

**MINUTES OF THE SECOND MEETING ON THE STATE PLANNING BOARD ON DRAFT ANNUAL PLAN 2008-09 HELD ON 28.1.2008.**

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At the outset the Chief Secretary welcomed His Excellency the Lt. Governor, Hon'ble Chief Minister, Hon'ble Ministers and other distinguished members of the State Planning Board and informed that the departments were requested to send Plan proposals for the Draft Annual Plan 2008-09 keeping in view the suggestions made by the members in the meeting held on 30.7.2007.

2. He added that the vision of Eleventh Five Year Plan is to sustain a high and inclusive growth, which ensures broad based improvement in the quality of life of people, especially the poor, SCs/STs, OBCs, Minorities and women. Chief Secretary informed that major portion of the resources will be allocated for priority sectors like Education, Rural Development, Power, Health, Infrastructure development and as a result the GDP is expected to grow 9% annually.

3. Further, he apprised the Board that Planning Commission approved a plan outlay of Rs.10,787 crore for our Union Territory as against Rs.10,000 crore proposed by the U.T. Administration. The thrust areas for our plan would be development of

infrastructure facilities to attract investment for Industrial Development, Tourism and IT related industries. Special Attention will be given for skill development and manpower planning to meet the requirement of existing and new industrial units.

4. His Excellency the Lt. Governor observed in his inaugural address that in the economic front, our country has been growing from strength to strength as a result of planned development. The purpose of the meeting is to have discussion on the proposed Annual Plan 2008-09. The meeting assumes significance for two reasons. The financial position of the Government of Puducherry has touched the portals of debate in public domain and the discussions are therefore essentially meaningful to draft out a plan document that would reinforce public confidence. The other significant factor is the separation of public accounts that has come into force from 17<sup>th</sup> December 2007. Therefore, the members are requested to take these aspects into account while offering their valuable inputs for finalizing the Plan document for the year 2008-09.

5. His Excellency the Lt. Governor, further added that this meeting has been convened with a vision and a mission to chalk out a meaningful plan document to improve the life of the citizens

and it should be ensured that the plan evolved from this discussion contribute to the realms of progress. While recalling the views stressed by the members that outcome is important than outlay, His Excellency, desired that the Draft Plan document should reflect the priorities in Planning and Performance. His Excellency the Lt. Governor expressed his happiness over the plan outlay of Rs.10,787 crore for Eleventh Plan 2007-12 approved by the Planning Commission as against the recommendation of Rs.10,000 crore made by the State Planning Board. Out of this, major component of the outlay amounting to Rs.5946 crore (55%) has been earmarked for Social services. Even though, the draft plan document for 2008-09 prepared based on the reports received from the departments, envisages an outlay of Rs.2787 crore, considering the financial resources, the Planning department has projected a plan outlay of Rs.1600 crore or Rs.1800 crore as may be decided by the State Planning Board after deliberations. Hence in order to have a realistic plan size considering resource availability, larger plan size should be avoided. Pruning of Non-plan expenditure is also an equally important exercise. To meet the enhanced plan size, the Government has resorted to borrowings. During 2007-08, the provision made for repayment of

interest on loan amounts to Rs.203 crore and repayment of principal another Rs.109 crore. Thus the total debt burden for 2007-08 works out to Rs.312 crore and it is anticipated to go up during 2008-09 if market borrowing is availed by the Government of Puducherry. While borrowing funds, it may be ensured that Union Territory do not cross the threshold of repayment capacity.

6. His Excellency further elucidated that before going for a higher plan outlay of Rs.1800 crore over and above the normal 10% increase, the Planning Commission has to be apprised upon the committed long term infrastructure projects of setting up of IT corridor, SEZ that are engines of economic growth. To give a fillip to these projects expansion and operationalition of Airport and improvement of physical infrastructure are more important. In order to save the people from health hazard caused by stagnation of sewerage and rain water, infrastructure improvement plan for 2008-09 should include on priority, cleaning, de-silting and maintenance of open drainage canals in the town limits. In order to ease out the financial problem, the departments can get in touch with the concerned Ministries at the centre to explore the feasibility of availing central assistance under various centrally sponsored schemes. For example, rural infrastructure like rural

housing, rural road, rural irrigation, rural electrification etc can be improved by availing assistance under Bharat Nirman plan.

