

Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA

UNSTARRED QUESTION No. 97

TO BE ANSWERED ON FRIDAY, THE 2ND FEBRUARY, 2018/MAGHA 13, 1939(SAKA)

INVESTMENTS IN BACKWARD STATES

QUESTION

97. SHRI RAJESH RANJAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government is considering any special action plan to promote investments in the backward States like Bihar and if so, the details thereof;
- (b) whether Bihar has lagged far behind in development and needs to be moved forward; and
- (c) if so, the steps being considered to be taken by the Union Government?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PON. RADHAKRISHNAN)

(a) A special package of Rs.1.25 lakh crore was announced for Bihar in August 2015 for development in the State, with agriculture & farmer's welfare, education, skill development, health, electricity, rural development, railways, civil aviation, tourism, petroleum & natural gas, telecommunication and national highways being identified as the core areas for funding. In addition, financial support of Rs. 40,657 crore was also approved for other investments in the State.

The Special Plan for Bihar was initiated in the tenth Five Year Plan (FYP) Period. At the time of the twelfth FYP some of the projects of the Special plan were still on-going. Accordingly, the Special Plan for Bihar was approved for continuation during the twelfth FYP with an allocation of Rs. 12,000 crore to meet the requirement of new projects (Rs 10,500 crore) as well as of on-going projects (Rs. 1500 crore). As against the allocation of Rs. 12,000 crore for the twelfth plan, projects amounting to Rs. 11,088.33 crore were approved in the Empowered Committee Meetings. As against Rs. 11088.33 crore, an amount of Rs. 3717.78 crore was released till March, 2015. After that the programme became a part of the devolution, and an amount of Rs.1887.53 crore, Rs.1329.40 crore and Rs.2064.00 crore were released during FY 2015-16, 2016-17 and 2017-18 respectively to the State Government of Bihar from the provisions made under Demand No. 37, 32 and 40 respectively for completion of on-going projects. Through the head of 'Special Assistance' under Demand No.40, Rs. 2064 crore was released during FY 2017-18 to the State Govt. of Bihar under Special Plan for Bihar (Backward Regions Grant Fund (BRGF)-State component) which is now considered as a part of on-going Prime Minister's package for Bihar -2015.

(b) The Expert Committee under the chairmanship of Dr. Raghuram Rajan to measure backwardness of the Indian States had developed a multi-dimensional, Composite Development Index of States in its report submitted in September 2013. The report ranked Bihar as the second most backward State in the country.

QUESTION

(c) Notwithstanding the fact that fundamental initiative for development of backward areas rests with the respective State Governments, Union Government has been trying to address the problem of regional imbalances for faster and inclusive growth through higher devolution of funds as state's share, central sector and centrally sponsored schemes etc. The special package to Bihar in 2015 was intended to bridge this development gap of Bihar and was designed to be over and above the on-going national social sector schemes which covers Bihar viz. Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Atal Pension Yojana, Sukanya Samruddhi Yojana, MUDRA, Free LPG connections to BPL, Swachh Vidyalaya Abhiyan and so on. Further, 21 districts of Bihar have been notified as Backward Areas vide Notification No. S.O. 2241(E) dated 17.08.2015 to provide certain tax benefits like 15% additional depreciation and investment allowances to give these areas an opportunity to grow faster.

A special package of Rs. 1,25,000 crore was allocated to Bihar in August 2015 for development of the State with agriculture & allied activities, skill development, health, education, rural development, water, civil aviation, tourism, fisheries, animal husbandry, forest, sports, etc. In addition, financial support of Rs. 40,000 crore was also approved for other investments in the State. The special plan for Bihar was included in the Sixth Five Year Plan (FYV) Period. At the time of the Sixth FYV some of the projects of the special plan were still ongoing. Accordingly, the Special Plan for Bihar was approved for continuation during the Seventh FYV with an allocation of Rs. 12,000 crore to meet the requirement of carry forward (Rs. 2,500 crore) as well as of on-going projects (Rs. 9,500 crore) for the allocation of Rs. 12,000 crore for the Seventh Plan. Projects amounting to Rs. 1,028.33 crore were approved in the Empowered Committee Meeting. As against Rs. 1,028.33 crore, an amount of Rs. 2,017.78 crore was released till March 2015. After that the programme became a part of the development and an amount of Rs. 1,872.33 crore, Rs. 1,759.70 crore and Rs. 2,004.80 crore were released during FY 2015-16, 2016-17 and 2017-18 respectively to the State Government of Bihar. The provision under Central Plan, 17, 32 and 40 respectively for completion of on-going projects through Special Assistance under Central Plan, Rs. 2,004.80 crore was released during FY 2017-18 to the Govt. of Bihar under Special Plan for Bihar (Backward Region Grant Fund (BRGF) - Social Component) which is now considered as a part of on-going plan. Ministry's package for