

3.2 PUBLIC SECTOR OUTLAYS

18. The Planning Commission has prepared an Annual Plan for 2000-01 with a Gross Budgetary Support (GBS) of Rs.88,100 crore of which the GBS to the Central Sector Plan is Rs.51,275.60 crore and the Central assistance to State and Union Territory Plans is Rs.36,824.40 crore. The budgeted Central plan outlay is Rs.1,17,333.78 crore which includes Internal and Extra Budgetary Resources (IEBR) of Rs.66,058.18 crore.

19. The Annual Plan 2000-01 was prepared against a backdrop of significant shortfalls in Plan expenditure during each of the preceding three years (1997-98, 1998-99 and 1999-2000) vis-à-vis the approved budgetary support and its expected phasing for the Ninth Plan. Thus, the necessity of maintaining reasonable level and desired sectoral pattern of allocation in Annual Plan 2000-01 had to be reconciled with the priority of the government, as reflected in the Prime Minister's Special Action Plan (SAP) and other initiatives, particularly, in case of infrastructure sector as also the need to pursue fiscal consolidation at both Centre and State.

20. While inviting the proposals from the Central Ministries and Departments in respect of their Annual Plans it was pointed out that given the resource position of the Government it was difficult to visualise a scenario in which the envisaged budgetary support for the remaining years of the Ninth Plan would be fully met. It was suggested, therefore, that there was an urgent need to prioritise the planned projects of each Ministry/Department so as to have "Core Plans" for each Sector, based on a budgetary support, no higher than the allocation for Annual Plan 1999-2000. It was also suggested that there was a need to withhold expenditure on new schemes to ensure full funding of the ongoing schemes. Further, the Ministries/Departments were asked to effect convergence of related schemes in each sector and across sectors so as to obviate any duplication of effort and thin spread of resources, as also to reduce the overhead cost of operating the programme.

21. In addition, it was emphasised that a strict monitoring of planned funds on continuing basis would help in identifying the non-essential schemes and the funds so saved could be directed to other priority requirements. The effectiveness of public intervention is very closely tied with the efficiency of our delivery mechanism and the institutional environment on which it is founded. While it is necessary to find adequate resources for the priority sectors and programmes, it is equally important to strengthen the institutional framework with a view to improve the implementation of public programmes, on the one hand, and creating a conducive environment for private initiative, on the other, so as to supplement budgetary flows in obtaining our developmental goals.

22. Finally, the need to make a realistic assessment of resources was reiterated so that the plans formulated are credible and the exercise itself is meaningful. This issue was particularly highlighted while inviting the plan proposals from the State Governments. It has been a matter of concern that in recent years the State Governments were finalising their Annual Plan Outlays at levels considerably exceeding the available resources, leading to significant gaps between the plan and performance. This recurring and growing gap between the Plan Outlays and available resources weakens the link between physical targets and plan expenditure, bringing in undesired distortions in the development process.

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23. The exercise for Annual Plan 2000-01 was undertaken keeping in view these considerations. In case of the Central Ministries and Departments efforts were made to improve and support higher allocations to infrastructure sectors of Communication and Information Technology, Surface Transport including Railways and furthering Human Development initiatives in Education and Health and Family Welfare Sectors. The budgetary support to the Transport Sector includes an allocation of Rs.2,310 crore mobilised through the cess on Diesel and Petrol for the financial year 2000-01. Of this Rs.2,010 crore is for the National Highway Development Project of the Ministry of Surface Transport and Rs.300 crore for Rail Overbridges and other safety works of the Ministry of Railways. The Ministries/Departments addressing directly the issues on Human Development namely, Education, Youth Affairs & Sports, Culture, Health and Family Welfare, Indian System of Medicine and Homoeopathy and Women and Child Development were given a significant increase in their allocation.

24. In retaining the Budgetary Support to the Ministry of Rural Development at the same level as in 1999-2000, Planning Commission was of the view that Poverty Alleviation Programmes/Schemes were also being looked after by other Ministries such as, Women and Child Development, Environment and Forests, Social Justice and Empowerment and Tribal Affairs. In addition, other Departments with programmes directly impinging on development of Rural areas include Ministry of Agriculture, Water Resources, Small Scale and Agro Rural Industries and Textiles. Allocations of all these Departments were increased significantly over allocations in 1999-2000. Moreover, it was felt that rural connectivity is a crucial input for development of rural areas and poverty alleviation. An amount of Rs.2,500 crore was allocated for rural roads as a part of Central assistance to State Plans to be monitored by the concerned Central Ministry. A provision of Rs.990 crore for State Highways was also made as a part of State Plan. This is expected to contribute in increasing connectivity, creating employment and hence reducing poverty.