7. At the same time the mechanism for Additional Resources Mobilisation has to be strengthened by levying user charges wherever feasible, collection mechanism has to be improved, ambitious targets should be fixed for collection of Tax and Non-tax revenue. At the same time, the non-plan expenditure has to be cut down. It is emphasised that planning process should include the components of growth, modernization and self-reliance along with social justice so as to achieve the object of raising of living standards of people. It was also emphasized that there should be equitable distribution of resources. His Excellency desired that 16.2% of the plan outlay earmarked for Scheduled Case Sub Plan should be placed at the disposal of Adidravidar Welfare Department which has been made as the Nodal department for the implementation of Scheduled Caste Sub-Plan.

8. Then Director(Plg.) made a power point presentation on the objectives of the Eleventh Plan, State objectives, expenditure position as on 31.12.2007 for the Annual Plan 2007-08, important Physical targets proposed for the Annual Plan 2008-09, Revenue Mobilization and Projected Outlay for the Annual Plan 2008-09,

etc. His Excellency, the Lt. Governor, thereafter invited Hon'ble Chief Minister to give his address. The Hon'ble Chief Minister, however, requested the distinguished Members of the Board to give their valuable suggestions.

**Thiru V. Narayanasamy, M.P.(Rajya Sabha)**

9. Review of performance has not been done scientifically. The poverty line stands static at 21.7% for many years. An independent agency or Quasi-government organisation should be asked to evaluate the plan schemes to assess their impact and to identify the number of people who are still below the poverty line. Only deserving cases should be financially assisted under plan programmes.

9.2 Regional imbalances should be corrected through planning process. Karaikal may be treated as a backward region and schemes should be formulated to speed up the pace of development in the region.

9.3 Union Territory of Puducherry is lagging behind in Industrial development; whereas the neighbouring state of Tamil Nadu is fast progressing on the industrial front. More allocation of fund should be made for setting up IT Industries and for development of Tourism.

9.4 The U.T. Administration should take effective steps to control prices of essential commodities as rates prevailing in the neighbouring districts of Cuddalore, Tindivanam, Villupuram are much lower than the prices of essential commodities in Puducherry. Civil Supplies department should properly monitor the price situation.

9.5 Complaints have been received regarding non-availability of medicines in Government hospitals. Schedules Castes sub-plan (SCSP) should be implemented in letter and spirit. He also pointed out that 48 staff of various categories have been appointed in the Puducherry Medical College whereas the Medical Council of India was yet to accord approval to start the Government Medical College in our Union Territory. Neither Project report has been prepared nor the Planning Commission approved the scheme for setting up of Government Medical College.

9.6 Marriage assistance, reimbursement of Tuition fees etc. have not yet been given to many eligible Scheduled Caste people. The fund earmarked for SCSP has been diverted to other non-SCSP scheme. There are no rules/regulations or monitoring system to stop such diversion of funds. Fund for free rice scheme should be provided under Non-Plan.

9.7 Government of India schemes like National Rural Employment Guarantee scheme should be implemented in backward region like Karaikal. The fund under JNNURM could not be released due to belated submission of the proposal. Since Public Works Department is overburdened, it was suggested that the departments concerned may themselves carry out the works utilizing the services of the technical personnel from the PWD on deputation.

9.8 Resource mobilization is very poor. HUDCO loan assistance could not be obtained for the last three years due to non-fulfilment of the condition laid down by Government of India for borrowing funds from Financial Institutions under powers delegated to the Administration of the Union Territory.

