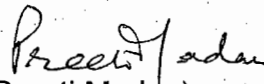


**PLANNING COMMISSION  
(State Plans Division)**

**Subject : Annual Plan, 2007-08-Maharashtra**

A copy of the summary record of discussions held on February 7, 2007 between the Deputy Chairman, Planning Commission and the Chief Minister, Maharashtra to finalise the Annual Plan 2007-08 of Maharashtra is circulated herewith.

  
(Preeti Madan)  
Director(SP-W)  
Room No. 305  
Tele.No23096545

Encl: As above

**Planning Commission**

Pr. Advisers/Sr. Advisers /Advisers/ Sr. Consultants  
JS(SP)

**Ministry of Finance**

Joint Secretary (PF-I) (4 Copies)  
Joint Secretary (FR),  
Department of Economic Affairs

**Prime Minister's Office (PMO)**

Director (**Mahrashtra**)

Planning Commission U.O.No. M. 13048/15/MRT/2006- SP-W

Dated 26.2.2007

**Copy to P.S. to:**

Deputy Chairman/Minister of State/Members/Secretary, Planning Commission

**Copy to Govt. of Maharashtra**

1. Chief Secretary, Government of Maharashtra, Mumbai
2. Pr. Secretary, Planning, Government of Maharashtra, Mumbai
3. Pr. Secretary, Finance, Government of Maharashtra, Mumbai (5 copies)
4. Resident Commissioner, Maharashtra, New Delhi.

**Planning Commission  
(State Plans Division)**

**Minutes of the meeting between the Deputy Chairman, Planning Commission and the Chief Minister of Maharashtra for finalization of the Annual Plan 2007-08 of Maharashtra.**

A meeting was held between the Deputy Chairman Planning Commission and the Chief Minister, Maharashtra on 7<sup>th</sup> February 2007 at Yojana Bhawan to finalize the outlays for the Annual Plan 2007-08 of Maharashtra.

2. List of participants is at **Annexure I**.

3. The Deputy Chairman, welcomed the Chief Minister, Minister for Finance and senior officers of Government of Maharashtra to the meeting. The Deputy Chairman complemented the CM and his team on overall economic performance of the State, which was better than national average, however, DCH was concerned about the inclusiveness of growth and development of Marathwada and Vidharbha regions.

4. Minister for Finance made a presentation highlighting the achievements and areas of concern. Due to severe financial constraints, the outlay and expenditure on Plan in the first three years of the Plan were low. The State registered a growth of over 8% in the last two years, and with a prudent management of State finances the fiscal deficit, consolidated debt, interest burden as a percentage of GSDP are on decline. The Minister informed that Maharashtra was now moving from a phase of adjustment to stabilization. The main areas of concern for the Government of Maharashtra, were acute power shortage, incomplete irrigation projects, low productivity in agriculture, rural distress and farmers' suicides, development of Mumbai and regional imbalance.

- On the issue of rural distress and farmers suicides, the Minister for Finance informed that from the PM's special rehabilitation package, an amount of Rs 1,110.23 crore has been spent till January 2006, but adequate assistance for implementation of the package are still awaited from Gol. Major unspent balance is for irrigation projects. Assistance for irrigation projects is made available under AIBP and hence require Government of India approvals

including environmental and tribal clearances, which are time consuming. The Chief Minister suggested that the package should be funded through grants from Government of India, in addition to Plan assistance. Deputy Chairman agreed to look into the matter.

- The State was facing acute power shortage. During the peak demand period, power deficit was upto 5,000 MW. The State has drawn up a programme to deal with power shortages, strengthening of transmission network, and reduction in T&D losses by adopting a franchisee model for distribution in Bhiwandi circle.
- Only 17.8% of the area is under irrigation, as against national average of 38%. There are large number of incomplete irrigation projects in the State. As on 1<sup>st</sup> April 2006, there are 1,246 (74 major projects, 171 medium projects and 992 minor projects, 9 ERM (extension, renovation, modernization) projects), which are on-going and still to be completed. The State has initiated reforms in the irrigation sector such as setting up of Water Resources Regulatory Authority under the Water Services Management Act in 2005, benchmarking & auditing of irrigation projects, and revision of water user charges.
- To improve the performance of agriculture, the State Government has introduced horticulture and processing programmes for export of grapes and setting up of wine parks, Watershed Mission in Marathwada and Vidharbha to increase yield and reduce instability in production, organic farming in the State in major crops and areas like Vidharbha.
- The State has prepared a blue print for transforming Mumbai Metropolitan Region into a world class city. The Finance Minister requested for assistance from Planning Commission for expeditious approval to JNNURM proposals and release of funds.
- To reach the benefit of development to weaker sections of society, the State has taken several initiatives such as setting up of Nutrition Mission for low Human Development Index districts where incidence of malnutrition is visible. Maharashtra Human Development Mission has been set up in June,

2006 covering 12 most backward districts. The objective of the Mission is to take steps to improve literacy, health and nutrition as well as livelihood standards of the area.

