16

STANDING COMMITTEE ON FINANCE (1998-99)

TVELETH LOK SABHA

MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION

DEMANDS FOR GRANTS (1998-99)

[Action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Finance on Demands for Grants (1998-99)]

SIXTEENTH REPORT



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LOK SABHA SECRETARIAT NEW DELHI

April, 1999/Chaitra, 1921 (Saka)

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Presented to Lok Sabha on 22 April, 1999 Laid in Rajya Sabha on 19 April, 1999

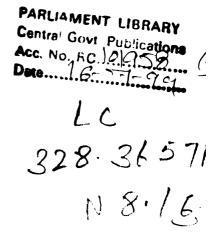
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LOK SABHA SECRETARIAT NEW DELHI

April, 1999/Chaitra, 1921 (Saka)

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INTRODUCTION

- I, the Chairman of the Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf present this Sixteenth Report on action taken by the Government on the recommendations contained in the Second Report of the Committee (Twelfth Lok Sabha) on Demands for Grants (1998-99) of the Ministry of Planning and Programme Implementation.
- 2. The Second Report was presented to Lok Sabha/laid in Rajya Sabha on 10 July, 1998. Department of Programme Implementation, Planning Commission and Department of Statistics furnished the replies indicating action taken on all the recommendations on 16 November, 1998, 4 December, 1998 and 8 January, 1999 respectively. The Draft Action Taken Report was considered and adopted by the Standing Committee on Finance at their sitting held on 9 April, 1999.
- 3. An analysis of action taken by Government on recommendations contained in the Second Report (Twelfth Lok Sabha) on the Committee is given in the Appendix.

New Delhi; 15 April, 1999 25 Chaitra, 1921 (Saka) MURLI DEORA, Chairman, Standing Committee on Finance.

CHAPTER I

REPORT

- 1.1 This report of the Standing Committee on Finance deals with action taken by Government on the recommendations contained in their Second Report (Twelfth Lok Sabha) on Demands for Grants (1998-99) of the Ministry of Planning and Programme Implementation which was presented to both the Houses of Parliament on 10 July, 1998.
- 1.2 The Report contained fourteen recommendations/observations. Action taken notes have been received from the Government in respect of all the recommendations contained in the Report. These have been categorised as follows:-
 - (i) Recommendations/observations that have been accepted by the Government:

SI. No. 2, 6, 7, 8

(Chapter II-Total 4)

(ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's replies:

SI. No. 1, 4, 5, 9, 10 and 11

(Chapter III-Total 6)

(iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee:

SI. No. 3, 12, 13 and 14

(Chapter IV-Total 4)

(iv) Recommendations/observations in respect of which final replies of Government are still awaited:

(Chapter V-Nil)

- 1.3 The Committee desire that replies in respect of the recommendations contained in Chapter I of the Report may be furnished to the Committee expeditiously.
- 1.4 The Committee will now deal with the action taken by Government on some of their recommendations/observations:-

Demand No. 68

Planning, Supplies and Materials

Recommendation (Sl. No. 3, para 13)

1.5 Disapproving the overutilisation of Budget estimates year after year, the observation/recommendation of the Committee were as under:

"The Committee are constrained to find that the actual amount spent since 1995-96 has always exceeded for above the Budget Estimates and Revised Estimates. The Committee are not inclined to accept the explanation advanced by the Ministry in support of the grounds given for such overutilisation. None of the reasons adduced by the Ministry which necessitated unforeseen expenditure are such which could not have been foreseen in advance. Even when expenditure had far exceeded the BE and RE during 1995-96, no adequate provision was made at the stage of Budget Estimates for the succeeding years. This shows faulty budgetary planning on the part of the Ministry which had resulted in reappropriation of the amount from savings under other Budget heads. The Committee, therefore, desire that the budgetary exercise should be undertaken with due seriousness so that the estimates are made more realistically. As far as possible, reappropriations should be avoided"

1.6 In their Action Taken Reply, the Ministry of Planning and Programme Implementation have stated:-

"The observation of the Hon'ble Committee to prepare estimates more realistically is noted. As already indicated to the Committee, the expenditure during the year 1995-96, 1996-97 increased over the budget estimates due to special urgent requirements. During the year 1997-98, expenditure increase is 1% which is negligible. NIC has already made appropriate provision for the year 1998-99. However, actual expenditure can sometime vary due to

many factors such as changes in dollar rate, Government duty etc. computer technology changes at a fast speed. Therefore, sometimes special requirements of projects have to be met. Such requirement have to be met through reappropriation as per Government provisions".

1.7 While considering the Demands for Grants for the year 1998-99, the Committee were informed that actuals for the year 1997-98 under the plan head 'Supplies and Materials' were Rs. 5,76,27,000. It has, however, been observed from the Demands for Grants (1999-2000) that the actuals for 1997-98 were Rs. 5,91,01,000. Such variations have also been witnessed in some other Budget Heads as well. If the actuals at Rs. 5,91,01,000 as against BE/RE at Rs. 5,05,00,000 is to be taken as correct the increase works out to about 17% and not 1% as intimated to the Committee in the action taken reply. The Committee take a serious view for furnishing such misleading figures and desire that responsibility may be fixed for the lapses under intimation to them. At the same time, they emphasise that budget estimate should be prepared with due seriousness leaving little scope of reappropariations.

Deptt. of Statistics

Recommendation (Sl. No. 9, paras 36-38)

Uniformity and reliability in collection of statistical data

1.8 The Committee while stressing the need for uniformity and reliability in collection of statistical datas had recommended as follows:-

"The Committee express grave concern over the fact that latest statistical data is not available on important sectors of the economy and the data which has so far been made available by the Deptt. of Statistics relates to the year 1994-95. The Secretary, Deptt. of Statistics was candid enough to admit that due to lack of coordination between the Central Government, the State Governments and between different Departments and Ministries of the Union Government and also due to taking recourse to different definitions/concepts, there was a huge variation in the data compiled by the Central Government as well as the State Government.

