

Hon'ble Union Finance Minister, **Shri Arun Jaitleyji**, Hon'ble Union Minister of State, Finance, **Shri Jayant Sinha**, Hon'ble Chief Ministers, Hon'ble Finance Ministers of States & Union Territory of Puducherry, Union Finance Secretary and other senior Officers from the Ministry of Finance and States.

At the outset, I extend sincere thanks to the Hon'ble Union Finance Minister for continuing the Pre-Budget consultation process with the State Governments which are recognised as important partners in the era of cooperative federalism.

Although global growth has slowed and domestic economic activity has also pulled down the growth numbers, inflation appears to be moderate and the growth momentum in the domestic economy is expected to take off with several structural reform measures. The State Government are also responding to the reform measures undertaken by the Centre through creation of an enabling environment for ease of doing business and attracting investment.

In this context, I would like to put forth a number of issues concerning the States in general and some issues specific to the economy and finances of Odisha which could be addressed through appropriate measures in the Union Budget, 2016-17.

1. Fiscal Consolidation Roadmap :

Fourteenth Finance Commission in the Fiscal Consolidation Roadmap have set fiscal deficit targets and annual borrowing limits for the States (para-14.62 to 14.64 of the report) during the award period as follows:

i. Fiscal deficit of all States will be anchored to an annual limit of 3 per cent of GSDP. The States will be eligible for flexibility of 0.25 per cent over and above this for any given year for which the borrowing limits are to be fixed if their debt-GSDP ratio is less than or equal to 25 per cent in the preceding year.

ii. States will be further eligible for an additional borrowing limit of 0.25 per cent of GSDP in a given year for which the borrowing limits are to be fixed if the interest payments are less than or equal to 10 per cent of the revenue receipts in the preceding year.

Thus, a State can have a maximum fiscal deficit-GSDP limit of 3.5 per cent in any given year. The flexibility in availing the additional limit under either of the two options or both will be available to a State only if there is no revenue deficit in the year in which borrowing limits are to be fixed and the immediately preceding year.

Besides, the 14th Finance Commission have also recommended to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision in order to ensure that adequate funding can be provided for timely completion of on-going projects.

Implementation of these recommendations outlined in the Fiscal Consolidation Roadmap necessitates amendment to FRBM Act as per para-14.102 and 14.106 of the 14th Finance Commission report. In order to have uniformity in approach by all States, detailed modalities are to be worked out by Government of India and a model draft amendment may be circulated among the States for legislation before expiry of the current financial year. The amendments should be made effective w.e.f. 1st April, 2015 so that the States get the benefit of the new dispensation.

We request that Government of India may accept these recommendations and take appropriate policy measure through issue of a detailed guideline for the States, so that eligible States can avail the additional borrowing of 0.5% of GSDP to finance Capital projects. Besides, enhanced borrowing ceiling for the eligible States for the year 2015-16 and 2016-17 may be communicated by Government of India.

2. Ceiling on Taxes on Profession :

The State Governments are empowered to levy taxes on professions, trades, callings or employments in terms of the provisions of Article-276 of the Constitution of India. However, the upper ceiling for such tax is kept at Rs.2,500/- per annum. This was last revised during the year 1988, by the Constitution (Sixtieth Amendment) Act, 1988. No revision in the upper ceiling has been made in last 28 years. The provision of upper ceiling in the constitution necessitates constitutional amendment for periodic revision.

In Para 9.97 of their Report, the Fourteenth Finance Commission have recommended for revising the annual ceiling of Profession Tax from Rs.2,500/- to Rs.12,000/- through amendment of Article 276(2) of the Constitution.

Government of India may take steps for amendment of Article 276(2) of the Constitution during the Budget session of the Parliament to increase the upper ceiling of Profession Tax to Rs.12,000/- per annum as recommended by the 14th Finance Commission and allow the States to levy Profession Tax on progressive basis.

3. Compensation for phasing out Central Sales Tax (CST) :

As a move towards implementation of Goods & services Tax (GST), it was decided to phase out CST over a period of four years with annual reduction at the rate of 1%. It was decided by the Union Government to compensate the State Governments towards CST loss till implementation of GST. Accordingly, the CST rate was reduced from 4% to 3% from 1st April, 2007 and from 3% to 2% from 1st June, 2008. Due to uncertainty in implementation of GST, the CST rate continues at 2% till date. The Union Government had been compensating the State Government towards CST loss till 2010-11. For the year 2011-12, the State has been partially compensated. Against the loss assessment of Rs.819.58 crore, compensation of Rs.287.41 crore only has been received. But, since 2011-12, no compensation has been received by the State.