5. Shri Anwar-ul-Hooda, Member complemented the State Government on its initiatives to streamline procedures and simplify the laws for creating a conducive environment for growth of the industrial sector. Member suggested that the main priorities of the State should be to increase employment opportunities through growth in manufacturing sector. Member desired to know the progress of reforms, such as the Rent Control Act.

6. Professor Abhijit Sen, Member, pointed out that the urban poverty has increased in Maharashtra, the urban poverty level is higher than the All India levels. Member also drew attention to the poor performance of the agriculture sector, and the glaring inequalities. The State had introduced soil health cards, the coverage was inadequate, so far only hundred villages had been covered. Cultivation of Jowar should be encouraged as it provides fodder. It has not shown good results mainly due to diseases and pests.

7. Dr. Syeda Hameed, Member pointed out that there are reported cases of child deaths due to starvation/malnutrition in Maharashtra. The sex ratio in the State is also on the decline. Against the national average of 933 sex ratio in the State is 922 and child sex ratio has declined from 946 in 1991 to 913 according to 2001 census. The State has a very large number of female sex workers. Though there is growth in the literacy level in the State, the gender differential in literacy is almost 20%. The State has to take suitable measures to improve these vital indicators. The State should make appropriate measures for implementation of such social legislation like Prevention of Domestic Violence Act, relating to inheritance etc. The State also needs to introduce Gender Budgeting and Women's Component Plan in its Annual Plan.

8. Representative of the State Government pointed out that the malnutrition indicator has registered an improvement after the introduction of the Nutrition Mission, and State Government has initiated programmes targeted for reduction of anemia, and greater vaccination coverage. Deputy Chairman suggested that the

State should explore Public-Private partnerships to fill the gap in public health areas and promote innovative PPP models for implementation of NRHM.

9. Dr. Kirit Parikh, Member observed that the share of outlay allocation for irrigation in the total outlay is low and there is a need for substantial step up of investment in the sector. The State should clarify reasons for poor utilization of AIBP funds and suggest ways of better allocation of resources to speed up irrigation projects. Dr. Parikh pointed out that in the power sector, the T&D losses continue to be high with marginal improvement. Implementation of APDRP was slow with about 53% utilization. The progress under RGGY was also very slow. Member suggested that the State Government should speed up projects for capacity creation. Dr Parikh suggested continuation of second phase of Mumbai Urban Transport Project (MUTP) along with Phase I of the project.

10. Dr. B.L. Mungekar, Member pointed out that which more than half of the population continues to depend on agriculture the share of agriculture sector in the total state domestic product is still very low. Investment in social sector projects should be stepped up. Member observed that the performance of Sarva Shiksha Abhiyan (SSA) in Maharashtra is better than many other States, however, the State should pay greater attention to the high drop up rates at primary and secondary level.

11. Dr. V.L.Chopra, Member pointed out the forest area of the State is 20% of the State's total geographical area while the actual forest cover is only 15%. State should make efforts to bring more area under tree cover. Forest tourism and eco-tourism should be encouraged as it creates employment opportunities for the local communities in the forest areas. However, besides providing income generation avenues, the tourism activities may have negative impact in forest and wildlife areas which should be assessed by the State Government and a strategy put in place to regulate the negative impact in a sustainable manner. The State is rich in bamboo resource. Adequately organized value addition trade at community level and conservation of this resource will fetch more value and provide productive employment opportunities through appropriate State intervention.

12. Shri B.N. Yugandhar, Member, appreciated the efforts made by the State Government in encouraging industrial growth and the initiative of the State Government in the social sector. Member felt that the State Government should step up investment in Marathwada and Vidharba regions. There were a large number of incomplete irrigation projects, the utilization of the central assistance provided under Accelerated Irrigation Benefit Program (AIBP) is very low. He suggested that instead of thinly spreading its resources, the State Government should prioritize the ongoing irrigation projects and focus on the last mile projects. Health and education also require greater attention and investment. The experiment of the Nutrition Mission should be replicated in more areas, with coverage of more number of activities around each centre. Community involvement in areas of public health and sanitation should be encouraged. Member suggested Backward Region Grant Fund (BRGF) should be used for filling up gaps for improving livelihood means.

