MEETING WITH PLANNING COMMISSION
(JUNE 18, 2010)

ON

ANNUAL PLAN 2010–11

Presentation by Jenab Omar Abdullah
Chief Minister, J & K
STRUCTURE OF PRESENTATION

- Opening Remarks
- Development Context: Eleventh FYP
- Annual Plan: 2009-10/2010-11
- PMRP: 2009-10 and 2010-11
- Flagship programmes: Financial Delivery
- Sectoral Issues: Education, Health, Social Sector, Connectivity, JNNURM, Skill up-gradation, Use of Technology, P.P.P
- Power Sector Issues
- Issue relating to State Finances
- Financing of Annual Plan 2010-11
- Conclusion
OPENING REMARKS

- Grateful to the Planning Commission and the Union Finance Ministry for their sensitivity and positive support to the people and Government of J&K.

- Look forward to the continued support for:
  - Annual Plan 2010-11: Rs.6000 crore.
  - Prime Minister’s Reconstruction Plan: Rs. 1206 crore.

- Visit of the Hon’ble Prime Minister to J & K in October, 2009 and June, 2010 provided much needed opportunity for review of development efforts.

- During the intervening period, discussions with the Cabinet Secretary and his team helped resolve a number of issues for positive forward movement.

- Greatly appreciate and value observations of Deputy Chairman, Planning Commission highlighting the problem areas and critical challenges in his communication of June 14, 2010.

- The presentation shall attempt to respond to the issues in a comprehensive manner.
THE ECONOMIC SITUATION

- Economic growth @ 6.87% (at constant price) in 2009-10 as compared to 6.12% (at constant price) in 2008-09.

- Per Capita Income (Rs. 33,285 at current prices) registered 8.54% growth.

- The Targeted Growth rate for 2010-11 : 9.92%.

- Tax revenue buoyant-Growing at around 21% (Rs.3505 crore for 2010-11); VAT has registered a growth of 28%.

- Non-tax revenue remains a matter of concern- Power deficit of nearly Rs. 2000 crore has adverse impact on state’s resources.
RECENT GOVERNANCE INITIATIVES

- J&K Right to Information Act 2009 in place.
- State Information Commission being made fully functional.
- Grievance Cell : Awaz-e-Awam in CM’s Office.
- State Accountability Commission being reconstituted.
- New Pension Scheme introduced.
- State Women Commission re-energized.
- Settlement of 21217 cases through 551 mega and 216 other Lok Adalats.
- State Government committed for holding elections to Local Bodies and Panchayats.
- Kissan Welfare Board set up.
- Letter of Intent (LOI) issued for 690 MW Rattle HEP on Tariff based Bidding.
DEVELOPMENT CONTEXT

ELEVENTH FIVE YEAR PLAN (EFYP)

(2007–12)
PROJECTED INVESTMENT:
ELEVENTH FIVE YEAR PLAN (EFYP)

- State Sector Rs.25,834 crore
  (through Annual Plan)
- Central Sector Rs.28,050 crore
  (through Centrally Sponsored Schemes: CSS)
- Private Sector Rs.7,180 crore
  (investment flow)

Total Rs.61,064.00 crore
**EFYP**

- Cumulative plan outlay for the first three years Rs.14000 crore (Cumulative expenditure Rs.13065 crore).

- Plan outlay for Rs.6000 crore essential for 2010-11.

- The proposed outlay: a modest step up of 9% over the last year’s allocation.

- Necessary to maintain tempo of development to consolidate peace gains.
ANNUAL PLAN EXPENDITURE (EFYP)
(RS. in crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Outlay</th>
<th>Expd</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>4000</td>
<td>3717.33</td>
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<tr>
<td>2008-09</td>
<td>4500</td>
<td>4067.31</td>
</tr>
<tr>
<td>2009-10</td>
<td>5500</td>
<td>5281</td>
</tr>
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</table>
ANNUAL PLAN
PLAN PERFORMANCE (2009-10)

- Highest ever Plan Expenditure of Rs.5281 crore: 96% of allocation utilized.
- Expenditure under PMRP of Rs.732.47 crore (availability of Rs.813 crore): 90% of availability.
- Robust provision of Rs.643 crore made as matching State Share for availing maximum possible central assistance.
- To streamline the process of planning and execution, Schemes worth Rs. 700 crore implemented under “projectized” mode.
- Third Party/independent monitoring by NABCONS (154 projects : financial delivery of Rs. 700 crore).
- Mckinsey & Company being engaged for a pilot project on comprehensive monitoring of T&D project under PMRP.
ANNUAL PLAN 2010-11: STRATEGIC FRAMEWORK