The Committee are of the view that since correct statistics is not only vitally important in the planning process but also for monitoring of the various governmental schemes and for taking proper timely corrective action, this area needs to be addressed on top priority.

The Committee take serious note of the fact that the Deptt. is lagging far behind in the use of modern information technology as a result of which not only there is time lag in producing the data but the quality is also equally poor. The Committee, therefore, desire that proposal for setting up an independent Statistical Authority of India for which reportedly, the Cabinet note is ready with the Deptt. should also be taken up in the right earnest. They also desire that the existing vacancies both at the level of officers as well as field level investigators should be filled up expeditiously".

1.9 In their Action Taken Reply, the Ministry of Planning and Programme Implementation stated as follows:—

"The Department of Statics has taken note of the observations made by the Hon'ble Standing Committee on Finance in paragraphs 36, 37 and 38 above.

A national policy in dissemination of statistical data has been approved by the Government. The elements of policy contain details like pricing of data, nodal agency for dissemination of official statistics, and other aspects like confidentiality, unit level of data, etc. The policy has been communicated to the Ministries/ Departments.

During the year, the Department made concerted efforts to bring out timely release of all its publications. As a result of this, it has been possible to make available the statistical data through our publications viz. Monthly Abstract of Statistics; Sarvekshana; Statistical Abstract, 1997; National Accounts Statistics, Besides, the Deptt. has also brought out many specialised publications namely, "Indian Population—Salient Facts/Figures", "Selected Socio-Economic Statistics," "Youth in India Profile and Programmes", etc. during the current year. In view of the fact that the backlog has been minimised, it would be possible for the Deptt. to adhere to the specific time schedules henceforth.

The Deptt. of Statistics has proposed for creation of 'Statistical Authority of India', under an Act. The then P.M., in his capacity as Minister-in-charge of Deptt. of Statistics, had approved, in principle the proposal and authorised Secretary (Statistics) to bring up the matter before the Cabinet. Accordingly, a draft note for Cabinet was prepared and sent to all the concerned Ministries/Departments for their comments and suggestions. Meanwhile, Cabinet Secretariat directed that the note alongwith the comments/suggestions of various Deptts. be submitted to the Cabinet Secretariat for placing before the Committee of Secretaries the matter was discussed in a meeting of the Committee of Secretaries on 30.9.98. The Committee of Secretaries inter alia decided to have another meeting to elicit a broader spectrum of opinion on the issue. The second meeting of Committee of Secretaries is yet to be fixed by the Cabinet Secretariat.

The Deptt. of Statistics is in the process of developing a Modernisation Project. It is envisaged as a technical cooperation programme centred around a general upgrading of technical and professional skills with a corresponding improvement in the utilisation of physical equipments in terms of hardware, software, communication network, etc. In this endeavour, an User-Producer Workshop on the Data Gaps in the system and to invite suggestions for improvement in the present statistical system was organised in September 1998. The proceedings of the Workshop provide for major and vital inputs to the final Concept Document for the Modernisation Project.

The Deptt. has also accelerated its efforts for filling up of vacancies and in the recent past a number of vacancies both at the level of officers/field staff have been filled. Action to fill up the remaining vacancies is also being given utmost priority".

1.10 Keeping in view the vital importance of the latest and reliable statistics in the planning process which is equally essential for monitoring of various governmental schemes, the Committee had desired that an independent Statistical Authority of India may be set up and earnest efforts be made, on top priority to fill up the vacancies at the level of officers as well as field level investigators. The Committee, however, take a serious note of the fact that although more than eight months have elapsed, not much headway has been

made so far as the constitution of the Authority is concerned. The Committee have rather been informed during the course of evidence held on 23 March, 1999, in connection with the examination of Demands for Grants for the year 1999-2000 that it has now been decided by the Government to set up a National Commission for Statistics which would start functioning within next three weeks.

The Committee hope that at least now, the Commission would start functioning soon and the latest and reliable data on the various facets of the economy would be made available to various agencies of the Government in order to enable them to plan and monitor the schemes in an effective manner and take timely corrective measures. The Committee would, however, like to be informed of the latest position in this regard within a month's time.

Recommendation (Sl. No. 10, Para No. 45)

Member of Parliament Local Area Development Scheme (MPLADS)

1.11 Since the guidelines on MPLAD Scheme were hardly implemented, the Committee, reminding the Government of the revised guidelines, had stated as under:

"The Committee find that the Scheme known as Member of Parliament Local Area Development Scheme (MPLADS) was introduced in the year 1993 and comprehensive guidelines were revised in February, 1997 with a view to streamlining the implementation of MPLAD Scheme. These guidelines have also outlined in detail the monitoring arrangements which are required to be followed at various levels for effective implementation of the works taken under the Scheme. The Committee, however, are pained to find that despite all the guidelines that have been issued for implementation as well as monitoring of the Scheme much still remains to be done. The Secretary, Ministry of Programme and Implementation was candid enough to admit that there have been frequent delays in the timely release of the funds due to lack of coordination between the Ministry and the District Authorities. Under the Scheme, the District Heads are required to communicate information on the progress of works under the Scheme on the internet field inspections are required to be undertaken by the officers at the District level in close coordination with the

Members of Parliament; monitoring reports are to be submitted by the District officers to the concerned MPs once in two months and a Commissioner level officer at the Headquarters is supposed to conduct an Annual Meeting involving the Heads of the Districts and the MPs to assess the progress of work under the Scheme. All these guidelines have, however hardly been implemented. The Committee desire that monitoring as well as the implementation of the Scheme require the urgent attention of the Ministry with a view to ensuring expeditious implementation of the various guidelines already specified under the schemes. It should particularly be ensured that the funds earmarked are released in time and projects are sanctioned within the stipulated time period. They would also desire that a sample survey which is proposed to be undertaken by the Ministry of Planning and Programme Implementation for finding out the efficacy of the Scheme should be undertaken without any further delav."

