

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:4363

ANSWERED ON:02.05.2012

FUNDS FOR INFRASTRUCTURE

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Will the Minister of PLANNING be pleased to state:

- (a) the target vis-a-vis achievement in physical and financial term of infrastructure development in the Eleventh Five Year Plan, sector-wise and State-wise;
- (b) the reasons for shortfall, if any, and the reaction of the Government thereto;
- (c) whether the Government plans to give a major boost to infrastructure development in the Twelfth Five Year Plan; and
- (d) if so the details thereof and the steps taken / being taken in this regard?

Answer

MINISTER OF STATE FOR PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (DR. ASHWANI KUMAR)

(a): The Eleventh Five Year Plan has projected an investment of Rs. 20,56,150 crore over the Plan period (2007-12) in electricity (including non-conventional electricity), roads & bridges, telecommunications, railways (including mass rapid transit system), irrigation (including watershed), water supply & sanitation, ports (including inland waterways), airports, storage and oil & gas pipelines sectors. The Government, as part of the Mid-Term Appraisal (MTA) of the Eleventh Five Year Plan has reviewed the progress made in infrastructure sectors. At that stage, the investment projection was revised to Rs. 20,54,205 crore as against the Plan projection of Rs. 20,56,150 crore. The sector-wise Eleventh Plan investment projections and revised MTA projections are given Table 1 below:

Table 1

Eleventh Plan Projections and Revised MTA Projections of investment in Infrastructure

(Rs. crore at 2006-07 prices)

Sectors	Plan Projections	Mid-Term Appraisal Projections
Electricity (incl. NCE)	6,66,525	6,58,630
Roads & Bridges	3,14,152	2,78,658
Telecommunications	2,58,439	3,45,134
Railways (incl. MRTS)	2,61,808	2,00,802
Irrigation (incl. Watershed)	1,2,53,301	2,46,234
Water Supply & Sanitation	1,43,730	1,11,689
Ports (incl. Inland waterways)	87,995	40,647
Airports	30,968	36,138
Storage	22,378	8,966
Oil & gas pipelines	16,855#	1,27,306
Total	20,56,150	20,54,205

Note: # The Plan target pertains to gas pipelines only.

The MTA noted following sectoral progress:

Electricity

1. The revised projected investment of Rs. 6,58,630 crore in the electricity sector is slightly lower than the original projection of Rs. 6,66,525 crore. The figures for private investment in the electricity sector show an increase of 55 per cent as compared to the original projections. The contribution of the public sector investment is likely to decline mainly due to lower than anticipated investments in the Central Sector in the first two years of the Eleventh Plan. Capacity addition of 62,374 MW is likely to be achieved during the Eleventh

Plan as compared to a target of 78,700 MW.

Roads

2. The revised projected investment in road sector is also significantly lower at Rs. 2,78,658 crore compared with Rs. 3,14,152 crore in the original projections. The investment by the Centre is expected to decline due to award of lower than projected road projects by NHAI during the first three years of the Plan. It is interesting to note that investment in the road sector by the States is expected to increase on account of higher investments under PMGSY.

3. The investment by the private sector is also expected to go down due to award of a lower number of BOT projects in the first three years of the Eleventh Plan. However, MORTH has decided to speed up the award and implementation of NHDP to achieve a completion rate of 20 kms. of highways per day. This is likely to increase the investment during the last two years of the Eleventh Plan, but the major build up in expenditure consequent to this acceleration will be in the Twelfth Plan.

Telecom

4. The growth in the telecom sector has been phenomenal and the investment is expected to be Rs. 3,45,134 crore which is 1.3 times higher than the originally estimated figure of Rs. 2,58,439 crore at the time of the formulation of the Eleventh Plan. This is due to increase in investment by the private sector to a level 1.59 times higher than the investment envisaged at the time of formulation of the Eleventh Plan. In contrast, investment by the Centre in telecommunications is expected to be 23.84 per cent lower than projected when the Eleventh Plan was formulated.

