 50 percent for small and marginal farmers, SC/ST and women farmers. In addition, it is necessary to reduce the interest rate on crop loan. It is unacceptable

that interest rate on loan for purchase of car should be less than that on crop loan. Keeping in view, the fact that about 90 percent of farmers are small and marginal farmers in the State, it is suggested that the interest rate on crop loan and agro-based industries should not be more than 2-3 percent.

10. It has been decided to implement Bhoomi Sena Yojana in the State. This scheme seeks to organize small and marginal farmers and landless labourers into a disciplined and organized group who are fully trained to undertake works relating to soil and water conservation, water retention, minor irrigation, removal of silt from canals, afforestation, natural disaster management etc. It is envisaged that each Bhoomi Sainik would be provided employment for a minimum period of 100 days in a year. Under this scheme, it is proposed to reclaim one lakh hectares of saline, fallow, water logged land and ravines in the next three years and make them fit for agricultural activities besides creating one crore man-days employment.

11. Apart from food grains, increase in production of sugarcane, potato, mango, aonla, vegetables and milk in the State has created vast potential for food processing industry. Special efforts have been made by the State Government to promote food processing industries. The Central Government provides assistance for promoting food processing industries but owing to meager budget provision in the budget of the Ministry of Food Processing, Government of India, desired assistance does not become available. Therefore, adequate budget provision should be made for this purpose.

12. Sugarcane production and sugar industry occupy an important place in the development of the state's economy. Through State Government's efforts , sugarcane dues of over Rs.5717 crore have been paid to sugarcane farmers in the year 2004-05, which is unprecedented. For the development of Sugar Industry, a new Sugar Industry Incentive Policy was declared in 2004-05 and consequently investments of over Rs.3000 crore are expected to be made in the State. This will contribute significantly towards improvement of the general condition of the farmers.

Irrigation

13. Irrigation facilities are perhaps the most important input for agricultural growth. The Planning Commission document also lays considerable emphasis on irrigation. While the Central Government is laying emphasis on the development of irrigation

facilities, funds being made available by the Centre for irrigation projects is being curtailed, the size of holdings is declining in several States apart from U.P. In Uttar Pradesh, more than 75 percent of holdings are of less than one hectare against the national average of 62 percent. The economic condition of the farmers having small and uneconomic holdings is such that it is extremely difficult for them to arrange all agricultural inputs including irrigation at cost price. While all are agreed that available water resources must be utilized optimally and efficiently, in view of the poor economic condition of small and marginal farmers, additional burden by way of higher irrigation charges can not be imposed. The State Government has achieved increase in irrigation potential through implementation of free-boring scheme. But, depletion in ground water level is being noticed in several areas and it is, therefore, necessary to take-up projects relating to water recharge and rain water harvesting on a large scale. Continuing increase in diesel prices is a matter of deep concern as it has direct bearing on ground water based irrigation system and agriculture productivity.

14. The State Government is seriously thinking of promoting bio-diesel production especially in Bundelkhand region and other drought prone district through cultivation of Jetropha. Horticulture department has been made the Nodal department for this purpose. It would be possible to operate tractor, pump sets etc. in rural areas through bio-diesel extracted from Jetropha seeds. Through this, not only employment opportunities will become available in less developed areas of the State but also check the harmful effect on environment caused by excessive carbon emission. We welcome the specific efforts of Government of India in this regard.

15. Increased budget provision for irrigation projects is mentioned in the Central Budget, but our experience is that required amount does not become available in time under AIBP. Central Government should consider simplification of the process of sanction and release of funds under AIBP.

16. It is imperative to improve the practices relating to water consumption so as to reduce the gap between water supply and demand. In this direction, 700 Water User Committees have been constituted under the U.P. Water Sector Restructuring Project. In order to reduce the gap between water supply and demand through optimal use of water, it is proposed to entrust the operation and maintenance of minors jointly to the farmers and the administrative machinery. It is proposed to set

up "Water Tariff Regulatory Commission" under this project. Till the establishment of this commission, a "Water Management and Regulatory Commissioner" has been appointed who will give recommendations, inter-alia on optimal water distribution, cost recovery etc.

