

TWELFTH REPORT
STANDING COMMITTEE ON FINANCE
(1995-96)

(TENTH LOK SABHA)

MINISTRY OF PLANNING & PROGRAMME IMPLEMENTATION
DEMANDS FOR GRANTS (1994-95)

Action taken on 6th Report (Tenth Lok Sabha)

Presented to Lok Sabha on..... 8 MAY 1996
Laid in Rajya Sabha on.....



LOK SABHA SECRETARIAT
NEW DELHI

April, 1995/Chaitra, 1916 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON FINANCE
(1995-96)

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3. Shri Satish Loomba — *Deputy Secretary*
4. Shri T.K. Mukherjee — *Assistant Director*

INTRODUCTION

1. the Chairman of the Standing Committee on Finance having been authorised by the Committee to submit the Report on its behalf present this Twelfth Report on action taken by the Government on the recommendations/observations contained in its Sixth report on the Demands for Grants (1994-95) of the Ministry of Planning & Programme Implementation.

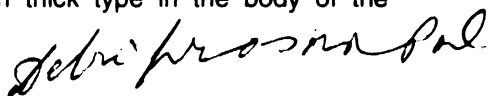
2. The Sixth Report was presented to Parliament on 22 April, 1994. The Government furnished their replies indicating action taken on the recommendations/observations contained in that Report in December, 1994 and January, 1995.

3. The Committee considered and adopted the draft Report at their sitting held on 19 April, 1995.

4. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI,
20 April, 1995

30 Chaitra, 1916 (Saka)



DR. DEBIPROSAD PAL,
Chairman,

Standing Committee on Finance.

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CHAPTER I

REPORT

The Report of the Committee deals with the action taken by the Government on the recommendations contained in the Sixth Report (Tenth Lok Sabha) of the Standing Committee on Finance on the Demands for Grants (1994-95) of the Ministry of Planning & Programme Implementation which was presented to Lok Sabha on 22 April, 1994.

2. Action Taken notes have been received from the Government in respect of all the 11 recommendations contained in the Report. These have been categorised as follows:-

- (i) Recommendations/observations that have been accepted by the Government - Sl. Nos. 6. (para 1, 21), 8 (para 2.7), 9 (para 2.8)
(Chapter II-Total-3)
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government replies Sl. Nos. 7 (para 2.6), 11 (para 3.6). (Chapter III-Total-2)
- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee- Sl. Nos. 10 (para 3.3.) (Chapter V-Total-1)
- (iv) Recommendations/observations in respect of which final replies of the Government are still awaited: Sl. Nos. 1 (para 1.6), 2 (para 1.10), 3 (para 1.11), 4 (para 1.13), 5 (para 1.16)
(Chapter V-Total-5)

3. The Committee desires that the final replies in respect of the recommendations for which only interim replies have been given by the Government, should be furnished to the Committee expeditiously.

4. The Committee will now deal with the action taken by the Government on some of its recommendations.

Demand No. 67 Deptt. of Programme Implementation

Recommendation - Sl. No. 10, Para 3.3

5. The Committee had noted with concern that out of 367 projects costing Rs. 134629.45 crores, presently, on the DPI's monitor, the cost escalation in around 189 projects had been over 100 per cent i.e. from 46518.5 crores to Rs. 95.381 crores. It seemed that though the Deptt.

had been preparing a number of Reports on the implementation of various projects like Quarterly Reports, Monthly Flash Reports and Exception Report etc., these has failed to check cost and time over-runs. The Committee, therefore, had recommended that some sort of accountability at the level of formulation and at the level of implementation of various projects should be introduced immediately. The cost and time factors of various projects should be re-evaluated after the formalities regarding acquisition of land and environmental clearance etc. were obtained for the projects so as to get a final and realistic picture of the costs and benefits that were likely to accrue from the project. The Committee had further recommended that the Planning Commission should also ensured that the cost of projects was not under-estimated at the time of their clearance.

6. In their reply, the Govt. have stated that the Prime Minister had reviewed the implementation status of Central Sector Projects for the period April - September 1993. He had expressed concern at the in-ordinate delays in implementation and desired specific suggestions to cut delays. The Prime Minister constituted a Group of Ministers (GOM) to suggest specific measures to cut delays on account of various factors. The Group after considering in detail the various factors of delay and options for better implementation submitted its report to the Prime Minister.

