

Centre Sanctions Rs 21,253 Crore To Kerala

Why In News

- In a move to alleviate Kerala's economic woes, the Central government has sanctioned borrowings of up to **Rs 21,253 crore** for the state until December 2024. The financial assistance, announced by Union Minister Rajeev Chandrasekhar on X, aims to address **Kerala's pressing economic challenges**, including delayed salary payments for government employees and stalled development projects. Chandrasekhar stated that the **substantial funds** are being provided under the leadership of Prime Minister Narendra Modi to assist Kerala during its economic crisis.



All You Need To Know

- The move comes as **Kerala grapples with various economic challenges**, including salary delays for government employees and stalled development projects.
- In his post, Chandrasekhar revealed that the Government of India has sanctioned borrowings of up to Rs 21,253 crores for Kerala until December 2024.
- This substantial **financial aid aims to address the state's** pressing economic needs and facilitate the execution of critical projects for the welfare of its citizens.



- While announcing the assistance, **Minister Chandrasekhar** emphasized the importance of utilizing the allocated funds efficiently and transparently.
- He urged Kerala **Chief Minister Pinarayi Vijayan** to ensure that the funds are utilized judiciously for the welfare of the people, without any instances of leakages or corruption.



- “I urge @pinarayivijayan to use funds properly for the welfare of the people of Kerala, without any leakages & corruption,” the Minister added.
- In addition to the financial assistance, Minister Chandrasekhar called upon the Kerala government to take immediate action on key initiatives to address the state’s economic challenges effectively.



- **Payment of salaries and pensions** for government employees, including those of Kerala State Road Transport Corporation (KSRTC) employees, who have been facing financial hardships due to delayed payments.



- Execution of the Coastal Protection and the Mini Harbour Project, vital infrastructure projects aimed at safeguarding coastal areas and promoting maritime activities.
- **Completion of the ongoing recruitment process** for the Coastal Police Officers (CPO), ensuring the reinforcement of coastal security measures.
- Acceleration of pending development projects, particularly focusing on Thiruvananthapuram, to spur economic growth and enhance infrastructure in the region.



- Earlier, Kerala Finance Minister KN Balagopal had expressed concerns that there has been a reduction in the percentage of funds that the southern state is getting from the Centre.
- “The **funds collected by the Union** (government) increased 11 times during this period but the increase in tax to Kerala is only 8.8 times which means there is a sharp decline. So the reduction is huge and that is why states like Kerala, Punjab, Karnataka, and West Bengal are raising this issue,” Balagopal said.
- **Kerala Finance Minister further** stated that the state government is facing a shortage of funds to meet the expenditure for its social schemes.”We are facing the problem of giving minimum necessary things as well. We have to give pensions to 62 lakh families who were entitled to one. However, the release of these pensions are getting delayed because of lack of payments from the Union,” he added.(ANI)

Additional Rs 200 Crore Project

- Meanwhile, Chandrasekhar also revealed the **allocation of Rs 200 crore project** for Thiruvananthapuram under the Urban Flood Mitigation Programme.
- He said, “In yet another gesture of extending helping hand to Kerala, PM Narendra Modi ji’s Govt offers assistance for Rs 200 Cr project under the Urban Flood Mitigation Programme for Thiruvananthapuram.”



More About Economic Crisis in Kerala

- Kerala had problems with its economy, especially from **2017 to 2018**, when the state's GDP growth was only **7.18 percent**. Because about 36.3% of the state's income comes from remittances, it is vulnerable to changes in the world economy.



- **More than \$4.4 billion** was lost in damage from the 2018 floods, which mostly affected crops and tourism.
- Even though Kerala had a lot of good social measures, its unemployment rate of **9.4% in 2017-18 was much higher** than the national average. It hit 31.4% of GSDP in 2020, which shows that the state's finances are still under a lot of stress due to high welfare spending and slow industrial growth.