13. Referring to the recent letter written to the CM, Deputy Chairman suggested the State should actively promote PPP in areas of social and economic infrastructure. To improve the credit availability to agriculture sector, the State should actively implement the Vadyanathan Committee report.

14. Chief Minister, welcomed the suggestions made by the Members, and said he will implement these suggestion to the extent possible.

15. In his summing up statement, Member-Secretary, Planning Commission thanked the Chief Minister, Minister for Finance & Planning, Executive President (SPB), Minister of State for Finance & Planning, Chief Secretary and other officials of the Maharashtra delegation for their participation in the discussions. During the official level discussions, the resources for the Annual Plan 2007-08 had been assessed at Rs. 17868.61 crore. Subsequently, during the discussions of the Chief Minister with the Deputy Chairman, it was agreed that these resources would go up by Rs. 2131.39 crore due to (i) Additional Central Assistance (ACA) for BRIMSTOWAD project of Rs. 400 crore, (ii) Additional ACA likely under JNNURM, BRGF etc of Rs. 592.91 crore, (iii) Likely additional share in Central Taxes of Rs. 567.58 crore and (iv) Better BCR due to ARM/administrative Efficiency

improvements of Rs. 570.98 crore. In addition, Deputy Chairman has agreed to provide Additional Central Assistance of Rs. 200 crore for projects of special importance to the State, including an amount of Rs. 5 crore for the project on Baba Saheb Ambedkar Writings. Member-Secretary informed that the Annual Plan size for Maharashtra for 2007-08 was approved at Rs.20,200 crores.

16. Meeting ended with a vote of thanks to the Chair.

A copy of the detailed Scheme of Financing is at **Annexure II**.

## Annexure – I

### List of Participants in the Meeting held on February 7, 2007 for finalization of Annual Plan 2007-08 of Maharashtra.

#### Planning Commission

1.	Shri Montek Singh Ahluwalia	Deputy Chairman
2.	Shri. B.N. Yugandhar	Member
3.	Prof. Abhijit Sen	Member
4.	Dr. (Ms.) Syeda Hameed	Member
5.	Dr. Kirit S. Parikh	Member
6.	Dr. Bhalchandra Mungekhar	Member
7.	Dr. V.L. Chopra	Member
8.	Shri. Anwarul Hoda	Member
9.	Shri Rajeeva Ratna Shah	Member Secretary
10.	Dr. Arvind Virmani	Pr. Adviser (SP –Maharashtra / DP/IE)
11.	Prof. N.K.Sethi	Sr. Adviser (Health)
12.	Shri. R. Sridharan	Jt. Secretary (SP)
13.	Shri V.K. Bhatia	Adviser (SP-W)
14.	Dr. V.V Sadamate	Adviser (Agriculture)
15.	Shri. Harish Chandra	Adviser ( SP-E/SP-UP/UL)
16.	Dr. Santhosh Mehrotra	Sr. Consultant (Rural Development)
17.	Smt. Preeti Madan	Director (SP-W)
18.	Shri. Anand Prakash	Research Officer (SP-W)
19.	Shri Saji Thomas	Consultant (SP-W)

#### Ministry of Finance

1.	Mrs. Babnilal	Director, Department of Expenditure
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#### State Government of Maharashtra

1.	Shri Vilasrao Deshmukh	: Chief Minister
2.	Shri R.R. Patil	: Deputy Chief Minister
3.	Shri Jayantrao Patil	: Minister for Finance & Planning
4.	Dr. Ratnakar Mahajan	: Executive President, SPB
5.	Dr. Sunil Deshmukh	: MOS for Planning & Finance
6.	Dr. D.K. Sankaran	: Chief Secretary
7.	Shri Umesh C. Sarangi	: Pr. Secretary to CM
8.	Shri V.K. Aggarwal	: Pr. Secretary, Planning
9.	Shri Subodh Kumar	: Pr. Secretary, Finance
10.	Dr. J.M. Phatak	: Pr. Secretary, Urban Development
11.	Shri J.S. Saharia	: Pr. Secretary, EGS & WC
12.	Shri V.S. Dhumal	: Pr. Secretary, WS & Sanitation
13.	Shri N.B. Patil	: Pr. Secretary, Agriculture & Horticulture
14.	Shri B.P. Pandey	: Pr. Secretary, Relief & Rehabilitation