1.12 In their Action Taken Reply, the Ministry of Planning and Programme Implementation stated as follows:—

"The Deptt. of Programme Implementation is making all possible efforts to ensure proper monitoring of the Scheme as well as timely release of funds. As per the guidelines funds are required to be released twice a year keeping in view the physical and financial progress of implementation of works. Accordingly, funds for the year 1997-98 as well as 1998-99 have been released to those MPs whose unsanctioned balance (i.e. balance left after sanctioning of the works recommended by the MPs) was less than Rs. 50.00 lakh. For assessing the eligibility of the MPs expenditure statements in the proforma prescribed by the Deptt. are required to be furnished periodically by the District Collectors in respect of the concerned MPs. Based on these reports first and second instalments of Rs. 50.00 lakh for the year 1997-98 each were released to 675 and 292 MPs respectively. For the remaining MPs money could not released during the financial year 1997-98 as they were either having an unsanctioned balance more than Rs. 50.00 lakh or the requisite expenditure statement in respect of them were not received despite reminders sent from time to time to the concerned authorities. There has been marked improvement in receipt of requisite expenditure statement from the concerned district during this financial year. The MPs

eligible for 1st/2nd instalment of 1997-98 are being given the funds from the budget provision of current financial year. So far, the 1st and 2nd instalment of 1997-98 have been released to 716 and 487 MPs respectively. The 1st instalment of 1998-99 has also been released to 242 MPs as per the said criteria.

As regards proper monitoring of implementation of MPLADS the revised guidelines specify the nature of monitoring and inspection of MPLADS works required to be undertaken by the officers at the distt. sub-division and block levels. The guidelines also stipulate the requirement of annual meeting to be conducted by Senior Commissioner level officer at State Head Quarters involving the heads of the districts and MPs to assess the progress of work and other schemes. Reports of some such review meetings held by the Senior officers have been received from some States. The recommendations of the Committee have been brought to the notice of all the Chief Secretaries/Administrators of States/UTs with the request to ensure strict compliance.

To strengthen monitoring of the scheme at centre monitoring format has been designed in consultation with NIC. These have been sent to 38 pilots districts across the country for testing.

Regarding the sample survey of the scheme the Ministry of Finance/Planning Commission are being approached for sanction of requisite funds for getting the sample survey carried out.

The recommendation/observation of the Standing Committee on Finance have been brought to the notice of all the Chief Secretaries of States/UTs with the request to issue necessary instructions to Commissioners/Collectors for necessary action."

1.13 Inspite of clear guidelines regarding submission of monitoring reports by the District Officers to the concerned MPs once in two months and conducting annual meetings involving heads of Districts and MPs to assess the progress of works under the schemes, the Committee continue to receive a number of complaints from MPs for non-implementation of above guidelines. From the action taken reply it further becomes evident that the reports of review meetings held by the senior officers are still not being received by the Department of Programme Implementation regularly as some of the

States continue to default on this account. It clearly indicates that guidelines on MPLAD are still not being implemented with due seriousness. Complaints regarding delay or non-sanction of works recommended by MPs and/or non-release of funds by the Implementing Authorities have also been received by the Committee.

As regards conducting sample survey as recommended by the Committee, they are surprised to find that the Department of Programme Implementation was still in the process of approaching the Ministry of Finance/Planning Commission for sanction of funds. They therefore take a serious note of such an inordinate delay on this account and desire that no further time should be lost in conducting such a survey. They would also like to emphasize that the Department of Programme Implementation should not merely content itself by bringing the recommendations of the Committee to the notice of State Governments and Union Territories but should also devise an effective mechanism for monitoring the implementation of the scheme with a view to taking disciplinary action against those officials who fail to comply with the instructions/guidelines issued by the Department from time to time.

Management of Projects under Implementation

1.14 Stressing the need for minimising time and cost overrun in implementation of projects, the Committee had recommended as follows:—

"The Committee strongly express their unhappines over the fact that despite repeated recommendations made for minimising cost and time overruns in the implementation of projects, no concrete steps seem to have been taken in this regard and the projects continue to run behind the schedule with heavy cost overruns. Contrary to the earlier recommendation of the Committee which had specifically desired that no new projects should be taken up without having completed the on-going projects, new projects continue to be sanctioned even without ensuring availability of funds.

The Committee, therefore, once again strongly reiterate that the Deptt. of Programme Implementation should vigorously pursue the matter with the respective Ministries/Deptts. and persuade them to strictly adhere to the stipulated time schedule so that the cost overruns could be avoided."

1.15 The Ministry, in their action taken reply, have stated as follows:—

The recommendations of the Standing Committee on Finance (Eleventh Lok Sabha) for minimizing the cost and time overrun in the implementation of projects were brought to the notice of all concerned administrative Ministries/Departments for compliance (reference No. MIIOII/1-25/97-PMD dated 29.9.97). The various administrative and other measures which have been taken/initiated by the Government to cutdown delays in implementation, approval of projects and ensuring availability of adequate funds include;

- (i) Issue of additional guidelines in respect of Expenditure Finance Committee/Public Investment Board procedures and delegation of financial powers (reference No. 1(5) PF. II/96 dated 6.8.97 issued by M/o Finance). This order gives the details of increased financial powers for approval of projects. This will reduce the delays in implementation.
- (ii) A system of yearly upgradation of cost has been introduced to plan funds requirement of ongoing projects (Reference No. M12016/5/97-PMD dated 12.1.98 issued by the Planning Commission).
- (iii) The Project Appraisal Division of the Planning Commission has issued revised procedures for project appraisal of public sector projects by the Planning Commission within a time frame of 4 weeks (Reference No. C. 30019/15/97 dated 8.11.97).
- (iv) Empowered Committees have been in each Ministry implementing projects departmentally to resolve contract and other implementation problems. The revised guidelines have been issued by Deptt. of Programme Implementation on 28.4.98 (Ref. No. 13013/2/97-PMD). The guidelines also provides for long term appointment on Nodal Officer (Chief Executive) fully responsible for timely implementation of projects/programmes costing Rs. 50 crore and above.
 - (v) Task Forces have been set up in the administrative Ministries/Departments with a view to review the present

contract Management Manuals, suggest improvements and draw up standard documents/guidelines (Ref. No. 11024/1/94-PMD dated 26.1.97).

