

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1208

ANSWERED ON:08.12.2004

FUNDS FOR SPECIAL DEVELOPMENT PLAN

Angadi Shri Suresh Chanabasappa;Nair Shri P.K. Vasudevan;Shivanna Shri M;Surendran Shri Chengara

Will the Minister of PLANNING be pleased to state:

(a) whether in the recently held conference of Chief Ministers of Southern States, the Chief Minister of Karnataka has demanded co-financing of at least 50% of the 9600 crore Special Development Plan (SDP) to be implemented in the 12 most backward districts of North Karnataka;

(b) if so, the other demands of Chief Ministers of Southern States; and

(c) the reaction of the Union Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V.RAJSEKHARAN)

(a): Yes, Sir.

(b): A statement of the issues raised and suggestions made by Chief Ministers at the meeting chaired by Deputy Chairman, Planning Commission at Bangalore on 17.11.2004 is placed below.

(c): The suggestions and issues raised by Chief Ministers at the meeting with the Deputy Chairman, Planning Commission at Bangalore on 17.11.2004 will be taken into consideration while doing the mid term appraisal of the Tenth Plan.

Enclosure

ISSUES RAISED AT MEETING BETWEEN DEPUTY CHAIRMAN OF THE PLANNING COMMISSION AND CHIEF MINISTERS AT BANGALORE ON 17/11/2004

REGIONAL IMBALANCE

1) GoI or Planning Commission to meet half the funding under the special development plan of Rs. 9600 crs. to be spent over 8 years, prepared by the government for identified areas of 12 backward districts (Karnataka)

2) Special grant for backlog in regional development boards set up under Art. 371 for Vidarbha and Marathwada (Maharashtra)

3) The regional imbalance problem of Telengana can be eliminated by development of irrigation (Andhra Pradesh)

4) A coastal development program and an Eastern Ghats Development Programme on the lines of the existing Hill Areas and Western Ghats Development estimated last year to cost Rs. 265.5 crs. and Rs. 411 crs. respectively cover agriculture and allied activities, forestry, power, health, roads, rural development, sericulture, tourism and village industries. (Tamilnadu)

EXPORT PROMOTION

At least 2% of the value of software exports should be taken into account for computing eligibility of a State for assistance under the ASIDE scheme (Karnataka)

PETROLEUM AND NATURAL GAS

The ONGC commitment under an MoU signed with the State government to set up an LNG terminal at Mangalore to be used for a petrochemical complex and a power plant at Bidadi must be honoured (Karnataka)

URBAN TRANSPORT

1) Planning Commission to support the metro project for Bangalore and help to obtain clearances from Railways and urban development departments-it requires 20% of equity support from the Centre (Karnataka)

2) Planning Commission to clear the commuter rail project for Bangalore with a third of the cost being borne by the Railways, urban development department and the State each (Karnataka)

FINANCING ISSUES

1) Writeoff of debt incurred on budgetary and extra-budgetary commitments (Karnataka) 2) Reset interest rates on outstanding Central loans at 6% (Karnataka) 3) Pass on external aid to States on back-to-back basis (Karnataka)

FOOD POLICY

Allocate Rs. 250 crs. more for PDS for additional below BPL families (Karnataka)

EDUCATION

1) Cover children in sixth and seventh standards under midday meal scheme (Karnataka) 2) Provide Rs. 400 crs. to Rs. 500 crs. for midday meal scheme 3) Look at second generation problems like maintenance and quality (Kerala).

