

# Cash-strapped Centre winces at Jairam's proposals on funds

## Request for greater fund access to States turned down by Finance Minister

K. Balchand

**NEW DELHI:** Whether or not the budget of the Ministry of Rural Development (MoRD) for 2012-13 reflects the priorities and direction of the 12th Five-Year Plan that starts in April is now a Rs.1 lakh-crore question. While the MoRD is pressing for this, the Planning Commission and the Finance Ministry are recoiling due to financial constraints.

Union Minister of Rural Development Jairam Ramesh recently called upon Finance Minister Pranab Mukherjee with the proposal of providing an "untied" fund to the States — giving them a free hand to address areas of

- Ramesh proposes 'untied' fund for States to focus on areas like drinking water and sanitation
- Planning Commission, however, agrees to increase fund flow by just Rs.3,000 crore since last fiscal

priority that varied geographically and which Centre-sponsored schemes fail to tackle, drinking water and sanitation being the focal points.

Mr. Ramesh pointed out that the lapses remain even after pumping almost Rs.1 lakh crore annually for schemes meant for the rural areas.

Though Mr. Mukherjee appreciated Mr. Ramesh's

proposal, he reportedly expressed his helplessness in accepting it in the wake of the tight fiscal situation. Mr. Mukherjee maintained that fiscal health of most of the States was much better than that of the Centre.

Mr. Ramesh insisted on relaying the foundation for implementation of the rural agenda for better outcome in the next financial year. He proposed providing a 10 per

cent flexi-fund to the States and gradually increase fiscal flexibility to the tune of 50 per cent by the end of the next plan which ends in 2017.

The MoRD is of the perception that the States differed in according priorities as per their needs — be it road construction or houses for the poor or drinking water.

Mr. Ramesh's contention is that unless funded adequately, the required administrative and political attention on providing drinking water and sanitation facilities would remain elusive.

He has also taken up the matter with Prime Minister Manmohan Singh, saying

that the practice of open defecation was as much a national shame as the problem of malnutrition among children less than 5 years of age.

Given the far-from-rosy fiscal position of the Centre, the Planning Commission is unwilling to allocate more funds for sanitation purposes as demanded by Mr. Ramesh. The Commission has agreed to give no more than Rs.13,000 crore for 2012-13 which is just Rs.3,000 crore more than the Rs.10,000 crore provided during the current fiscal.

It remains to be seen if Mr. Ramesh and Mr. Ahluwalia succeed in resolving the issue at their next meeting.