



सत्यमेव जयते

GOVERNMENT OF MAHARASHTRA

SPEECH

OF

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CHIEF MINISTER, MAHARASHTRA

Regional Level Consultation

on

Approach Paper to the Twelfth Five Year Plan

27th June, 2011

MUMBAI

PLANNING DEPARTMENT

GOVERNMENT OF MAHARASHTRA

SPEECH OF CHIEF MINISTER OF MAHARASHTRA

1. Deputy Chairman of Planning Commission, Dr. Montek Singh Ahluwalia,
Chief Minister of Rajasthan, Shri Ashok Gehlot,
Chief Minister of Madhya Pradesh Shri Shivraj Singh Chouhan,
Chief Minister of Goa, Shri Digambar Kamat,
Deputy Chief Minister of Maharashtra, Shri Ajit Pawar,
Ministers from States, Members, Advisors, and Officials from the Planning
Commission and Officials of the state governments,
Ladies and gentlemen.....
2. I am extremely delighted to welcome Dr. M.S. Ahluwalia, Chief Ministers
and their delegations, to Mumbai. I am very happy that Planning
Commission has undertaken this regional consultation to discuss the
Approach Paper to the 12th FYP. We have carefully gone through the
Approach Paper and also the scholarly article by Dr. Ahluwalia published in
a recent issue of EPW. We had appointed Working Groups of Secretaries of
the departments to prepare detailed background papers for the different
sectors. I would like to present my Govt's response.
3. The State government agrees with the goals proposed by the Planning
Commission for the 12th Plan, namely faster economic growth, inclusive
growth and sustainability. They capture the essence of the growth paradigm
that has evolved over the past two decades.

4. The average growth rate of the economy of Maharashtra during the four years of XIth FYP is 9.1 % which is in line with the expected growth for the state and is higher than the growth rate of National GDP. Based on our track record of Maharashtra's economic growth, we propose a GSDP growth target of 11 -11.5% for the 12th FYP. This growth will come from agriculture (5%), industry (11-12%) and services (12%).
5. We feel that the target of 5% growth in agriculture is achievable in view of the 4.6% growth rate achieved by this sector during the first four years of the XIth Plan. Similarly, we feel that the services sector growth rate of 12% is similar to 11.8% growth rate in the first four years of the XIth Plan. We would have to put in special efforts to push the industrial growth rate up from the XIth plan achievement of 7.7% to the expected 11-12% growth rate in the XIIth Plan. I may add here that the realisation of the aforesaid targets is subject to the monsoon being normal and is based on the hope that the global environment do not produce unpleasant shocks.
6. We agree with the Planning Commission that state government must make special efforts to enhance the inclusiveness of the growth process. In this context, we assure that we will take appropriate measures in respect of the key instruments of inclusive growth, namely (a) increase agricultural growth, (b) create more jobs in manufacturing, (c) improve rural connectivity, (d) skill development, (e) improve health and education (f) focus on development of vulnerable groups and (g) implement flagship programmes effectively.
7. Maharashtra has already introduced a number of initiatives for inclusive growth such as human development mission for backward talukas,

scholarships to OBC and minority students for higher education. We have earmarked budget for SCP and TSP as per the state's SC and ST population. We would appreciate if Planning Commission could develop quantifiable indices of inclusiveness so that we can take effective steps for monitoring and course correction.

8. As regards removal of poverty, I agree with the observation of Dr. Ahluwalia that the performance has not matched up to the expectation of the XIth Plan to reduce the poverty ratio by 2 percentage points every year. I presume that a similar level of performance would be expected from the state governments in the XIIth FYP as well. I believe that if we make our growth process more inclusive and effectively implement targetted schemes for poverty alleviation like MG-NREGA, we should be in a position to reduce poverty ratio by 2 percentage points per annum.
9. As regards sustainable growth, I feel that there is a need to balance the requirements of rapid economic growth with the imperatives of environmental protection and proper rehabilitation of PAPs. It would be necessary that each Project Implementing Authority incorporates in their budgets the component of remedial measures to offset the damage caused to environment.
10. I agree with the view of Dr. Ahluwalia that the key challenges for the XIIth Plan are water management, energy management, urban transformation and environment. Maharashtra also faces the challenge of correcting regional imbalances in economic development. Improving the Human Development Index for backward regions of Maharashtra is a priority for which we have initiated special efforts. Owing to the high rate of urbanisation in

Maharashtra, we are facing the challenge of slums as also of affordable housing. It will be our sincere endeavour to address these challenges in a concerted manner during the XIIth Plan period.