7. Based on the report of the GOM, a Note for Cabinet Committee on Economic Affairs was being prepared for the consideration of the recommendations of the Group of Ministers. The Note after obtaining the comments of the concerned Ministries, would be submitted to the CCEA for consideration. A separate Note on the problems of land acquisition had been prepared for discussion by the Cabinet Secretary with concerned State Chief Secretaries for early resolution and system improvements.

8. The Planning Commission in their reply had stated that instructions had already been issued by the Ministry of Finance to various Ministries to review their costs and come back with revised estimates for approval as soon as it was observed that the cost was likely to exceed what was originally approved. Further, powers had been delegated to the Ministries to revise the costs in consultation with the Planning Commission if the cost increases were within 5% of the sanctioned cost, after excluding increase due to foreign exchange rate fluctuations, price increase based on index and statutory duty changes within the original approved project time cycle.

9. During the appraisal of the projects, all efforts were made to examine the project cost estimates and to ensure that these were not

under-estimated. However, the responsibility for the cost information supplied rests with the respective Ministries and project authorities.

10. The Committee views with concern that despite the possible remedial measures suggested for resolving the major problems and for expeditious implementation of projects by the Deptt. of Programme Implementation, no concrete action has been taken by the concerned Ministries/Deptts. for their implementation, as a result of which a large number of projects led to time overrun and consequently cost escalation. The Committee, therefore, endorses the suggestion made by the Deptt. of Programme Implementation that there is a need for adoption of some kind of moratorium to restrict the approval of new projects to avoid thin dispersal of limited resources over a large number of projects. This would help in clearing the backlog of various projects languishing for want of funds. At the same time, the Committee would also like to emphasise the need for prioritisation so that the projects nearing completion or those strategically important for reasons of inter-sectoral and other linkages are adequately and timely funded. The Committee expects that the Planning Commission should take note of the above factors at the time of formulation of plan proposals and approval of new projects.

11. The Committee learnt with regret that the investment decision rules which prescribe action against defaulters, not only against contractors and suppliers but also against those responsible for implementation, if held responsible, for time and cost overrun, are not implemented. The Committee is, therefore, of the view that without accountability at the level of formulation and implementation of various projects, cost and time overrun cannot be avoided. The Committee would, therefore like to reiterate their earlier recommendation that accountability at the level of formulation and implementation of various projects should be introduced immediately so as to bring in improvement in the project implementation scenario.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation

The Committee are happy to learn that National Informatics Centre have adopted computerisation in pilot districts so as to help in dissemination of information. NIC with all the necessary infrastructure is expected to facilitate the various programmes of the Government. Computerisation and use of advance technology at the district level will help in better monitoring of the rural development programmes and computers should be used to make decisions and solve problems in the districts. The Committee are not fully satisfied by the explanation given by the Ministry that almost all districts have been covered and during 1994-95 only few districts remain to be covered and thus the provision have been decreased for 1994-95. The Committee are of the view that there is an under-utilization of the infrastructure in many district centres set up with the help of NIC and a lot more has to be done in the districts to improve thier actual functioning. The Committee hoped that Rs. 4.00 Crores earmarked under Sub-Head "A.A (1) (1) (1)" would be effectively utilized. The Committee recommend that steps should be taken for instantaneous transmission of data from the field officers to the Computer Centre so that the policy makers may know what is happening to the projects under implementation. The district centres should maintain data regarding land use/land records with the help of computerisation. The basic objective of the National Informatics Centre should be to reduce the time lag and improve the quality of data.

[Sl. No. 6 - Para 1.21]

Action Taken

NIC has been set up by the Government of India to provide computer based MIS support to Central Government Departments, State Government Departments and District Administrations in the country. For this purpose, NIC has set up Computer Cells in the Central Government Departments, NIC State Centres in the State Government Secretariate and NIC District Computer Centres in the District Administrations. The Satellite Based Computer-Communication Network called NICNET of NIC, facilitates instantaneous flow of information among Central and State Government Departments and District Administrations relating to various Government Programmes.

