

MINUTES OF THE STATE PLANNING BOARD MEETING
HELD ON 30.07.2007

The first meeting of the State Planning Board for the current year was held on 30.07.2007 under the Chairmanship of His Excellency the Lt. Governor Thiru Mukut Mithi in the Conference Hall of the Chief Secretariat to discuss on the formulation of Draft Annual Plan 2008-09. A list of participants is enclosed.

Chief Secretary while extending a warm welcome to Chairman and Members of the Planning Board had informed that the Board recommended a plan outlay of Rs.10,000 crore for the Eleventh Plan and Rs.1600 crore for the Annual Plan 2007-08 in the meeting held last year. Accordingly, the proposals were finalized and submitted to Planning Commission in the form of Plan Document. After detailed discussion in the meeting held between Hon'ble Dy. Chairman, Planning Commission and Hon'ble Chief Minister, Planning Commission approved a Plan size of Rs.1455.00 crore for the Annual Plan 2007-08 which is the first year of the Eleventh Plan. Planning Commission also took note that Tourism and Infrastructure Development are the drivers of growth during the Eleventh Plan in our Union Territory. He added that National Development Council under the Chairmanship of Hon'ble Prime Minister met and discussed various issues relating to "Agriculture" and resolved to give focused attention for Agriculture related activities during the Eleventh Plan to double the growth rate under "Agriculture". As far as Puducherry is concerned, the contribution of Agriculture to GDP is very low and efforts should be made to increase the crop productivity in our Union Territory. He observed that identifying a shelf of projects for implementation through Public Private Partnership mode would perhaps help us to take up infrastructure development projects given the resource constraint in our UT. He expressed that although Puducherry is a very advanced Union Territory, yet, a lot needs to be done under infrastructural development such as bypass roads / flyovers, water supply, sewerage etc. and he was confident that these schemes would be taken up for execution over the next five years.

Lt. Governor in his inaugural address, first extended warm greetings to President of India Smt. Pratiba Patil for assuming the office as first Women President of our great nation. He recalled her maiden speech after assuming office in which she quoted "**The nation is moving at historically unprecedented rates of growth. It should be our combined endeavour to sustain this growth and ensure that it is socially inclusive**". Lt. Governor was optimistic that valuable inputs of the distinguished members would guide towards achieving "inclusive growth". Lt. Governor also quoted the words of former President of India Dr. A.P.J. Abdul Kalam "**A Vision is not a**

project report or a plan target. It is an articulation of the desired end results in broader term” to impress upon the importance of visualising our plans. He told that these few words of intellect visionary succinctly underscores the importance of breaking away from the shackles of conventional planning to give broader scope with a vision for the future. He emphasized the need for scientific planning and underlined the importance of outcome budget.

He apprised the members of the Board that powers conferred in section 48A of the UT Act to borrow upon the consolidated fund of the Union Territory of Puducherry is linked to the conditions stipulated by the Ministry of Home Affairs and Ministry of Finance. The crucial elements that are to be fulfilled for the UT Administration to borrow upon security or to give guarantees are:

- The debt stock consisting of plan loans, open market borrowings, Small Savings loan, negotiated loans less repayments does not amount to twice the anticipated level of revenue.
- The consolidated debt of the Govt. of Puducherry including the outstanding guarantees should not exceed 20% of the GSDP.
- Guarantees shall not be given by the UT Administration for financially unviable ventures that may result in a financial loss.
- The total level of outstanding guarantees shall not exceed the monetary limit to be specified as per the recommendations made by the Technical Committee on State Guarantees set up by RBI.

Hence, taking into consideration the changed scenario, he stressed that the funding pattern of the projected outlay needs to be reviewed for an objective assessment of resources, outlay and implementation. While concluding his address, he pointed out that the following issues may be kept in view while formulating the Draft Annual Plan 2008-09.

- Plan exercise should be meticulous to ensure that funds are judiciously distributed to various sectors; wherever possible, Public Private Partnership may be encouraged to achieve desired level of economic growth.
- Government should take advantage of the funds available under Centrally Sponsored Schemes. This would substantially aid in supplementing the resources and provide the much needed budgetary support.

