


No. M-13048/35/PY/2007-SP-S
Planning Commission
(State Plans South Division)

OFFICE OF THE SECRETARY
PLANNING & FINANCE
PUDUCHERRY
No. 524/Sy/Fin/PA/DS
Received 17/3/08
Despatched 11-3-MAR-2008

Yojana Bhavan, Sansad Marg
New Delhi-110001
Date: 11-3-2008

A copy of the Summary Record of discussions at the meeting between Deputy Chairman, Planning Commission and Chief Minister of Puducherry held on 18-2-2008 to finalise the Annual Plan 2008-09 of Puducherry is circulated herewith.


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Research Officer (SP-S)

Encl: As above

Planning Commission

PMO

Ministry of Finance

Principal Advisers
Advisers
JS(SP)
Heads of Divisions

Director (Puducherry)

Joint Secretary (PF-I)
Dept. of Expenditure
North Block, New Delhi

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- (ii) Finance Secretary, Government of Puducherry
- (iii) Planning Secretary, Government of Puducherry
- (iv) Resident Commissioner, Government of Puducherry,

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PLANNING COMMISSION
(State Plans Division)

Summary record of the meeting between the Deputy Chairman and Chief Minister of Puducherry held on 18.02.2008 at Yojana Bhavan, New Delhi to finalize the size of the State's Annual Plan for 2008-09.

A meeting chaired by the Deputy Chairman, Planning Commission was held on 19.02.2007, at Yojana Bhavan, New Delhi, to finalize the size of the Annual Plan 2008-09 of Puducherry. A list of participants is enclosed.

2. At the outset Deputy Chairman, Planning Commission welcomed the participants and invited the Chief Secretary to make a presentation. The Chief Secretary, Puducherry made a brief presentation on the Union Territory's socio-economic profile and its proposed Annual Plan 2008-09.

3. **Chief Minister Puducherry** expressed his happiness to participate in the meeting to finalize the size of the Annual Plan 2008-09 and assured that targets fixed for the UT will be achieved without any shortfall. He raised the following points during the meeting:

- Planning Commission has approved Rs.1455 crore for the Annual Plan 2007-08. It includes Rs.247 crore for the projects to be implemented with loan assistance from HUDCO and Rs.110 crore for Tsunami Reconstruction Programme with World Bank Assistance. As there is delay in getting funds under these programmes, it may be deferred to next year.
- Special Economic Zone has been approved for the UT and the work is under progress. Enhanced Plan allocation is needed for the development of road between Special Economic Zone and Port, creation of land bank for Tourism and IT related industries, to encourage precision farming under Agriculture, to increase the processing capacity of dairy plants, modernization of ITIs, construction of building for new Engineering College at Karaikal, construction of Judicial Complex (Phase-II), Central Jail (Phase-II), collectorate building for Karaikal, reconstruction of old bridges constructed during French regime, construction of coastal protection wall, state contribution to JNNURM, construction of Assembly complex, widening of roads, establishment of substations, construction of tail end regulator, formation of mini lakes to store excess water during monsoon season, construction of new General Hospital at Karaikal, construction of Fishing Harbour at Karaikal etc.
- Karaikal may be declared as backward district to avail Backward Region Grant Fund. Local body elections are being conducted after a gap of 38 years. There is a need to allocate funds to local bodies to undertake developmental works. Special allocation may be made for releasing funds to the local bodies.

- Planning Commission is requested to fix a Plan size of Rs.1800 crore for the year 2008-09 of which Rs.1100 crore may be allowed for General Programmes as against Rs.896.85 crore for the current year. Out of Rs.1100 crore, Rs.300 crore may be UT's ARM and remaining Rs.800 crore may be treated as Central Assistance. It consists of Rs.660 from open market borrowings and Rs.240 crore as Plan grant. For JNNURM, HUDCO and Tsunami, Plan allocation may be as follows :

(a)	JNNURM	-	153.00 crore
(b)	HUDCO	-	247.00 crore
(c)	Tsunami	-	150.00 crore
(d)	Tsunami (Housing)	-	50.00 crore
	Total	-	600.00 crore

4. Member (AH) appreciated the achievements of Puducherry but pointed out that during the Tenth Plan, Puducherry had consistently under performed compared to all India due to Tsunami which occurred in 2004-05 and growth has not picked up ever since then. As regards the size of the Plan is concerned in the first year of Tenth Plan, utilisation was very good but for the last two years in 2006-07 and 2007-08 the approved plan size could/will not be achieved. This would underlie a need for fixing the Annual Plan at a more realistic level. (The emphasis of Puducherry on agriculture on precision farming, live stock, dairy, fishery etc. is very sound, due to the paucity of water resources. The future of Puducherry lies in secondary and tertiary sectors.)

