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OFFICE OF THE CHIEF SECRETARY
PONDICHERRY

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Planning Commission
(State Plans Division)



Yojana Bhavan, Sansad Marg,
New Delhi-110001
Dated: January 18, 2006

A copy of the Summary Record of discussions at the meeting held between Deputy Chairman, Planning Commission and Chief Minister of Pondicherry on 04.01.2006 to finalise the Annual Plan 2006-07 of Pondicherry is circulated herewith.

(Signature)
(B. C. Munda)
Director (SP-S)

(Handwritten notes)
2006
30/1
am (P)

Enclose: As above

Planning Commission

Principal Advisers
Advisers
JS (SP)
Heads of Divisions

PMO

Director (Pondicherry)
Ministry of Finance
Joint Secretary (PF-I)
Deptt. of Expenditure
North Block, New Delhi

Ministry of Home Affairs

Financial Adviser
Joint Secretary (UTs)
North Block, New Delhi

Coordinating Officers of all

Central Ministries

(Except Ministry of Defence)

(Handwritten notes)
49/1

(Handwritten notes)
31/1

(Handwritten notes)
S3(3)

Copy to Private Secretary to:

Deputy Chairman/Minister of State/Members/Member-Secretary

Copy also to:

Director (SP-Coordination)/Director (PC Division)/ DA (MLP & Hill Areas)/
Information Officer

Copy also to:

- (i) Chief Secretary, Government of Pondicherry, Pondicherry
- (ii) Finance Secretary, Government of Pondicherry, Pondicherry
- (iii) Planning Secretary, Government of Pondicherry, Pondicherry

Submitted for Information

(Signature)
20/1/06

R.C/C.S

NO. ADRC/PH HD/2005-06/1029
dt: 25/1/06

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Planning Commission
(State Plans Division)

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SUMMARY RECORD OF THE MEETING BETWEEN THE DEPUTY CHAIRMAN,
PLANNING COMMISSION AND CHIEF MINISTER, PONDICHERRY HELD ON
04.01.2006 TO FINALISE THE SIZE OF THE UT'S ANNUAL PLAN FOR 2006-07.

A meeting was held in New Delhi on 04.01.2006 chaired by the Deputy Chairman, Planning Commission to finalize the Annual Plan for 2006-07 of Pondicherry.

2. A list of participants is enclosed at Annexure II.
3. Deputy Chairman, Planning Commission welcomed the Chief Minister and officers of the Govt. of Pondicherry. Discussion on finalization of the Plan outlay of Pondicherry for 2006-07 was preceded by a presentation by the UT administration of certain aspects and issues relating to Plan performance. The Deputy Chairman complimented the Chief Minister for the UT's GSDP growth rate of over 11% in 2003-04. He also impressed upon the Chief Minister to tap the tourism potential of the Union Territory and desired the UT to explore the possibility of promoting temple tourism. In this context, the Deputy Chairman was apprised of the need for construction of a few five star hotels in the UT for attracting domestic and foreign tourists and retaining them for longer visits. It was indicated by the UT Administration that effort was being made to promote religious tourism in the temple town of Karaikal. In this context, the need for re-construction of the coastal sea wall at Karaikal for protecting the town from further flood damage was stressed.
4. Deputy Chairman appreciated the UT's initiative for privatizing minor ports. He assured the UT to explore the possibility of providing assistance to the UT from the special purpose vehicle, set up by the Gol recently.
5. Member (BLM) emphasised the need for having a clear vision by the UT for tackling the problem of unemployment in general and educated unemployment in particular. He was glad to know that Pondicherry was maintaining a cohesive society of the multi-ethnic communities.
6. In the context of formation of women's self help groups and empowerment of women, Member (SH) requested the Pondicherry Administration to give adequate representation to women in every field of decision making process and explore the possibility of gender budgeting in the UT.
7. While appreciating the good performance of power sector in Pondicherry Member (KP) complimented the UT for maintaining low rate of T & D losses.

8. Member (VLC) appreciated the Administration's efforts for expanding green cover in Pondicherry even if it had no recorded forestry cover. The schemes being taken up in this regard were- urban afforestation, social forestry in rural areas, planting of tree saplings on banks of rivers, channels, tank bunds, roadsides and coastal areas.

9. On being invited to say a few words, Chief Minister, Pondicherry thanked the Deputy Chairman and requested the Planning Commission to step up the UT's share of Central assistance so that the UT would be in a position to fund its Plan schemes like setting up of Special Economic Zone, construction of bridges, land acquisition for development of IT park, ports and air port and setting up of Govt. Medical College. He pointed out that a little over 50% of the UT's Plan allocations was being spent for social services sector. He also apprised the Deputy Chairman of the housing scheme launched by the UT under which a financial assistance @ Rs.50,000 was being provided to each family belonging to economically weaker sections to construct its own concrete houses with sanitary latrines for better living. The UT had been creating basic amenities like supply of drinking water, health care facilities and was making efforts to increase the nutritional status of the school children. He further added that the UT would give focused attention for development of tourism and IT related industries and agro-industries for creating employment opportunities.