Railways

5. The revised projected investment in railways, including metro railways, in the Eleventh Plan is now expected to be about Rs. 2,00,802 crore which is 23.3 per cent lower than the earlier projection of Rs. 2,61,808 crore. Both Central sector investment and private investment are lower than the original projections. As per latest estimates only Rs. 8,316 crore is expected by way of private investment which is only 16.5 per cent of original projections.

Ports

6. Progress in this sector has been much below expectations. The investments during the Eleventh Plan are now projected at a level of Rs. 40,647 crore which is less than half of the original projection of Rs. 87,995 crore. Private investment in the port sector is also expected to be almost 40.31 per cent lower as compared to the projections made at the beginning of the Plan. This is because very few PPP projects have been awarded by the respective Port Trusts in the first two years of the Eleventh Plan. Ministry of Shipping has revised the original target of 545 MMT of additional capacity for the major ports downwards and now proposes to develop only 48 projects with a capacity of 393.27 MMT costing Rs. 29,905 crore over the Eleventh Plan period.

7. Compared to the slow progress in capacity addition in major ports, the private sector ports in the state sector have done relative well. Out of the total private investment of Rs.32,517 crore projected for the Eleventh Plan, the share of private investment in the state sector is Rs. 26,370 crore.

Airports

8. The investment in Eleventh Plan is now projected at Rs. 36,138 crore as against the original estimate of Rs. 30,968 crore and both public and private investments in airports are likely to increase compared to the investment projected at the beginning of the Eleventh Plan. Private investment is expected to contribute Rs. 23,155 crore which is 64.07 per cent of the total investment in airport infrastructure. The investment in state sector airports has taken a dip from 2009-10 onwards because of the completion of the Hyderabad and Bangalore projects.

Oil and Gas pipelines

9. The investment in oil and gas pipelines in the Eleventh Plan is expected to increase to Rs. 1,27,306 crore as against the original figure of Rs. 16,855 crore. The much larger figure is primarily because the data include investment in oil pipelines whereas the earlier data only included gas pipelines. The investment in oil pipelines alone during the Eleventh Plan is projected at Rs. 1,08,190 crore. This category includes large investment by the Centre also.

Water Supply and Sanitation

10. The total investment in water supply and sanitation in the Eleventh Plan is now estimated at Rs. 1,11,689 crore, about 22 per cent lower than the original projection of Rs. 1,43,730 crore. The Eleventh Five Year Plan strategy for urban development includes departure from the exclusive public sector monopoly over urban infrastructure opening up the possibility of investment in this area.

Irrigation

11. Investment in irrigation and watershed management is a critical part of rural infrastructure. The total investment in this sector is expected to be about Rs. 2,46,234 crore in the Eleventh Plan which is 7.52 per cent higher than earlier anticipated and it will be more than double the investment of Rs. 1,19,894 crore realized in the Tenth Plan.

(b): From the Table 1, it may be noted that the overall Eleventh Plan investment target would be met substantially.

(c): Yes, Madam, the Government plans to give a major boost to infrastructure development in the Twelfth Five Year Plan.

(d): The Approach Paper to the Twelfth Five Year Plan recognizes that Government must continue the thrust on accelerating the pace of investment in infrastructure, as this is critical for sustaining and accelerating growth. The Approach Paper as approved by the NDC on October 22, 2011 has indicated that the total investment in infrastructure would have to be over Rs. 45 lakh crore during the Twelfth Plan period. The Approach Paper has further indicated that infrastructure investment (defined as electricity, roads & bridges, telecommunication, railways, irrigation, water supply & sanitation, ports, airports, storage and oil & gas pipelines) will need to increase from about 8 per cent of the GDP in the base year (2011-12) of the Plan to about 10 per cent of GDP in 2016-17. Financing this level of investment will require larger outlays from public sector, but this has to be coupled with a more than proportional rise in private investment. Private and PPP investments are estimated to have accounted for over 30 per cent of total investment in infrastructure in the Eleventh Plan. Their share may have to rise to 50 per cent in the Twelfth Plan. More details about funds for infrastructure in the Twelfth Plan would be included in the Twelfth Five Year Plan document which is under formulation.