

### III. PLAN FUNDING: UT'S OWN RESOURCES & CENTRAL ASSISTANCE

The pattern of funding under Plan from 2002-03 to 2008-09 is expressed in terms of the following table:

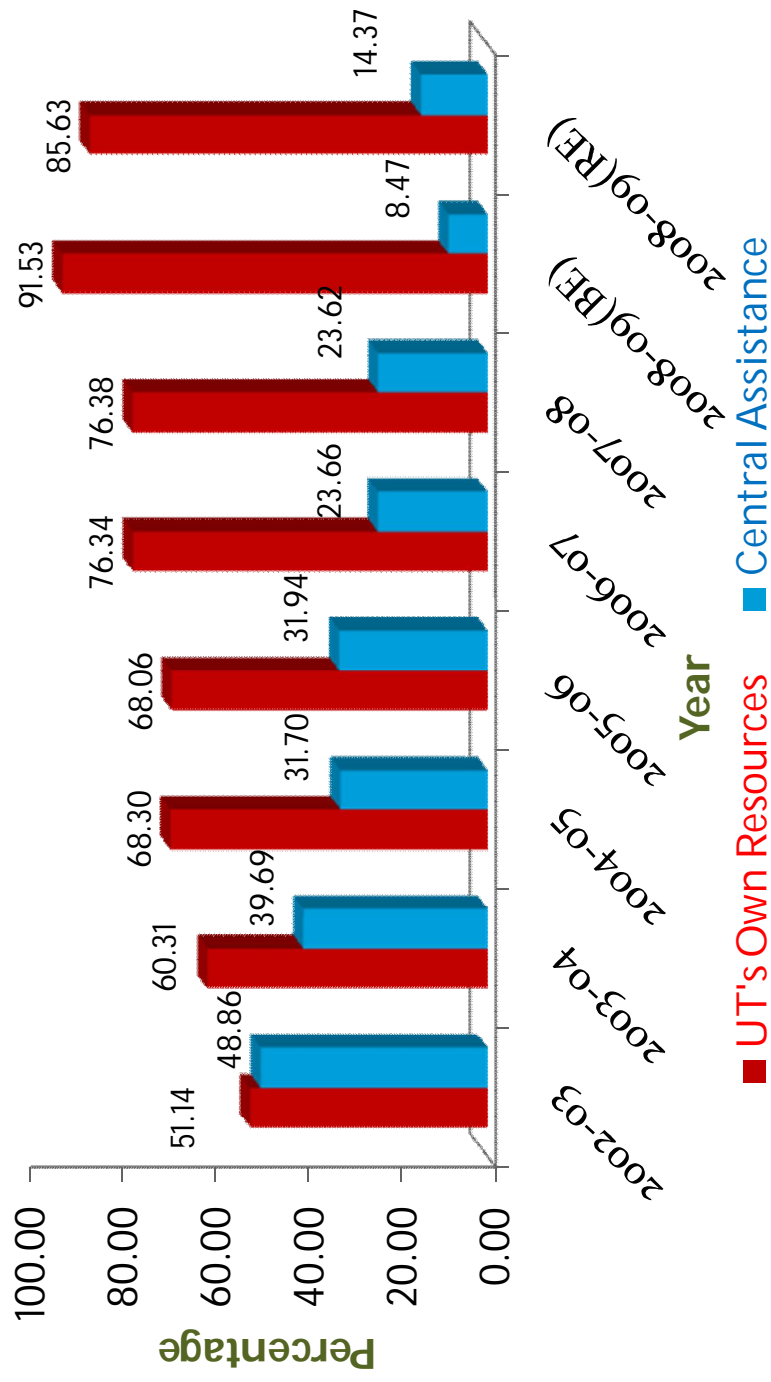
*Table-6*

(Rs. in Crores)

<b>Year</b>	<b>U.T's Own Resources</b>	<b>% to total</b>	<b>Central Assistance</b>	<b>% to total</b>	<b>Total</b>
2002-03	210.73	51.14	201.32	48.86	412.05
2003-04	282.63	60.31	186.00	39.69	468.63
2004-05	420.00	68.30	195.00	31.70	615.00
2005-06	629.50	68.06	295.50	31.94	925.00
2006-07	796.00	76.34	246.85	23.66	1043.45
2007-08	832.61	76.38	257.49	23.62	1090.10
2008-09(BE)	1601.79	91.53	148.21	8.47	1750.00

The above Table reveals that the U.T.'s own resources including market borrowing which constituted 51.14% in 2002-03 has gone up to 85.62% in 2008-09 (RE). As against this, the Central Assistance has drastically come down from 48.86% in 2002-03 to 8.97% in 2008-09 (BE). Though, the U.T.'s own resources is increasing, the real fact is that the increase was mainly attributed to the market borrowing including the Negotiated loan proposed in 2008-09 Annual Plan.