5. As far as, Tourism is concerned the position was not so encouraging three years ago and retention of tourist was a major problem. But now a number of projects to enhance tourism are on anvil such as beautification, enhancement of urban facilities for tourists, water sports, eco-friendly cottages and resorts and construction of hotels. The industrial policy of development such as acquiring 336 acres of land for SEZs in Puducherry can rightly make it a growth centre. The UT has rightly earmarked the land for the growth centre at Karaikal for the development of a port based SEZ. In no other state so many subsidies are provided as in Puducherry such as power subsidy, investment subsidy, fuel subsidy, import subsidy, etc. It is appropriate only to give investment subsidies to small scale industry and some subsidy to new areas like bio technology. In industry the number of large units have not grown during the last year. But there was some growth in the medium and small industries. Puducherry should be more discriminating in grant of various types of subsidies to various units.

5.1 He stated that there was already a textile mill in Puducherry and the other one was being taken over from NTC. It was necessary that long term viability of these textile mills was looked into. If these units are not viable then this land should be put to alternative uses since they are set up in a prime location. On the transport side, he commended the efforts of the state to set up a port on BOT basis at Karaikal and Puducherry and expressed that it will be launched successfully. Last year's request of Puducherry of funds for the expansion of the Puducherry airport has been acceded to in the sense that the funds are being provided in the budget of the Ministry of Civil Aviation for the renovation of Puducherry airport. He expressed the hope that the development of airport at Puducherry would give a fillip to tourism. As far as Karaikal airport was concerned the move of the UT to build it on BOT basis was

correct, but it needed a clearance from the Government of India since it was less than 150 km from Puducherry airport. About the new railway line between Nagore and Karaikal where the Railways were insisting for the State's share, probably it was expected that the Railway was no longer insisting for it. The Human Development Indicators point out that Puducherry was much ahead of the rest of the country. He desired to know the status of the HUDCO loan.

6. The **Chief Secretary**, Puducherry clarified that the approval of the Ministry of Home Affairs has not been received so far due to which the HUDCO loan was still pending. But efforts were being made to divert the schemes proposed for the HUDCO loan to JNNURM.

7. **Deputy Chairman** intervened to say that a rethinking is required to decide the viability of the textile mills. Secretary, Planning Commission said that a support of Rs.33 crore was being provided to the three units of the textile mills and per person subsidy is coming to Rs.1.5 lakhs per year. The units should go for value addition in terms of garmenting and apparel by improving the quality so that they are sustainable in the long run. VRS needs to be implemented to reduce the man power. He stated that the 3 mills should be consolidated into one unit, and the premises of the remaining two units should go for IT and BPO with some PPP arrangement. Efforts should be made to head for a zero per cent unemployment for which the people need to be trained and employed. Leather, Apparel and knowledge based industries are indentified as important industries in Puducherry.

8. **Member (BKC)** stated that in Power sector Puducherry has electrified all its villages although families electrified are only 80%. But Power Department was incurring losses and the reason was that tariffs fixed by the UT were much lower as against the national average and compared to the neighbouring states of Tamil Nadu. The domestic tariff was 82 paise and for industry it was Rs.2.96. Therefore they were incurring losses of around Rs.40 crores. Their collection efficiency also needed to be enhanced. They have to work out an overall strategy to reduce the losses. As far as expansion was concerned they have planned two capacities that of 100 MW and 10 MW in the Central sector during the Eleventh Plan. But right now the UT's power position was comfortable.