11. The total outlay of the Xth Plan was over Rs. 59,000 crore which has significantly been increased to over 160,000 crores by the end of XIth Plan. Maharashtra expects a total outlay of over Rs. 300,000 crores during the XIIth Plan. Maharashtra's fiscal deficit is currently well within the norm of 2.5% of GSDP. We believe that fiscal deficit will by and large remain within the prescribed limit. We have also considered the suggestion of the Planning Commission to increase the tax to GSDP ratio by 2 percentage points and decrease non-Plan expenditure by 1.5% of GSDP.
12. The Approach Paper specifically mentions about the need to improve governance and implementation of programmes and schemes. Urban local bodies and panchayati raj institutions are the main vehicles for the delivery of developmental programmes, and there is a need for improving governance at this cutting edge. We are also aware of the need for better convergence for delivery and the need for having the complaint redressal system to be created at an arms length from the delivery system.
13. Having dealt with the general issues, I now turn to specific sectors. To give a boost to the agriculture sector we agree that our focus would have to be on horticulture, diary and fisheries. We have already amended the APMC Act and also created a legal and policy framework for contract farming. In order to achieve targetted convergence we propose to move away from implementation of programmes in a fragmented manner to projects where all the agricultural schemes can converge to achieve substantial increase in

productivity. It would be desirable to take up these projects in an end to end format covering all aspects of value chain. There will also be the need to strengthen PACs, agro-marketing, processing and producer cooperative societies.

14.As I mentioned earlier, we are facing the challenge of imbalances in the economic development of different regions of the state. To a large extent, this is due to the inadequacy of irrigation and poor utilisation of the irrigation potential created. That is why we need special support through the AIBP programme. My suggestion is that Planning Commission and GoI should consider increase in present norm of Rs. 2.0 lakh per hectare to Rs.3.0 lakh per hectare for minor irrigation schemes; full Central assistance in one installment at early stage of financial year; GoI share be increased from 25% to 50% (for projects other than DPAP and tribal areas); norm of inclusion be relaxed and all minor irrigation (other than DPAP & tribal areas) projects be included under AIBP. I also urge GoI that irrigation projects in six agrarian distressed districts (Wardha, Amravati, Yavatmal, Akola, Washim and Buldhana), all from Vidarbha region may be cleared on priority. All these projects may be included in AIBP with 90% central assistance. We also need to include all the districts of Vidarbha and Marathwada regions in the BRGF.

15.Power sector needs to match the growth aspiration of the State. We hope that Government of India and Planning Commission will support the allocation of more coal and gas to Maharashtra. Supply of crushed and washed coal by domestic coal companies would result in reduction of costs and solve the problem of logistics to some extent. Also, allocation of

domestic (KG-Basin) gas should be considered on priority to States like Maharashtra, which have a very high growth in demand and very poor hydro-power potential and coal reserves. Similarly, higher funding by the Government of India as incentive for procurement of energy from renewable sources through competitive bidding must be given due consideration.

16. Maharashtra is urbanizing rapidly. We have made good use of JNNURM programme. Until now, we are ahead of all other States both in terms of the number of projects sanctioned and the Additional Central Assistance received. We are also supporting the ULBs in meeting cost escalation in these projects. Further, we have also taken up a similar programme for ULBs not covered by JNNURM. A reform-driven Maharashtra Sujal Nirmal Abhiyaan is also under implementation to provide quality water supply and sanitation services in urban areas. As far as Mumbai is concerned, various projects for urban transport and other urban services are progressing well.

17. JNNURM must be continued in the XIIth Plan, but with certain modifications. On the lines of the 13th Finance Commission, the grant of funds under the mission should have two components – one having statewide allocations, based on size of urban population, the access to which is subject to conformance to certain stipulated reforms conditions, and the other – accessible by any ULB in any state that actually carries out a higher set of stipulated reforms.

18. Considering the pace of urbanization in the country, it is necessary to significantly increase the size of the programme like UIDSSMT, which addresses the infrastructure needs of the non-mission cities. In order to

ensure that quality projects are developed and implemented under the Mission, GoI should place Project Development Grants under the Mission at the level of the States where a State Level Sanctioning Committee, consisting of GoI representatives, should sanction projects of the ULBs for developing their projects through empanelled Consultants.

19. Rapid urbanization has resulted in sharp increase in the price of housing and has therefore resulted in the growth of slums in our cities. We are very happy that GoI has announced Rajiv Awas Yojana that brings a ray of hope for the families living in slums. At present only 24 cities have been identified for assistance under Rajiv Awas Yojana. Given the magnitude of the slums, a comprehensive coverage of all urban local bodies of Maharashtra is necessary. I would also like to add here that GoI should consider framing a policy for slums on lands belonging to the ministries and organisations of GoI.

20. Water supply and sanitation is an important area that requires revision of JNNURM and UIDSSMT by linking it to sector specific reforms. It will be desirable to incorporate sanitation engineering in the skill development programme of GoI, to create large number of skilled and semi skilled personnel who can manage water supply and sanitation infrastructure. I also seek the cooperation of GoI for establishing national or regional resource centre in the state to address the specific schemes for sanitation. I also seek assistance for setting up dedicated water quality cells at the field level to focus on testing of water quality.