1.7. For effective and efficient use of the existing irrigation potential, reforms in the sector are necessary. But increasing irrigation charges is not the only way of introducing reforms. Our submission is that unless the income of small and marginal farmers is increased, any further increase in irrigation charges will not be proper. Agriculture will become a profitable venture for small and marginal farmers only when there is increase in value of agricultural produce and reduction in the cost of inputs. The issue of higher irrigation charges should be examined only when there is all round agricultural growth and higher agricultural income. It will also be important to carefully examine the outcomes of pilot projects under execution.

Energy

18. Sir, the desired growth in the economy is also not possible without adequate power availability. Specific efforts have been made by the State Government to deal with the issue of power shortage. A conducive environment has been created for increased private investment in power sector. Private investors now have greater faith in Government policies and as a sequel, work has commenced towards establishment of a number of power projects in the private sector which I would like to briefly highlight:

- i. World's biggest gas-based power project of 7480 MW capacity is being set up at Dadji-Ghaziabad by M/S Reliance Energy Limited. 3740 MW of electricity is expected to be generated in first phase of which 1500 MW will be made available to Uttar Pradesh.
- ii. Power plants of 500 MW by Birla group and 1000 MW by Tata group are also being established in the State. The 400 MW Vishnu-Prayag Hydro-electric power projects under construction in the private sector is expected to be commissioned by December 2006.
- iii. With a view to improve the electric distribution system, 4 electrical

distribution companies have been established in addition to KESCO. Attempts are also being made to privatize the distribution companies.

iv. It has been decided to set up 1000 MW Anapara"C" project in the private sector and tenders have already been invited for the selection of private investors

19. Sir, we are committed to comprehensive power sector reforms and we want to address the chronic issues of power theft, high line-losses, recovery of electric dues, cost recovery etc. Sir, you will agree that in order to privatize distribution system in the State, transitional finance to the tune of Rs. 15000 crore will be required. For strengthening of transmission system for efficient evacuation of power from the new power plants, an investment of about Rs.3000 crore is required. The Central Government should provide assistance in arranging the requisite funds.

20. Sir, power is an important input for agricultural development. Majority of farmers belong to small and marginal category. The economic condition of these farmers does not permit them to purchase power at cost price particularly when the cost of electricity is being determined at higher rates due to power sectors reforms. Therefore, Central Government should seriously think of extending subsidy to the State Government on the power consumed by the farmers and link this to power sector reforms.

21. We welcome the initiative taken by Central Government in the sphere of rural electrification through the Rajiv Gandhi Rural Electrification scheme. All necessary arrangements have been made by the State Government for electrification of 30852 unelectrified villages in next two years.

Roads

22. For the development of any area, a developed road network, from national highways to village roads, is essential. It is important to ensure timely completion of roads taken up under the Golden Quadrilateral, NHDP programmes etc. by the Central Government. In the State, for the maintenance of 3568 km. National Highways under P.W.D., only Rs.54 crore per annum is being made available by the Central Government which is even less than the norm prescribed for rural roads. You would agree that there is heavy pressure of heavy vehicles on these highways. Poor

maintenance of these highways will adversely affect the state's economy. Therefore, for this purpose, the amount should be increased to atleast Rs.90 crore.

23. For the planned development, construction and maintenance of State Highways and Main District Roads in the State, a State Road Development Authority has been set-up on the pattern of N.H.A.I. Action is being taken for strengthening the Authority. Similarly, for the planned development and construction of rural roads, Rural Road Development Authority has also been set up. At present, this Authority is looking after works related to the Pradhan Mantri Gram Sadak Yojana. Steps have also been taken to ensure transparency in tendering process and tender documents and to maintain quality of roads under construction.

24. State Government has also adopted B.O.T. model to ensure private participation and its results have started showing. Under Bharat Nirman Yojana, it is being planned to connect habitations having population of more than one thousand by the end of 2009. At present, in the State, out of 1,70,004 habitation, 74,673 habitations are still to be connected by all weather roads. A sum of Rs.10,608 crore is required for connecting 22,779 habitations having population of more than five hundred. Timely achievement of this target is contingent upon timely availability of requisite funds by the Central Government. State Government supports the proposal of Central Government to utilize Diesel cess to raise funds from the market since in development activities one cannot be oblivious of 'time cost'and'opportunity cost'.