NIC has undertaken the Computerisation at District Level in the area of Micro-Level Planning, Plan Scheme Monitoring and various Administrative Reports Transmission from District to State Level and from State Government Departments to Central Government Departments. In order to facilitate Development Planning and respective Administrative Reports in Districts, NIC has initiated Database Development Programme called DISNIC Programme to develop Databases in 28 Sectors such as Industry, Agriculture, Irrigation, Cooperative, Education, Micro-Level Planning etc. at Village Level. Implementation of this Programme has been successful in many of the States. As suggested by the Planning Commission, development of Village Database to facilitate Micro-Level Planning in full swing in many States and use of this Data for Micro-Level Planning has been undertaken in many districts. NIC District Centres have been involved in Village Level Data having comprehensive details about social, economic, agro-economic infrastructure details, demographic and natural resources.

NIC District Centres have been involved in Land Records Information in pilot districts as a pilot project by Government of India. Based on the implementation of this pilot project, NIC and Ministry of Rural Development have worked out the extension of these projects to cover all the districts at a cost of Rs. 96 Crores. NIC will provide necessary infrastructure and technical consultancy for the project while Ministry of Rural Development will coordinate the Data Entry and Updation. Necessary Software has already been developed. The computerised system has been designed to provide information on Land Use.

The implementation of various DISNIC Packages in the districts enable the District Administrations in quick availability of information for decision making and solving various problems in the Districts.

As regards Committee's Comments, that it is not fully satisfied by explanation given by the Ministry that almost all the districts have been covered and during 1994-95, only few districts remain to be covered and thus the provision have been decreased for 1994-95, it is clarified that large provision had been made in the past under the Budget Head "National Informatics Programme NICNET and New Districts", when a number of districts were being set up and Computer and Computer-Communication Hardware was to be provided to them. Now that only a few districts, mainly new districts set up by the State Governments, are being set up, the provision made during 1994-95 relates to these few districts only and, therefore, reduced provision has been made as per the actual requirement.

Regarding utilization of the computer system in many districts, it is indicated that NIC has developed 28 Sectoral Software Programme for implementation by the District Administrations depending upon their requirement and priority. The implementation of these data bases has been helping the various District Administrations in quick decision making and planning. To promote the use of computer, NIC has been organizing training courses for the Offices located in the districts on regular basis. It is also conducting a number of workshops to create awareness among the staff and Officers in the use of computerized systems. There are NIC-District Coordination Committees under the Chairmanship of District Collector and NIC State Coordination Committees under the Chairmanship of Chief Secretary/Secretary (Planning) for planning and development of database/MIS, monitoring and evaluation of computerization activities. With the various steps taken by NIC, use of computer systems is increasing gradually as can be seen from the fact that NICNET is regularly used to transmit data from district level to State Capital in respect of (i) Essential Civil Supply commodities Price Daily; (ii) 139 Commodities Prices and Reports on Public Distribution System (PDS) for Civil Supplies Department Weekly; (iii) Daily and Weekly Price Data of Selected Commodities, Fortnightly Rainfall Reports with Daily Data on all Rain Gauge Stations, and Monthly Crop Statistics from all the districts for the Department of Statistics; (iv) Monthly Data on Small Savings, and Performance Reports of DICs; (v) DCB Reports for the Board of Revenue; (vi) Monthly Data on Universal Immunization Programme; and (vii) Natural Calamities Relief Works and Management.

The provision made under the Budget Head "A.A. 1 (1) (1) (11)-NICNET Based Land Records Information System" will be fully used in providing necessary Computer Hardware and Software to the selected districts.

Regarding instantaneous transmission of data from the field officers to the Computer Centre, NIC has already initiated the programme of Grass Root Input to Districts (GRID), which involves providing of Computer-Based Support at block level. Necessary Communication Facilities for feeding the data from the Block Level to the District Centres is already under development in the pilot districts of Haryana.

The advice given by the Committee will be fully implemented for further enhancing the utilization of NICNET.

(Ministry of Planning and Programme Implementation Planning Commission, F-28/1/94-Parl.)