- (vi) The Ministry of Urban Affairs and Employment, D/o Rural Development in consultation with the various Ministries including Deptt. of Programme Implementation have suggested modifications/special provisions in the Land Acquisition Act of 1894 to reduce time for land acquisition and payment of equitable compensation to land owners/land losers. These provisions will help in reduction of number of land acquisition problems in future and thus cut down delays in implementation.
- (vii) A new policy on Resettlement and Rehabilitation of displaced persons and families arising out of compulsory acquisition of land has been framed by the D/o Rural Development in consultation with other Ministries. In future, this will help in the rehabilitation of displaced persons and thus reduce delay in implementation of projects.
- (viii) Regular review of major projects by the Committee of Secretaries and Prime Minister's office.
 - (ix) Organising coordination meetings with the Chief Secretaries of the State Govt. to resolve land acquition, law and order and forest clearance problems.
 - (x) Review of projects on exceptional basis by the Finance Minister and the Prime Minister.

1.16 The Committee are concerned to note that inspite of the claims made by the Ministry for devising methods for monitoring, and regular review of the projects, it has not been made possible to contain time and cost overruns of the projects which rather seems to have become a permanent feature. They, however, note that though their recommendations have been brought to the notice of all the concerned administrative Ministries/Departments and a number of remedial steps have been initiated including setting up of Empowered Committee, Task Force etc. and issue of other guidelines yet nothing has been mentioned in the action taken reply with regard to the impact that all these measures have made so far.

The Committee would, therefore, desire that a fresh report on the progress of the projects costing Rs. 100 crores and above be made available to them for the period ending March, 1999 within a period of one month. They also desire that the administrative Ministries may be asked to analyse the reasons for time and cost overruns and take preventive/remedial measures with a view to fixing responsibility.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2. Para No. 11)

The Committee do appreciate the work performed by NIC for providing NICNET support to large number of users from Central Government, State Governments, District Administrations and other Government bodies, but at the same time, they are distressed to note that NIC has been incurring additional expenditure continuously over and above BE/RE since 1994-95. The Committee agree that at times extra expenditure had to be incurred due to unforeseen reasons but when it becomes a regular feature, it could be reduced that estimates are made in a casual manner without foreseeing the actual/likely requirement. The Committee, therefore, desire that in future, Budget Estimates (BE) or Revised Estimates (RE) must reflect the actuals. They also desire that Grass Root Inputs Districts (GRID) Programme which has so far been made operational in two districts viz Mysore and Faridabad should also be extended to other districts of the country.

Reply of the Government

The Budget Estimates are formulated on the basis of total allocation made to NIC and prioritising requirements of various schemes and projects. Provision under this scheme mainly relates to providing of computer hardware and software and latest technological tools to a large number of users from Central Government, State Governments, District Administrations and other Government bodies. However, it has been observed that during the year, the computerisation activities had been increasing at a fast pace which needed additional funds to meet such increased requirements. The increased requirement could have been postponed to the next year by asking provision in that year. However, during RE stage, it was found that savings in the overall budget of Planning Commission can be identified to meet the above increased requirement and accordingly, it was possible to incur increased expenditure under this scheme.

NIC has now been making appropriate provision for the scheme as can be seen from the year 1997-98 and also 1998-99 to ensure that expenditure under the scheme is in accordance with the budget provision made at the budget stage.

NIC has formulated a proposal for extending NICNET to Tehsil/block level in other districts of the country and same is being included in the Annual Plan for 1999-2000.

[Ministry of Planning and Programme Implementation—Planning Commission F.No. 28/4/98-Parl. Dt. 4.12.1998]

Recommendation (Sl. No. 6, Para No. 18)

The Committee observe that there had been substantial underutilisation of budgetary provisions particularly during 1995-96 when out of an amount of Rs. 4 crore provided at the time of BE and RE; the actual amount spent was only to the tune of about Rs. 66 lakh. The grounds for non-utilisation of the amount as explained by the Planning Commission are non-completion of some of the works planned under the head 'Modernization of office system' during the financial year. The Committee fail to comprehend as to when the progress of the works was slow, why the amount could not be reduced at Revised Estimates (RE) stage? Again during the subsequent years, i.e., 1996-97 and 1997-98, the budgetary estimates were far in excess as compared to the actual amounts spent during these years. The Committee takes strong exception to such a casual approach on the part of the Planning Commission and desire that budgeting in future should be done in a more prudent manner.

Reply of Government

As already indicated in reply to the recommendations on subhead 'other charges' and 'Machinery and Equipment', Planning Commission accepts its lapse for under-utilisation of funds during 1995-96. However, due to more rigorous monitoring at the higher levels and better planning, utilisation of funds has improved considerably during subsequent years and actuals being more or less equal to RE. As already stated utilisation of funds under the scheme could have been much higher during 1997-98 but for diversion of funds of this scheme to NIC to meet their urgent requirements.

[Ministry of Planning and Programme Implementation—Planning Commission F.No. 28/4/98-Parl. Dt. 4.12.1998]

Recommendation (Sl. No. 7, Para No. 20)

Taking into account the constraints faced by agro-based units at present, the Committee desire that Planning Commission should take up the matter with Department of Agriculture and Cooperation under the Ministry of Agriculture for rehabilitation and modernisation of such units.

Reply of the Government

Action taken by the concerned Ministries/Departments in this regard is detailed below:

1. Department of Agriculture & Cooperation

Seventeen State Agro Industries Corporations (SAICs) were set up with the equity participation of the Government of India and the respective State Governments. The scheme of equity participation by Government of India in these SAICs was transferred to the State Sector w.e.f. 1.4.1979 on the recommendations of the National Development Council. The Central Government did not contribute further to the paid-up capital of SAICs. This Department has no other Scheme either for contribution in capital or for financial assistance as grants to be extended for Rehabilitation and Modernisation of Agro based Industries.

