

MINUTES OF THE MEETING OF THE STATE PLANNING BOARD HELD ON 10-01-2009

The State Planning Board meeting was held on 10.01.2009 under the Chairmanship of His Excellency the Lt. Governor to discuss on the formulation of the Draft Annual Plan 2009-10. This meeting was attended by Hon'ble Chief Minister and other Council of Ministers, M.P (Lok Sabha), Mr. R.S. Chari (Non-official Member), Chief Secretary and other Secretaries to Government besides Heads of Departments / Offices.

While extending warm welcome to the Chairman and Members of the State Planning Board, Chief Secretary informed that the working group discussion on the Draft Annual Plan 2009-10 will now take place first and subsequently the meeting between Deputy Chairman and Chief Minister will take place to finalise the Plan size as against the discussion between the Deputy Chairman and the Chief Minister normally held prior to the Working Group discussions in the past. The Draft Annual Plan 2009-10 has been formulated based on the prioritization and also taking into account the resources available at our disposal.

Chief Secretary has informed the Board that as against the earlier norm of release of 65% grant and 35% loan, Government of India has changed the Plan funding as 30% grant and 70% loan which affects the fund position of the UT. The Board was informed that the issue was taken up with the 13th Finance Commission on 7th January 2009 and the Commission accepted our views, though the UT of Puducherry is not part of the Terms of Reference. So far we have not got any assistance under Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF) and this was also highlighted with the Commission. During the current financial year, agreement has been entered into between HUDCO and GoP for availing a loan amount of Rs.146.00 crore for implementation of Thirunallar Temple Town Project. Further a loan to the extent of Rs.100 crore under RIDF-XIV at a nominal rate of interest of 6.5% with the repayment period of 7 years has been taken up with NABARD. Ministry of Home Affairs has been requested to accord approval for availing the loan from NABARD. Then Chief Secretary requested the Chairman to initiate the discussions on the Draft Annual Plan 2009-10.

Lt. Governor

His Excellency the Lt. Governor has stated that the year 2008 happened to be a challenging year because of the effects of the global melt down and its impact upon the Indian Economy. He observed that the Plan size of Rs.1750 crore for the current year 2008-09 has been proposed to be scaled down to Rs.1077.30 crores at Revised Estimate, which indicates the resources gap between the Budget Estimate and the Revised Estimate. Added to this, the implementation of Sixth CPC would also increase the resource gap to a larger extent because of the commitments on increased salary and arrears. LG has observed the following issues:

- The outstanding liability of the UT is Rs.2483.86 crores as on 31.3.2008, which is 30.56% GSDP, much above the prescribed limit of 20% of GSDP by Government of India. The large outstanding liability above the prescribed limits would restrict accessibility for State Borrowings.

- The re-orientation of plan schemes and projects, reduction of subsidies, salaries and wage bills under plan for provision of more funds towards development schemes would be vigorously taken note of.
- Plan should not become an instrument for borrowing money from the market at high rate of interest and spending for populist measures.
- To draw a realistic Plan size, by first assessing the means and resources available on hand after assessing committed expenditure.
- Restriction should be imposed on unproductive expenditure both under Plan and Non-plan.
- The resource availability should be the foremost concern of any Government, particularly to step up the revenue collection, including Additional Resource Mobilisation.
- Departments such as Electricity, Commercial Tax, Transport, Excise (Revenue) etc., should take proper initiative not only to augment resources but also realize outstanding dues within a time frame for financing the Annual Plan.
- ARM from petroleum products need to be examined. Transport Department should rationalize its routes and fix reasonable fee for inter-state movements of vehicles.
- The following areas need to be tapped for resource mobilization:
 - a) Medical relief fee
 - b) Entry and Environmental Tax
 - c) Electricity tariff revision
 - d) Levy of Tax / Fee or charges for implementation of State Finance Commission's recommendation.
- Electricity department should ensure to file tariff revision petition before the newly constituted Joint Electricity Regulatory Commission (JERC) expeditiously as electricity tariff revision is the main thrust area to raise resources under non-tax revenue.
- The profit earning PSUs' and corporations should declare dividends timely; to review our policies towards loss making units.
- All Grant-in-aid institutions should cut down expenditure.
- The practice of registering new societies need to be curbed.
- The recruitment of new part-time and daily-rated employees should not be resorted to.
- Departments should not indulge in taking more plan schemes/projects. On-going schemes and spill over works should be given priority. Also the Government should give priority in identifying and implementing projects under Public Private Partnership (PPP) mode.
- To ease the State financial problem, each departmental Head should approach the concerned Central Ministry to get more number of Centrally Sponsored Schemes (CSS) to implement under the respective sectors.

- To examine availing soft loans from NABARD, World Bank, ADB etc thereby avoiding high interest cost on loan elsewhere.
- Efforts should be made to obtain funds to meet the demands of natural calamities and also for Local Bodies.
- The four objectives of inclusive growth, self reliance, social justice and modernization should be the pivotal of our plan.
- Social Audit of the developmental schemes should be carried out and only such schemes that would serve productive purpose need to be continued.

Chief Minister

- Need to maintain the same outlay of Rs.1750.00 crores in R.E. 2008-09 as that of B.E. 2008-09 as any proposed reduction will invite public criticism.
- For the Annual Plan 2009-10, Rs.2000.00 crores may tentatively be fixed for taking up with the Planning Commission.
- We may borrow funds from financial institutions like NABARD/HUDCO only for undertaking the required developmental works based on the needs.