Recommendation

The Committee deeply regret that the Department of Statistics have shown under-utilisation of Budget allocation by NSSO and CSO for similar reasons as stated above during 1993-94 also. The Committee are also unable to understand that inspite of under-spending by NSSO in 1993-94, a higher Budget allocation equal to Rs. 533.02 lakh has been earmarked for NSSO in 1994-95. In the view of the Committee, the position stated above indicates lack of Financial Prudence on the part of Department of Statistics. The Committee learn that NSSO, Calcutta was ready to spend Rs. 95 lakhs for installing Computers while only Rs.19 Lakhs were provided to them for the current year on the plea that the rest of the amount will be given during the rest of the plan period. In the above context under utilisation does not seem to be fully justified by the Department of Statistics.

(Sl. No. 8-para 2.7)

Action taken

There is a plan scheme of Data Processing Division of NSSO "Upgradation of existing micro processor system for accelerating data processing" with Eight Plan outlay of Rs. 495 lakhs. The scheme provides for the replacement of existing computer system in the data processing centres at Calcutta, Nagpur, Giridih and New Delhi. Last year, it was decided to replace the computer system in phases. In first phase, replacement of computer system in Calcutta costing Rs. 19.00 lakhs was approved during 1993-94.

It has now been decided to implement the entire scheme during 1994-95 and replace the computer system in one-go involving the cost of Rs. 158.00 lakhs. The scheme has been approved by the Standing Committee for implementation during 1994-95.

(Ministry of Planning & Programme Implementation, Department of Statistics O.M. No. G. 20017/1/94-B&F)

Recommendation

The Committee observe that under utilisation of budgetary allocation by the Department of Statistics has been sought to be justified on account of 10% cut of the posts at various levels by Department of Expenditure and the staffing component in Statistics Department for the last 2-3 years. The Committee are at a loss to understand as to why the budgetary allocations provided to Department of Statistics could not

be effectively utilised by introducing new schemes and studies/allocation of data by the Department. The 1994-95 Demands for Grants of the Department have depicted under utilisation of funds in 1993-94 amounting to more than 200 lakhs under the sub-heads-NSSO and CSO. The Committee recommend that the position of spending under NSSO and CSO planned schmes should be looked into and monitored on a continuous basis. The steps taken in this regard may be furnished to the Committee expeditiously.

[Sl. No. 9 - Para 2.8]

Action Taken

Observations of the Committee regarding under utilisation of Budgetary allocation have been noted by the Department for future compliance. In accordance with the recommendation of the Committee, position of spending under NSSO and CSO in plan schemes is being monitored on a continuous basis. On 19th, 21st, 26th and 27th September, 1994 meetings were held under the Chairmanship of Secretary with the heads of respective Divisions to review the implementation of plan schemes. During the year 1994-95, 14 plan schemes have been approved for implementation. Of these 5 schemes were considered and approved by the Standing Committee on plan schemes. Remaining schemes are being processed for approval/implementation.

It may, however not be possible for the Department to utilise the entire allocation of Rs. 17.26 crores in BE 1994-95.

Department is however trying to achieve optimal utilisation of its existing resources by rationalisation of work etc. Objectives envisaged under various plan schemes are proposed to be achieved at a reduced cost. Therefore, a reduced provision of Rs. 11.47 crores has been proposed in RE 1994-95 (Plan).

[Ministry of Planning and Programme Implementation, Department of Statistics O.M. No. G-20017/1/94-B&F]

CHAPTER III

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

Recommendation

The Committee had observed in their Second Report (1993-94) that Budget allocation for NSSO and CSO during the year 1992-93 remained under-utilised to a considerable extent. Under the head NSSO, an amount equivalent to Rs. 3.38 crores remained unutilised in 1992-93. The Committee had also noted that out of the total plan allocation for CSO for the year 1992-93, only 61% was spent and about 39% of the allocation remained unutilised. The Department of Statistics explained to the Committee, in their action taken reply, that the progress of implementation of the schemes was slow mainly due to the following reasons :-

- (i) 1992-93 was the first year of the 8th Plan. Some schemes were required to be considered by the internal Standing Finance Committee/Expenditure Finance Committee as per the Govt. instructions.
- (ii) Most of the schemes required prior approval of the Ministry of Finance as the staffing component was more than 10% of the outlay for the scheme.
- (iii) In January/February, 1992, instructions were received from the Department of Expenditure and Cabinet Secretary to abolish at least 10% of the posts at various levels. Deptt. of Expenditure was, therefore, insisting that unless the target of 10% cut in existing posts is met, no proposal for upgradation/creation of posts will be generally considered.