2. Ministry of Food Processing Industries

The Food Processing Industries have been delicensed and the farmers are free to set up food processing units. With a view to giving an impetus to the development of the food processing industries in the country, the Ministry has been taking various policy, developmental and promotional measures.

The Ministry has been operating several Plan Schemes for the growth, development and promotion of processed food industry. Under the plan schemes of the Ministry, financial assistance is made available to non-Government organisations, cooperatives, public sector undertakings and private sector industries. The thrust areas of plan assistance are as follows:

- (i) Establishment of post harvest infrastructure particularly cold chain facilities.
- (ii) Establishment of Food Processing Industries, Estates/Parks.
- (iii) Setting up/expansion and modernisation of Food Processing Industries.
- (vi) Research & Development and Quality Control.
- (v) Human Resource Development.

The assistance is provided in the form of soft loan or grant-in-aid and the quantum of assistance varies from scheme to scheme.

The Ministry of Food Processing Industries does not set up any food processing units directly in any State. The Government have been taking various policy measures for promoting domestic/foreign/NRI investment and providing fiscal reliefs in Excise and Customs etc. for the Processed Food Sector.

3. Ministry of Textiles

The Government of India has decided to launch a Cotton Technology Mission with four Mini Missions. The Ministry of Agriculture will be the nodal Ministry for Mini Missions I and II, while the Ministry of Textiles will be the nodal Ministry for Mini Missions III and IV.

The objectives of the Mission are to improve production, productivity and quality of cotton, extension of technology to farmers by an efficient delivery system, better marketing system for cotton and processing of cotton and by-products by improving/modernising the existing ginning and pressing factories. Under Mini Mission III it is expected to activate 25 dormant market yards, to improve 50 existing market yards and to set up 10 new market yards over a period of five years: Under Mini Mission IV, in a five year period, it is expected to upgrade 250 ginning and pressing factories @ 50 factories each year.

4. Department of Sugar & Edible Oils

The performance of sugar mills is closely linked to the variety and quality of the sugarcane available and its management. In order to provide support to the sugar mills for the development of sugarcane, Government has arrangements for providing loans at concessional rate of interest from the Sugar Development Fund (SDF). Loans are available for certain specified purposes, like setting up of heat treatment plant, rearing of nurseries, switching over to improved varieties, irrigation schemes, development of infrastructure facilities like feeder road or any other scheme or project as may be approved by the Central Government. An amount of Rs. 655.73 crores has been sanctioned for cane development over the period 1986-87 till 31.12.98, covering 607 projects.

In order to provide for modernisation/rehabilitation and upgradation of the sugar mills, provision exists for loans from the STF at a concessional rate of interest. In respect of mills which have been declared as sick by the Board of Industrial Finance and Reconstruction (BIFR) and for whom rehabilitation schemes have been approved by it, financial assistance from the STF is also provided if such assistance is ordered by the BIFR as part of the rehabilitation scheme. An amount of Rs. 909.01 crores has been sanctioned over the period 1985-86 to 31.12.98, covering 196 units for this purpose.

In order to encourage and support research aimed at the promotion and development of any aspect of sugar industry, the Central Government also provides grants-in-aid from the SDF. An amount of Rs. 33.20 crores has been sanctioned during the period 1998-99 to 31.12.98 covering 18 cases of research projects.

A Sugar Technology Mission has also been launched jointly by the Department of Science and Technology and this Ministry for upgradation of the sugar industry with a focus on reducing sugar losses, energy conservation, superior product quality, minimising pollution and value addition.

Further, with the aim of providing well-trained personnel for the sugar industry and development of human resources which are needed for the industry, there exists a National Sugar Institute at Kanpur operating under this Department, which provides trained manpower and technical advice to the sugar mills, when needed, in addition to

supervising the quality aspect of sugar. The Government has also set up a National Institute of Sugarcane and Sugar Technology at Mau, U.P. to provide post-graduate education in sugar-related fields.

[Ministry of Planning and Programme Implementation-Planning Commission F. No. 28/4/98-Parl. Dt. 17 March, 1999]

Recommendation (Sl. No. 8, Para No. 25)

The Committee do not approve of the manner in which Budget Estimates were prepared during the years 1995-96 and 1997-98 as in evident from the fact that these were reduced substantially at RE stage. The Committee emphasise that while preparing Budget Estimates, actual requirement should be kept in view.

Reply of the Government

The Department has taken a note of the observation made by the Hon'ble Standing Committee on Finance and utmost care will be taken while preparing the Budget Estimates for the next year, i.e. 1999-2000, and onwards.

Specific information on the funds under the Object Head 'Other Charges' has already been furnished to Lok Sabha Secretariat as desired by them and is also indicated in paragraphs 21 to 24 of the Report.

[Ministry of Planning and Programme Implementation (Department of Statistics) communication No. G-20017/1/98-B&F (Vol. II) dated 8.1.1999.]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 1, Para No. 7)

The Committee take serious note of the fact that despite the provisions made in the Budget during 1995-96 and 1996-97, no expenditure was incurred at all. The Ministry have not specified any grounds for not making use of the funds which were allocated. What surprises the Committee is the fact that the provisions were kept in the Budget even at the stage of Revised Estimates when no actual amount was spent. Evidently this speaks of lack of planning and foresight on the part of the Ministry. Even during 1997-98, the amount allocated resulted in underutilisation thereby blocking the funds unnecessarily where the same could have been meaningfully used on some other items. The Committee deplore the casual attitude of the Ministry and desire that in future at least the Budget Estimates should be made after having taken into account all the relevant factors, so that variations between the estimates and the actuals could be minimised.

Reply of the Government

Planning Commission accepts the lapse in the year 1995-96. It had noted the same and taken remedial steps as a result of which only a token amount of Rs. 1 lakh was kept under the head "other charges" for the year 1996-97. During 1997-98, a substantial amount was spent due to better planning though; it was still short of budget allocation.

