GOVERNMENT OF INDIA
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EXTRACTS FROM THE INTERVENTION OF UNION FINANCE MINISTER SHRI P. CHIDAMBARAM AT THE MEETING OF THE FULL PLANNING COMMISSION TODAY

15th September,2012

"I welcome the growth rate target of 8.2% envisaged for the 12th Plan. The present target is a realistic assumption given that in the 10th Plan we achieved a GDP growth rate of 7.6% and in the 11th Plan the achievement has been 7.9%."

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"The gross budgetary support during the entire 12th Plan period has been estimated at Rs.35.68 lakh crores which works out to 5.23% of GDP over the 5 year period. The GBS realized over the 11th Plan period was only 4.69% of GDP. The assumptions of tax to GDP ratio seem to be highly optimistic. The Internal and Extra Budgetary Resources (IEBR) of the CPSUs has been estimated at Rs.20.59 lakh crores making the total resources available for the Central Plan at Rs.47.70 lakh crores. Higher IEBR would be required to meet the shortfall, if any, in the GBS."

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"On the Non-Plan expenditure side, the major subsidies are projected to decline from 1.9% of GDP as per the Budget Estimates for 2012-13 to 1.2% in 2016-17. The estimated major subsidies in 2012-13 would be around 2.4% of GDP, and a sharp fall as assumed in the Plan may be over-optimistic. Direct cash transfer of subsidies in food, fertilizers and petroleum will help in this reduction. I would urge that by the end of the 12th Plan, these three major subsidies be rolled out across the country through direct cash transfers to the beneficiaries. Pilot projects are already under implementation for LPG and kerosene and it is our intention to extend the direct transfer mechanism to the UTs in the first phase."

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"Analysis shows that out of the 147 Centrally Sponsored Schemes currently in operation, 100 schemes are with an outlay of less than Rs.300 crores each for the whole country. Given the cost of administering the schemes and the capacity now available within the States, these deserve to be closed at the level of the Central Government. The allocated funds of Rs.7229 crores in the 2011-12 Budget could be added to the annual Normal Central Assistance of the respective States to enable them to implement these schemes."

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"We must keep in mind that outcomes must be measured not only in terms of achieving the financial outlays but also achieving the physical targets. The main reason why actual growth rate in each Plan period was less than the targeted growth rate was the failure to achieve physical targets. Let me illustrate by taking the targets set and the targets achieved in the 11th Plan period.

Sector	XIth Plan	
	Target	**Achievement**
Roads	48,479 kms.	Completed – 17,571 kms. Under implementation – 13,981 kms. To be awarded – 16,927 kms.
Additional power generation capacity created	78,700 MW	55,000 MW
Coal production (per annum)	680 million tonnes reduced to 630 million tonnes.	540 million tonnes
Crude oil production (per annum)	206.73 million tonnes	177.09 million tonnes
Gas production (per annum)	255.76 billion cubic metres	212.5 billion cubic metres
Railways capacity creation	21,500 kms reduced to 15,000 kms	14,752 kms

I would, therefore, urge that we seriously consider the need to set up a mechanism at the Cabinet level to take final decisions on major investment proposals, especially in the infrastructure sector and, in particular, in the sectors that I have mentioned above. At present, the Allocation of Business Rules allocates the authority to take the final decision/decisions to one or more ministries. In fact, this is the reason why a truly "final" decision does not emerge for many years. I would, therefore, urge that the authority to take the final decision/decisions should be vested in a National Investment Board to be chaired by the Prime Minister and the Allocation of Business Rules should be amended to create such a mechanism. The National Investment Board's authority should extend to proposals/projects where the investment is above a certain threshold, say, Rs.1,000 crore. Once the final decision is taken by the National Investment Board, no other Ministry or Department or Authority should be able to interfere with that decision or delay its implementation."

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