- Revitalisation of Agriculture & Allied activities, creation of more employment opportunities, upgradation / skill development for better utilisation of existing manpower, universalisation of secondary education, health for all, special programmes to take care of the depressed class of the society particularly Adidravidar, physically challenged persons are some of the priority areas that need focused attention for achieving the objective of inclusive growth.
- Regional imbalances, if any, need to be corrected. Development indicators should be closely monitored and corrective steps should be taken.
- Norms being adopted to determine families below poverty line need to be relooked. Identification of the actual number of BPL families will facilitate in the welfare scheme reaching the targeted groups.
- Functions of Public Sector Undertakings need to be closely monitored for taking suitable remedial measures to reduce the budgetary support and improve the performance. Government should not hesitate to close down the unviable units to avoid wastage of scarce resources.
- It is important to mobilize funds through taxation to restrict debt burden within permissible / manageable limit and to reduce the market borrowings.
- With high level of income and low levels of poverty in our Union Territory, universal subsidies may not be a desirable proposition.
- Creation of additional posts in government departments / undertakings should be discouraged unless essentially required.
- Guidelines on economy in non-plan expenditure issued by Finance Department should be scrupulously followed particularly to check unnecessary expenditure for non-developmental works.

Development Commissioner, through a Power-Point presentation highlighted the achievements of the Tenth Plan and important projects to be taken up during the Eleventh Plan subject to approval of the Planning Commission. She gave a quick snapshot of the position of Puducherry vis-à-vis national goals / objectives and thrust areas.

Chief Minister in his special address requested the members of the Board to give valuable suggestions for preparing the Draft Annual

Plan 2008-09 document so that enhanced plan allocation could be obtained from the Planning Commission.

The following suggestions were made by other members of the board:-

Thiru V. Narayanasamy, M.P. Rajya Sabha

- The outcome from the Plan implementation is much more important than merely financial outlay for the plan schemes.
- A review of the performance of populist schemes should be done through a social audit.
- Planning should be done in a scientific way.
- There is no financial discipline in Puducherry. Funds are diverted from one department to another department. There has to be a strict financial discipline so that the targets can be achieved, as envisaged under Plan.
- Views of the elected representatives should be incorporated, particularly their views on infrastructure development should be given due attention and included in the Plan proposals. Unfortunately, such views are ignored. The Planning process should also start from the bottom. Stake holders of Plan schemes, representatives of Industries, Commerce and Trade should also be consulted in the process of Plan formulation and implementation as practiced at the National level.
- Revitalisation of Public Sector Undertakings is much more important. The expenditure and loss are enormous. The Government should make them self-sustaining. For revamping the sick textile mills an expert Committee has to be set up. He further suggested Ministry of Textiles, Government of India may also be approached for additional funds to revive the textile Mills and to convert them into viable units. If necessary a Committee may also be constituted involving elected representatives to make a detailed analysis of the functioning of textile Mills and come out with a workable solution to make them commercially viable units.
- The current working of the Cooperative institutions also requires a review of functioning. Cooperative Institutions should not depend on Government funds all the time and should stand on their own legs after few years of operation.