Then presentation was done through power point on various aspects indicated below:

- Financing the Annual Plan 2008-09 & 2009-10
- Tax and Non-tax revenue
- UT's Own Resources vis a vis Central Assistance
- Outstanding loan accumulated over a period of time
- Year-wise Plan allocation since 2007-08
- Allocation under SCSP
- Region-wise Plan allocation with Region-wise per capita outlay

M.P. (Lok Sabha)

- The background materials circulated by the Planning and Research Department reveals that considerable reduction in outlay has been made in the Revised Annual Plan 2008-09 and in the Draft Annual Plan 2009-10 as compared to 2008-09 (BE).
- The reduced outlay of Rs.1077.30 crores in RE 2008-09 and of Rs.1246.82 crores for the Annual Plan 2009-10 is agreed to, then the growth rate will get affected.
- No measures have been contemplated for reducing the unemployment and poverty in the Draft Annual Plan 2009-10.
- The issues like assessment of poverty needs to be taken due care.

- The 18 indicators upon which the Planning Commission decides the poverty norm need to be adopted in the UT of Puducherry also.
- A comprehensive household survey should be taken up to determine the poverty ratio.
- Fisheries sector being the major contributory sector in determining the primary sector productivity needs higher allocation.
- Obtaining loan from HUDCO and NABARD need to be reexamined as it will make the UT into debt trap.
- Efforts on additional resource mobilization under non-tax revenue needs to be stepped up.
- A Holistic approach should be taken to take up the five textile mills and appoint an expert to manage the issue.
- District Planning Committee (DPC) should be formed by LAD to do grass root level planning so as to take up the felt needs of the people. Then only aspirations of the Panchayati Raj Institutions will be fulfilled.
- A comprehensive memorandum should be drafted to present before the 13th CFC so as to get our due share from the devolution of funds since the UT of Puducherry is not getting its due share.
- Centrally Sponsored schemes are operated by various Central Ministries and such schemes operated by Ministries could be implemented in the UT of Puducherry to ease the burden upon State Administration.

R. S. CHARI, Retd. I.A.S

Thiru R.C. Chari, non-official Member has suggested the following:-

- Necessary steps to be taken to increase the revenue to raise our resources for Plan.
- Puducherry satisfies all the criteria for obtaining Statehood from Government of India.
- Government should take action to attain the Statehood for Puducherry and thereby the entire loan could be waived.
- Government of India may be requested to write-off the entire outstanding loan of Rs.2483.86 crore on par with Arunachal Pradesh and Goa.

Minister (Public Health)

- Assurance was given in the Assembly for 10,000 houses to be constructed under Kamarajar Housing Scheme implemented by Town and Country Planning Department. For the current year 2008-09, only Rs.35.00 crore has been provided towards this as against Rs.70.00 crores included during last year.

- Funds earmarked under Local Administration department were not sufficient to undertake rural and urban water supply and sanitation, public health, rural roads & bridges, garbage's cleaning etc. Hence to enhance funds for the above mentioned sectors.

Minister (Welfare)

- Outlay for the year 2008-09 was fixed at Rs.1750 crore and has been reduced to Rs.1077.30 in the RE stage. He desired that the same amount as of the B.E. should be maintained and no reduction in allocation towards SCSP will be accepted.

Minister (Tourism)

- Government of India is giving much importance for tourism activities. Budget under Tourism sector is sufficient only to release of subsidy for the construction of Hotels. There are 32 applications pending with Government. 17 Hotels were already started functioning.
- Under Fisheries sector 18 applications are pending for the Fisherman Welfare such as pension. Hence, he suggested to allocate more funds for fisheries and tourism sector.
- Meritorious sportsperson award is yet to be given to the National and International events.
- An amount of Rs.3.00 crore is required for acquisition of land at Tirumala for Guest House for Government of Puducherry and is yet to be provided.

Minister (Public Works)

- Government of India may be impressed upon for grant of Statehood to Puducherry because Central Assistance for our U.T. is coming down gradually and also not getting any funds from Natural Calamity Relief Fund (NCRF).
- He concurred with the views of Thiru R.S. Chari (non-official member) that getting Statehood may make us free from debt accumulated over a period of time.
- There are many Centrally Sponsored Schemes implemented by various Ministries in Government of India. Departments should get as many schemes as possible.
- All projects under PPP mode should be encouraged for developing the infrastructure needs of the UT. The attitude of the people should be changed to adopt PPP mode.
- He also stated that under thrust area Education should be included.

Minister (Home)

- Government of Puducherry has planned to develop Puducherry and Karaikal ports on PPP mode and proposals have been sent to Government of India. Puducherry port is yet to be cleared, whereas Karaikal port is progressing well.
- Port projects in Cuddalore and Cheyyar in Tamil Nadu which are nearby Puducherry are coming up fast. We need to hasten our port projects quickly for getting the benefits.
- PPP mode should be encouraged in the UT of Puducherry.
- The fund allocated under Port sector is not sufficient to develop the Port project in Puducherry.
- Many Centrally Sponsored Schemes implemented in many States and Union Territories are not implemented in the UT of Puducherry.
- All Heads of Departments should prepare the list of Centrally Sponsored Schemes in their respective departments along with detailed justification and then approach the concerned Central Ministries for getting the required funds.
- No specific mention about Puducherry Medical College and funds also not have been allocated adequately in view of continuing the same under State Plan by Government of Puducherry.
- Note on regional analysis included in the State Planning Board was appreciated.
- There is lack of Infrastructure development in Puducherry and stressed the need to give due importance for such projects like SEZ, road connectivity, power, etc.

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