10. The UT has prepared the Annual Plan document for 2006-07 indicating a Plan size of Rs.1500 crs., which represents a stepup of 85% over the current year's approved outlay of Rs.810 crores. However, after discussions between the Chief Minister and the Deputy Chairman, the Plan outlay for 2006-07 has been approved for Rs.1410 crs. which represents a stepup of 74%. The stepup is largely on account of two factors –

(i) the HUDCO loan of Rs.553 crs. that has already been sanctioned to the UT for urban development programmes to be executed over a period of 3 years in water supply, sewerage, bridges, slum development and roads in Pondicherry, Karaikal, Yanam and Mahe of which Rs.247crores are expected to be utilized in 2006-07 as soon as the UT is permitted to raise borrowings on its own strength; the order in this connection is expected to be issued very shortly as all formalities are stated to have been completed;

(ii) tsunami related rehabilitation programmes (housing, public works and livelihood restoration) to the extent of Rs.303 crores as approved by the Cabinet, consisting of both external aid and direct budgetary support from the Gol. The direct budgetary support component of Rs.220 crores will be provided as grant out of special Plan assistance for States and UTs.

11. It was indicated by the UT Administration that programmes under both these components mentioned above were being dovetailed into various sectoral and schematic outlays and the UT is expected to send final figures to Planning Commission very soon to enable the formal Plan outlay approval letter to be issued. The Union Territory has made steady and substantial progress in various infrastructure projects and increase in Plan outlay is required to enable it to bring them to fruition.

12. It was brought to the notice of Deputy Chairman that the financial indicators of the UT were strong, even though it will be able to introduce VAT only when the neighbouring State of Tamil Nadu becomes a front runner in this regard. The power sector is functioning very efficiently although the regulatory commission has not started working and power distribution is undertaken through a departmental undertaking. T&D loss is as low as 15.5%. The average cost of supply of power is 197 paise while the average tariff is 246 paise. The power sector is expected to generate an operating surplus of Rs.14.57 crores. Full coverage of electronic meters is expected for consumer households in three years and only some small farmers are entitled to free power. Cheap and reliable availability of power is a factor that should be projected by the UT to attract and retain industrial and other investors.

13. The Deputy Chairman was further apprised of the initiatives of the UT in upgradation of infrastructure by inviting private investment in a) setting up a Special Economic Zone, b) developing the Karaikal and Pondicherry ports, c) establishing connectivity between the SEZ and the port as well as with the National Highways linking Chennai and Pondicherry and Pondicherry and Karaikal and d) improving the airport at Pondicherry.

- i) The Union Territory is setting up a Special Economic Zone at Pondicherry in line with the policy approved by Government of India, with focus on auto parts and IT. The zone will cover an area of 800 acres and will include a township. The detailed project report is being evaluated and it is expected that a private developer will be selected and the project executed through an SPV.
- ii) Connectivity improvement can be ensured only by developing Pondicherry and Karaikal ports in a phased manner. Pondicherry port will be upgraded from the present handling capacity of 1 lakh tonnes to a capacity of 10 million tonnes at a total cost of Rs.2206 crores by 2014. The first phase to be completed in two years' time requires an investment of Rs.330 crores. The UT government is at the stage of selecting the party for executing the project on the basis of the DPR prepared by consultants. Karaikal port is to be upgraded on the PPP mode, with the first phase costing Rs.350 crores. The UT government is selecting the agency for the purpose and expects to complete implementation over a period of two years.
- iii) Land required for extending the airport runway at Pondicherry has been obtained from the Government of Tamil Nadu and further acquisition is proposed to enable bigger aircraft to make regular landings at Pondicherry and promote both tourism and industrial development. Agreements are also being sought with Indian Airlines and private companies to operate regular flights to Chennai, Bangalore and Thirupathi in the course of the coming years.

- iv) The SEZ being developed at Pondicherry will have to be connected to the National Highways between Pondicherry and Chennai as well as the road between Pondicherry and Karaikal which will have to be upgraded to a National Highway. The former is estimated to cost Rs.120 crores.

14. While appreciating the efforts of the UT in exploring private investment for upgrading its infrastructure the Deputy Chairman requested the Chief Minister to projectise its requirements for the above critical infrastructure projects by availing of viability gap assistance from the Central government. Other infrastructure projects in urban areas are expected to be met through projects prepared under the urban renewal mission. However, the UT is also setting aside substantial funds for the promotion of tourism (including education, medicinal and temple tourism) by encouraging investment in hotel accommodation and development of sight-seeing packages for Pondicherry, the temple town of Karaikal and beach facilities at Mahe.