- He was critical about implementation of poverty alleviation programme in our UT. Though huge amount of Plan allocation have been spent on implementation of Welfare programmes for different target groups namely old age people, widows, destitute women and disabled on schemes like distribution of sarrees, dhotis, pension, rice etc., poverty ratio remains static and there is no improvement towards achieving our goal of eradicating poverty. Hence it is suggested that Welfare schemes should be reviewed / introduce social audit and based on the report the Planning scheme should be suitably modified to reach the ultimate goal of eradicating poverty. The Government should create proper environment to enable disadvantageous group to stand on their own legs rather expecting the Government to extend the financial assistance to them for ever.
- The unemployment data submitted to the board is not the correct figure; the real situation of unemployment should be assessed.
- Project cost is inflated by 40-50% in the name of excess tender. Government should be vigilant and should not allow more than 10% of the project cost on account of excess tender as normally allowed under CPWD manual. Public Works department should go for 'e'-tendering to avoid corruption.
- Advocated pro active policy of industrial development for creation of more jobs particularly to absorb skilled labour force available in our UT. Industrial development is the only solution for unemployment problem. Unfortunately no new industries have come up in the recent past.
- Government acquires lot of agricultural land for setting of Special Economic Zone and it should be ensured that Government should have the maximum share. It should not be completely leased out to private parties. Efforts should be made to set up a Special Economic Zone at Karaikal region where land is easily available. This would also go towards development of backward region of Karaikal.
- Gas power generation unit may be set up in Yanam region using availability of gas in Godavery basin. Efforts / actions should be taken for enhancing the power generating capacity of Karaikal Gas based unit and also for setting up a new unit at Puducherry.
- With a project cost of Rs.690 crore, a sum of Rs.185 crore has been already spent for the establishment of Government

Medical College. The recurring expenditure of Medical College may be around Rs.90 crore per year. As per the Government of India's norms Rs.200 crore is enough for establishment of one Medical College. In order to curtail more and more expenditure, the Government of India may be approached for permission / approval / clearance to utilize the existing infrastructure (Women and Children Hospital, General Hospital) instead of constructing a new Hospital Block in the College campus for Medical College.

- A review has to be done regarding the reimbursement of College fees to the students selected through the CENTAC, as number of beneficiaries at present are from well to do families like Businessmen, Industrialists, Senior Government Officials, income tax payers etc. An expert committee may be constituted to go into details of the ongoing schemes and suggest suitable action to correct the situation.
- Large scale migration is taking place from the neighbouring areas to take the benefits of various welfare schemes like housing schemes etc. An appropriate mechanism has to be evolved to check immigration on this account.
- Revitalisation of Agriculture and allied services should be given thrust. Advocated speedy development of agriculture, industrial development and reduction of poverty by formulating appropriate plan schemes and implement with the commitment for overall economic development of our Union Territory. As a Member of Parliament he would extend all support to Government to achieve the above goal.

Thiru M. Ramadoss, M.P. of Lok Sabha

- Puducherry economy is more robust than Indian Economy. The Growth rate of the Union Territory is 10.5% which is 1% higher than the All India level. The per capita income is double when compared to the National level.
- At present, regional aspiration is properly taken into account and the regional issues are addressed properly. The methodology of the preparation of plan document should mainly aim on long term issues and fix long term targets.
- Welfare measures should be taken for downtrodden people.
- Initiation of more robust Planning process for achieving two digit growth rates.

- Underlined the need for scientific planning to achieve better utilization of available resources and also to get enhanced central assistance from Government of India.
- Special attention should be given for sectoral growth. Intersector linkages, capital output ratio, capital labour ratio, employment opportunities need to be clearly indicated in the Plan document.
- Only 60% of the fish potential has been unutilized in this Union Territory.
- Development Oriented Schemes with physical targets also should find a place in the plan document. Free distribution of rice, dhotis, sarees etc., should not be shown in the Plan document.
- Evaluation system should be strengthened.
- A full-fledged State Planning Commission is needed.
- Out of Rs.1455 crore outlay for the Annual Plan 2007-08, loan component alone accounts for Rs.715 crore. Our own resources accounted for only 18% of the Plan outlay.
- The debt burden is increasing during the last four to five years. Government of India may be approached for reimbursement of loss in revenue collection due to the introduction of VAT.
- The UT has very high per capita income. At the same time about 48% of total households have been categorised as "BPL families". This needs to be further looked into.
- Focussed attention may be given for Agriculture Planning if we are serious about eradication of poverty in our UT. Agriculture University, Agriculture College may be associated to draw longterm plan for achieving better result. Then only we would be able to arrest migration of people from rural areas to urban areas in search of job opportunities. There is an urgent need to step up outlay for Agriculture during the Eleventh Plan.
- Agriculture production can be improved through 'crop diversity'. Bring more areas under Horticulture crops for better earnings. Modern technology may be advocated to improve crop productivity and to increase the earnings of farmers.
- Underlined the importance of Regional Planning and Local Level Planning for balanced economic growth.
- Government of India releases both tied and untied funds to States / UTs through 10 important schemes, namely (1) National Rural Health Mission (2) National Cooked Mid-day