Due to the rate reduction in CST, the State is losing heavily on this account. From 2011-12 to 2013-14 the State has claimed Rs.2834.43 crore

against which compensation to the tune of Rs.287.41 crore only has been received. We would, therefore, urge upon the Union Government to fully compensate the State for the CST loss through adequate provision in the Union Budget, 2016-17.

4. Receipts from National Small Savings Fund (NSSF) :

The Fourteenth Finance Commission in Para-14.81 of their Report have recommended that, the State Governments should be excluded from operations of NSSF, with effect from 01.04.2015 since the scheme has been administered almost in its entirety by the Union Government and the involvement of the State Government in the NSSF scheme should be limited solely to discharging the debt obligations prior to 1st April, 2015. In spite of the recommendation of the 14th Finance Commission, the States are continuing to receive funds out of the proceeds of NSSF.

NSSF is one of the high cost borrowings for the State Government within the Borrowing Ceiling communicated by Government of India. If the State Governments would have been excluded from operations of NSSF, with effect from 01.04.2015, the State could have availed equivalent Market Borrowing at a much cheaper cost. However, the States continues to receive 50% of net collection from Small Savings collection in 2015-16. So far Rs.804.79 crore has been received.

It is therefore, suggested that Government of India may formulate appropriate policy for implementation of the above recommendations of 14th Finance Commission, so that the States would be relieved of the burden of a high cost loan from NSSF.

5. Goods and Services Tax (GST) :

Hon'ble Union Finance Minister has introduced the 122nd Amendment Bill to the Constitution of India for facilitating introduction of proposed Goods and Services Tax (GST) as a part of the biggest tax reform programme of the country since 1947. The merits of the different provisions of the Bill will be debated in the appropriate forum. However, we feel that the following concerns of the States particularly mineral bearing States have not been addressed in the amendment bill.

i) Odisha along with other States have been demanding for compensating the States in case of revenue loss under the new GST regime through a permanent constitutional mechanism. This view was also endorsed by the Parliamentary Standing Committee on Finance that there should be built in permanent, independent, automatic compensation mechanism in the Constitution itself. But the Amendment Bill has provided for compensation to the States on the recommendation of the Goods and Services Tax Council only for a period of 5 years.

ii) In order to set off the negative externalities generated by mining and mineral based industries, the State Government proposed for empowering the mineral producing States to levy an additional **non-rebatable cess** subject to a ceiling as a separate entry i.e. 54A “**other polluting goods and services**” in the List-II. This has not been incorporated in the proposed bill.

iii) The States were also demanding that they should also be authorised to administer IGST i.e. Goods and Services Tax on supplies in the course of Inter-State Trades and Commerce along with the Centre so as to enable the States to take legal action against discrepancies noticed in case of such transactions.

iv) The weighted vote of the Union and the States in the Goods & Services Tax Council was earlier proposed to be kept in the ratio of 1/4th & 3/4th respectively which has been retained at 1/3rd and 2/3rd respectively in the proposed amendment bill.

v) The State Governments earlier proposed to keep “Tobacco and Tobacco Products” in Entry 54 of the List-II of State List so as to facilitate levy of tax over and above GST since these are ‘**SIN Goods**’ and consumption of the same is discouraged. In the Amendment Bill this has not been considered.

We would urge upon Government of India to reconsider the genuine concerns of the State Governments and suitably modify the proposed amendment to the Constitution and expedite introduction of GST so as to impart tax buoyancy and accelerate economic growth.

6. Quantum of loss of Central Assistance to the State in the aftermath of recommendations of 14th Finance Commission and its additional financial implication for the State :

The 14th Finance Commission have increased the share of the States in Central Taxes from 32% to 42%. The inter se share of the State as fixed by the 14th Finance Commission has gone down from 4.779% to 4.642% of the divisible pool. However, since vertical devolution has increased from 32% to 42% normatively the share of Odisha has gone up by Rs.5888.43 crore for 2015-16. On the other hand we have lost Rs.7664.74 crore towards reduced Central Plan Assistance in 2015-16. Government of India decided to discontinue Central Assistance for Eight Centrally Sponsored Schemes (-Rs.1854.05 crore), Normal Central Assistance (-Rs.732.17 crore) and change the sharing pattern of Centrally Sponsored Schemes involving additional State Share (-Rs.3887.61 crore). Bulk of the Grants recommended by 13th Finance Commission have been discontinued (-Rs.1190.91 crore). There is increase in devolution (Rs.5888.43 crore) and simultaneous reduction in Central Assistance (Rs.7664.74 crore). There is a net loss of Rs.1776.31 crore to our State.

