

**MINUTES OF THE STATE PLANNING BOARD MEETING HELD ON 27.04.2018**  
**UNDER THE CHAIRPERSONSHIP OF HON'BLE LIEUTENANT GOVERNOR**

The meeting of the State Planning Board, the apex planning Body, was held on 27.04.2018 at 11.30 a.m in the Conference Hall of the Chief Secretariat, Puducherry, in order to discuss and finalise the size of the Annual Budget 2018-19 for the Union Territory of Puducherry, The Hon'ble Lt. Governor chaired the meeting. Hon'ble Chief Minister, Hon'ble Ministers, Hon'ble Members of Parliament (Rajya Sabha and Lok Sabha) Chief Secretary, Secretaries to Government and other senior officers attended the meeting. The list of participants is enclosed as Annexure-A.

3. At the outset, Chief Secretary welcomed the Hon'ble Lt. Governor, Hon'ble Chief Minister, Ministers, MP(RS), MP (LS) and all the other participants. In his welcome address, the Chief Secretary pointed out that the expenditure incurred during the year 2017-18 was around 95 % against the R.E allocation and under CSS it was about 82.37%. He further stated that the revenue receipts of the UT has registered a growth of 13.85% which was a matter of satisfaction. He expressed hope that the Planning Board would have a fruitful discussion on all the issues relating to finalization of Annual Budget for 2018-19 including suggestions for improving the revenue resources and expenditure control for the development of U.T. of Puducherry. Concluding his address, the Chief Secretary emphasized the need for quality spending rather than in quantitative terms. He also urged the Departments to put in more efforts to tap maximum funds under CSS as the UTs own resources are limited.

4. The Hon'ble Lt. Governor initiated the discussion with the opening remark that the financial position during 2017-18 was found to be stable and satisfactory. Hon'ble LG, however, stated that despite being on the safer side with regard to fulfilment of committed expenditure, developmental sectors needed still more funds LG stressed the need for development of rural areas especially, more attention towards sanitation and civic amenities. Hon'ble LG also exhorted that each Department should identify the critical areas for which its contribution is needed. With this opening remarks, the LG requested the Commissioner-cum- Secretary (Planning) to make the proposed Power Point Presentation(PPP) covering various issues relating to the finalisation of Budget 2018-19.

5. Accordingly, the Commissioner-cum-Secretary (Planning) made an exhaustive power-point presentation touching all the financial aspects such as UT's own resources, fiscal performance during the last three years, outstanding debt obligations of the Govt., the potential areas for revenue mobilization, reasons for financial stress, major items of committed expenditure, major committed expenditures for the year 2017-18 and additional resource mobilisation measures (ARM) taken in 2017-18, department-wise performance of Centrally Sponsored / Central Sector Schemes, Fiscal RoadMap etc. The Secretary(Planning) then stated that the expenditure under SCSP in 2017-18 stood at 93.5% which is higher than the Plan expenditure (88.52%). He also informed that the amount spent on Free Rice and Pongal gifts distributed to the SC cardholders to the tune of Rs.20 crore was not included under the SCSP component and, if included, the expenditure under SCSP would be still more. The Secretary(Planning) explained the importance of FRM which lays down various fiscal targets and the need for strict adherence to Fiscal Road Map as per the Govt. of India norms such as Debt/GDP ratio, Fiscal Deficit, borrowing limits by UT govt. etc. He informed the Board that in the year 2017-18. Fiscal Deficit was contained to 1.88% of GSDP and Debt to GSDP ratio was brought down to 25.38 which are almost compliant with the parameters prescribed by the Govt. of India. The Secretary(Planning) then placed before the Planning Board the Estimated Resources and expenditure of Rs.7530 crore for B.E. 2018-19 which includes U.T.s Own Resources, Normal Central Assistance, Borrowings/Loans and CSS and requested the august Body to discuss and finalise the size of the Budget 2018-19.

6. Then, the Hon'ble Members of the State Planning Board deliberated at length and the gist of the points / suggestions are listed below:

**Thiru N. Gokulakrishnan, Member of Parliament (Rajya Sabha)**

- The Govt. of Puducherry has been pleading with the Central Govt. since 1990 for its inclusion under the ambit of Finance Commission, but unfortunately this has not been considered by GoI so far.
- In the year 2001, the Union Territories Act, 1963 was amended giving powers to the Administrator (i.e.) Lieutenant-Governor of Puducherry to borrow or stand guarantee upon the securities of a Consolidated Fund of Puducherry. A separate Public Account was opened only in December 2007 though it was amended in the year 2001. The

Finances of the Union Territory of Puducherry are now at par with any States of the Union of India. Hence the objection of not having the parameters of a Consolidated Fund, Contingency Fund and Public Account now stands squarely negated.