Meals Scheme. (3) Anthyodaya Yojana (4) Bharat Nirman Yojana (5) Rural Infrastructure Development Programme (6) Backward Region Fund (7) JNNURM (8) National Highway Programme (9) Employment Guarantee Programme (10) Desalination Programme. Preparation of project report, acceptable to Government of India is essential to receive funds and UT Administration may engage consultant to prepare project report and get Rs.500 to Rs.600 crore from Government of India. Planning Commission also extends free service to assist States / UTs to prepare project reports to get funds from Government of India.

- Fisheries have potential both in term of contribution to economy and creation of more employment opportunities. However the fisheries potential in Puducherry has not been tapped fully. Marine Fishery Institute, Cochin may also be associated to draw appropriate plan to exploit the untapped potential of marine fisheries.
- Advocated mechanization of Fisheries and deep sea fishing. Development of infrastructure facilities like cold storage, fishing harbour, construction of Jetties for speedy growth of fisheries related activities.
- Formulation and implementation of schemes to enable Fishermen to stand on their own legs rather extending financial assistance in the name of "doles".
- Atleast 20% of the Plan outlay should be earmarked for the Tourism sector.
- Employment creation must be the ultimate goal of our plan.
- STs should be recognized. ST sub-plan should be separately prepared for overall development of STs in our UT.
- Environment improvement of Slum may be given adequate attention and funds earmarked for SCs under Special Component Plan may also be utilised for this purpose.
- Social issues may be addressed through Micro Level Planning.
- The proposal to establish State University may be re-examined. Pondicherry University is willing to open its center in Karaikal region to meet the requirement of Higher Education. Seed Capital may be given from State Fund to Pondicherry University to create infrastructure facilities. Pondicherry University may also be asked to earmark 50% of seats in prestigious courses like MBA, MCA etc., for the native of Puducherry. State Government can start a Community College

in Karaikal region on the line of Community College of Pondicherry University in Puducherry region. Students educated through Community College have immediate employment opportunities.

- Action may be initiated to prepare Human Development Index of UT of Puducherry along with State Development Report.

Thiru M.O.H.F.Shahjahan, Minister for Education

- Our goal should be clear and we should have short and long term plan.
- Revenue generating projects should be identified and implemented on priority basis.
- Investment in tourism has longer gestation period and we should think of projects that would generate additional income with lesser gestation period.
- Underlined the need for financial discipline and better utilization of available resources.
- Sector-wise Plan allocations may be revised based on the announcement made in the floor of the assembly during the last budget session.
- Services of economist / experts may be availed to speed up the pace of economic development in our Union Territory.

Thiru Malladi Krishna Rao, Minister for Tourism

- Government of India may be requested to write off the entire loan so far released to our UT so that we can save around Rs.180 crore every year and it may be utilized to take up development oriented projects for speedy economic growth.
- Plan allocation for Tourism projects may be substantially enhanced.
- Allocation may be increased for Municipalities and Commune Panchayats to serve the people better.

Thiru Kandaswamy, Minister for Welfare

- Entire allocation available under SCSP may be shown under the budget head of the Adi-Dravidar Welfare Department for further allocation to line departments based on schemes formulated for the development of SCs in our UT.
- The outlay for SCSP in the current financial year works out to only 10% whereas 16% of plan outlay should have been allocated for the development of SCs.
- Allocation of funds for SCs may be shown under Tsunami and HUDCO programmes.

Thiru R.S. Chari, IAS (Retd.)

- As per the Twelfth Finance Commission report, there will be no discrimination in release of funds between Special Category States and Non-Special Category States. Hence, Government of India may be requested to treat UT with legislature on par with other states and Central Assistance may be released accordingly, as our legitimate share would be much more than the revenue gap grant being released by the Ministry of Finance, Government of India
- Union Territory of Puducherry will also entitle to get additional allocations by way of grant to Panchayat Raj Institutions based on the recommendation of the Central Finance Commission.