25. In case of the Central assistance to States and UTs Plan the overall consideration in allocations has been to enhance project/programme specific assistance while maintaining the normal Central assistance at the level of Annual Plan 1999-2000 with a view to broaden and deepen economic reforms in the crucial infrastructure sectors as also to improve State's own sources of development and their attractiveness to private investment. Accordingly, in addition to the ongoing Accelerated Irrigation Benefit Programme (AIBP) two new initiatives namely, Prime Minister's Gramoday Yojana (PMGY) and Accelerated Power Development Programme (APDP) were launched in the Annual Plan 2000-01.

26. PMGY is a new initiative for sustainable Human Development at the village level to complement the other two initiatives on infrastructure namely, AIBP and APDP. This initiative builds on the Basic Minimum Service (BMS) in terms of better focus on the existing components of the BMS and emphasises monitoring. Moreover, it comes with a substantially enhanced allocation of Rs.5,000 crore. The programme is to have two components namely, Rural Roads, with an allocation of Rs.2,500 crore for strengthening all weather rural roads (all roads other than State Highways) and Other Programmes of Gramoday to include primary health, education, shelter and drinking water also with a total allocation of Rs.2,500 crore.

27. The APDP has been initiated with the objective of widening and deepening economic reforms in the power sector across States. A provision of Rs.1,000 crore as budgetary support has been made for this programme which is to be implemented along the

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lines of AIBP. It has been felt that if there is a visible improvement in the functioning of the power sector as well as an early completion of ongoing projects in the Irrigation sector so that the envisaged benefits from locked investments in these projects are accrued, the States would be in a better position to attract and leverage private investments into their economies.

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28. In the Revised Estimates (RE), the outlay for the Annual Plan 1999-2000 came down to Rs.170856.80 crore, a decrease of 11 per cent over the Budget Estimates (BE) of Rs.192262.89 crore. The Central sector outlay of Rs.103520.93 crore in the BE has come down to Rs.96309.94 crore in the RE, a shortfall of 7 per cent. This has been mainly on account of reduced IEBR of the Central Public Sector Undertakings (CPSUs) of various Ministries/Departments by 11.5 per cent. According to the budget estimates of the 1999-2000 Annual Plan, nearly 57.4 per cent of the Central Sector Outlay (BE) was to be funded from resources to be raised by the CPSUs of the Ministries/Departments through IEBR and the remaining Rs.44,000 crore was to be met from the GBS. In the RE while the Central Sector GBS at Rs.43660.58 crore was lower by Rs.339.42 crore, the IEBR at Rs.52649.36 crore was less by Rs.6871.57 crore than that in the BE. But the rate of decline for the revised estimates is less than that of the preceding year.

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29. The total outlay for the Central sector in the Annual Plan 2000-01 at Rs.117333.78 crore, amounts to an increase of 13 per cent over the BE of Rs.103520.93 crore for Annual Plan 1999-2000 and an increase of 22 per cent over revised estimates of Rs.96309.94 crore for Annual Plan 1999-2000. This outlay for Central sector 2000-01 is proposed to be financed by budget support of Rs.51275.60 crore (43.7 per cent) and IEBR of the Central Public Sector Enterprises of Rs.66058.18 crore (56 per cent). The amount to be raised through IEBR for financing the Central sector Plan for 2000-01 has gone up by 11 per cent over the corresponding figure of Rs.59520.93 crore in the Annual Plan 1999-2000.

30. The GBS for the plan of Central sector 2000-01 at Rs.51275.60 crore is higher by 16.5 per cent over the budget estimates of Rs.44000 crore provided in the Annual Plan 1999-2000 and 17.4 per cent higher over revised estimates of Rs.43660.58 crore in RE of Annual Plan 1999-2000. The details of Revised Estimates for 1999-2000 (Heads of development-wise) and budget estimates of Annual Plans 1999-2000 and 2000-01 are given in Table 3.2.1 and 3.2.2.

31. The Ministry/Department-wise budget estimates of Annual Plan (2000-01) for Centre is given in Annexure 3.2.1. The approved outlay of States and Union Territories for Annual Plan 1999-2000, by heads of development are given in Annexure 3.2.2. The Plan outlay (budget estimates) of Annual Plan 2000-01 for the Centre by heads of development is given in Annexure 3.2.3. The Actual Expenditure by heads of development of Annual Plan 1998-99 for the Centre is given in Annexure 3.2.4. The Annexure 3.2.5 gives details of Revised Estimates of Annual Plan 1999-2000, for the Centre, State and UTs by heads of development. The figures for Actual Expenditure of Annual Plan 1998-99, and budget estimates of Annual Plan 2000-01 is not yet available. The Actual Expenditure of the Annual Plan 1997-98 and Plan outlay of Annual Plan 1999-2000 for Centre, States and Union Territories are given in Annexure 3.2.6 and 3.2.7, respectively.