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GOVERNMENT OF INDIA

**GOVERNMENT EFFORTS ARE ON TRACK TO GET ECONOMY ON A PATH OF
FISCAL PRUDENCE; NEED FOR REGULAR MONITORING AND EVALUATION
OF PUBLIC EXPENDITURE: FM**

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Union Finance Minister Shri Pranab Mukherjee said that the success of fiscal policy is closely tied with optimal utilization of public resources. He stated that numerous factors make expenditure reforms an extremely challenging and uphill task. There is significant scope to reform the expenditure policy of the Government for rationalization of public spending, the Minister added.

The Finance Minister Shri Mukherjee was addressing the second meeting of the Consultative Committee attached to the Ministry of Finance during inter-session period of Parliament 2011, here yesterday. The subject matter of the meeting was “Public Expenditure Reforms”.

The Finance Minister Shri Mukherjee said that Government efforts to get the economy on a path of fiscal prudence are on track. Shri Mukherjee said that the fiscal deficit of Government for 2010-11, as per the provisional accounts, is estimated at 4.7% of GDP as against 5.1% reflected in the Revised Estimates (RE) at the time of the presentation of the Union Budget, earlier this year. Shri Mukherjee further added that similarly, the revenue deficit is 3.1% as against 3.4% in RE. This, he said, has been possible due to higher tax collections as compared to RE, higher receipts from non-tax sources and non debt capital sources and savings under plan expenditure of Government. He said that the Government is committed to achieve the fiscal targets.

The Finance Minister Shri Mukherjee said that with the Budget for 2011-12, Central Government has started providing the details of actual expenditure incurred on each scheme alongwith the Budget and Revised Estimate of current year and Budget estimates of the ensuing year. This would enable a better analysis of the budgetary provisions and the trend in expenditure. He added that, in the expenditure budget, a new classification has been created to capture grants given by Government for creation of capital assets and a statement has been added in the Expenditure Budget Volume-1 showing the amounts provided under various schemes of different Ministries under this classification. He said that the format of Receipt Budget has also been revised to make it more user friendly and transparent.

The Finance Minister said that several measures have to be taken by the Government to ensure that public money is productively spent. He said that to ensure that scarce resources are productively deployed, it is extremely important to measure outcomes. Shri Mukherjee said

that improvement in the quality of expenditure and accountability requires regular monitoring and evaluation of public expenditure, with specific emphasis on outcome targets and achievement. He further said that the Government has set-up a Committee under the Chairmanship of Dr. C. Rangarajan to look into the classification of public expenditure into plan and non-plan, which over the years has increasingly become artificial and sometimes misleading.

Various Members of the Consultative Committee also participated in the discussion. It was stated that improving the quality of expenditure and period review of public schemes is important while discussing public expenditure reforms. Performance monitoring and evaluation system are also essential. They said that there was a need to give emphasis on Public Private Participation (PPP) and to promote self-help groups. Members said that it was extremely important to prevent leakages in public spending of money with regard to implementation of various Centrally sponsored schemes such as MNREGA, Indira Aawas Yojna (IAY) etc. The issue of subsidy including fertilizer subsidy being given directly to farmers was also discussed. Some members said that subsidy be given only to those who deserve it such as BPL families etc. One of the Members said that storage of food grains be done only in those States where it is finally required. The Members stressed on better coordination between Centre and States to improve the quality of expenditure while implementing Central Government sponsored schemes. Some Members expressed concern over delay in implementation of projects which leads to cost escalation. They said that small projects such as small irrigation projects be preferred compared to big projects which require heavy investments and get delayed also.

Both the Ministers of State for Finance i.e. Shri S. S. Palanimanickam and Shri Shri Namo Narain Meena also attended the meeting alongwith the senior officials of the Ministry of Finance. Members of Parliament who attended the Meeting include S/Shri Narahari Mahato, S.P.Y Reddy, Anto P. Antony, Neeraj Shekhar, Vijay Inder Singla, Mukesh B. Gadhvi, Arvind Kumar Chaudhary, T.R. Baalu and Smt. Rajkumari Ratna Singh all from Lok Sabha and S/Shri Shantaram Naik, Sabir Ali, Mukut Mithi, Rajkumar Dhoot, Tariq Anwar, Dr. E.M. Sudarsana Natchiappan, Ravi Shankar Prasad Birender Singh and Prof. S.P. Singh Baghel from Rajya Sabha. Dr. Ashok Sekhar Ganguly and Shri Ishwarlal Jain attended the meeting as Permanent Special Invitees.

DSM/SS/GN