Moreover, discontinuance of Central Assistance for Area Development Programmes like **Special Plan for KBK, Backward Region Grant Fund (BRGF) and Integrated Action Plan (IAP) for Left Wing Extremism affected Districts** will affect the developmental programmes for some of the most vulnerable and backward regions of Odisha. The State Government find it difficult to carry on the programmes taken up under these schemes as before during the current plan period, since it involves resource commitment of Rs.1226.51 crore (Special Plan for KBK-Rs.250.00 crore, Backward Region Grant Fund (BRGF)-Rs.436.51 crore and Integrated Action Plan (IAP)-Rs.540.00 crore for Left Wing Extremism affected Districts).

During 2015-16 Rs.132.00 crore has been released by Government of India for completion of projects taken up under Special Plan for KBK as a temporary measure.

Government of India may either restore the provision for these schemes or provide a special package to the State for continuation of these

programmes and compensate the loss suffered by the State in the changed scenario of inter-Governmental fiscal transfer through specific provision of funds in Union Budget, 2016-17.

7. Establishment of New Medical Colleges attached with District/Referral Hospitals :

Government of India have committed to provide Rs.189.00 crore towards non-recurring capital cost for establishment of each new Medical College. Recurring cost for each Medical College is to be provided by the State Government after asset creation by the Central Government under the Scheme. The cost of land is to be also borne by the State Government. Government of India have accorded approval for five such Medical Colleges in the Districts of Bolangir, Koraput, Mayurbhanj, Balasore and Puri. Accordingly, Government of India are to provide Rs.945.00 crore for such colleges during the 12th Five Year Plan Period. However, Government of India have provided only Rs.55.00 crore towards the first instalment of the capital cost for the five New Medical Colleges in 2014-15 and 2015-16 which is only 5.82% of the capital cost. Unless the capital cost is provided in at least 2-3 instalments, it will delay the creation of infrastructure to make the New Medical Colleges ready for operation. Government of India may, therefore, expedite the release of funds for these new Medical Colleges in time so as to complete the infrastructure and start operation in 2017. Since it is an expenditure commitment under the 12th Five Year Plan and the State Government have started the construction work through EPC contract, Government of India should honour its commitment and may adequate provision for the purpose in the Union Budget, 2016-17.

8. Establishment of Eastern Industrial Corridor through Odisha :

Government of India have formulated the concept of 5 industrial and economic corridor viz. Delhi-Mumbai Industrial Corridor (DMIC), Bengaluru-Mumbai Economic Corridor (BMEC), Chennai-Bengaluru Industrial Corridor (CBIC), Visakhapatnam-Chennai Industrial Corridor (VCIC) and Amritsar-Kolkata Industrial Corridor (AKIC) in order to realise the objective of the Make-in-India Programme through an arterial modality such as highway or railroad along with feeder roads with railways providing

various transport options for goods and workers etc. In view of the flow of investment to the State in the metal, mining, power and various manufacturing sectors, the State Government has been focusing on infrastructure development and creation of dedicated industrial trade corridors inside the State. However, in order to link these internal feeder roads and railway lines to the proposed 5 industrial corridors, there is a need to extend the Amritsar-Kolkata Industrial Corridor to Visakhapatnam so that the Visakhapatnam-Chennai Industrial Corridor can also be linked with Kolkata. This will facilitate a strategic link between the Eastern and the Southern, Western and Northern Industrial Corridors of the Country. Government of India are urged upon to provide a backward and forward linkage for the industrial hinterlands of Dhamra, Gopalpur and Paradeep Ports with the Northern and Central hinterlands through a dedicated freight corridor between Vishakhapatnam and Kolkata through Odisha in the Union Budget, 2016-17.

9. Petroleum Chemical & Petrochemicals Investment Region (PCPIR) at Paradeep :

Hon'ble Prime Minister is going to inaugurate the Indian Oil Corporation Limited (IOCL) at Paradeep tomorrow i.e. on 7th February, 2016. It was proposed to develop a Petroleum Chemical & Petrochemicals Investment Region (PCPIR) at Paradeep which has been sanctioned by Government of India. However, Indian Oil Corporation Limited (IOCL), as the anchor tenant has still not firmed up its plans for a petrochemical complex because of which PCPIR has been a non-starter. Such an Industrial Complex will not only provide employment, but also generate a string of economic activities to generate revenues for the State.