- Five priority sectors:
  - Sadak (Roads),
  - Bijlee (Energy),
  - Paani (Water Supply),
  - Sehat (Health),
  - Taleem (Education)

- Building on Core Competencies:
  - Sayyahat (Tourism),
  - Ziraat (Agriculture, Horticulture: Fruits & Flowers),
  - Sannat-o-Hirfat (Industry: Handicrafts)
ANNUAL PLAN 2010-11: STRATEGIC FRAMEWORK

- Focus on employment generation through: technology transfer, skill upgradation & multi-skilling of the youth, entrepreneurship development and up-scaling economic activities in the decentralized household sector.

- Revival of institutional framework through: Restructuring of Public Sector Undertakings and strengthening of Credit Structure.

- Public Private Partnership: {Power, Roads, Health & Education}.

- Pursuing Reform Agenda: {Urban Reforms, Power Reforms}.

- An amount of Rs.766 crore is proposed as matching State Share to avail of maximum Central Assistance.
PRIME MINISTER’S RECONSTRUCTION PLAN (PMRP)
### PMRP: 2009-10

**Rs. in Crore**

<table>
<thead>
<tr>
<th>Financial Delivery</th>
<th>Approved Cost</th>
<th>Expd. 3/2010</th>
</tr>
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<tbody>
<tr>
<td>State sector *</td>
<td>6438.75</td>
<td>3525.70</td>
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<tr>
<td>Central Sector by State Agencies</td>
<td>6280.98</td>
<td>1143.04</td>
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<tr>
<td>Central Sector by Cent. Agencies</td>
<td>19108.94</td>
<td>3469.01</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>31828.67</strong></td>
<td><strong>8137.75</strong></td>
</tr>
</tbody>
</table>

* Expenditure Rs. 3525.70 crore against total release of Rs. 3600 crore (98%) under the State Sector.
**PMRP IMPLEMENTATION (STATE SECTOR)**

- Major State Sector projects like Baglihar-I, Khanabal-Pahalgam road and 11 Degree Colleges and 6 ITIs completed.

- Projects like Narbal-Tangmarg road, Model Villages, Two Room Tenements, 13 Degree Colleges and 8 ITIs are likely to be completed this year.

- Mainly T&D project, Mughal road and ADB funded project will spill over to next year.

- Continued support for Land Acquisition for PMGSY roads required.
MUGHAL ROAD

- Original Cost: Rs 255 cr.
- Total length: 84 KMs

- The revised DPR has been formally approved by the Planning Commission at an estimated cost of Rs 639.85 crore.

- Grateful for full funding of the cost.

- State Government committed to third party/independent scrutiny of DPR/cost.

- Necessary allotment made for third party verification in favour of GIFFORD India Pvt. Ltd made. Inspections have been started by the agency.
PHYSICAL PROGRESS ON MUGHAL ROAD

- 84 kms (entire length) fair weather single lane completed/functional.
- 79 kms fair weather double lane completed.
- 2 Minor bridges completed and 2 are in progress.
- 51.82 mtr Service bridge completed.
- An expenditure of Rs 332.83 crore has been incurred till 31st March, 2010.
- Tender for 7 major bridges at finalization stage.
CONSERVATION OF DAL-NIGEEN LAKE

- Approved conservation cost: Rs.298.76 Cr
- Funds released: Rs.160.56 Cr
- Expenditure 3/2010: Rs.150.33 Cr

- 3 Sewerage Treatment Plants (STPs) commissioned, 2 STPs will be completed in current year.
- Out of 148 house boats in Nigeen Lake, 70 moored on the eastern shore will be connected to trunk sewer in three months. Remaining 78 to be connected by March, 2011.
- 595 houseboats moored in Dal lake are to be connected with the STPs by March, 2012.
- 24 KMs of Trunk Sewers out of 28 KMs completed.
- 52 KMs of Lateral Secondary Sewers completed out of 78 KMs.
- 85% of house connectivity achieved.
- Out of 38 blocked channels 6 channels already opened.
REHABILITATION OF DAL LAKE

- Project at a cost of Rs. 356 crore formulated for acquisition of land and structures inside the lake and dredging of land mass etc.
- Project supported by the Planning Commission: approval & release of funds necessary.
- An ambitious plan (Rs.402 crore) to rehabilitate 11000 families of Dal Dwellers under implementation-Rs.91 crore under BSUP being dovetailed with State Plan resources; 700 plots fully developed.
- State Government committed to:-
  - Third party assessment of the cost
  - Independent monitoring of implementation
  - Freezing of number of structures to be acquired/families to be shifted.
Settlements within the lake
FLAGSHIP PROGRAMMES
FLAGSHIP PROGRAMMES: HIGHLIGHTS