- Puducherry has been included as State under GST regime as per the 122nd Constitutional Amendment, only for the tax purpose but does not provide for inclusion under the ToR of 15th Finance Commission. The Hon'ble MP(Rajya Sabha) requested the Hon'ble Lt. Governor and Hon'ble Chief Minister to take up the matter with the Hon'ble Prime Minister, Hon'ble Home Minister and Hon'ble Finance Minister on this issue and to include U.T. of Puducherry under the ambit of 15th Finance Commission as the 15th Finance Commission has already started its functioning.
- The revenue growth of Puducherry has increased to 13.85% during the year 2017-18 with due efforts of online collection of taxes and strict enforcement which has to be increased to 20% in the financial year 2018-19. In view of very limited scope for revenue generation, Government should take steps to cut unproductive and wasteful expenditure.
- The Government should conduct work study through AR Wing and take steps to downsize the Administrative machinery.. A Committee may be constituted for the above purpose.
- The Govt., should pay more attention to the priority sectors like Health, Education particularly primary education, skill development and Rural Development, and MSME for which Govt. of India extends more assistance.
- Puducherry being an educational hub, large number of students are coming out successfully every year but employment opportunities are lacking. The Govt. of Puducherry should utilise the opportunities available under Skill Development Mission and ensure that the students community is well placed after getting trained through Skill Development Mission.
- In order to achieve the goal of Digital Mission, rural areas are to be provided with sufficient infrastructure facilities like high speed broadband connectivity, uninterrupted power supply etc.

## **R. Radhakrishnan, Member of Parliament(Lok Sabha)**

- The Government should take more steps to tap the resources under Centrally Sponsored Schemes. There is huge unspent amount under CSS due to non-furnishing of Utilisation Certificate on time and this should be expedited.
- As per the instructions of the Ministry of Rural Development, a District Development and Coordination and Monitoring Committee (DISHA) for better coordination among all the elected representatives of Parliament, State Legislatures and local bodies is to be constituted in each district of U.T. of Puducherry for development of districts.
- The Government should focus on Skill Development

## **Secretary(LAD)**

- Due importance may be given for implementation of Housing schemes and Smart City Mission.
- Under Smart City Mission, State share amounting to Rs.200 crore has to be released in 2018-19 since release of State share is a precondition for release of central share. Since the amount of state share is very high, U.T. of Puducherry may consider requesting the Government of India to provide exemption from state share and to provide 100 % central grant for Smart City Mission.

## **Development Commissioner**

- Expansion of rail and air connectivity to Puducherry may be focused as it generates tourist inflow which will help in augmenting revenue and employment .
- Development of green field airport in Karaikal is another area to be addressed.
- Video Conference facility in Puducherry House in Delhi will be in place shortly which will help reduce time and in liaising with central government ministries/departments.

## **Commissioner, Commercial Tax Department**

- GST compensation by the Govt. of India provides some cushion in commercial tax revenue at present. As the compensation is meant for an initial period of five years only, the Government may consider requesting GoI for extension of compensation period beyond five years so as to avoid considerable revenue loss after five years.

- Since the GST is a consumption based tax, considerable portion of SGST goes to the neighbouring state of Tamil Nadu depriving the UT of Puducherry of this tax revenue. Hence, efforts are to be made for increasing the consumption base of the UT of Puducherry..

### **Secretary (Industries)**

- To ensure industrial growth in the UT of Puducherry, the period of land lease to industrial establishments, must be increased from 19 years to above 30 years or even up to 99 years depending on the nature of the industry and their requirement of land.
- Transportation facilities needs to be improved for transportation of raw materials to industries and transfer finished products to main hub.
- Road taxes and motor vehicle fees may be enhanced to increase resource mobilization.

### **Hon'ble Minister (Education)**

- Budget allocation under Education sector is not sufficient to meet the increasing demands.
- Sufficient funds must be provided for construction of additional class rooms and maintenance of school buildings
- The necessity for continuous provision of GIA to Government- aided schools needs to be revisited in view of tight financial situation. However, pending government decision on this subject matter, the GIA needs to be continued.
- Provision of grants to PASIC, KVK and Market Committee needs to be considered for their efficient functioning in agricultural sector.
- Fodder development scheme should be extended to Karaikal region.
- In Electricity Dept., infrastructure facilities need to be strengthened and old transformers to be replaced to reduce transmission and distribution losses.
- Due attention may be given on service matters viz., promotion, MACP and Cadre review in a time bound manner and vacant of posts may be filled up.