25. State Government is of the view that by training the present crop of engineers in the field of project management, it should be possible to complete major infrastructure projects within the stipulated cost and time in a project mode. Our engineers are technically competent to achieve the task..

Rural Development

26. Self employment opportunities are being made available in rural areas through Self-Help Groups being constituted under the Swarna Jayanti Gram Swarojgar Yojana. The initial impediments in this direction have been removed to a large extent. However, it is seen that due to shortage of good and credible NGOs, desired results are not being achieved in certain areas. It is suggested that at the level of the Government of India, a legally recognized and effective institution may be set-up to screen NGOs and provide list of accredited NGOs to the States so as to

enable them to utilize their services as per their needs.

27. A part of wage payable under the Centrally sponsored Food for Work scheme and Sampoorna Grameen Rozgar Yojana is distributed in the form of foodgrains to the labourers. Since there is no shortage of foodgrains in urban or rural areas, it is felt that it may be more fruitful to make full payment of wages in cash. Planning Commission has also made a similar recommendation which we welcome.

28. There is a gap between the physical targets fixed under Indira Awas "Yojana and the funds being made available to achieve them and hence prospects of attaining the target fixed during the Tenth Five Year Plan period are dim unless Central Government provides requisite funds.

Industrial Development

29. A high level "Uttar Pradesh Development Council" comprising of renowned personalities drawn from various fields has been constituted with the objective of creating conducive environment for private investment in the state. With a view to augment the pace of development of the State's economy, we have taken several policy decisions which, in brief, are as under:

- > Industrial and Service sector Investment Policy and Information Technology Policy have been adopted.
- > An Industrial infrastructure Development Fund has been created to part fund project survey and project reports to be provided to private investors so as to enable them to identify profitable projects for investment.
- > The initial new investment of more than Rs. 25 crore and investment of Rs.10 crore or more in electronics and food processing industries will be reckoned as 'pioneer' units and they will get interest free loan for 15 years.

30. As a result of the steps taken by the State Government, an atmosphere of accelerated industrial development has been created and many investment proposals from private sector have been received. Consequently, in the year 2004, the State was ranked third in the country on the basis of IBM / LOI received and occupied second place after Maharashtra till March 2005.

31. Government of India has provided rebates in income tax and Central excise

duty along with capital subsidy to industries in Uttarakhand State. We welcome the gesture of Central Government in extending these facilities to Uttarakhand State. However, this has dealt a body blow to our efforts to attract new industries to the State. Therefore, we would like the Central Government to provide similar facilities to industrial units being set up in areas adjacent to Uttarakhand in Uttar Pradesh and less developed areas like Eastern U.P. and Bundelkhand. This is of utmost importance for industrial development of the State.

32. Respected Sir, it is a matter of grave concern that investment by scheduled commercial banks in the State is insufficient and credit deposit ratio is abysmally low and it is presently only 33.2 percent against the All India average of 58.7 percent. In 31 out of 70 districts in the State, the credit deposit ratio is below even the State's average. It is suggested that necessary arrangements be made by Centre to increase the credit deposit ratio in the State.

33. Necessary steps have been taken for simplification of labour laws to bring them in tune with the present environment. The issue of providing social security and other benefits to workers in the unorganized sector has been raised from time to time not only in Uttar Pradesh but also in other States. The State Government is committed to take steps for identification and welfare of labourers belonging to unorganized sector.

34. Modernization, upgradation of technology and 'protection' to a certain extent are required for the development of small industries. Small industries have to gear themselves to face international and open market competition and undertake technological upgradation. It is suggested that the reservation facility for small industrial units should be removed gradually.

Education

35. There has been a remarkable progress in the literacy rate of the State during the last decade. However, the target is still daunting. Primary education has been given top priority in this regard. A special drive has been carried out for admission of all eligible students and this, in turn, has started showing encouraging results. Construction of primary school buildings, as per the prevailing norms, will be completed in the current financial year. The challenge now is to improve the quality of education and reduce the drop-out rate. In this direction, special efforts have been

taken to improve the teacher- student ratio. We have appointed 40,000 ETC teachers and 44,000 Shiksha Mitras have also been appointed. This has led to increased presence of teachers and improvement in quality of education apart from ensuring greater public participation. Besides, 3000 Urdu teachers are also being recruited.