9. **Member (KP)** mentioned that the ground water was being over exploited in Puducherry because of which salination ingress was taking place. Hence drinking water was also becoming a problem. Puducherry should concentrate on water harvesting and Ground water recharge, so that less depletion of water takes place. There was a lot of coastal erosion taking place which had become a serious problem in Puducherry.

10. **Member (VLC)** suggested that some degree of social plantation for forestry should take place in Puducherry. In the S&T sector, for promoting science, Puducherry should go for conducting seminars etc and promote scholarship programmes to meritorious students. The UT has made special efforts in promoting industries but along with this precautions would be essential to conserve environment particularly water and air quality. Along side the coast, a Biological wall in the form of plantation of mangroves would be an essential thing. There is plenty of aquatic fauna and Puducherry can take advantage of it as a commercial venture.

11. **Member (SH)** stated that performance of Puducherry is creditable in all sectors. Under NRHM, Puducherry was a non focus state but it should go for selection of ASHA. In RCH, there was a flexi pool under which Puducherry had unutilized funds to the extent of 73% and this should be avoided. In the VSE sector the total approved outlay in the XI Plan is Rs.177.40 crore but very little is proposed for 2008-09. Puducherry has a lot of scope in food processing, because of the products like paddy, coconut, ground nut, banana for which the Ministry of Food processing has schemes which should be availed. In handloom sector, she mentioned that Puducherry does not have a cluster programme. In the WCD sector, Puducherry has an proposed outlay of 6.2% of the total, which is better than some other states. Puducherry has a number of schemes but it should aim at empowering the women and linking them to the markets.

12. **Member (BM)** mentioned that the GER in Class V and above even for SC students was more than 100 which indicated that the children were either repeaters or over aged. This is also reflected in the drop out rates. He appreciated that Puducherry was making efforts in reducing the drop out rates but drastic efforts need to be taken to totally eliminate the drop out rates. He expressed concern that the unemployment was not declining and in fact it was slightly increasing. Puducherry was vocationalising education and it is a good way to overcome the unemployment problem. As far as Special component plan is concerned the efforts need to be made to allocate the funds in proportion to the Scheduled Caste population in the UT.

13. Deputy Chairman intervened to say that Puducherry should explore possibilities of constructing tourist huts in particular tourist areas wherein private sector should develop the weak infrastructure.

14. Secretary, Planning Commission intervened to say that places like old Port area could be developed to become a major tourist spot. On the northern side Auroville ashram area could be developed for tourism. Since the UT is predominantly urban, a comprehensive Master Plan for development, covering a medium term horizon, is very essential and the UT should do this quickly. Tourism should be taken up on a higher priority in Puducherry. Further, skill development programme of the Central Government should be availed, the potential in leather should be tapped, and the possibility of setting up of BPO should also be explored. Puducherry needed to examine its various subsidy schemes so that the expenditure is curtailed. If it is not curtailed or alternatively the revenue is not increased the state would come under serious financial difficulty. Puducherry should start planning towards this. Similarly gradual steps should be taken to bring the power tariff close to the national average or equivalent to the neighbouring states. The UT was requested to provide details of the correspondence with the Ministry of Power regarding tariff revision so that Planning Commission could also press for expeditious resolution of the issue.

15. Minister for IT, Puducherry intervened to say that in the UT, land was a major problem and land bank needs to be developed to attract investors in the IT sector. In the state sector a technical university needs to be set up. To this the Secretary, Planning Commission responded that the premises of one of the units of textile mills and the land near Old Port area may be utilized for IT activities.

16. In the end an outlay of RS. 1750 crore was approved for Puducherry for the year 2008-09.

17. A scheme of financing for the year 2008-09 is annexed.

The meeting ended with a vote of thanks to the chair.