### **Hon'ble Minister (Revenue)**

- GSDP of Puducherry stands at 11.75% compared to the National average of 6.7%.which augurs well for the economic development of Puducherry UT.
- Concrete plans to be devised to increase the revenue base.
- The period of land lease for industrial establishments has to be increased for ensuring industrial growth.
- Youths may be trained to become Entrepreneurs by imparting adequate skill training.

### **Hon'ble Minister (Welfare)**

- Efforts should be made by the Secretaries and Heads of Departments to avail the maximum assistance from Govt. of India through centrally Sponsored Schemes.
- Heads of Departments should ensure that the files are cleared quickly so as to extend the benefits of welfare schemes in time.

### **Hon'ble Minister (Health)**

- Adequate fund provision is required to be made for Health Department for purchase of Medicines and new equipments.
- There is a backlog in awarding medals to Sport personalities, sufficient funds to be provided for Sports & Youth activities.
- More funds to be provided to clear the outstanding dues on subsidies to Fishermen welfare programmes.

### **Hon'ble Chief Minister**

After hearing the views and valuable suggestions of the Hon'ble Members of State Planning Board and other senior Government officials, Hon'ble Chief Minister touched upon the following issues / developments:

- U.T. administration has received Award from the Government of India for its commendable performance under housing sector under Pradhan Mantri Awas Yojana
- Arbitrary revision of power tariff by TANGEDCO has been dismissed by the Madras High Court in favour of Govt. of Puducherry which will reduce Government liability to a greater extent.

- Efforts are being taken for creation of 300 seats for admission of students in Engineering Colleges.
- The issue of inclusion of Puducherry in the ambit of 15th Finance Commission is being pursued seriously at all levels and the Government would leave no stones unturned to achieve this goal.
- Priority will be given for continuance of the welfare schemes such as Distribution of free rice, Old Age /Widow Pension, CENTAC.
- Tourism infrastructure will be strengthened as it is the only service sector that generates more employment opportunities.
- More focus will be given for Primary Education.
- Delegation of more financial powers to Collector, Karaikal and Regional Administrators of Mahe and Yanam will be considered for quick disposal of government business.
- Regarding the functioning of PSUs, appropriate decision will be taken after the receipt of the report of Committee constituted to study the functions of the Public Sector Undertakings that are running into losses.

Concluding his address, the Hon'ble Chief Minister urged the Heads of Departments to take sincere efforts to receive the Central funds in time under various Centrally Sponsored Schemes without depending on institutional borrowings from NABARD, HUDCO etc. and timely submission of Utilisation Certificate and Detailed Project Report to avail grants/loans in time and to focus on Skill development programmes for human resources development.

7. Hon'ble Lieutenant Governor in her concluding remarks assured that the following issues would be raised in the Governors' Conference to be held in June 2018.

- (a) Inclusion of U.T. in the 15<sup>th</sup> Central Finance Commission
- (b) To request the Central Govt. to bear pension expenses on par with the Govt. of NCT of Delhi
- (c) 100% central funding for Centrally Sponsored Schemes
- (d) Setting up of High Court Bench and Special CBI Court in Puducherry.
- (e) Waiver of Legacy loans availed prior to separation of Public Account.

Hon'ble LG also underlined the need to begin with what we have and to address the policy changes and financial issues in a holistic manner. LG also emphasized the need for tapping the hidden potentials of the staff by imparting periodical refresher training for human resources development. The Hon'ble Lt. Governor also advised that the Cabinet may meet as often as required to consider policy matters so that the targets on various issues/matters are achieved fully and in time for the socio economic development of the UT. The Hon'ble Lt. Governor further stated that a Vision document for Puducherry and Karaikal for the next 10 years must be prepared which should focus on the specific needs public health, sanitation, water conservation, skill development, agriculture, tourism, renewable energy , education etc. and the same would be discussed during the next State Planning Board meeting. Hon'ble Lt. Governor also stressed the importance of fiscal prudence and accountability in public expenditure.

8. After deliberations and on taking into consideration the identified resources, the State Planning Board unanimously recommended an expenditure outlay of Rs.7530 Crores for the Annual Budget 2018-19 comprising of Rs. 1073 Crores under the 'Capital' head and Rs. 6457 Crores under 'Revenue' head.

The meeting ended with vote of thanks to the Chair.

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