Unless a Cracker Complex is set up in PCPIR, Paradeep with basic infrastructure by Government of India and IOCL, it would not be possible to attract the private investors to put up ancillary and downstream industries in the PCPIR. The initial investment has to be made by Government of India for development of basic infrastructure in the area. In view of this the State Government would urge upon Government of India to provide funds for

creation basic infrastructure in the PCPIR and pledge budgetary support to IOCL for financing the capital cost of the Cracker unit of PCPIR at Paradeep.

10. Provision of sufficient funds for development and Maintenance of National Highway :

The total length of National Highways passing through Odisha is 4600 Kilometres. National Highways is a Union subject in terms of Item No.23 of List I - Union List. The State Government has been entrusted with the task of improvement and maintenance of National Highways running through the State. All expenditure relating to development and maintenance of National Highways are provided by the Ministry of Road Transport and Highways, Government of India. The quality of National Highways in Odisha has deteriorated substantially because of inadequate allocation of funds for improvement, ordinary repair and periodical renewal. The State Government has been compelled to provide funds for maintenance and repair of National Highways which are in a state of disrepair and causing inconvenience to the users. The National Highways are being maintained by NHAI and the National Highway wing of the State PWD as the Agency of Government of India.

(a) **Maintenance of National Highways by NHAI in Odisha :** The following stretches of NHs have been entrusted to NHAI for improvement.

- i. Luhurachati-Sambalpur on NH 6 : Progressing slowly
- ii. Bhubaneswar Puri on NH 203 : Progressing slowly
- iii. Panikoili-Kenjhar-Rajamunda on NH 215 : Progressing slowly
- iv. Biramitrapur-Barkote NH 23 : Works not started by NHAI
- v. Bhuban-Chandikhol on NH 200 : Works not started by NHAI
- vi. Manguli-Angul-Sambalpur NH 42 : Works not started by NHAI

Due to lack of proper maintenance by NHAI in respect of NHs where works are yet to be started (NH 23, NH 200 and NH 42) condition of those NHs has been deteriorated extensively. Adequate allocation may be made in Union Budget, 2016-17 for improvement of the above National Highways

and NHAI should take necessary steps to commence the improvement work as early as possible to avoid further deterioration.

- (b) **Augmentation of allocation under Ordinary Repair** - There is a wide gap between requirement and allocation of funds for maintenance of National Highways in Odisha. Due to want of adequate funds, maintenance of NHs is not being taken up at desired level. Allocation under Ordinary Repair (OR) for the current year was only Rs 20.93 crore against minimum requirement of Rs.45.00 crore. In the meanwhile Ministry has decided to take up road safety works out of Ordinary Repair grant. Ministry may consider augmentation of allocation under Ordinary Repair (OR) to at least Rs.45.00 crore in order to keep the NHs in traffic worthy condition and road execution of road safety works. Similar provision may also be made for the year 2016-17 in Union Budget.
- (c) **Release of funds for establishment charges for “Acquisition of land for construction of NHs”** : There are 13 projects under implementation by NH wing of State PWD requiring acquisition of land. Private land required for construction of NH is being acquired under NH Act-1956, for which a dedicated LA cell under District Administration is required for 2 years. Previously Ministry of Road Transport and Highways has allowed 20% of the LA cost towards establishment charges. But the Ministry is not allowing any funds towards establishment charges now. For which, land acquisition process is getting delayed. There is need for allocation of funds for running of the LA cell for timely acquisition of land.
- (d) **Sanction of estimate under Annual Plan:** The cost estimate of 15 works for Rs.1093 crore has been forwarded to Ministry for sanction under Annual Plan of 2015-16 for development of National Highways in Odisha. But as on date only 5 Nos of estimate for Rs 157 crore has been sanctioned. Sanction of balance estimates need be expedited for utilization of allocation for the year 2016-17.

Adequate funds may be provided in the Union Budget to Ministry of Road Transport & Highways for repair, maintenance and development of National Highways.

11. Public Financial Management System (PFMS) and Integrated Financial Management System(IFMS):

Public Financial Management System (PFMS) is a very useful tool for managing different aspects of Financial Management starting from tracking employees of flow & utilization of Central Assistance till the last mile payment to vendors and beneficiaries to electronic means. Odisha has been one of the leading States to make large scale use of PFMS for such payments and tranches of transfer of funds to District/Sub-District level. Fourteenth Finance Commission in para-17.21 of their report have recommended for synergizing the efforts of the Union Government and State Governments towards building a technology platform in which their systems can interface and information can be shared, leading to end-to-end linkages, particularly in respect of sector-specific grants from the Union Government to States.