[Sl. No. 7 - Para. 2.6]

Action taken

Factual observations.

No Comments.

[Ministry of Planning & Programme Implementation, Department of Statistics O.M. No. G. 20017/1/94-B&F]

Recommendations

The Committee note with concern that inspite of monitoring by the Department of Programme Implementation, much is left to be desired in the implementation of various schemes like Integrated Rural Development Programme. The Committee, therefore, recommend that maximum emphasis should be laid on the development of rural areas under the 20 Point Programme and both Centred/States should share their responsibility so as to ensure that their respective parts of Central Assistance/grants are provided in time. The Committee further recommend that the results of the Monitoring Committee which monitors as to how much money has been spent and the progress made should be discussed with the concerned Chief Ministers to impress upon them that achievement of physical targets should match the request for additional funds for rural development. The Committee also recommend that proper evaluation of the various programmes under IRDP should be undertaken to ensure that the schemes are working properly. Such reports should be placed in the Parliament at regular intervals.

[Sl. No. 11 - Para 3.6]

Action Taken

The Twenty Point Programme is a package of schemes aiming at poverty alleviation with special emphasis on the rural sector. The achievements of the implementing agencies are monitored by this Department as well as by the concerned Ministry/Department of Government of India.

The flow of financial assistance to the States/Union Territories is normally commensurate with the targets fixed by the concerned Ministries/Departments.

So far as the monitoring of IRDP is concerned, both Department of Programme Implementation and Ministry of Rural Development monitor its progress.

Information in this matter has been obtained from the Ministry of Rural Development. As per the information obtained, they have evolved a very detailed system of monitoring of IRDP and all other rural development programmes. This is based on a system of 7 types of monitoring which include :

1. Periodic Progress Reports
 - (a) Monthly key indicator sheets;
 - (b) Six-monthly comprehensive progress reports with emphasis on quality and social targets as prescribed in the respective guidelines and manuals of the programmes/schemes.

2. Release Procedures
 - (a) Matching grants from States;
 - (b) **Utilisation Reports:**
Minimum expenditure insisted upon;
 - (c) Reconciliation Statements;
 - (d) **Adulit Reports:**
All these are required before 2nd and subsequent instalments are released

3. Intensive Inspections

At State Level;

By Commissioners, Collectors, Senior officers of implementing agencies, etc.

At Central Level;

Area Officers Scheme

4. Reviews & Monitoring by Committees, Group of Officers. Secretaries, Commissioners, etc.

At State Level:
SCLCS/other Standing Committees to oversee action plans, implementation problems, etc.;

At Central Level:
Sanctioning, Screening, Standing Committees, etc.

5. Meetings at Delhi of Secretaries, Commissioners, Chief Engineers, Project Directors to review progress and secure feedback.
6. Concurrent Evaluation Reports.
7. Standing Committees/Consultative Committees of the Parliament.

It would, therefore, be seen that they are taking all possible steps to ensure that the funds provided under various programmes are efficiently utilised with a view to achieve development of rural areas in all respects. The release procedures ensure that matching share of the States is also given to the District according to the prescribed instructions.

The outlay for rural development in 8th Plan is Rs. 30,000/- crores as against the 7th Plan Expenditure of Rs. 10,995/- crores.

Periodically the Ministry of Rural Development also organises conference of Secretaries incharge of Rural Development to discuss and review progress and achievements and other measures required for improvement in implementation process. Such meetings are held once every year. The conference of Project Directors is also held annually during June-July.

The Ministry of Rural Development have also said that they organised on 9.10.92 a Conference of Chief Ministers of States on Rural Development and all the schemes under implementation as part of IRDP were discussed in detail as also the Rural Development and Poverty Alleviation Programmes. The recommendations of this conference were also circulated to the State Governments for follow up action and initiating actions on effecting improvements in the implementation of the programmes. Honourable Prime Minister inaugurated this conference on 9.10.1992.

The Ministry of Rural Development have stated that they conduct regularly Concurrent Evaluation of IRDP so as to obtain an objective assessment of the impact of this programme and identify weaknesses, if any, in the programme. Four Rounds of Concurrent Evaluation have so far been conducted, the first during September 1985 - October 1986, second during January-December, 1987, third during January-December 1989 and fourth during September 1992 to September 1993. Such evaluation covers all Districts in the country and surveys are conducted based on scientifically drawn sampling procedures through independent non-governmental agencies. The findings from these surveys are communicated to the State Governments for taking appropriate action on the relevant points.