36. About 1.70 crore students have been benefited by the implementation of mid-day meal scheme in 95,000 primary schools. It has been indicated by the Centre that public expenditure on education should increase to at least 6 percent of Gross Domestic Product, of which at least half the amount should be spent on primary and secondary education. The State Government is enlisting the support of private sector in secondary education, higher education and technical education. It is suggested that the Central Government may positively consider the following suggestions being made for development in the field of education:-

- The total conversion cost on preparation of cooked food under Mid-day Meal Scheme is borne by the Government of India and the conversion cost be fixed at least at Rs.2.00 per student per day.
- By the 86th Constitution Amendment, right to education has been made a Fundamental Right, in which it is the duty of State Government to provide free basic education to all children in 6-14 age group. Central help is needed for fulfillment of constitutional duties. State Government is already spending about Rs.4500 crore per year on primary education. Therefore, as per recommendations made by Tapas Majumdar Committee, all expenditure on providing free basic education should be borne by the Central Government.
- Under the Education for All scheme, Government of India was, hitherto, releasing central assistance in the ratio of 85:15. The pattern of central assistance has recently been changed and now it has been reduced to 75 percent. Consequently, State share has increased from 15 percent to 5 percent. It will be better if the earlier disbursement ratio of 85:15 is reintroduced.
- There should be no discrimination in providing primary education.

Students of general category are not provided free education and books as is being provided to SC/ST students under Education for All scheme. It is wrong to discriminate between students on the basis of caste especially in provision of text books. Although, the State Government has arranged for providing free study material to general category students from its own resources, we urge Government of India to provide necessary assistance to the States in this regard.

- The State Government is implementing 'Kanya Vidya Dhan Yojana' to provide fillip to education of girls belonging to Below Poverty Line families. Under this scheme, it is proposed to provide Rs.20000 each to 1.5 lakh girl student passing class 12 during the current financial year and provision of Rs.300 crore has been made in the State Budget. Government of India should also part fund this scheme.
- Most of the Secondary schools in the State have been established in the private sector. The State Government provides subsidy to private investors for this purpose. There are still many development Blocks/areas where secondary schools are not yet established. Government investment becomes necessary in such areas. In such development Blocks, Government is providing aid for establishing girl's schools. We welcome the idea to launch a special programme for Secondary Education on the pattern of "Education for all" programme. We should start our preparations straight away.
- The State Government has taken a decision to provide scholarship to backward students studying at pre-matric and post-matric level at the same rates and conditions as are being provided to SC/ST students in consonance with the idea of social justice and equality as well as for providing better job opportunities. These scholarships also cover students of other castes, including the minorities, who are living below poverty line. Hence, Central Government should provide assistance to the State Government for providing scholarship to students of weaker sections.
- Central Government should take initiative to prevent exploitation of work force engaged in unorganized service sector. It is necessary that the skills of workers be examined and certified by a government agency so as to

enable payment of wages commensurate with their level of skills in the labour market.

- For the development of technical education, lack of availability of high standard educational institutions is being felt at every stage. In I.I.Ts and I.I.Ms, only one percent of the desirous students get admission. It is suggested that seats in such institutions should be increased and more such institutions could be set up. Engineering and Medical colleges are also being established in the private sector. H.B.T.I., Kanpur was established in the year 1921, in the field of technical education in the State. Central Government should take steps to equip this prestigious institution on the pattern of I.I.T.
- It is necessary to provide accommodation and transport facilities to teachers of primary schools in remote and distant areas so as to ensure qualitative improvement in primary education. With a view to making management of schools more effective, training may be imparted to the members of "Village Education Committees". In doing so the complaints pertaining to attendance of teachers would also get resolved.
- A scheme was being run by the Government of India to provide vocational education in secondary schools. However, due to some reasons this scheme has been abandoned. Vocational education provides employment opportunities. We, therefore, request Government of India to reintroduce the scheme.

Health

37. There are two dimensions of public health - preventive and curative. So far the emphasis was mainly on curative aspect under which construction of Sub-Centres, Primary Health Centres, Community Health Centres and District Hospitals is undertaken. However, so far, even these facilities could not be made available as per norms in all areas. In this direction, there is a felt need to increase investment and we welcome the target investment of 2 percent of Gross Domestic Product in the Health sector by the year 2012. Healthy citizens are assets of the country.