[Ministry of Planning and Programme Implementation-Planning Commission F. No. 28/4/98-Parl. dt. 4 Dec., 1998]

Recommendation (Sl. No. 4, Para No. 15)

The Committee note that there has been underutilisation of funds since 1994-95 and particularly during 1995-96, there has been substantial

underutilisation. The Committee take serious note of the fact that no reasons have been advanced by the Planning Commission in this regard. However, underutilisation during the year 1995-96 has been explained on the ground that certain works which had planned to be taken up during the year could not be started or completed during the financial year due to various factors including late/non-submission of detailed estimates by the CPWD. The Committee are not inclined to accept such a vague reply from the Ministry. They fail to comprehend as to why again during the succeeding year, i.e., 1996-97 a budgetary provision to the tune of Rs. one crore 60 lakh was kept which had to be later on substantially reduced at the Revised Estimates stage.

Recommendation (Sl. No. 5, Para No. 16)

The Committee are of the view that underutilisation has mainly taken place due to the very fact that the authorities did not properly conduct appraisal of the activities which could have been taken up during the year. They desire that detailed reasons for underutilisation over successive years together with the efforts made by the Planning Commission for ensuring timely completion of works may be furnished to the Committee without further delay.

Reply of the Government

Planning Commission accepts lapse on its part for gross underutilisation of funds under the head 'Machinery & Equipment' during 1995-96. However, in the later years, Planning Commission had taken appropriate remedial steps at RE level. During 1996-97 and 1997-98 the actuals under this head more or less match with the RE. In fact, during 1997-98, the expenditure could have been much more but for reappropriation scheme to NIC as their requirement was more urgent.

[Ministry of Planning and Programme Implementation-Planning Commission F. No. 28/4/98-Parl. dt. 4 Dec., 1998]

Recommendation (Sl. Nos. 9, 10, 11, Para Nos. 36-38)

36. The Committee express grave concern over the fact that latest statistical data is not available on important sectors of the economy and the data which has so far been made available by the Deptt. of Statistics relates to the year 1994-95. The Secretary, Deptt. of Statistics,

was candid enough to admit that due to lack of coordination between the Central Government, the State Governments and between different Departments and Ministries of the Union Government and also due to taking recourse to different definitions/concepts, there was a huge variation in the data compiled by the Central Government as well as the State Governments.

- 37. The Committee are of the view that since correct statistics is not only vitally important in the planning process but also for monitoring of the various governmental schemes and for taking proper timely corrective action, this area needs to be addressed on top priority.
- 38. The Committee takes serious note of the fact that the Deptt. is lagging far behind in the use of modern information technology as a result of which not only there is time lag in producing the data but the quality is also equally poor. The Committee, therefore, desire that proposal for setting up an independent Statistical Authority of India for which reportedly, the Cabinet note is ready with the Deptt. should also be taken up in the right earnest. They also desire that the existing vacancies both at the level of officers as well as field level investigators should be filled up expeditiously.

Reply of the Government

The Department of Statistics has taken note of the observations made by the Hon'ble Standing Committee on Finance in paragraphs 36, 37 and 38 above.

Dissemination Policy: A national policy on dissemination of statistical data has been approved by the Government. The elements of policy contain details like pricing of data, nodal agency for dissemination of official statistics, and other aspects like confidentiality, unit level of data, etc. The policy has been communicated to the Ministries/Departments.

During the year, Department made concerted efforts to bring out timely release of all its publications. As a result of this, it has been possible to make available the statistical data through our publications, viz., Monthly Abstract of Statistics; Sarvekshana; Statistical Abstract, 1997; National Accounts Statistics. Besides, the Department has also brought out many specialised publications, namely, "Indian Population—Salient Facts/Figures"; "Selected Socio Economic Statistics"; "Youth in India—Profile and Programmes', etc. During the current

year. In view of the fact that the backlog has been minimised, it would be possible for the Department to adhere to the specific time schedules henceforth.

Statistics Authority of India: The Department of Statistics has proposed for creation of 'Statistical Authority of India', under an Act. The then P.M., in his capacity as Minister-in-charge of Department of Statistics, had approved, in principle, the proposal and authorised Secretary (Statistics) to bring up the matter before the Cabinet. Accordingly, a draft note for Cabinet was prepared and sent to all the concerned Ministries/Departments for their comments and suggestions. Meanwhile, Cabinet Secretariat directed that the note along with the comments/suggestions of various Departments be submitted to the Cabinet Secretariat for placing before the Committee of Secretaries. The matter was discussed in a meeting of the Committee of Secretaries on 30.9.98. The Committee of Secretaries, inter alia, decided to have another meeting to elicit a broader spectrum of opinion on the issue. The second meeting of Committee of Secretaries is yet to be fixed by the Cabinet Secretariat.

Modernisation of Statistical System in India: The Department of Statistics is in the process of developing a Modernisation Project. It is envisaged as a technical cooperation programme centered around a general upgrading of technical and professional skills with a corresponding improvement in the utilisation of physical equipments in terms of hardware, software, communication network, etc. In this endeavour, an User-Producer Workshop on the Data Gaps in the System and to invite suggestions for improvement in the present statistical system was organised in September 1998. The proceedings of the Workshop provide for major and vital inputs to the final Concept Document for the Modernisation Project.

The Department has also accelerated its efforts for filling up of vacancies and in the recent past a number of vacancies both at the level of officers/field staff have been filled. Action to fill up the remaining vacancies is also being given utmost priority.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 3, Para No. 13)

The Committee are constrained to find that the actual amount spent since 1995-96 has always exceeded far above the Budget Estimates and Revised Estimates. The Committee are not inclined to accept the explanation advanced by the Ministry in support of the grounds given for such overutilisation. None of the reasons adduced by the Ministry which necessitated unforeseen expenditure are such which could not have been foreseen in advance. Even when expenditure had far exceeded the BE and RE during 1995-96, no adequate provision was made at the stage of Budget Estimates for the succeeding years. This shows faulty budgetary planning on the part of the Ministry which had resulted in reappropriation of the amount from savings under other Budget heads. The Committee, therefore, desire that the budgetary exercise should be undertaken with due seriousness so that the estimates are made more realistically. As far as possible, reappropriations should be avoided.