[Ministry of Planning and Programme Implementation, Department of Programme Implementation, O.M.NO.G-20011/1/94-Admn.]

CHAPTER IV

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

Recommendations

The Committee note with concern that out of 367 projects, costing Rs.134629.45 crores, presently, on the DPIs monitor, the cost escalation in around 189 projects has been over 100 per cent i.e. from 46518.5 crores to Rs. 95.381 crores. It seems that though the Department has been preparing a number of Reports on the Implementation of various projects like Quarterly Reports.. Monthly Flash Reports and Exception Report etc. these have failed to check cost and time overruns. The Committee, therefore, recommend that some sort of accountability at the level of formulation and at the level of implementation of various projects should be introduced immediately. The cost and time factors of various projects should be re-evaluated after the formalities regarding acquisition of land and environmental clearance etc. are obtained for the projects so as to get a final and realistic picture of the costs and benefits that are likely to accrue from the project. The Committee further recommend that the Planning Commission should also ensure that the cost of projects is not under estimated at the time of their clearance.

[SI No. 10 - Para 3.3]

Action Taken

The Prime Minister reviewed the implementation status of Central Sector projects for the period April-September 1993. He expressed concern at the inordinate delays in implementation and desired specific suggestions to cut delays. The Prime Minister constituted a Group of Ministers (GOM) to suggest specific measures to cut delays on account of various factors. The Group headed by Deputy Chairman, Planning Commission with the MOS, Planning and Programme Implementation as convenor and the Railway Minister, Minister (Power), Minister of State (Coal) and Minister of State (Petroleum and Natural Gas) as members and Minister of State (Surface Transport) as special invitee after considering in detail the various factors of delay and options for better implementation submitted its report to the Prime Minister.

Based on the report of the GOM a Note for Cabinet Committee on Economic Affairs is being prepared for the consideration of the recommendations of the Group of Ministers. The note after obtaining the comments of the concerned Ministries would be submitted to the CCEA for consideration. A separate Note on the problems of land acquisition has been prepared for discussion by the Cabinet Secretary with concerned State Chief Secretaries for early resolution and system improvements.

Action Taken (From Planning Commission)

(a) Instructions have already been issued by the Ministry of Finance to various Ministries to review their costs and come back with revised estimates for approval as soon as it is observed that the cost is likely to exceed what was originally approved. Further powers have been delegated to the Ministries to revise the costs in consultation with the Planning Commission if the cost increases are within 5% of the sanctioned cost, after excluding increases due to foreign exchange rate fluctuations, price increase based on index and statutory duty changes within the original approved project time cycle.

(b) During the appraisal of the projects, all efforts are made to examine the project cost estimates and to ensure that these are not under-estimated. However, the responsibility for the cost information supplied rests with the respective Ministries and project authorities.

[Ministry of Planning and Programme Implementation Department of Programme Implementation O.M. No. G 20011/1/94-Admn.]

CHAPTER V

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

Recommendation

The Committee feel that any slackness in the working of Planning Commission would seriously jeopardize the developmental activities. The Committee, therefore, recommend that working of the Planning Commission should be geared up and internal procedures streamlined for the overall efficiency of the Commission. The Committee feel in the changed economic scenario, the Planning Commission has to play an important role in guiding Government investment in critical social, economic and infrastructural sectors. Further, the Committee recommend that in the changed environment the Planning Commission should take particular care of regional imbalances and promote development of hill areas, drought prone areas and the border areas for a balanced growth of the country.

[Sl. No. 1 - Para 1.6]

Action Taken

In the changed scenario, Planning Commission had constituted a Task Force for restructuring and manning of the Planning Commission. This was done with a view to meeting the expectations of role to be played by the Planning Commission guiding Government Policies in critical social, economic and infrastructural sectors. The Committee was constituted at a very senior level and was headed by a Member of the Planning Commission. The Report, of the Task Force has been considered carefully and it was decided to get the recommendations examined by a Committee of Senior Officers threadbare before it is submitted for consideration and decision of Government. It is expected that the proposed revised set up of the Planning Commission would be fully geared to meet the challenges emerging from the changed economic scenario in the country.