# UT'S OWN RESOURCES & CENTRAL ASSISTANCE (in percentage)



*Table-7*  
**PATTERN OF FUNDING FROM 2002-03 TO 2008-09**

(Rs. in Crore)

Sl No.	Resources	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
		Revised Outlay	Revised Outlay	Revised Outlay	Revised Outlay	Revised Outlay	Revised Outlay	Approved Outlay
<b>A</b>	<b>UT's Own Resources</b>	<b>210.73</b>	<b>282.63</b>	<b>420.00</b>	<b>629.50</b>	<b>796.60</b>	<b>832.61</b>	<b>1601.79</b>
	<i>1. Net Small Savings from UT</i>	63.05	126.08	125.28	149.72	183.00	16.19	150.00
	<i>2. ARM</i>	147.68	156.55	165.00	180.00	266.00	280.00	450.00
	<i>3. Adjustment of Opening Balance</i>	--	--	58.26	147.78	--	35.00	--
	<i>4. Reimbursement of CST Collection</i>	--	--	71.46	77.00	107.60	164.42	--
	<i>5. EAP for Tsunami</i>	--	--	--	75.00	--	--	110.00
	<i>6. Loan from GOI from Small Savings collections from other States</i>	--	--	--	--	240.00	--	--
	<i>7. Gross Market Borrowings</i>	--	--	--	--	--	337.00	200.00
	<i>8. Negotiated Loan (HUDCO, NABARD, etc.)</i>	--	--	--	--	--	--	691.79
	<i>9. Flood Relief (Loan Component)</i>	--	--	--	--	--	--	--
<b>B</b>	<b>Central Assistance</b>	<b>201.32</b>	<b>186.00</b>	<b>195.00</b>	<b>295.50</b>	<b>246.85</b>	<b>257.49</b>	<b>148.21</b>
	<i>10. Grant</i>							
	<i>(i) General</i>	136.02	124.00	133.00	195.50	76.85	76.00	85.46
	<i>(ii) EAP</i>	--	--	--	--	--	--	2.25
	<i>11. Loan</i>	65.30	62.00	62.00	--	--	--	--
	<i>12. Tsunami</i>	--	--	--	100.00	170.00	130.00	20.00
	<i>13. Others (including grant towards flood relief)</i>	--	--	--	--	--	1.38	13.98
	<i>14. JNNURM</i>	--	--	--	--	--	50.11	26.52
<b>C</b>	<b>Aggregate Plan Resources (A+B)</b>	<b>412.05</b>	<b>468.63</b>	<b>615.00</b>	<b>925.00</b>	<b>1043.45</b>	<b>1090.10</b>	<b>1750.00</b>

## **REQUEST FOR ENHANCED NORMAL CENTRAL ASSISTANCE TO FUND THE PLAN PROGRAMMES**

Govt. of India for the purpose of Plan finance treats this UT with legislature as a State and the Central Assistance is released as 70% loan and 30% as grant since the Annual Plan 2005-06. Based on this pattern, the UT Act 1963, has been amended and Lt Governor is vested with powers to borrow and give guarantees upon the securities of the Consolidated Fund of the UT as per the newly inserted Section 48(A) of the Act. A separate Public Account has been created with effect from December 2007 and the cash balance is monitored on day-to-day basis by Reserve Bank of India. By this, UT is treated on par with States in respect of Public Account, Open Market Borrowings' etc. From the Annual Plan 2005-06, this UT after signing a memorandum with Reserve Bank of India has gone for open market borrowing for funding various Plan schemes.

The Normal Central Assistance was released by Government of India prior to Annual Plan 2006-07 in the ratio 65% as Grant and 35% as Loan. From the year 2006-07 onwards the ratio has been changed and 30% is released as Grant and 70% as loan. As a result, the Plan grant of Normal Central Assistance for the Annual Plan 2008-09 is only Rs.85.46 crores as against Rs.124.00 crores for the Annual Plan 2003-04.

Plan grant should be atleast little more than the previous year grant in absolute terms every year. The new system should enable UT Government to raise more loan through market borrowings to invest on infrastructure development projects. The Central Grant (Normal Central Assistance) may be enhanced to Rs.180 crore in the Annual Plan 2009-10.

## **AUGMENTATION OF CONSOLIDATED FUNDS OF THIS UT GOVERNMENT TO SUPPLEMENT THE RESOURCES OF THE LOCAL BODIES:**

As per Article 280 of the Constitution, the Central Finance Commissions are constituted to make recommendations for sharing of revenue between the Union Government and the States. The Panchayati Raj system in Puducherry is governed by the provisions of the Pondicherry Village and Commune Panchayats Act, 1973 which has devolved several powers to Village and Commune Panchayats. The legislation was further amended in 1994 so as to conform to the 73<sup>rd</sup> amendment of the constitution.

**After the conduct of the elections to the Commune and Village Panchayats in July 2006, further steps need to be taken in order to strengthen the Panchayati Raj system through empowering Commune and Village Panchayats to address the local developmental priorities more effectively through the devolution of functions, funds and functionaries to Panchayats.**

The Twelfth Central Finance Commission has recommended a grant of Rs.25,000 crores to be released to the Local Bodies of the States. As Union Territories are not covered under the Terms of Reference of the Commission, no funds are devolved to Govt. of Puducherry out of Rs.25000 crores. Since this UT being a small territory with limited resources, is not able to make adequate funds available to the Local Bodies. This UT is mainly depending upon the financial assistance given by the Govt. of India. Based on the recommendations of the XII Central Finance Commission, the pattern of Central Assistance has been changed and the grant has been reduced to 30% as in the case of States. Consequently this UT is not able to render adequate financial assistance to Local Bodies to provide basic civic amenities.