Reply of the Government

The observation of the Hon'ble Committee to prepare estimates more realistically is noted. As already indicated to the Committee, the expenditure during the year 1995-96, 1996-97 increased over the budget estimates due to special urgent requirements. During the year 1997-98, expenditure increase is 1% which is negligible. NIC has already made appropriate provision for the year 1998-99. However, actual expenditure can sometime vary due to many factors such as changes in dollar rate, Government duty etc. Computer technology changes at a fast speed. Therefore, sometimes special requirements of projects have to be met. Such requirement have to be met through reappropriation as per Government provisions.

[Ministry of Planning and Programme Implementation-Planning Commission F. No. 28/4/98-Parl. dt. 4 Dec., 1998]

Recommendation (Sl. No. 12, Para No. 45)

The committee Find that the Scheme known as Member of Parliament Local Area Development Scheme (MPLADS) was introduced in the year 1993 and comprehensive guidelines were revised in February, 1997 with a view to streamlining the implementation of MPLAD Scheme. The guidelines have also outlined in detail the monitoring arrangements which are required to be followed at various levels for effective implementation of the works taken under the Scheme. The Committee, however, are pained to find that despite all the guidelines that have been issued for implementation as well as monitoring of the Scheme much still remains to be done. The Secretary, Ministry of Programme Implementation was candid enough to admit that there have been frequent delays in the timely release of the funds due to lack of coordination between the Ministry and the District Authorities. Under the Scheme, the District Heads are required to communicate information on the progress of works under the Scheme on the internet; field inspections are required to be undertaken by the officers at the District level in close coordination with the Members of Parliament; monitoring reports are to be submitted by the District Officers to the concerned MPs once in two months and a Commissioner level officer at the Headquarters is supposed to conduct an Annual Meeting involving the Heads of the Districts and the MPs to assess the progress of work under the Scheme.

All these guidelines have, however, hardly been implemented. The Committee desire that monitoring as well as the implementation of the Scheme require the urgent attention of the Ministry with a view to ensuring expeditious implementation of the various guidelines already specified under the Scheme. It should particularly be ensured that the funds earmarked are released in time and projects are sanctioned within the stipulated time period. They would also desire that a sample survey which is proposed to be undertaken by the Ministry of Planning & Programme Implementation for finding out the efficacy of the Scheme should be undertaken without any further delay.

Reply of Government

The Department of Programme Implementation is making all possible efforts to ensure proper monitoring of the Scheme as well as timely release of funds. As per the guidelines funds are required to be

released twice a year keeping in view the physical and financial progress of implementation of works. Accordingly, funds for the year 1997-98 as well as 1998-99 have been released to those MPs whose unsanctioned balance (i.e. balance left after sanctioning of the works recommended by the MPs) was less than Rs. 50.00 lakhs. For assessing the eligibility of the MPs expenditure statements in the proforma prescribed by the department are required to be furnished periodically by the District Collectors in respect of the concerned MPs. Based on these reports first and second instalments of Rs. 50.00 lakhs for the year 1997-98 each were releaved to 675 and 292 MPs respectively. For the remaining MPs money could not released during the financial year 1997-98 as they were either having an unsanctioned balance more than Rs. 50.00 lakhs or the requisite expenditure statement in respect of them were not received, despite reminders sent from time to time to the concerned authorities. There has been marked improvement in receipt of requisite expenditure statement from the concerned district during this financial year. The MPs eligible for 1st/2nd instalment of 1997-98 are being given the funds from the budget provision of current financial year. So far, the 1st and 2nd instalment of 1997-98 have been released to 716 and 487 MPs respectively. The 1st instalment of 1998-99 has also been released to 242 MPs as per the said criteria.

As regards proper monitoring of implementation of MPLADS the revised guidelines specify the nature of monitoring and inspection of MPLADS works required to be undertaken by the officers at the distt., sub-division and block levels. The guidelines also stipulate the requirement of annual meeting to be conducted by Senior Commissioner level officer at State Head Quarters involving the heads of the districts and MPs to assess the progress of work and other Schemes. Reports of some such review meetings held by the Senior Officers have been received from some States. The recommendations of the Committee have been brought to the notice of all the Chief Secretaries/Administrators of States/UTs with request to ensure strict compliance.

To strengthen monitoring of the scheme at centre monitoring format has been designed in consultation with NIC. These have been sent to 38 pilots districts across the country for testing.

Regarding the sample survey of the scheme the Ministry of Finance/Planning Commission are being approached for sanction of requisite funds for getting the sample survey carried out.

The recommendation/observation of the Standing Committee on Finance have been brought to the notice of all the Chief Secretaries of State/UTs with the request to issue necessary instructions to Commissioners/Collectors for necessary action.

[Department of Programme Implementation Communication No. 20011/1/97 Adm. Dated November 16, 1998]

Recommendation (Sl. No. 13, Para No. 48)

The Committee strongly express their unhappiness over the fact that despite repeated recommendations made for minimizing cost and time overruns in the implementation of projects, no concrete steps seem to have been taken in this regard and the projects continue to run behind the schedule with heavy cost overruns. Contrary to the earlier recommendation of the Committee which had specifically desired that no new projects should be taken up without having completed the ongoing projects, new projects continue to be sanctioned even without ensuring availability of funds.