HEALTH

Look at second generation problems like maintenance and quality (Kerala)

AGRICULTURE AND AGRICULTURAL CREDIT

- 1) Write off interest and penal interest on agricultural loans incurred in last 3 years (Karnataka)
- 2) Increase coverage of crop insurance and extend last date for payment of premium by nonborrowers (Karnataka)
- 3) Release Rs. 400 crs. from the Centre as onetime assistance to State's price stabilization fund set up to make advances for agricultural procurement (Karnataka)
- 4) Promote watershed development by rationalizing existing schemes (Karnataka)
- 5) Provide credit at viable interest rate to avoid suboptimal input use and low productivity (Karnataka)
- 6) Support value addition, food processing and market infrastructure (Karnataka)
- 7) GoI additional assistance to be reform linked (Karnataka)
- 8) Price support for dry crops (Karnataka)
- 9) Recapitalize cooperatives with interim assistance of Rs. 500 crs. pending receipt of the recommendations of the Vaidyanathan Committee (Andhra Pradesh)
- 10) Encourage NABARD and RBI to support rural credit through refinancing of DCCBs even if they have not met the requirements of Section 11(1) of the Banking Regulation Act in the interim period by raising the reschedulement limit of NABARD for short term loans to Rs. 250 crs. and the refinancing limit to Rs. 1800 crs. (Andhra Pradesh)
- 11) Continue Central Plan assistance for the agricultural credit stabilization fund of SCBs and for meeting deficits in the nonoverdue cover of DCCBs (Andhra Pradesh)
- 12) Cover cash crops (particularly for small and marginal farmers) in crop insurance, calamity relief and commercial bank lending (Kerala)
- 13) Consult States before taking trade policy decisions that affect interest of their agriculturists (Kerala)
- 14) Improve coordination among GoI commodity boards and between them and States (Kerala)
- 15) Linkage between PRIs and commercial banks (Kerala)
- 16) Preferential interest rates for agriculture as done earlier, since bank rates to agriculture today are higher than PLRs (Kerala)
- 17) Make the price stabilization fund administered by the Commerce Ministry for plantation crops more effective (Kerala)
- 18) Provide assistance for replanting in respect of plantation crops as there is a scheme today only for rubber (Kerala)
- 19) Subsidy for buying seeds, fertilizer and tractors (Pondicherry)
- 20) State has subsidized lowering of interest rate on cooperative credit by 3% and rescheduled crop loans; it need to be further lowered below 9% (Tamilnadu)
- 21) Poor quality seed (sunflower and cotton) and failed bore wells due to fall in ground water level through overexploitation led to farmers' suicides and it is necessary to support Seed Acts of the Centre and States (Andhra Pradesh)
- 22) Improve control systems in cooperative banks (Andhra Pradesh)

IRRIGATION

- 1) Extend AIBP to minor irrigation, make it a grant at least up to 50%, or reduce interest rate and cover command area development (Karnataka)
- 2) Permit utilization of NABARD assistance for major irrigation projects
- 3) Implement the Naidu Report on micro-irrigation (Karnataka)
- 4) Build micro-irrigation expenditure into new irrigation projects, design canal systems to discharge water only for light irrigated crops and punish violations of cropping pattern (Karnataka)
- 5) Support the AP Water Resources Development Corporation by permitting external aid, additional borrowings through annuities, irrigation bonds and commercial loans as well as direct assistance (Andhra Pradesh)
- 6) The irrigation projects proposed for APWRDC will provide protection for existing ayacut and funds can be raised from NRIs, agriculturists themselves etc.; so they could even be packaged for the private sector (Andhra Pradesh)
- 7) Dry land farming and drinking water problems (Maharashtra)
- 8) Extend AIBP to cover tank and water body restoration (Tamilnadu)
- 9) Support the peninsular river water grid (Tamilnadu)

RURAL INFRASTRUCTURE

1) Clear PMGSY proposal of Rs. 900 crs. pending in RD and proposal for using diesel cess for raising loan of Rs. 2000 crs. (Andhra Pradesh)

SOCIAL SECURITY

- 1) Increase monthly old age pension amount to Rs. 225 and extend coverage even to persons with families, introduce pensions for physically handicapped and widows (Andhra Pradesh)
- 2) Extend assistance to 46000 applicants who are not covered but are entitled to aid under the Family Benefit scheme (Kerala)