## **CALAMITY RELIEF FUND (CRF )AND NATIONAL CALAMITY CONTINGENCY FUND (NCCF)**

The Union Territory of Puducherry which consists of four regions with two revenue districts and geographically isolated from one and another with their boundaries facing the Bay of Bengal and the Arabian Sea thereby susceptible to various natural disturbances like

floods, cyclone, tsunami etc. The people of the UT of Puducherry aspire for immediate relief during such of the natural calamities mentioned above as in the case of neighbouring states like Tamilnadu, Andhra Pradesh etc. The funds available for natural calamities are only under Non Plan and limited, no timely relief could be extended. Due to scarcity of funds, the relief extended by this administration is totally inadequate and draws public criticism.

Based on the recommendation of the 9th and 11<sup>th</sup> Finance Commission, Government of India had constituted 2 funds namely, the Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF). The Union Territory of Puducherry, in spite of being a Union Territory with Legislature, is not entitled to receive any assistance under both these funds. In case of any calamity, the Government of Puducherry has to spend funds out of its **own Plan and/or Non-plan** resources both for relief as well as rehabilitation. In the meanwhile, after coming into force of the Disaster Management Act, 2005, the financing of disaster management has become even more important. Even though the Union Territory is not entitled to funds under the CRF/NCCF, in order to meet the immediate needs of the affected population, the Government of Puducherry has fully complied with the directions of the Ministry of Home Affairs with reference to the norms/guidelines framed from time to time as communicated vide letter No.U-13034/1/2003-GP dated 20.04.2004 in spite of financial constraints.

Under the above circumstances, it is found essential that the case of the UT of Puducherry may be considered for creation and operation of CRF/NCCF for the UTs' with Legislature to meet the felt needs of the people during the agonizing time of calamity. **Planning Commission may also kindly support the case of UT of Puducherry for funds under CRD / NCCF.**

## FINANCING ANNUAL PLAN 2008-09 (BE)

Planning Commission approved a Plan size of Rs.1750 crore for the Annual Plan 2008-09 for the Union Territory of Puducherry.

The approved plan outlay of Rs.1750 crore may be broadly grouped as follows:

		(Rs. in crore)		
		<b>Total</b>	<b>For SCSP</b>	<b>%</b>
a)	General Programmes	895.06	153.00	
b)	Tsunami	130.00	--	--
	<i>i) State Plan</i> 20.00			
	<i>ii) World Bank Assistance</i> 110.00			
c)	Negotiated Loan	691.79	130.33	
d)	JNNURM	33.15		
	<i>i) State Plan</i> 6.63			
	<i>ii) Central Share</i> 26.52			
	<b>Total (a+b+c+d)</b>	<b>1750.00</b>	<b>283.33</b>	<b>16.19%</b>

## FINANCING REVISED ANNUAL PLAN 2008-09 (RE)

The assessment of financial resources for the Revised Plan 2008-09 as estimated by Government of Puducherry is as follows :-

		(Rs. in crore)
(a)	UT's Own Resources	- 530.91 *
(b)	UT's Borrowings	- 350.00
(c)	Central Assistance from GOI	- 154.82
(d)	Flood Relief (Loan Component) from GOI	- 22.48
(e)	Negotiated Loan (HUDCO/NABARD)	- 691.79
	<b>Total</b>	<b>- 1750.00</b>

\* Any shortfall in UT's Own Resources will be made good from Negotiated Loan.

Out of Rs.1750.00 crores an amount of Rs.283.33 crores is allocated to SCSP which works out to 16.19%

## FINANCING THE ANNUAL PLAN 2009-10 (PROPOSED)

During 2009-10, the size of the Annual Plan is estimated as follows:

	(Rs. in crore)
	<b>Total</b>
(a) UT's Own Resources	- 500.00
(b) Gross Market Borrowing	- 400.00
(c) Central Assistance proposed	- 246.82
(d) Additional Central Assistance for Tsunami Reconstruction proposed	- 108.66
(e) JNNURM (Additional) proposed	- 200.00
(f) Negotiated Loan (NABARD/HUDCO)	- 544.52
<b>Total</b>	<b>- 2000.00</b>

The projected resources will be allocated as follows :-

	(Rs. in crore)
	<b>Total</b>
a) General Programmes including EAP	1146.82
b) Tsunami (State Plan)	108.66
c) JNNURM	200.00
<i>i) State Plan</i>	<i>160.00</i>
<i>ii) Central Share</i>	<i>40.00</i>
d) Negotiated Loan (HUDCO/NABARD)	544.52
<b>Total (a+b+c+d+e)</b>	<b>2000.00</b>

Out of Rs.2000 crores, an amount of Rs.323.80 crores is allocated to SCSP which works out to 16.19%.