38. We welcome the initiative taken by Central Government in launching the National Rural Health Mission. The emphasis of this project is both on preventive

and curative aspects and the proposed convergence with Drinking Water, Total Sanitation Campaign and I.C.D.S is welcome. This will have positive effect on public health. The role of women Self Help Groups apart from that of Gram Panchayat may also be fruitful in this regard. Women SHGs can be of great use in surveillance of diseases. This attempt will help specially in controlling infant mortality rate.

39. The State Government has reduced the registration fee to rupee one in the Government Hospitals so as to provide medical facilities to poor people and also ensured availability of medicines. 1027 doctors have been appointed on contract basis to fill the vacancies of doctors in rural areas. Mobile medical service has also been commenced to provide medical facilities in remote areas. Construction of super specialty hospitals in private sector is also being encouraged.

40. State Government is putting special emphasis on rural sanitation. This will help in reducing infant mortality rate. At present, Government of India is providing a subsidy of Rs.500/- on the basis of construction cost of rural latrines at Rs.625/- under the Total Sanitation Campaign. This construction cost of toilets is not realistic. Therefore, the Government of India should increase the cost of individual household toilets to Rs.2000. State Government welcomes the decision to provide toilets and urinals in all schools and Anganwadis by the end of the Tenth Plan and is committed to achieving this goal. Likewise, the State Government is also committed to provide safe drinking water to all habitations.

Panchayati Raj

41. Government of U.P. is committed to set up an effective three tier Panchayati Raj system in the light of the 73rd Constitutional Amendment. Elections are being conducted on time and State Finance Commissions have also been setup. At present, Third State Finance Commission is functional. The State Government is committed, in principle, to transfer all matters listed in the Eleventh Schedule to the Panchayati Raj Institutions. Government is also seriously examining the recommendations of round table conferences. State Government would also take appropriate steps to transfer funds, functions and functionaries to Panchayati Raj Institutions in order to strengthen them.

42. In order to strengthen the Panchayats financially, it is necessary that assistance provided by Government of India and State Government reaches the

Panchayats in time. The State Government is providing requisite funds to the Panchayati Raj Institutions as per the recommendations of the State Finance Commissions but the financial assistance for the year 2004-05, as recommended by the Eleventh Finance Commission has not yet been made available. As a result, targeted development works are getting affected adversely. It is suggested that funds may be made available to the Panchayats at the start of the financial year.

43. Sir, in the three tier Panchayati Raj system, indirect elections are held for election of Presidents of Block Panchayats and District Panchayats. Elected Panchayat members elect their President. However, this system has not shown encouraging results. In order to curb the use of money and muscle power in the election of Block Panchayat and District Panchayat Presidents, it is suggested that provision of direct election may be incorporated through a Constitutional Amendment.

Urban Infrastructure facilities

44. Under the Accelerated Urban Water Supply scheme of Government of India, only those cities are being covered whose population is 20,000 or less. In order to provide fresh drinking water to big cities, population criteria should be removed. Out of the 623 cities of the State, only 55 cities have partial sewerage system. In order to keep the cities clean, it is essential that they have proper sewerage disposal system. We recommend that Government of India should provide assistance for construction of sewerage systems in all towns and cities.

45. For the development of infrastructure facilities like sewerage, drainage and solid waste management systems in urban areas which have a long gestation period, huge investments are required. Keeping in view the limited paying capacity of residents, the rate of return on these schemes is also low. This limits potential for private investment. It is suggested that Government of India should promote and frame a policy for encouraging Financial Institutions to make investments in projects pertaining to urban areas.

46. Government of U.P. has been allotted Rs.85.94 crore for the development of basic infrastructure facilities in approximately 6000 slums areas of 623 local bodies under the Slum Area Development Programme; So far only 80 local bodies have been covered in the scheme. Government of India should provide adequate financial

aid in order to provide basic infrastructure facilities to poor people residing in these slum areas.