Reply of Government

The recommendations of the Standing Committee on Finance (Eleventh Lok Sabha) for minimizing the cost and time overrun in the implementation of projects were brought to the notice of all concerned administrative Ministries/Departments for compliance (reference no. M11011/1-25/97-PMD dated 29.9.97). The various administrative and other measures which have been taken/initiated by the Government to cutdown delays in implementation, approval of projects and ensuring availability of adequate funds include:—

- (i) Issue of additional guidelines in respect of Expenditure Finance Committee/Public Investment Board procedures and delegation of financial powers (reference no. 1(5)PF.II/96 dated 6.8.97 issued by M/o Finance). This order gives the details of increased financial powers for approval of projects. This will reduce the delays in implementation.
- (ii) A system of yearly upgradation of cost has been introduced to plan funds requirement of ongoing projects (reference no. M12016/5/97-PMD dated 12.1.98 issued by the Planning Commission).

- (iii) The project Appraisal Division of the Planning Commission has issued revised procedures for project appraisal of public sector projects by the Planning Commission within a time frame of 4 weeks (reference no. C. 30019/15/97 dated 8.11.97).
- (iv) Empowered Committees have been in each Ministry implementing projects departmentally to resolve contract and other implementation problems. The revised guidelines have been issued by Department of Programme Implementation on 28.4.98 (Ref. No. 13013/2/97-PMD). The guidelines also provides for long term appointment on Nodal Officer (Chief Executive) fully responsible for timely implementation of a projects/programmes costing Rs. 50 crores and above.
- (v) Task Forces have been setup in the administrative Ministries/ Departments with a view to review the present contract Management Manuals, suggest improvements and drawup standard documents/guidelines (Ref. No. 11024/1/94-PMD dated 26.1.97).
- (vi) The M/o Urban Affairs and Employment, D/o Rural Development in consultation with the various Ministries including Department of Programme Implementation have suggested modifications/special provisions in the Land Acquisition Act of 1894 to reduce time for land acquisition and payment of equitable compensation to land owners/land losers. These provisions will help in reduction of number of land acquisition problems in future and thus cut down delays in implementation.
- (vii) A new policy on Resettlement and Rehabilitation of displaced persons and families arising out of compulsory acquisition of land has been framed by the D/o Rural Development in consultation with other Ministries. In future this will help in the rehabilitation of displaced persons and thus reduce delay in implementation of projects.
- (viii) Regular review of major projects by the Committee of Secretaries and Prime Minister's Office.
 - (ix) Organizing coordination meetings with the Chief Secretaries of the State Govt. To resolve land acquisition, law and order and forest clearance problems.

(x) Review of projects on exceptional basis by the Finance Minister and the Prime Minister.

[Department of Programme Implementation Communication No. 20011/1/97 Adm. Dated November 16, 1998]

Recommendation (Sl. No. 14, Para No. 49)

The Committee, therefore, once again strongly reiterate that the Department of Programme Implementation should vigorously persue the matter with the respective Ministries/Deptts. and pursuade them to strictly adhere to the stipulated time schedule so that the cost overruns could be avoided.

Reply of the Government

The Department of Programme Implementation has taken up the matter with the concerned Ministries, Administrative Ministries/ Departments and urged them to take follow up remedial measures in the light of the recommendations of the Committee for completion of projects within the stipulated time schedule so that the cost overruns could be avoided (reference No. M. 11011/1-30/98-PMD, dated 7.8.98)

[Department of Programme Implementation Communication No. 20011/1/97 Adm. Dated November 16, 1998]

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

-NIL-

New Delhi; 15 April, 1999 25 Chaitra, 1921 (Saka) MURLI DEORA, Chairman, Standing Committee on Finance.

APPENDIX I

MINUTES OF THE THIRTY-SIXTH SITTING OF THE STANDING COMMITTEE ON FINANCE

The Committee sat on Friday, 9 April, 1999 from 1530 hours to 1600 hours.

PRESENT

Shri Murli Deora — Chairman

Members

Lok Sabha

- 2. Shri Dhirendra Agarwal
- 3. Shri Chetan Chauhan
- 4. Shri Bhagwan Shankar Rawat
- 5. Shri Kavuru Sambasiva Rao
- 6. Shri Sandipan Bhagwan Thorat
- 7. Shri R.L Jalappa
- 8. Shri Magunta Sreenivasulu Reddy
- 9. Shri Varkala Radhakrishnan
- 10. Shri M. Sahabuddin

Rajya Sabha

- 11. Dr. Manmohan Singh
- 12. Shri N.K.P. Salve
- 13. Shri M. Rajsekara Murthy
- 14. Dr. Biplab Dasgupta
- 15. Shri C. Ramachandraiah
- 16. Shri Prem Chand Gupta
- 17. Shri R.K. Kumar
- 18. Shri Gurudas Das Gupta
- 19. Shri Suresh A. Keswani

SECRETARIAT

1. Dr. (Smt.) P.K. Sandhu — Director

2. Shri S.B. Arora — Under Secretary

3. Shri N.S. Hooda — Assistant Director

- 2. The Committee resumed the meeting at 1530 hours.
- 3. The Committee took up for consideration the following draft Reports:
 - (i) Action Taken Report on the recommendations contained in the Second Report on the Demands for Grants (1998-99) of Ministry of Planning and Programme Implementation

(ii)	**	**	**	**
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(iii)	**	**	**	**
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(iv)	**	**	**	**
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(v)	**	**	++	++
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4. The Committee after deliberations considered and adopted the above mentioned reports without any modification/amendments. The Committee thereafter authorised the Chairman to present the Reports to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX II

Analysis of the action taken by Government on the recommendations contained in the Second Report of the Standing Committee on Finance (Twelfth Lok Sabha) on the Demands for Grants (1998-99) of the Ministry of Planning and Programme Implementation

		Total	% of Total
(i)	Total number of recommendations	14	
(ii)	Recommendations/Observations that have been accepted by the Government. (Vide Rec. at Sl. Nos. 2, 6, 7 and 8).	4	28.5
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply. (Vide Rec. 1, 4, 5, 9, 10 and 11).	6	42.8
(iv)	Recommendations/Observations in respect of which the Government's reply have not been accepted by the Committee. (Vide Rec. at Sl. No. 3, 12, 13 and 14).	4	28.5
(v)	Recommendation/Observation in respect of which final reply of the Government is still awaited. (NIL)	-	