SCHEME OF FINANCING - PUDUCHERRY

Sl. No.	Item	Rs. crores
		2008-09
(1)	(2)	(3)
A.	State Government	
1.	State's Own Resources	450.00
a.	BCR	--
b.	MCR (excluding deductions for repayment of loans)	
c.	Plan Grants from GoI (TFC)	
d.	ARM	450.00
e.	Reimbursement of CST Collections	
f.	Adjustment of Opening Balance	
2.	State's Borrowings (i-ii)	1151.79
(I)	Gross Borrowings (a to h)	1151.79
a.	State Provident Fund (Net)	
b.	Small Savings	150.00
d.	Gross Market Borrowings	200.00
e.	Negotiated Loans	691.79
f.	Bonds/Debentures	
g.	Loans portion of ACA for EAPs	
h.	Loans for EAPs (Tsunami)	110.00
(II)	Repayments @	
3.	CENTRAL ASSISTANCE (grants)	148.21
a.	Normal Central Assistance	85.46
b.	ACA for EAP	2.25
c.	Others*	60.50
Total A: State Government Resources (1+2+3)		1750.00
B.	Public Sector Enterprises (PSEs)	
C.	Local Bodies	
D.	AGGREGATE PLAN RESOURCES (A+B+C)	1750.00
E.	STATE PLAN OUTLAY	

@ Repayment of loans to GoI is met out of Non-Plan.

* BCR is not included in Scheme of Financing

* Details given at Annex I.

ANNEX-II**COMPONENTS OF ADDITIONAL CENTRAL ASSISTANCE (ACA) FOR
SPECIAL AND OTHER PROGRAMMES 2008-09 AP**

Rs. Crore

Sl. No.	Schemes/Programmes	2008-09 AP
		(Grants)
1	Roads and Bridges	7.59
2	NSAP	1.68
3	NPAG	0.26
4	JNNURM	25.52
5	NEGAP	4.43
6	Tsunami Rehabilitation Programme (TRP)	20.00
7	RKVY	0.02
Total		60.50

ANNEX - III**PUDUCHERRY****Funding for Eleventh Plan (2007-12) Resources**

Sl. No.	Source of Funding	Resources (2006-07 prices) (Rs. Crore)
1.	Own Tax Revenues	3016
2.	Own Non-Tax Revenues	1704
3.	Share in Central Taxes	1165
4.	Non-Plan Grants	2112
5.	Non-Plan Revenue Expenditure	8012
6.	Balance from Current Revenues (BCR)*	--
7.	Borrowings	3773
8.	Central Assistance	7014
9.	Public Sector Enterprises (PSEs)	--
10.	Aggregate Resources (6+7+8+9)	10787

* BCR is not included in Scheme of Financing.

List of participants

Government of Puducherry

1.	Thiru. N. Rangaswamy	Hon'ble Chief Minister
2.	Thiru. V. Vaithilingam	Hon'ble Industries & Power Minister
3.	Thiru. E. Valsaraj	Hon'ble Health Minister
4.	Thiru. M.O.H.F. Shajahan	Hon'ble Education Minister
5.	Thiru. Malladi Krishna Rao	Hon'ble Tourism Minister
6.	Thiru. M. Kandasamy	Hon'ble Welfare Minister
7.	Shri Rakesh Behari	Chief Secretary
8.	Smt. Naini Jayaseelan	Development Commissioner
9.	Shri M. Shreedharan	Director (Planning)
10.	Shri A. S. Vijayalakshmi	Joint Director (Planning)
11.	Shri S. Gopalan	Private Secretary to Chief Minister
12.	Shri Emile Ranjit	Officer on Special Duty to CM
13.	Shri A. Ramalingam	PS to Speaker
14.	Shri K. Satyanarayana	Budget Officer
15.	Shri K. Govindarajan	Section Officer, Finance Department

Ministry of Finance

16.	Smt Babni Lal	Director
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Planning Commission

17.	Dr. Montek Singh Ahluwalia	Deputy Chairman
18.	Dr. Kirit Parikh	Member
19.	Dr. V.L.Chopra	Member
20.	Dr. Bhalchandra Mungekar	Member
21.	Dr. (Ms) Syeda Hameed	Member
22.	Shri Anwar-ul-Hoda	Member
23.	Shri B.K.Chaturvedi	Member
24.	Dr. Subas Pani	Secretary
25.	Shri Surya P. Sethi	Principal Adviser
26.	Shri R. Sridharan	Joint Secretary (SP)
27.	Shri Lakshmanan	Director(FR)
28.	Smt Sujata Sharma	Director(SP-South)
29.	Shri Jagat Hazarika	Senior Research Officer
30.	Smt Kiran Gupta	Research Officer
31.	Shri Prabhu Das	Research Officer