PFMS is a central sector scheme. The hand holding support provided to the States for its complete roll out has been withdrawn. We request Government of India to prioritize the project and also to take up all transfer payments and subsidies through PFMS.

12. Revision of Pay as per recommendations of 7th Pay Commission:

The Fourteenth Finance Commission in Para-17.28 of the report have reiterated the views of the FC-XI for a consultative mechanism between the Union and States, through a forum such as the Inter-State Council, to evolve a national policy for salaries and emoluments as it has bearing on finances of both Central and State Governments. However, such a consultation with State Governments should take place before acceptance of the report of 7th Pay Commission.

The 7th Pay Commission have recently submitted their report for revision of Pay of Government employees from 1st January, 2016. The pension of the retired Government employees will also be revised from the same date. As per the preliminary estimates, the additional financial burden

on account of the revision of pay and pension would be about 25% of the present level of expenditure on pay and pension. For poor States like Odisha, the shock is to be absorbed through curtailment of development expenditure.

In this regard, it is pertinent to mention that Government of India reimburses the differential cost of teachers of Colleges and Universities covered under UGC scale of Pay for a period of 5 years. However, at the time of revision of pay of those employees as per the recommendations of 6th Pay Commission, the State Government could hardly get any reimbursement as the same was linked to a number of stringent conditionalities. As a result, the State had to meet the cost from its own limited resources, even though the amount was reimbursable.

It is therefore, suggested that reimbursement of differential cost on account of pay revision of employees under UGC scale by Government of India should be unconditional. Besides the additional cost of revision of the salary of employees borne on the Centrally Sponsored Schemes should be provided by Government of India.

13. Additional Levy from Coal :

Government of India has received Rs.6801.00 crore by way of additional levy realised from 31 cancelled Coal blocks in various States from companies like HINDALCO. The additional levy of Rs.295.00 per MT has been levied on the orders of Hon'ble Supreme Court which was suggested by the C&AG. The amount of about Rs.560.00 crore payable by M/s HINDALCO on account of Talabira-I is a legitimate claim of the State Government. Other States like Chhatisgarh and West Bengal have also put forth their claim on this account. This amount has not been transferred to the State so far.

Suitable advisory may be issued to the Ministry of Coal for release of the claims of the State Governments at the earliest.

14. Compensatory mechanism for coal mining and coal-based power plants:

It has been established in a study undertaken under the aegis of Planning Commission, that externalities of Coal mines and coal-based power plants are either partially compensated or not compensated at all.

According to the said study, total un-compensated cost of coal mining and power generation from coal transportation to coal combustion:

	(Rs./tonne)	(Rs./KwH)
Un-compensated cost of power generation from coal	1072.00	0.75
Un-compensated cost of coal mining	119.00	0.08
Total	1192.00	0.83

The recommendation of the study under taken by TERI at the behest of Planning Commission is to provide for a compensatory Cess through a remediation fund.

Government of India collects clean energy cess of Rs.200 per tonne of coal, etc. to finance clean environment initiatives. The cess at current levels aggregates to Rs.6000 crore every year. With mining activity expected to pick up in the country after the coalfield auctions, the annual collection is expected to substantially increase. There is a need for compensating the coal bearing States suffering the brunt of the negative externalities of coal mining and coal-based power plants out of the cess on coal through appropriate fiscal instrument and policy measure in Union Budget, 2016-17.

15. Challenges in the Budgeting exercise of the States for 2015-16 and planning for 2016-17 :

In the absence of clear indication about annual allocation of CSS for each State and the change in funding pattern, the budgeting exercise for 2015-16 has been reduced to a guess work. It is, therefore, suggested that there should be a single window system for communication of annual allocation and sharing pattern of CSS to the States.

In order to impart a greater degree of certainty to the budgeting exercise for ensuing years, indications about annual allocation and sharing pattern of CSS should be given to the States for formulation of Budget.

16. Unilateral cut in expenditure to adjust deficit target should be avoided:

In past 3-4 years, it is seen that at the time of formulation of the Revised Estimates by Government of India, there is sizeable Plan cut made unilaterally bulk of which is cut in Central Assistance to the State Governments. As a result of this, either the activities of the Centrally Sponsored Schemes get affected due to dearth of fund or the State Governments have to provide funds from their own resources to carry on the activities in the Schemes due to non-receipt of Central Assistance. This practice is creating imbalance in management of finances of the State Government.

