



Finance Minister Smt. Nirmala Sitharaman interacts with Chief Ministers/ State Finance Ministers and Lt Governors of UTs to step up investment, infrastructure and growth – 15th November 2021

With a view to enhance the investment climate in the country in the wake of strong recovery and the opportunities accorded by a shift in geo-political realities post pandemic, Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman interacted with Chief Ministers and Finance Ministers of all States/ Lt Governors of UTs via virtual conference here today.

The meeting was attended by Chief Ministers of Assam, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Tripura, and Uttar Pradesh. Lt Governors of Jammu and Kashmir; Deputy Chief Ministers of Arunachal Pradesh, Bihar, and Delhi. State Ministers of Andhra Pradesh, Gujarat, Kerala, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, and West Bengal; State Government Officials of Ladakh, Maharashtra, Jharkhand, Andaman & Nicobar, Chandigarh, Dadra and Nagar Haveli & Daman and Diu, Lakshadweep along with Secretaries of GoI Line Ministries, Chief Secretaries and Finance Secretaries Secretary (Economic Affairs), Joint Secretaries (Economic Affairs) and other officials of Centre and State.

In her opening remarks, Finance Minister emphasized that the economy has been growing significantly post the second wave of pandemic and indicators such as imports, exports, PMI manufacturing, digital payments, etc. have already reached pre-pandemic levels. Smt. Sitharaman highlighted that with favourable international perception of India's growth and in light of the structural, sectoral & financial, reforms undertaken by Government of India, global and domestic investors are upbeat about the investment attractiveness of the country. States should leverage this opportunity to scale up investments and growth.

The Finance Minister also said that the Government of India has taken concrete steps to increase capital spending and drive an infrastructure and investment-led growth. Benefits of higher investment in Infrastructure manifest in form of increased employment opportunities, access to market and materials, improved quality of life and empowerment of vulnerable sections. Union Budget FY 2021-22 has allocated Rs 5.54 lakh crore capital outlay, an increase of 34.5% over last year. Additionally, around Rs 2 lakh crore allocation is for states and autonomous bodies for their capital expenditure. Over and above this, a new incentive scheme was launched by GoI for states that could achieve at least 15 % of the target set for FY21-22 by the end of 1st quarter, 45% by end of 2nd quarter, 70 % by the end of 3rd quarter. States that achieve their targets become eligible for incremental borrowing. After the end of 1st quarter, 11 states got permission to mobilise an additional total amount of Rs 15,271 crore.

Smt. Sitharaman further said that the recently launched National Monetization Pipeline includes only Central government assets and State assets have been out of its purview as of now. Smt. Sitharaman suggested that there is a significant potentially monetizable asset base in states which could be leveraged to enhance the capital available for new infrastructure creation and other social sector pressing priorities.



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Smt. Sitharaman urged states to help India become the fastest growing economy in coming years, through facilitating investment attractiveness and expediting ease of doing business measures and undertake power reforms with regards to reduction in AT&C and ACS-RRR. Smt. Sitharaman further emphasized that since in many cases land is one of the major bottlenecks for project on-grounding, states must contrive to smoothen land acquisition procedures and create land banks to be tapped at the time of investment.

The Finance Minister urged the States to strengthen their urban local bodies (ULBs) in light of the fact that there has been decidedly a larger allocation to ULBs than earlier and are increasingly been encouraged to pursue resource mobilization.

Since infrastructure projects require technical assistance in addition to financial resources, Smt. Sitharaman said that GoI Line Ministries and DEA would extend all possible cooperation for technical or advisory assistance to states. Moreover, the Viability Gap Funding provision will help finance socially relevant but financially unviable projects especially across social sectors.

The Finance Minister said that she is looking forward to listening from states and understand their ideas and plans in the direction of investment enhancement. In the open interaction, States thanked GoI for organizing this consultative interaction. Each of the states enumerated the list of reforms and pro-active policies they are pursuing to establish good governance and to facilitate investments.

Following are the key ideas and requests shared by states to facilitate investment promotion:

- Affidavit-based clearance system - ABCS by Karnataka and a similar system in UP to provide all clearances in a time-bound manner including plan approval, identification of land, conversion of land, environmental approvals and electricity supply for new enterprises. Affidavit based clearance is given upfront once basic infrastructure is in place and then the investor has 2 years to procure all approvals post-facto.
- Transparent Mechanism for Investment Facilitation that involves sharing with states, leads of prospective investors who are in touch with GoI. More emphasis on adoption of technology and increase of digital infrastructure
- Need for a clear-cut policy and SOPs on environment and forest clearances by Government of India, on the lines of 'Eco-Economics' and more powers to States under Forest/Environmental matters
- Need to reassess the District Mineral Fund policy for fund utilization for leveraging across the entire state instead of confining it to a district.
- Fast-track clearance and approvals for externally-aided projects by GoI. Reimbursement requested in advance mode.
- Similar approach to coastal zone regulations framework and application across all coastal states
- Need for a legal reassessment and intervention on the legality of conversion of several different types of lands into industrial parks
- Need for strengthening of the dispute resolution mechanism, post-award contract enforcement and of model concession agreements to strengthen infrastructure PPP ecosystem
- Special emphasis on enhancing road connectivity in North Eastern states even as a lot of work has been done in this regard. These states are rich in resources such as bamboo, which can



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potentially be utilized in industry but cannot be sent as of now due to connectivity gaps in road and highways.

- Instill greater increase in banking penetration as well as credit-deposit ratio in states vis-à-vis their dependent population. Moreover, even if in absence of new banking infrastructure, strengthening of existing banks in terms of manpower and systems should be able to address a critical gap.
- GoI should engage with NE states to develop a State-specific International trade policy in North East depending on location (Look East, Look West, Look South etc)
- Development of agri-specific infrastructure (GI labs, cold storage, farmer's market) throughout the country, but especially in North East since a majority of population is dependent on agriculture.
- Emphasis on increased air connectivity for Himalayan states to support tourism prospects.
- Need for policy for offshore wind energy
- Continuation of Centre's Scheme of loan for capital expenditure beyond the current financial year

The meeting ended with vote of thanks to the chair.

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