- Total resource availability at Rs.3606 crore including opening balances and releases during the year.
- Pace of expenditure stepped up (Exp: Rs.2393 crore).
- ARWSP: 537 uncovered habitations, 35 quality affected habitations and 366 slippage / newly emerged habitations covered.
- AIBP: Irrigation potential of 39545 Hactares created against target of 61376 Hactares.
- NREGA: 18892 works completed. 140 lac mandays generated.
- NREGA: Concern for association of women with NERGA is fully shared- 8.25 lac women days generated in 2009-10 as compared to 5 lac women days in 2008-09 despite traditional societal issues. Enhanced wage rate likely to further increase participation.
- Emphasis on convergence of NREGA efforts with PHE, Irrigation, Forestry and connectivity schemes.
- IAY: 49853 houses completed.
REASONS OF LOW EXPENDITURE

- Out of shortfall in expenditure (Rs.1212 crore), an amount of Rs.1177 crore unspent in 7 schemes.

- Shortfall in expenditure, interalia, on account of delayed releases of funds from Central Government e.g:
  - ARWSP: Rs.178.64 crore received in March, 2010.
  - AIBP: Rs.158.05 crore received in March, 2010.
  - SSA: Rs.73.65 crore received in Feb. 2010.
  - PMGSY: Rs.57.91 crore received in March, 2010.
  - RKVY: Rs.15.77 crore received in January, 2010.
  - IAY: Rs.18.28 crore received in March, 2010.

- State Govt. recognizes that releases also get delayed on account of non-submission of UCs and detailed plans of action.
REASONS OF LOW EXPENDITURE

- Backlog of outstanding balances, such as under NSAP, being cleared under a time bound programme of expenditure delivery.

- Purchase processes relating to important programmes like ICDP and APDRP (procurement of meters; Rs.48 crore approx) being streamlined to enhance physical and financial delivery.

- Flagship programmes are now being regularly reviewed at the level of Chief Minister to address all bottle necks.

- Need based modifications in guidelines, particularly the pattern of release of Central funds, suggested by the State Govt. in pursuance of directions of Hon’ble Prime Minister in October, 2009. Proposal with Planning Commission.
SECTORAL ISSUES
EDUCATION (SSA): EXPANSION

- 4014 New Primary Schools opened, 5788 Primary Schools and 5986 EGS Centers upgraded.

- 484 Computer Aided Learning (CAL) Centers established.

- 4242 Primary School buildings, 616 Middle School buildings, 87 Block Resource Centers and 516 Cluster Resource Centers constructed.

- 4585 Additional class rooms constructed.
Concern for literacy rate being lower than the national average is fully shared. However, SSA and other interventions have led to positive outcomes. Literacy rate enhanced from 55.50% in 2001 to 65.67% in 2008 (female literacy: 57% up from 43%).

Enrolment in Government Schools increased from 14.50 lacs in 2004 to 19.50 lacs in 2009-10.

Number of Out of School Children (OoSC) reduced from 3.67 lac in 2002-03 to 0.39 lac in 2009-10.

Gross enrolment ratio at Primary Level is 97.25%; at Upper Primary Level is 94.74%.

Transition at Elementary Level is 97.6%.

REQUEST: Existing funding pattern (55:45) to be changed to 90:10 on the pattern of North-Eastern States.
The need to focus on education of girl child is appreciated by one and all.

563 Model Cluster Schools established for girls.

169 High Schools, 90 Higher Sec. Schools and 220 Computer Aided Learning (CAL) centers set up exclusively for Girls.

78 Kasturba Gandhi Balikya Vidyalayas (KGBVs) established. Construction of building completed in 10 cases. 58 buildings at various stages of completion.

19 Girls hostels approved under Rashtriya Madhyamik Abhiyan Scheme

3699 Girls covered under incentive for SC/ST girls during 2008-09 and 1327 SC/ST girls added to the list during 2009-10.

Of the schools upgraded, 1600 are schools meant exclusively for girls.
NATIONAL RURAL HEALTH MISSION

- Funds released: Rs. 343.65 Crore
- Funds utilized: Rs. 259.08 Crore
- Outlay for 2010-11: Rs.251.18 Crore

Physical progress
- ASHA workers trained: 9500
- CHCs upgraded as FRUs: 57
- PHCs made functional 24x7: 115
- Baby Care Corners established: 153
- Health & sanitation committees: 6788
- RCH camps organized: 359
- Institutional Deliveries conducted: 152866
NRHM: KEY OUTPUTS