15.	Shri Ramesh Ubale	:	Secretary, Social Justice
16.	Dr. Amitabh Rajan	:	Pr. Secretary & Commissioner (IP)
17.	Shri Jayant Kawale	:	Pr. Secretary, Energy
18.	Dr. (Smt) Joyce Sankaran	:	Pr. Secretary, Higher & Tech. Edn.
19.	Shri K.S. Vatsa	:	Pr. Secretary, RD & WR
20.	Shri S.S. Kshatriya	:	Pr. Secretary, Housing Department
21.	Shri V.V. Gaikwad	:	Pr. Secretary, WR
22.	Shri A.B. Kulkarni	:	Secretary, School Education
23.	Dr. V.S. Singh	:	Secretary, PH & FW
24.	Shri B.I. Nagrale	:	Secretary, Tribal Development
25.	Shri Sanjay Ubale	:	Secretary, Special Project G.A. Deptt.
26.	Shri V.B. Borge	:	Secretary, Roads & PWD
27.	Shri Apurva Chandra	:	Resident Commissioner
28.	Dr. Dinesh Kumar Tyagi	:	Addl. Resident Commissioner
29.	Shri Kulkarni	:	Deputy Secretary
30.	Shri Dingale	:	Under Secretary
31.	Shri Jadhav	:	Section Officer, Planning
32.	Shri Mehetre	:	Research Officer
33.	Shri Pawar	:	Research Officer
34.	Smt. Nandini Awade	:	Assistant Resident Commissioner

			Annexure-II
			Maharashtra
Approved Scheme of Financing for Annual Plan 2007-08			
			(in Rupees crore)
	Items		Approved Annual Plan 2007-08
		1	2
<b>A. State Government</b>			
1	State's Own Resources (a to d)		7626.03
	a BCR		9768.77
	b MCR (excluding deductions for repayment of loans)		-2244.24
	c Plan grants from GOI (TFC)		101.50
	d ARM		0.00
	Contribution of PEs		0.00
2	State's Borrowings (i) - (ii)		8953.66
	(i) Gross Borrowings (a to g)		14763.70
	a State Provident Fund		4053.73
	b Small Savings		6936.41
	c Market Borrowings		2044.31
	d Negotiated Loans		1000.00
	e Bonds/Debentures		0.00
	f Loans for NCA		
	g Loans portion of ACA for EAPs		729.25
	h Loans for EAPs		
	i Loan portion of ACA for Others		
	(ii) Repayments		5810.04
1+2	State's Own Resources (incl. Borrowings)		16579.69
3	CENTRAL ASSISTANCE (a+b+c)		3620.31
	a Normal Central Assistance		458.44
	b ACA for EAPs		312.54
	c Others		2849.33
	i) SPA		
	ii) Others		2849.33
<b>Total A : State Government Resources (1+2+3)</b>			<b>20200.00</b>
<b>B Public Sector Enterprises (PSE) (SRTC)</b>			
1	Internal Resources		
2	Extra Budgetary Resources		
3	Budgetary Support		
<b>Total B: PSEs (1+2+3)</b>			
<b>C Local Bodies</b>			
<b>i. Urban Local Bodies</b>			
	a Internal resources		
	b Extra Budgetary resources		
	c Budgetary Support		
	Total (a+b+c)		
<b>ii Rural Local Bodies</b>			
	a Internal resources		
	b Extra Budgetary resources		
	c Budgetary Support		
	Total (a+b+c)		
<b>Total C : Local Bodies (I + II)</b>			
<b>D AGGREGATE PLAN RESOURCES (A+B+C)</b>			<b>20200.00</b>
<b>E STATE PLAN OUTLAY</b>			

## Maharashtra

Components of Other Central Assistance as approved for AP 2007-08

(in Rs. crores)

Item Name		Amount
1	NSAP	234.21
2	NPAG	16.79
3	AIBP	350.00
4	Roads & bridges	160.85
5	JNNURM	991.68
6	BRGF	362.25
7	APDRP	22.00
8	NEGAP	19.20
9	WGDP	23.17
10	Tribal sub Plan	36.86
11	Grants under arti 275	32.33
12	BRIMSTOWAD	400.00
13	One time ACA	200.00
<b>Total Others</b>		<b>2849.33</b>