**Prof. M. Ramadass, M.P.(Lok Sabha)**

10. It is very unfortunate to note that the Approved Plan outlay for 2007-08 would be reduced to Rs.1076.94 crore in R.E. 2007-08. The outlay proposed for 2008-09 is Rs.2788 crore which is 91% higher than 2007-08 outlay. Planning Commission may not support such huge hike in the plan outlay. There is need to arrive a reasonable plan size before we approach Planning Commission for approval.



10.2 Further, to meet the gap in resource mobilization public borrowing to the extent of Rs.185 crore has been proposed in the plan document. This will increase our debt burden. Hence only viable projects yielding higher returns alone should be included under Plan. In order to identify such tangible projects, a 'Working Committee' with subject specialists may be constituted for each sector. Further "Project Preparation" facility available in the Planning Commission may be utilized in the preparation of project reports. Planning exercise should start from the Grass root level with micro Plan from village/commune panchayats/Municipalities etc. as these institutions would reflect the felt needs of the people.

10.3 The concept "Panchayat Window" should be implemented. It appears that the Below Poverty Line (BPL) level remains at 22% for the last 20 years. This paradox should be removed. Each Commune Panchayat must display the details of persons below the poverty line in the concerned Panchayat limit. The details are not available regarding SCSP schemes in the materials furnished to the members for this meeting. It was clarified by the Director (Plg.) that a separate document for SCSP is being prepared by the Adidravidar Welfare Department.

10.4 Agriculture should be given focussed attention to achieve higher GDP as envisaged in the Eleventh Plan. The technique of "Employment Multiplier", input/output ratio for investment under each sector should be spelled out in the Plan document. The chapters on Man power planning, Regional Planning may also be included in the Plan document. If fiscal prudence and financial discipline are not properly exercised, he cautioned that adverse comments may be passed by the Comptroller and Auditor General of India.

10.5 Private/Public participation should be encouraged. In view of dearth of funds for state Plan schemes, various central schemes like NREGS, NRHM, Bharath Nirman etc. can be implemented with central assistance.

10.6 For the development of Karaikal, "Backward region development fund" can be utilized, since Nagapattinam the neighbouring district of Tamil Nadu has already been declared as Backward district.

10.7 The functioning of Public Sector Undertakings may be reviewed at periodical intervals and effective steps need to be taken to convert them into profit making organizations.

**Thiru R.S. Chari.**

11. The grant now received by this Union Territory is very meagre, if it is treated to be on par with States. Since Union Territories are not included in the terms of reference of Central Finance Commission concessions are not extended. Hence, in order to reduce the debt burden, concerted efforts should be taken with Government of India for the waiver of loan received from Government of India before separation of Public account.

**Dr. Shyam Bhatt**

12. There should be some limit/control in the implementation of the scheme for the reimbursement of tuition fees to the CENTAC students pursuing professional /technical courses as many of the students are quite rich and can afford to pay the entire tuition fees. Further private participation should be encouraged for the balanced growth of the Union Territory. The quality of works carried out by PWD should be maintained and the accountability should be fixed.

**Hon'ble Minister for Welfare**

13. All departments should be allocated with sufficient funds to implement the development programmes. Marriage assistance has not been given since 2005. Due to insufficient funds welfare

schemes like Housing loan, supply of T.V.s etc. could not be implemented. Before making any assurances fund position should be ascertained. Even though sanction has been obtained, Milch cow loans have not been issued to the beneficiaries. Only permanent residents of Puducherry should be given assistance under plan schemes. The Medical College could have been started in rural area to avoid exorbitant cost on purchase of land. The project cost of Rs.853 crore is on very high side. The proposal to set up a revenue and Eng. Cell in Adridravidar Welfare department has not yet been cleared. Due to delay in getting sanction the expenditure booking is very poor under SCSP.

**Hon'ble Minister for Tourism**

14. The allocation for Tourism and Local Administration should be stepped up. Various modification proposals sent to Finance Department have not been approved. State share of 20% should be released for Government of India schemes like solid waste Management and widening of narrow road. The works like Villianur Market/Bus stand, Bahour Bus stand, Karaikal Market announced in the year 2004-05 and 2005-06 and Muthialpet Market, T.R.Pattinam market modernization announced during 2006-07 could not be undertaken due to paucity of funds.