- A Task Force under the chairmanship of Hon’ble Chief Minister set up to examine the issues of health sector reforms in a comprehensive manner. The Task Force has eminent experts of national repute as its Members.
- The remuneration of contractual doctors engaged under NRHM has been enhanced from Rs. 8000/- to Rs.16000/- per month and for paramedics to Rs. 9000/- per month.
- 125 ambulances have been procured under NRHM for various health institutions in the State.
- 6403 posts of Doctors/ Specialists/ Paramedical /other staff created for Medical Colleges/ various health institutions of the State.
The increase in Infant Mortality Rate (IMR) is a cause of concern.

Several interventions under NRHM: particularly establishment of Baby Care Corners, training of medical and paramedicals in skilled births and management of neonatal childhood illness have led to positive results.

Organization of RCH Camps and awareness generation through ASHAs have promoted institutional deliveries.

The IMR position has shown improvements during 2007 & 2008

- SRS 2006 52
- SRS 2007 51
- SRS 2008 49
In order to achieve the target IMR (of less than 30), a Comprehensive Action Plan has been formulated for a period of 5 years in two phases

- **Phase-I** 2010-12 Target IMR <30
- **Phase-II** 2012-15 Target IMR <20

Measures being taken:

- Emphasis on early registration of pregnant women and accelerating Janani Suraksha Yojna.
- Ensuring adequate and proper skilled care at birth
- Enhancing availability of facilities for institutional deliveries and Emergency Obstetrics Care
HEALTH INFRASTRUCTURE DEVELOPMENT PLAN

- Original Cost: Rs.1051 Cr (estimated in 2004-05)
- Revised Project Cost: Rs.2627 Cr

Project Scope:
- Completion of Ongoing Hospital Projects
- Buildings for rented institutions
- Augmenting accommodation.
- Machinery & Equipments.

- Being part of PMRP, needs direct Central funding instead of External Loan.
SOCIAL SECTOR: WOMEN WELFARE

- Domestic Violence Bill passed in the State Legislature.

- Rs. 745.80 lacs soft loan and Rs. 250.00 lacs micro credit disbursed among 2582 women beneficiaries and 1700 Self-Help Groups formed through J&K Women Development Corporation.

- 24,000 ICDS functionaries targeted under the State Training Programme (STRAP) for multi-layer training, refresher courses and reorientation programmes.

- Proposal submitted to the Ministry of WCD for setting up of 4077 AWCs under scheme “Anganwadi on Demand”.

- 3.53 lac souls (including women) covered under Integrated Social Security Scheme and 1.43 lac under National Social Assistance Programme.
SOCIAL SECTOR: CHILD WELFARE

- Amendments to Juvenile Justice Act proposed for harmonizing the State Legislation with the Central Act.

- 11500 children registered in 552 crèche units being provided day boarding and nutrition by J&K Social Welfare Board.

- Action Plan for implementation of Integrated Child Protection Services formulated for Rs. 40.00 crore. MOU being signed with the Central Government.

- 8.95 lac children at primary stage and 4.05 lac children at Upper Primary Stage being covered during 2010-11 under Mid Day Meal scheme.
DIRECTORATE OF TRIBAL AFFAIRS

16 hostels for STs (Gujjar and Bakerwal) already established.

2 new hostels under construction and proposal for construction of two hostels in pipeline.

2 lac students covered under Pre-Matric Scholarship (Rs.11 crore).

11,000 ST students covered under Post-Matric Scholarship Scheme (Rs.8 crore).

One Eklavaya Residential School under construction in District Anantnag.

REQUEST: Funds under Art 275 (1) to be released at the beginning of the year.
CONNECTIVITY (PMGSY ROADS)

- Schemes sanctioned upto Phase VI: 885 (Rs. 2200 Cr)
- Habitations connected so far: 829
- Funds released by GOI: Rs 777.81 Cr
- Funds utilized ending May, 10: Rs 776.86 Cr
- Road length completed: 1507.23 KM
- Schemes completed: 301
- Schemes approved under Phase VII in April 2010: 494 (Rs. 1467 Cr)
- Schemes submitted under phase VIII for sanction: 63
PMGSY STATUS

Schemes Completed
- Apr. 2009 to May. 2010: 138

Length in Kms
- Mar. 2001 to Mar. 2009: 748.60
- Apr. 2009 to May. 2010: 758.63

Habitation Covered
- Apr. 2009 to May. 2010: 460

Expenditure (Rs in Crores)
- Apr. 2009 to May. 2010: 383.25
PROJECTS UNDER JNNURM