15. After detailed discussions, the Annual Plan outlay for 2006-07 for Pondicherry was approved at Rs.1410 crores. Aggregate Plan resources comprise Rs.947.76 crores of the UT's Own Resources and Rs. 462.24 crores of Central assistance. Normal Central Assistance (NCA) was approved at Rs.229.91 crores. Rs. 247.00 crores of negotiated loan from HUDCO was approved. The UT will be able to draw this amount after permission is given by Gol to the Union Territory to raise the loan. Rs.79.16 crores was approved as market borrowings to be raised by the UT after it is permitted to borrow if this does not materialize for any reason, it could be raised from NSSF loans.

Other additional Central Assistance of Rs.229.33 crores includes:

| | |
|---|---------------|
| a) Nutrition Programme for Adolescent Girls | 0.26 |
| b) National Social Assistance Programme | 1.40 |
| c) Urban Renewal Mission | 4.07 |
| d) Roads and Bridges | 3.60 |
| e) Special Plan Assistance for Tsunami Relief | 220.00 |
| Total : | 229.33 |

The detailed scheme of financing of the Annual Plan for 2006-07 of the UT as approved in the meeting is given in Annexure I.

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

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ANNEXURE I

| Approved Scheme of Financing for Annual Plan 2006-07: PONDICHERRY | | (Rs. crore) |
|---|--|----------------------------|
| | | Annual Plan 2006-07 |
| | | 2006-07 |
| S. No. | Resources | AP |
| A. UT's Own Resources (1 to 13) | | 947.76 |
| 1. | Balance from Current Revenues | 180.00 |
| 2. | Contribution of Public Enterprises | 0.00 |
| 3. | State Provident Funds (net) | 0.00 |
| | (of which impounding of DA) | 0.00 |
| 4. | Misc. Capital Receipts (net) | 0.00 |
| 5. | Plan Grants under EFC | 0.00 |
| 6. | Net Small Savings | 170.00 |
| 7. | Net Market Borrowings (SLR based) | 79.16 |
| 8. | Negotiated loans | 247.00 |
| | HUDCO | 247.00 |
| 9. | Bonds/Debentures (Non-SLR based) | 0.00 |
| 10. | ARM | 261.00 |
| 11. | Adjustment of Opening Balance | 0.00 |
| 12. | Net Surplus of Local Bodies | 0.00 |
| 13. | Reimbursement of CST Collections | 107.60 |
| 14. | Back to back EAP for tsunami | 83.00 |
| B. Central Assistance (15 to 17) | | 462.24 |
| 15. | Normal Central Assistance | 229.91 |
| 16. | ACA for EAP | 3.00 |
| 17. | Others | 229.33 \$ |
| C. AGGREGATE PLAN RESOURCES (A+B) | | 1410.00 |
| \$ Details | | |
| a) | Nutrition Programme for adolescent girls | 0.26 |
| b) | Slum Development | 0 |
| c) | National Social Assistance Programme | 1.4 |
| d) | Urban Renewal Mission | 4.07 |
| e) | Roads & Bridges | 3.60 |
| f) | One Time ACA | 0.00 |
| g) | Special Plan Assistance | 0.00 |
| h) | ACA for tsunami relief | 220.00 |
| Total (a to h) | | 229.33 |

Dir (P)

Annexure II

List of Participants of the Meeting on Annual Plan (2006-07) for Pondicherry held on 04.01.2006 under the Chairmanship of Deputy Chairman, Planning Commission

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PLANNING COMMISSION

1. Shri Montek Singh Ahluwalia, Deputy Chairman
2. Dr. (Ms.) Syeda Hameed, Member
3. Dr. Kirit S. Parikh, Member
4. Dr. Bhalchandra Mungekar, Member
5. Dr. V. L. Chopra, Member
5. Shri Rajeeva Ratna Shah, Member-Secretary
7. Dr. Renuka Viswanathan, Pr. Adviser (FR/SP-S)
8. Smt. Adarsh Misra, Pr. Adviser (HUD)
9. Shri R. Sridharan, Joint Secretary (SP)
10. Shri B.C. Munda, Director (SP-S)
11. Shri Bamne, Director (FR)
11. Shri R.P. Mishra, R.O. (SP-S)

MINISTRY OF HOME AFFAIRS

1. Shri Vishnu S. Prasad, Director (UT Plan)
2. Shri S.B. Doval, Under Secretary

GOVERNMENT OF PONDICHERRY

- Shri C.S. Khairwal, Chief Secretary
Shri M. Sreedharan, Joint Secretary (Planning)
Shri A. Ramalingam, Budget Officer
Shri S. Gopalan, Private Secretary to Chief Minister
Shri G. Ragesh Chandra, Addl. Secretary (Revenue)
Shri G. Theva Neethi Doss, Director (School Education)
Shri Emile Ranjit, OSD to Chief Minister