47. Necessary reforms have already been made to make the State edible for funds under the National Urban Renewal Mission. House for All is being effectively implemented in the State. A policy of development of High-tech townships has been declared in the State. The Policy seeks to facilitate construction of High-tech townships near big cities and towns with each spread over area of 1500 acres or more at an estimated investment of Rs.750 crore. Six short-listed companies have proposed to construct 9 High-tech townships at an investment of Rs. 10,000 crore.

Regional Disparities

48. Sir, the documents provided also indicate growing regional disparities. Some important aspects of economic development are reduction in regional disparities, bridging the gap between urban and rural areas and reducing income inequality in society. Some parts of the country are prosperous and developed while other parts are extremely backward and poor. The residents of these extremely backward and poor areas can not be held responsible for their status as it is due to reasons beyond their control. Efforts to reduce regional disparities have always been stressed in past meetings of the National Development Council but nothing tangible has so far been achieved.

49. Government of India has decided to setup Backward Area Grant Fund for the development of backward districts. While this fund would be utilized in the districts selected under Rashtriya Sam Vikas Yojana, it is also proposed to be utilized for setting up inter-district and inter-State infrastructure facilities. Sir, this Fund should be for the overall development of selected district/areas within a stipulated time frame. We hope this Fund will contribute towards redressing the historical neglect of Uttar Pradesh. It is also suggested that uniform norms for selection of less developed areas should be used in all schemes aimed at removing regional disparities. We feel that apart from the norm of population living below the poverty line, it would also be useful to use indicators pertaining to health and education in identification of backward areas. This will help in focused implementation of schemes in backward areas.

50. Economic backwardness in certain situations gives rise to violence and

terrorism. In certain parts of the State, incidents of Naxal violence have occurred. State Government views these incidents not as purely a law and order problem but also as one wherein rapid economic development of the area is required. State Government is also effectively monitoring the development activities in these areas. We request the Central Government to help the State Government in arranging adequate investment for creation of infrastructure and employment opportunities in these areas.

Social Security

51. It is the duty of the Government to protect the interests of deprived sections of society especially the old, infirm and homeless. In the present scenario, it is unjustified to provide an old with a monthly pension of Rs.150/- only. Hence, Government of India should provide assistance to the State Government to increase the amount of Old Age pension apart from covering all eligible old persons under the scheme. Similarly, Government of India should also assist the State Government in covering all destitute women.

Financial Position and Resources

52. For successful implementation of the Tenth Plan required resources were to be raised by the Centre and the State Government. I would like to bring to your kind notice the various steps taken in this direction by the State Government:

- As part of the reform programme, the Government of Uttar Pradesh enacted the Uttar Pradesh Fiscal Responsibility and Budget Management Act, 2004 in February, 2004. With this Uttar Pradesh became the fifth State in the country to have such a legislation. The enactment of this Act is a testimony to the Government's sense of urgency as well as commitment to impose stringent fiscal discipline upon itself.
- As is required under the provisions of the Act, the Government drafted and presented before the State Legislature The Medium Term Fiscal Restructuring Policy along with the budget estimates for the year 2005-06. Translating the targets envisioned in the Act into plan of action, the policy targets to eliminate revenue deficit by the year 2008-09 and bring down fiscal deficit to GSDP ratio below 3 percent by the same time.

- Last year we almost fully achieved our tax revenue target and took additional resource mobilization measures to the tune of Rs.1250 crore. Further, we have also introduced State development tax which will generate another Rs.650 crore. Based on these factors, we have set an ambitious revenue target for the current year. Going by the achievements in the first two months we are set to achieve this target. As a result of better tax collection and additional resource mobilization, our own tax revenue as percentage of GSDP has consistently gone up from 5.0 percent in the year 1999-2000 to 6.3 percent in 2002-03, and according to MTFRP projections, is expected to go up to 8.3 percent in 2008-09.
- Based on our achievement of own tax revenue and ARM measures the Central Planning Commission allocated the highest ever plan outlay of Rs. 13500 crore for Uttar Pradesh for the current year.
- Taking cognizance of the ballooning pension bill, our Government has introduced the new defined contribution pension scheme with effect from 1st April, 2005. This scheme is on the pattern of the Government of India's pension scheme. Institutional arrangements for creation and management of pension fund are being worked out.
- The Government of Uttar Pradesh participated in the Government of India's Debt Swap Scheme which has resulted in significant saving in the debt service burden. However, the additional market loans contracted between the year 2002-03 and 2004-05 will mature for redemption after 10 years and payments in lump sum will have to be made. This will cause a serious liquidity crunch for the State during the period 2012-2015. The Government of India should consider this and work out a suitable solution.
- Asset Management has also been accorded high priority in the 2005-06 budget. Allocations for maintenance of assets in the infrastructure sector as well as education and medical sectors have been enhanced significantly. The year 2005-06 has also been declared as the year of completion of old incomplete works. Significantly high allocations have been made for incomplete works pertaining to irrigation, roads and bridges, school and college buildings and hospitals.
- The implementation of the recommendations of the Twelfth Finance Commission is going to have far reaching impact on the finances of the fiscally weaker States. Though Uttar Pradesh will be getting a slightly higher percentage of share in