- 80 Projects sanctioned under JNNURM at an estimated cost of Rs.1223.47 crore.
- 13 Towns including 2 Mission Cities of Srinagar and Jammu covered.
- First installment of Rs.330.17 crore released: Expenditure Rs.260.14 crore (70%).
- As regards additional ACA of Rs.125 crore, 10 projects (Rs.89.35 crore) sanctioned: 4 projects (Rs.46.35 crore) under appraisal.
- Against Rs.125 crore, ACA released in May, 2010 (Rs.40.21 crore). Arrangements to deliver expenditure tied up.
- 150 buses sanctioned for the two mission cities under Urban Transport. Buses are ready for delivery with the supplier and waiting for release of funds amount to Rs. 17.82 crore from Central Government.
- Roadmap for Urban Reforms (over two years) in place.
EMPLOYMENT: LIVELIHOOD PERSPECTIVE

- Livelihood promotion central to plan efforts/ intervention.
- Three-fold strategy:
  - Diversify agriculture and take processing activities in the individual household.
  - Supplementary income generation through activities like apiculture, milk collection, backyard poultry, mutton & wool production (import substitution of Rs.350 crore), packaging of fruit and flowers.
  - Revival and modernization of handicraft and handloom sector (skill upgradation, technology transfer, design interventions, credit support and strengthening of market network).
- Tourism: increased arrival a major hope.
- Replacement of senile apple plantation.
- Saffron Mission: replacement of combs, irrigation, quality control and certification.
EMPLOYMENT : NEW POLICY FRAMEWORK

- Problem of unemployment the most critical challenge for the Government.
- Sher-e-Kashmir Employment & Welfare Programmes for the youth rolled out on December 5, 2009.
- The policy aims at covering a total of 5 lakh youth over a period of 5 years.
- Employment Facilitating Agency set up for restructuring existing employment schemes.
- Overseas Employment Corporation set up.
- District Employment and Counseling Centers in place.
- Voluntary Service Allowance – handholding support to unemployed educated youth (28-37 years).
- First ever credible base line of unemployed youth (5.93 lakh) – qualification wise, gender wise – established to channelize efforts and track impact.
EMPLOYMENT : SKILL UPGRADATION

- State Skill Development Mission constituted: Chief Minister heading it.
- Draft Action Plan for Mass Skill Development in the State prepared. 40 lakh youths to be covered under the Mission w.e.f 2010 to 2022.
- ICRA engaged for skill mapping: completion in 3 months.
- Infrastructure:
  - Under PMRP 9 ITIs buildings completed.
  - 11 Women Wings added to existing ITIs.
  - 5 additional ITIs being setup; 4 ITIs made functional; buildings by February 2012.
  - A project for up gradation/modernization of existing ITIs (Rs. 37 Crore) under implementation.
  - 18 Polytechnics (R. 12.30 crore per unit) being setup.
EMPLOYMENT : SKILL UPGRADE

Key out puts:

- Under PMRP, 113 trades introduced with a total intake capacity of 2459.

- Under CSS, “strengthening and up-gradation” 106 trade units introduced with a total intake capacity of 2217.

- 3 ITIs declared as Centers Of Excellence: 30 trades up-graded and 22 new trades introduced with a total intake capacity of 772.

- Under PPP mode, 26 trade units introduced with a total intake capacity of 496.
MAINSTREAMING TECHNOLOGY

- Scientific Advisory Council comprising eminent scientists proposed to be setup to prepare Science & Technology Policy for the State.
- Bio-technology policy for the State under preparation (Prof. V.L. Chopra, Former Member Planning Commission, associated with consultation process).
- A project for setting up of State Spatial Data Infrastructure on the pattern of Natural Resources Data Management System (NRDMS) has been prepared - being posed to the Central Government for funding.
- EDUSAT has been established at State Institute of Education at Srinagar.
- Human Genetic–cum-Counseling Centre established for diagnostic detection and counseling facilities to patients with genetic disorders.
MAINSTREAMING TECHNOLOGY

- Major emphasis on new and renewable sources of energy:
  - Ladakh Renewable Energy Initiative sanctioned for Rs 473 crore
  - Solar Home Lighting Systems for 178 un-electrified villages/hamlets approved (Rs 49.58 crore) and a proposal of 65 villages/hamlets is under consideration with MNRE, Government of India.
  - 15150 Solar lanterns sanctioned for 73 Gujjar & Bakerwal Bastis.
  - 22 Solar Power Plants (SPPs) & 05 Solar wind hybrid systems being installed in health Institutions.
  - 56 Micro Hydel Projects approved by MNRE (3040 KW, 45.64 crore)
  - 1000 Bio- gas plants & up-gradation of 500 water Mills under installation.
  - 2 wind masts commissioned while 06 under installation.
Focus on e-Governance initiatives

- Network of 1109 Common Service Centres (Khidmat centres) being established through JK Bank to deliver citizen centric services. 300 + operational. Rest expected to be operational by Dec’ 2010.