21. Coming to rural housing, we are concerned that the targets for the state under Indira Awas Yojana and consequently the allocable funds have been

scaled down. The State Government is providing Rs. 35,750 per unit as against Rs.11,250 per unit required as per Central Government sharing norms. I feel that the time has come to revise the construction cost to Rs. 1,00,000 per dwelling unit for which higher allocation from GoI would be necessary.

22.UID programme in the country was launched from Maharashtra's Nandurbar district. I am happy to report that we have enrolled highest number of people. The number of UID issued has crossed 1 million. For targeted subsidies, we have started integrating UID/Aadhar number in various applications of health and PDS sector. We will continue this in the XIIth FYP.

23.With a view to fuel growth in backward region, integrated industrial estate with optimum mix of manufacturing and social infrastructure is required to be set up. This will increase the share of manufacturing sector in GSDP and will also improve employment in backward regions. Financial support for trunk infrastructure for such industrial estates is also required. Mumbai-Nashik-Amravati-Nagpur growth corridor with good road connectivity will give impetus to attract investment in backward Vidarbha and Marathwada regions.

24.Maharashtra ranks first in total Road Network in existing (2,40,000 km) as well as the number of vehicles registered in the state. As per the New Road Development Plan, a target of 3,36,000 km road length is set out of which 95,595 km road length comprises Major State Highways, State Highways and Major District Road. These roads are essential for the industrial development in the State. The additional assistance through Central Road

Fund as well as Central Finance Commission is necessary for the development and maintenance of these major road links in the State.

25. The Approach Paper to XIIth Plan has laid emphasis on public health as an area of priority for allocation of resources. I suggest that NRHM should be continued in the XIIth FYP, as it has benefitted the health infrastructure in the rural areas. Looking to the success of NRHM, GoI should consider setting of National Urban Health Mission. It will also be desirable to consider expanding the scope of Prevention of Non Communicable Diseases Scheme to the whole state. Also in view of the rise in the number of elders, Geriatric Health care scheme may be initiated and financial assistance may be provided for them. GoI may also consider financial assistance for strengthening of public health laboratories.

26. Education is another important priority sector. In this context, Right of Children to Free and Compulsory Education Act and Sarva Shiksha Abhiyaan have helped immensely to improve the infrastructure for primary education. However, we have observed some gaps in the infrastructure of schools such as lack of electricity and water supply, non availability of separate toilets for girls, absence of compound wall and absence of kitchen shed. We will need to continue investing in physical infrastructure to overcome these lacunae in the XIIth Plan. It is equally important to focus on the quality improvement as suggested by Planning Commission. As regards higher education, establishment of Indian Institute of Information Technology along Mumbai-Pune corridor, establishment of an IIM and a second IIT in Maharashtra are some of our major demands.

27. We would like to pursue the goal of ensuring food security in the state on a sustainable basis. In this regard we await the passage of Food Security Bill that is under consideration of the GoI. Given the volatility of market for essential commodities, it may be imperative to set up Market Intervention Fund for providing essential commodities at reasonable prices. It would be necessary to implement market reforms for free and smooth movement of foodgrains and other commodities within the country and the state.
28. Maharashtra is a major cotton producing state. Unfortunately we have not developed the entire value chain from cotton to garment. It is our endeavour to give a boost to industrialization along this value chain to ensure rapid growth of industry and creation of employment. The State Govt is considering a new Textile Policy to achieve this goal. The TUF scheme that has benefitted the sector immensely may be continued in the XIIth FYP.
29. No economic development is possible without peace and tranquility. We therefore urge GoI to consider allocating more funds for coastal security, more funds in Naxalite prone districts. Higher central assistance for raising and equipping more forces to combat naxal menace, and for setting up railways and air-connectivity in naxal areas is required. This must be combined with infusion of resources and policies for the rapid economic development of Naxal areas. The Integrated Action Plan is benefitting Naxal areas, and this must be continued.
30. Infrastructure development of subordinate judiciary is necessary for rapid economic growth. In Maharashtra almost 40 lakh cases are pending before various subordinate courts. These cases arise from Central as well as State Legislations. It is, therefore, desirable that the funds for infrastructure

development of subordinate judiciary be provided with support from GoI. We have estimated that atleast Rs. 2,000 crore will be required during the XIIth FYP to undertake this activity.

31. These deliberations are being held in Mumbai which is widely acknowledged as the financial capital of India. It will be our endeavour to ensure that Mumbai emerges as the international financial centre for this region. That will give a boost not only to state's economy but also to the national economy. However, this requires special attention to the needs of Mumbai, particularly in relation to transport infrastructure, water supply & sanitation and housing. Considering the importance of mega cities such Delhi, Mumbai, Chennai and Kolkatta, I urge Planning Commission and GoI to create a separate line of funding for addressing the infrastructure and housing challenges of Mega cities. For this purpose, there has to be a separate, dedicated pool of fund, the access to which could be governed by a totally different set of reforms, having specific relevance to the development of particular Mega City.

32. I am sure that the successful implementation of the XIIth Plan will place India as one of the leading economic powers of the world. I assure full support and cooperation from the government and people of Maharashtra.

Thank you