The abrupt unilateral cut in expenditure in critical schemes like Accelerated Irrigation Benefit Programme to adjust the deficit target of the Union Government has adversely affected the State Finances.

The release of Central Assistance under the Scheme “Accelerated Irrigation Benefit Programme (AIBP)” now subsumed under the scheme “Pradhan Mantri Krishi Sinchai Yojana (PMKSY)” has been drastically reduced and the flow is abysmally low i.e. Rs.14.82 crore in 2012-13, no release in 2013-14 and Rs.19.88 crore in 2014-15 for Major & Medium Irrigation Projects and Flood Control Programme. During last three years, central assistance of **Rs.34.80 crore** has been received for major and medium irrigation projects against CWC recommendation of **Rs.936.23 crore**.

(Rs.in crore)				
F.Y	CA recommended by CWC	CA released	CA not released	Expr. by State Govt.
2012-13	445.20	14.82	430.38	852.77
2013-14	193.81	Nil	193.81	856.29
2014-15	297.22	19.98	277.24	968.09
Total	936.23	34.80	901.43	2677.15

Central assistance release on RRR: 760 water bodies of the state has been approved by MOWR with an estimated cost of Rs.361.52 crore of which the central share is Rs.282.73 crore. The 1st instalment of central assistance of Rs.52.90 crore was released during 2014-15. During 2015-16, State Government has requested to release central assistance of Rs.163.75 crore in two instalments. CWC has already recommended to release 1st instalment of Rs.84.375 crore. But the same has not been released till date.

Impact of non-release of central assistance: The State Government is giving priority in implementation to all centrally sponsored schemes viz. AIBP, CAD, FMP, RRR. Central share and state share expenditure on these schemes are being made out of the budget provision anticipating timely release of central share from Government of India. Due to non-release of central share by Government of India, the fund spent towards central share is being borne from the State Exchequer leading to shortage of funds for other state funded schemes.

The total allocation in the Union Budget, 2015-16 for the scheme is Rs.1000 crore. The State Government have budgeted for expenditure of Rs.1889.39 crore for the Projects under Accelerated Irrigation Benefit Programme. As against this outlay Additional Central Assistance to the extent of Rs.31.96 crore has only been received during the current financial year. It is pertinent to mention here that the balance cost of on-going Major and Medium Irrigation Projects sanctioned under AIBP is around Rs.5200 crore. There is a need to substantially enhance the outlay for the scheme AIBP so that the Central Assistance due to the State can be released against reimbursement claims filed in the previous years and also to provide adequate Central Assistance under the Scheme during the financial year 2016-17.

17. Financial inclusion in the State :

At present, out of 6238 Gram Panchayats of the State, as many as 4597 GPs were identified as un-banked in 2014. The gram panchayats in Odisha have an average geographical area of 25 square kilometers. This is a reasonable size for having a bank branch so that people would not have to travel long distances. If the villages are far away from the brick & mortar

branch, the extension of banking service will not be satisfactory, even though the service is provided through the Business Correspondents (BCs). Therefore, there is a need for having a branch of a scheduled commercial branch in each of the gram panchayats of the State. The State Level Bankers Committee (SLBC) has been sensitive to this issue and has decided to open a brick & mortar branch in each of the 4597 unbanked gram panchayats of the State within a period of 5 years by March, 2019.

Gram panchayats have been allotted to different banks by SLBC with year-wise schedule for opening of the branches. Against the target of opening 2045 branches during 2014-15 and 2015-16, only 145 branches have been opened so far. The State Government of its own is providing space in GP Offices free of cost for opening branches. 367 identified Unbanked Gram Panchayat, where necessary infrastructure is already available. However, one of the major issue is availability of internet connectivity in remote locations. Department of Telecommunications may be advised by the Department of Financial Services to provide internet connectivity in the remote areas.

Instruction may be issued from the Ministry of Finance, Government of India to all Banks to open bank branches in identified unbanked GPs and also deploy more banking correspondents in these areas. The payment banks licensed by Reserve Bank of India may also be mandated to open branches in some of the un-banked GPs.

I hope Hon'ble Union Finance Minister would address the issues raised by the State Government through announcement of specific measures in the Union Budget, 2016-17, so that it would be possible to revive the growth momentum of the economy and maintain a stable business and economic environment.

Jai Hind