- Pilot being undertaken with Madhya Pradesh for G2C services: changes in ration card, online applications to Recruitment Board etc. Scope to be extended to cover disbursements of pensions, utility bill payments, issuance of licences, copies of Revenue records and Permanent Resident Certificates

- DPR for State Wide Area Network (SWAN) to connect with Districts/Blocks submitted: completion by March 2012.

- State Data Centre (SDC) : Centralized data repository for housing applications. RFP being floated. Expected Time of Completion: March 2011.

- WiFi : Wireless broadband connectivity at major tourists locations. Completion by end of Dec 2010
MOVING TOWARDS PPP

- State cabinet decided to attract investment through PPP mode in March, 2010.

- Cabinet sub committee constituted to formulate policy.

- State level conference held in May, 2010 with participation of all the stake holders

- Pending a careful decision on land leasing issue, Govt., intends to undertake PPP projects in Municipal, Health and Education sectors.

- Micro Power Projects (2 completed: 8 under execution) taken up under IPP Mode.
POWER SECTOR ISSUES
AREAS OF CONCERN AND THE WAY FORWARD.

- Boosting Generation: Only 2300 MW out of hydel potential of 20,000 MW harnessed so far.

- Strengthening transmission: addressing gaps in transformation capacity at various levels and strengthening the T&D network.

- Covering left over villages under RGGVY.

- Improving HT/LT distribution network in rural areas.

- Need to push Power Sector Reforms.
BOOSTING GENERATION (XI TO XIII PLAN).

- State Execution of 6 projects (2710 MW) : Baglihar–II (450 MW), Ratle (690 MW), Kirthai (240 MW), New Ganderbal (93 MW), Parnaie (37.5 MW) and Sawalkote (1200 MW).

- Completion of on-going 6 Central projects (1799 MW) : Uri – II (240 MW), Sewa-II (120 MW), Nimo-Bazgo (45 MW), Chutak (44 MW), Kishenganga (330 MW) and Bursar (1020 MW).

- Setting up of three projects (2120 MW) under Joint Venture (JV) Mode : Kiru HEP (600 MW), Kawar HEP (520 MW) and Pakal Dul HEO (1000 MW).
NEW INITIATIVES

- Grateful for the approval for Srinagar-Leh Transmission line (Rs.900 crore).
- Letter of Intent (LoI) issued for 690 MW Ratle HEP on Tariff based bidding.
- Draft of New Hydel Policy for attracting private investment in projects upto 100 MW put up on web for feedback / comments from stakeholders.
- Kirthai–I HEP (240 MW) and New Ganderbal HEP (93 MW) being proposed for tariff based bidding.
TRANSMISSION : POWER PROJECT UNDER PMRP

T&D Projects under Prime Minister’s Reconstruction Plan:

- Approved cost (Revised) Rs1351 crore
- Number of schemes: 73
  (Grid:29, Line:38, PLCC:3, Bays:3)
- Transformation capacity: 3250 MVA
- Transmission line: 883 Kilometers.
- Schemes completed: 20
  (11 Grid & 9 Transmission line)
- Schemes: 46
  (17 Grid & 29 Transmission line) to be completed by March 2011.
- Schemes: 7
  (2 Grid + 1 Transmission line + 4 Power Line Carrier Communication) to spill over 2011-12.
RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA

- Estimated cost: Rs.821.62 crore
- Funds released: Rs.596.60 crore
- Funds utilized: Rs.409.65 crore (69%)
- Project under execution: 14 Districts
- Projects to be completed by March, 2011: 3
- Projects expected to be completed by March 2012: 11

Programme slow to take off due to poor responses towards tenders and completion of other formalities.
ACCELERATED POWER DEV. REFORMS PROG.

- Total estimated cost (6 projects) : Rs.1100.13 crore
- Programme short closed on 31.03.2009.
- Total funds released upto 31.03.2010 : Rs.854.95 crore
- Cum. Expenditure upto 31.03.2010 : Rs.784.79 crore (91.79 % of release).
- Un-spent balance amount of Rs.83.69 crore to be utilized during financial year 2010-11 : Largely earmarked for procurement of consumer electronic meters.
- Fresh Utilization Certificate for cumulative expenditure of Rs.784.79 crore submitted to Union Ministry of Power.
POWER SECTOR REFORMS

- Unacceptably High T&D losses.

