

No. RW/PL-10(6)/81.

Dated the 8th July, 1982

To

The State Govts.

Subject : Central Loan Assistance for State Roads of inter-State or Economic Importance in the Sixth Five Year Plan

I am directed to refer to the correspondence resting with your letter/Memo. (*vide list attached*), regarding State Government's proposals for loan assistance by the Govt. of India for Road/Bridge

Projects of inter-State or Economic Importance under the Central Aid Programme of State Roads of inter-State or Economic Importance as part of the Sixth (1980-85) Five-Year Plan. As already indicated, the pattern of loan assistance available for projects forming part of the afore-said Central Aid Programme of State Roads of inter-State or Economic Importance in the Sixth Five-Year Plan has been slightly changed to previous plans is as under :—

- (i) In the case of inter-State projects, the Central loan assistance is provided equal to 100% of the Centrally approved cost, the excess, if any, over the approved cost being met by the State Govt. from their own resources; and
- (ii) In the case of Intra-State projects of economic importance, the Central loan assistance will be equal to 50% of the centrally approved cost, the balance including excess, if any, over the approved cost being met by the State Government from their own resources.

This is applicable both to carry-over (including Fifth Plan works) and new works. It is noted that the State Government have accepted this pattern of Central financial assistance and are agreeable to take loan for selected project (s) on the basis of new pattern of loan assistance indicated above.

2. The State Government's proposals have been examined by the Govt. of India and project (s) [vide list attached] estimated to cost about Rs (vide list attached) lakhs has/have been selected for Central loan assistance by the Govt. of India, keeping in view the available resources and *inter-se* priorities, etc.
3. In view of the large demands received from the State Governments and the limited sum available for loan assistance in the Sixth Five-Year Plan, it has not been possible for the Govt. of India to meet the demands of the State Governments in full and only comparatively essential schemes have been selected for Central loan assistance bearing in mind the need for developing a well co-ordinated system of roads. Central loan assistance will be provided by the Govt. of India towards the cost of the selected schemes to the extent indicated in the enclosed statement. The estimated cost of the selected works have been based on the State Government's own intimation. Any excess over this amount will have to be met by the State Government from their own resources. Further, I am to draw your particular attention to the following :—
 - (i) no agency charges will be payable to the State Govt. for the execution of these works;
 - (ii) future maintenance and up-keep of the project (s) after completion will be the responsibility of the State Government concerned.

I am to request that the State Government's confirmation in respect of these issues may be communicated to this Ministry urgently.

4. As regards the sanction of estimates, terms and conditions of loan, method of progress reporting etc., the procedure laid down in this Ministry's letter No. PL-30 (141)/69, dated the 19th July, 1971, amended from time to time will be applicable and may, therefore, kindly be kept in view while processing the estimates for the projects detailed in the enclosed statement.
5. It may further be added that in order to facilitate the full utilisation of the Sixth Plan provision, the programme as prepared for the country as a whole is in excess of the actual provision, since road/bridge projects take considerable time in preliminary investigations etc. The actual expenditure during the Sixth Plan period will, therefore, be restricted to the provision available in the Sixth Five-Year Plan and will be governed by annual budgetary resources available for the purpose from year to year. The balance at the end of the Sixth Plan will be carried over to the Seventh Five-Year Plan and necessary funds for such carry-over schemes will be provided in that Plan.

Encls : Not printed