Smt. S. Padmini Swaminathan of Madras Institute of Development Studies

- There was no perspective planning and the goal is not clearly indicated. The existing document is an agglomeration of schemes from different departments.
- There should be some procedures for operationlisation of intelligible interlinkages and built-in monitoring mechanisms and performance indicators to evaluate the schemes implemented in thrust areas.
- Poverty, unemployment and employment linkages have to be very clearly spelt out in the plan document.
- Sanitation is a very important programme and UT administration should devote adequate attention.
- We should plan for skill development and vocationalisation of education to eradicate educated unemployment.
- Private sector participation for skill upgradation may be encouraged to achieve better result.

Thiru K. Sham Bhat of Pondicherry University

- Building construction and other civil works should be executed by the Public Works Department as per time schedule to avoid cost overrun.
- Welfare programmes should be evaluated and steps should be taken to ensure that the benefit of plan schemes reach the desired target groups.
- All our plan schemes should aim to create more job opportunities and generate additional income so as to solve the issues related to poverty.

Thiru Paul. P. Appasamy of Madras School of Economics

- Large scale migration from the surrounding areas to Puducherry is natural due to better job opportunities and good environment for decent living. There is no way to get out of this problem.
- UT Administration should devote more attention towards urban related issues as urbanization takes place very rapidly.
- It is neither practicable nor feasible to increase the plan allocation for Agriculture, keeping in view the growth of Industry and service sectors during the Tenth Plan. Rather, the above trend would lead to creation of more employment opportunities and increase the standard of living of the people.
- Puducherry is doing well and the Planning Commission should be happy to note that the Non-Plan expenditure is less than the Plan expenditure in Puducherry.
- A detailed study is required to know the impact of VAT in Puducherry. The revenue receipts have gone up after the introduction of VAT in Tamil Nadu.
- Puducherry is included in the list of 63 cities / towns identified by Government of India for the implementation of Infrastructure Development Projects under JNNURM to undertake works such as solid waste management, sewerage, roads, water supply etc.
- We should move in a new direction and private sector investment should be encouraged during the Eleventh Plan to speed up the pace of development. Government should act as a facilitator for smooth flow of funds from private sector to undertake infrastructure development projects in this UT.

Director (Plg.) thanked the Chairman, Vice-Chairman and other distinguished members of the Board for their valuable suggestions / inputs that would help the UT Administration to prepare a meaningful Plan Document for the overall development of this territory and also help the UT Administration to impress upon the Planning Commission to enhance the plan assistance to fund the plan schemes. He also informed that Vision 2020 was brought out by the Planning and Research Department, earlier. The document was prepared with the technical support from Madras School of Economics. State Development Report is now ready and it will be published very soon. The document has been prepared with technical support from Madras Institute of Development Studies. Development issues of Puducherry are discussed in detail in these two documents. With this, the meeting came to an end.

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List of participants of the State Planning Board meeting.

Members

1. Thiru N. Rangasamy, Hon'ble Chief Minister
2. Thiru M.O.H.F. Shahjahan Hon'ble Minister for Education
3. Thiru Malladi Krishna Rao, Hon'ble Minister for Tourism
4. Thiru M. Kandasamy, Hon'ble Minister for Welfare
5. Thiru V. Narayanasamy, M.P. (Rajya Sabha)
6. Thiru M. Ramadoss, M.P. (Lok Sabha)
7. Chief Secretary,
8. Development Commissioner,
9. Secretaries to Government

Non-Official Members

10. Thiru R.S.Chari former Chief Secretary,
11. Tmt. S. Padmini Swaminathan, Director of Madras Institute of Development Studies,
12. Thiru K. Sham Bhat of Pondicherry University
13. Thiru Paul. P. Appasamy of Madras School of Economics

Officials

14. Heads of Departments
15. Chief Executive Officers of Public Sector Undertakings
16. Heads of Educational Institutions under the Administrative Control of UT administration