- Turn around report submitted by The Energy Resources Institute, New Delhi (TERI).

- Technological Interventions to cost Rs.5851 crores upto 2017-18 (Turn Around year).

- Possibility of dovetailing of resources to the extent of Rs.3200 crores to be built upon.

- Need to also bridge the Revenue Gap during the implementation period.

- Proposal submitted to the Planning Commission, MOP and MOF on June 01, 2010.
Key recommendations of the Turn Around Report:

- Changes in legal and regulatory framework.
- Structural unbundling of Power Dev. Department.
- Implementing metering, billing and collection systems.
- Reducing high T&D losses.
- Technological interventions and network expansion.
- Energy efficiency and conservation.
- 2017-18 the Turn Around year.
POWER SECTOR REFORMS : STEPS TAKEN

- New Electricity Act in place.
- Energy Conservation Act underway.
- Draft RFP documents for un-bundling and re-structuring of the T&D ready (to be put out for bidding by the 30th June, 2010).
- Tariff Order for the year 2010 stands issued: hike of 12% (on an average).
- Benchmarks under MoU I & II achieved and certified by independent evaluator M/s S.R. Batliboi & Company.
- Benchmarks under MoU III being verified by independent evaluator.
POWER SECTOR REFORMS : STEPS TAKEN

- Steps taken to operationalize R-APDRP in 30 identified cities / towns.

- Arrangement finalized to install 3.50 lac electronic meters in the R-APDRP project areas including replacement of 1.58 lac electromechanical meters by electronic meters during 2010-11.

- 100% consumer metering in the State by 2012-13.
ISSUES RELATING TO STATE FINANCES
CONCERN: DETERIORATING BCR

Trend Analysis

-6000 -5000 -4000 -3000 -2000 -1000 0 1000 2000 3000 4000 5000 6000

96-97 97-98 98-99 99-00 00-01 01-02 02-03 03-04 04-05 05-06 06-07 07-08 08-09 09-10 10-11

(LE) (BE)

BCR
**CONCERN: DETERIORATING BCR**

- **Reasons:**
  - Exponential growth in Salaries and Pension from Rs 915 crore in 1988-89 to Rs 8779 crore in 2009-10.
  - In Police alone salary expenditure increased from Rs 58 crore in 1988-89 to Rs 1335 crore in 2009-10 with total police establishment expenditure of Rs 2033 crore in 2009-10.
  - Deficit on account of Power nearly 2000 crore.

- **Recommendations:**
  - Expenditure on police establishment in excess of average norms of policing should be funded separately by the Central Govt., as it addresses national security concern having trans-border dimension.
  - Reforms initiated in power sector would need a time frame of eight years to bring a turn around in the sector as per TERI report, till that time the GOI may provide a special reform grant for the sector.
CONCERN: CONTAINING NON PLAN EXPENDITURE

- Most Critical Challenge is to contain Non-Plan Expenditure.
- Austerity measures
  - Imposed in 2009-10 resultant savings of Rs100 crore.
  - Measures continue during 2010-11 estimated savings Rs.120 crore.
- Reform measures initiated:
  - Outsourcing introduced in selected areas Security, Sanitation, Housekeeping, Transport, etc.
  - New Pension Scheme introduced from Jan, 2010.
  - Initiatives for fiscal reform- structural deficit proposed to be addressed during 2010-11, expected saving of about Rs:200 crore on account of interest payments per annum.
- Jobs outside the Govt.- New Employment Policy.
CONCERN: GROWTH IN STATE’S OWN TAX REVENUE (SOTR)

- SOTR as %age of GSDP (8%) shows an increasing trend.
- Overall Tax Growth at 21%.
- Robust VAT Growth at 28%:
CONCERN: LOW NON-TAX REVENUE IN RELATION TO GSDP

(Rs in crore)
## CONCERN: PUBLIC SECTOR UNDERTAKINGS (PSUs)

(Rs in crore)

<table>
<thead>
<tr>
<th>Description</th>
<th>1988-89</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of all the 19 PSUs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized Capital</td>
<td>5170.03</td>
<td>7252.03</td>
</tr>
<tr>
<td>Paid up Capital</td>
<td>166.88</td>
<td>345.27</td>
</tr>
<tr>
<td>Profit/Loss (+/-)</td>
<td>-15.39</td>
<td>-226.75</td>
</tr>
<tr>
<td>Budgetary Support</td>
<td>2.97</td>
<td>31.15</td>
</tr>
<tr>
<td>Accumulated Liabilities</td>
<td>303.25</td>
<td>684.53</td>
</tr>
<tr>
<td>Total number of profit making PSUs</td>
<td>05</td>
<td>09</td>
</tr>
</tbody>
</table>

- Obtaining security environment also a reason for poor performances.
- Number of PSUs posting profit gone up to 9 from 5.
Steps taken:

- Professionalisation of management.