Central Taxes, but no revenue deficit grant was recommended to the State. Some special purpose grants have been recommended to the State especially for Education, Health and for maintenance of roads and buildings. However, these grants are available only after a substantial increase in Non-plan Revenue Expenditure in these sectors. This recommendation seems to be contrary to the overall scheme of revenue deficit reduction. .

- Though the recommendations of the Twelfth Finance Commission are quite favourable to the State, but the recommendations regarding Central Government not acting as an intermediary in the borrowing programme of States is very crucial to the States and will affect the plan performance in a big way. The States will have to raise the 70 percent loan component of Central Assistance from the market. We agree with this recommendation as this will expose State Governments to market discipline. We are trying to raise this amount from the market. In case we fail to do so in full, the Government of India must come to our rescue in fulfilling the shortfall.
- Further, this step of disintermediation and going to market has other implications as well. Market loans are of shorter maturity and repayment is done in one lump-sum. This will-neutralise the relief in repayments obtained through the reschedulement of pre-2004 central loans as recommended by the Twelfth Finance Commission.
- So far as Additional Central Assistance for Externally Aided Projects is concerned, it is a welcome step that the demand of States has been met by the Twelfth Finance Commission but the advantage in low interest rate on external assistance received on back to back basis may get nullified by the exchange rate risk over a long period of time. Hence in order to help the States, a foreign exchange risk fund may be created to protect the States from such risk. Government of India should keep this in view while issuing guidelines in this regard.

53. Sir, it is a well known fact that the best of planning will fail if the implementing agencies are inefficient. The State Government has taken some special steps in this direction and because of this, desired increase in tax revenue could be achieved. Similarly, despite a disappointing beginning of the Tenth Five Year Plan, significantly better results have been achieved in the last two years. State Government is determined to keep administrative officers in the districts for stipulated periods and

fix their responsibility vis-a-vis attainment of specified targets. We are not in favour of frequent administrative changes and we will welcome any feasible suggestion which emerges in this regard.

54. In the changing scenario, utilization of recent development in the field of information technology is essential for effective implementation of the schemes. This will not only help in bringing transparency in the implementation of schemes, but will also help in their effective and regular monitoring. State Government is determined to introduce E-Governance and special efforts have been taken to explore possibilities in this regard. Uttar Pradesh State Wide Area Network project has been sanctioned by Government of India to connect all districts, tehsils and blocks with the state headquarters and this work is expected to be completed in the next two years. Uttar Pradesh is the first State where all district treasuries and state treasury directorate are total computerized. Land records have also been computerized and farmers are receiving computerized copies of Khatauni. **Lokwani Scheme** is being implemented in Sitapur district for disposing public grievances. Under this scheme any person can register his complain on-line from any internet-Cafe and he can view the report of action taken by the district authorities within prescribed time. In addition to this, efforts are being made to computerize other departments also.

55. Sir, in such a big state as Uttar Pradesh, where one-sixth of the country's population lives, and backwardness should not be treated as State's problem. We believe that the nation cannot realize its full potential as long as Uttar Pradesh does not develop.

56. I have tried to put forward some important issues of development. Our goal is to develop Uttar Pradesh as Uttam Pradesh. Sir, I would like to clarify that the nation cannot develop without developing Uttar Pradesh. I am obliged to you for your patient hearing.

Thank you!