Sufficient fund has to be earmarked for Tsunami spill over work and village Panchayat office building. Proposal for linking Channel to provide regular water supply to Yanam has been approved but no fund has been released so far for land acquisition.

**Hon'ble Minister for Education**

15. The growth rate of 9% is not realistic and zero base budgeting has not been done. To increase revenue receipts other sources to be tapped. He cautioned about market borrowing. The Union Territory may get into debt trap if we cross over limit to borrow money from open market. Only viable projects that would generate income and employment should be focused. The services of experts may be availed to draft viable projects for speedy economic growth. As a part of Human Resources development, allocation for "Education "should be stepped up and opportunities should be created for all to upgrade their skill and technical knowledge for better earnings.

**Hon'ble Minister for Health**

16. Market borrowing has been resorted to fill up the gap in Revenue Mobilization. Port Project and SEZ are kept idle for the last three years. Instead of extending the scheme of reimbursement of tuition fees to all Medical students selected

through CENTAC, this may be restricted only to Poor/SC/OBC students and cut off marks may be fixed to limit the beneficiaries under this scheme. While contributing considerable amount in the revenue collection, Mahe stands fourth in the allocation of plan funds. Spending of disproportionate amount for new Government Medical College for admitting 150 students should be recommended. Similarly the scheme of 10Kg free rice to all should be re-examined, keeping in view the negative impact of the plan scheme.

**Hon'ble Minister for Agriculture**

17. Delayed rain has affected 14000 Hectare of paddy crop in Puducherry and Karaikal regions. To give an assistance of Rs.4000/- per hectare, a sum of Rs.5.60 crore is required; whereas the Budget provision available in the current year under Non-plan is only Rs.1.60 crore. Hence balance amount has to be identified to settle the claim of the affected farmers. A proposal to get Rs.32.50 crore under National calamity fund has been sent to Ministry of Home Affairs, New Delhi. Hon'ble Members of the Parliament could use their good offices to get additional allocation from Government of India to assist the affected farmers. In order

to give an additional Rs.50/- per quintal of paddy over and above the market rate, additional fund is required.

18. Since the Union Territory had implemented VAT, alternative method of extending assistance to Industries may be examined in the form of reimbursement of sales tax, power tariff to attract more industries to our Union Territory.

**Hon'ble Chief Minister**

19. The Union Territory Administration may project a plan size of Rs.2000 crore for the Annual Plan 2008-09 and the suggestions of Hon'ble members may be duly incorporated in the plan document and also for further guidance. He concluded that his Government is keen to speed up pace of economic development for overall development of the territory and for Puducherry to become No.1 state in all fronts.

**Secretary (Finance and Planning)**

20. While thanking His Excellency the Lt. Governor, Hon'ble Chief Minister, Hon'ble Ministers and Members for participating in the meeting, informed that the valuable guidance /suggestions emerged during the discussion will be taken care of and the Plan will be modified accordingly.

## **List of Participants of the State Planning Board**

### **Meeting**

#### **Members**

1. Thiru N. Rangasamy, Hon'ble Chief Minister
2. Thiru V. Vaithilingam, Hon'ble Minister ( Industries)
3. Thiru E. Valsaraj, Hon'ble Minister (Health)
4. Thiru M.O.H.F.Shahjahan, Hon'ble Minister (Education)
5. Thiru Malladi Krishna Rao, Hon'ble Minister (Tourism)
6. Thiru M.Kandasamy, Hon'ble Minister (Welfare)
7. Thiru V.Narayanasamy, M.P.(Rajya Sabha)
8. Prof. M.Ramadass, M.P. (Lok Sabha)
9. Chief Secretary
10. Director General of Police
11. Secretaries to Government

#### **Non-Official Members**

12. Thiru R.S.Chari, Former Chief Secretary
13. Thiru K. Sham Bhatt of Pondicherry University

#### **Officials**

14. Heads of Departments