- Shedding unwanted burden; In last 3 years around 1500 VRS granted, and during 2009-10 alone about 700 persons granted VRS-policy being pursued vigorously.

- Fresh capital being infused for revitalization of PSU’s.

- Application of new technology also being leveraged to improve efficiency.
CONCERN: LOW CD RATIO

- CD Ratio has increased over the years to a level of around 46%.
- While J & K Bank has been geared to step up Credit Flow, Nationalized Banks need to join the effort.
- J & K accounts for 0.7 % of GDP yet absorbs only 0.3 % of Credit.
- It accounts for 1% of population but 0.2% of personal credit disbursed.
CONCERN: LOW CD RATIO

- The CD Ratio of J&K Bank has shown an upward trend (presently around 53%).
- J & K Bank to play lead role in the roll out of Employment Policy: other Banks shall be motivated to participate.
- Lending to Agriculture and priority sectors being pushed up through regular SLBCs.
Financing of Annual Plan
2010-11
CASH MANAGEMENT & FINANCIAL DELIVERY
FOR PLAN & PMRP

➢ With highly adverse BCR historically, State has virtually no financial leverage.

➢ If Central releases get delayed or un-foreseen cuts are imposed, plan delivery gets affected adversely.

➢ Annual Plan 2009-10: Rs.5500 crore
  • Overall financial delivery Rs.5281 crore (96%)
  • 100% State Share of Rs.643 crore provided for CSS.
  • 100% delivery against Negotiated Loan.

➢ PMRP expenditure Rs.732.47 crore against release of Rs.122 crore: past unspent balances fully utilized.

➢ This has been achieved despite:
  • Rs.500 crore authorized on 30th March, 2010 and resources flowed on 8th April, 2010.
  • Rs.619 crore deducted as NCA cut for previous years (2005 to 2009)
## REQUIREMENT OF RESOURCES FOR ANNUAL PLAN- 2010-11 (Rs. In crore)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>State’s Own Resources</td>
<td>-1680.84</td>
</tr>
<tr>
<td>Adjustment of A. Special Plan Assistance</td>
<td>-312.40</td>
</tr>
<tr>
<td>Proposed Plan Outlay</td>
<td>6000.00</td>
</tr>
<tr>
<td>Total Requirement</td>
<td>7993.24</td>
</tr>
<tr>
<td>Central Assistance (available at current level)</td>
<td>3386.32</td>
</tr>
<tr>
<td>Gap in Financing (Central Assistance of Rs. 3800 crore required for Annual Plan 2010-11)</td>
<td>4606.92</td>
</tr>
<tr>
<td>SPA required for PMRP (10-11)</td>
<td>1200.00</td>
</tr>
</tbody>
</table>
CONCLUSION
CONCLUSION: COMMITMENTS

- Elections to Urban Local Bodies and Panchayats during current year.
- Committed to Urban Reforms in a phased manner, over a two year period, as agreed with the Union Ministry concerned.
- The process of reform in the power sector will be carried forward.
- State Government for third party evaluation/assessment of project cost on Mughal Road and Dal-Nigeen projects.
- State Government will take further steps on fiscal tightening.
- Proper end utilization of plan funds will be ensured:
  - Rs.700 crore projects under ‘Projectization’.
  - Third party monitoring by NABCONS to be up-scaled to cover projects worth Rs.1000 crore.
- Regular review by Chief Minister of seven Flagship Programmes to remove impediments in expenditure.
CONCLUSION: WAY FORWARD

- Task Force Report on the special developmental needs of the State submitted to the Planning Commission.
  
  (As directed by the Hon’ble Prime Minister on his visit to the State in October, 2009).

- Proposal for the change in the guidelines of the Centrally Sponsored Schemes submitted to the Planning Commission.
  
  (As directed by the Hon’ble Prime Minister on his visit to the State in October, 2009).

- We look to the Planning Commission/MOF for a compassionate and liberal response to our requests and for full funding of the Annual Plan 2010-11 (Rs.6000 crore).
THANK YOU