URBAN INFRASTRUCTURE

- 1) Support proposals for projects totaling to Rs. 22980 crs. for infrastructure in Mumbai with assistance from Planning Commission of over Rs. 5000 crs. (Maharashtra)
- 2) Assistance may be provided to develop roads, bridges, airport and port (Pondicherry)
- 3) Improve infrastructure in Thiruvananthapuram and Kochy (Kerala)
- 4) Provide assistance for infrastructure development covering flyovers, metro rail (Rs. 5000 crs.), commuter rail to feed metro rail, connecting road from international airport (Rs. 2000 crs.) etc. requiring support to the extent of Rs. 8000 crs. (Karnataka)
- 5) Assistance for urban infrastructure, using perhaps funds to be drawn through foreign exchange reserves to the extent of Rs. 1000 crs. Projects indicated at Bangalore were:

- a new airport at Chennai - Rs. 18000 crs.worth of projects for Chennai (with Rs. 2160 crs. drawal this year) for Chennai, excluding metro, are ready to handle congestion - Rs. 8000 crs.of road projects are on the anvil (Tamilnadu)

EMPLOYMENT

- 1) Develop a policy for urban skilled and educated unemployed including those affected by closure of sunset industries (Maharashtra)
- 2) Cover Medak, Prakasham, Kurnool and Chittoor districts also under the food for work program (Andhra Pradesh)
- 3) Follow the Maharashtra EGS pattern as the food for work program has led to foodgrains smuggling and export (Andhra Pradesh)
- 4) Have a special fund for educated unemployed (for training) and promote micro- enterprises in informal sector using self help groups for marketing etc. similar to the idea now being mooted for rural business hubs covering the service sector. (Kerala)
- 5) Introduce monitoring system for employment (Kerala)
- 6) Provide adequate funds for upgradation of it is (Kerala)
- 7) Focus on urban educated unemployment (Tamilnadu)

INDUSTRY

- 1) Encourage traditional industries using a cluster approach and focusing on integrated development (Kerala)
- 2) Support for small scale industries by providing refinance facilities to credit institutions and a revolving fund to upgrade technology; cluster based assistance is required for foundries at Belgaum, jeans at Bellary, valves at Dharwar and dal processing at Gulbarga (Karnataka)

INFORMATION TECHNOLOGY

- 1) Support a Korean company proposal which will have to be taken up with DoE through first few years with equity; it has already obtained the State's concessions (Andhra Pradesh)
- 2) Special assistance for a followon project for land record documentation requiring Rs. 200 crs. which can be utilized in one year; at least take up a pilot project in Maddur and Bailhongal (Karnataka)

ENERGY

11 kv.substations metered, energy audit done, agricultural feeders put in and metered, 2 to 3 pumpsets per low capacity transformer and shift to high voltage distribution system to tackle theft and leakage planned, but privatizing distribution may be attempted only in a few industrial cities (Andhra Pradesh)

GENERAL

- 1) Locate anganwadis and schools in the same premises (Andhra Pradesh)
- 2) Restructure CSSs with one local area program with broad departmental guidelines and an option for States on how to draw funds so that Plan Coordination division could perform its original function of providing flexibility to States (by identifying the Ministry to monitor the chosen program) and good State ideas like widows pension and 40% of budget as untied grants to PRIs could be picked up at the Centre and by other States (Kerala).
- 3) PRIs should be given greater role in all programs but funds should be passed not be passed on to them directly by the Centre (Kerala)
- 4) Restore one-time ACA for the State to last year's levels (Kerala)
- 5) Bundle together projects that can be posed for external aid in different sectors and also seek bilateral aid from small donors (Pondicherry)
- 6) Include port development in the list of projects posed for external aid (Pondicherry)
- 7) Explore possibilities of private investment and consult agencies like IDFC for funds required for building an additional jetty (Pondicherry)
- 8) Seek assistance from external investors like those in Singapore for developing Pondicherry
- 9) Increase Central assistance for Pondicherry to at least 60% of their Plan outlay
- 10) Consider extension of runway for Pondicherry airport consulting Airports Authority of India
- 11) Develop hotels in Pondicherry seeking if necessary private investment and working through tour operators
- 12) Develop the temple town of Karaikal town for purposes of tourism (Rs. 210 crs.)