The Planning Commission has been laying stress on the development of backward areas and Central Plan Assistance is distributed on the basis of a formula which gives more weightage to such areas. According to this formula, a reasonable amount is set apart for Special Areas Programme viz. Hill Area Development Programme, Border Area Development Programme, North Eastern Council, etc. and from the balance, 30 per cent is reserved for special category States which are

financially weak in mobilizing resources for their development needs. Further, the formula is weighted in favour of backward States amongst non-special category States.

As regards to Hill Area Development Programme and Border Area Development Programme, the allocations to designated hill areas are made on a yearly basis and the State Governments concerned are urged to develop these areas in harmony with ecological considerations. From 1993-94, the Border Area Development Programme has been revamped and is now in operation in nine States bordering Pakistan and Bangladesh. In addition, during the Annual Plan Discussions, the Special Area Programmes of the State Governments are examined and the States are requested to devote particular attention to the problems of regional imbalances.

Recommendation

The Committee are constrained to note that the effectiveness of the Planning Process at district level is being handicapped by delays in decision making at the State level also. People's participation at the district/block level has been a well recognized constituent in the developmental activities at the district/block level. The Committee therefore, recommend that the State Governments should be urged for timely fulfilment of the requirements of planning infrastructure at the district/block level. The Committee are distressed to learn that inspite of the general emphasis on decentralized planning, a lot is yet to be achieved by the State Governments.

[Sl. No. 2 - Para 1.10]

Recommendation

Grants-in-aid of Rs. 7.00 Crores for Strengthening of Planning Board/District Planning Machinery in 1994-95 has been allocated to State Governments. In 1993-94, Grants-in-aid allocated to State Governments, for the purpose amounted to Rs. 2.00 Crores. The Committee therefore, hope that budget allocation of Rs. 7.00 Crores for Strengthening of Planning at the District/Block Level is effectively utilized during 1994-95. The funds should be released well in time after passing of the budget to ensure effective utilization of the budgetary allocation. The Committee recommend that District Level Planning Boards should invariably be involved in consultation with the State Governments in whatever studies conducted by the Planning Commission regarding a particular region to increase local participation in the Planning Progress as also to keep them abreast with the latest knowledge.

[Sl. No. 3 - Para 1.11]

Action Taken

The scheme of Strengthening of Planning Boards/District Planning Machinery is being reworked as recommended by the NDC Committee on Micro-Level Planning and is being extended to sub-district level. Planning Commission had requested the State Governments to comment on the feasibility of the recommendations of the NDC Committee on Micro-Level Planning. While responses have been received from some of the States, replies are still awaited from other States.

[Ministry of Planning and Programme Implementation,
Planning Commission, F.28/1/94-Parl.]

Recommendation

The Committee are unhappy to find that the budget allocation for the Scheme has drastically reduced from Rs. 6.40 Crores in 1993-94 to Rs. 1.25 Crores in 1994-95.

[Sl. No. 4 - Para 1.13]

Recommendation

The Eighth Plan, recognizing the significance of involvement of Voluntary Agencies and other People's Institutions for effective Micro-Level Participatory Planning recommended that they should be vested with adequate financial resources. The Committee fail to understand as to why Voluntary Organisations have not been proposed to be given adequate budgetary support in 1994-95 so as to enable them to participate in the Micro-Level Planning Process. The Committee recommend that sufficient financial support and infrastructure facilities be provided to Voluntary Organisations to help in achieving the Eighth Plan objectives. The Committee recommend that a definite time frame may be drawn up to implement the Scheme of "Voluntary Organisations' Participation in the Micro-Level Planning". Steps should also be taken to fully utilize the budgetary grants made available for the purpose. Adequate monitoring so as to keep an eye on the utilization of funds should also be ensured by the Department. Meanwhile, this Committee desire that the report of the Committee of Secretaries (COS) should be expedited and this Committee be kept informed.

[Sl. No. 5 - Para 1.16]

Action Taken

The observations of the Committee have been taken note of. The Secretary, Rural Development, has been requested to pursue this further with the Committee of Secretaries. Decision taken by them will be intimated to the Committee at the earliest.

NEW DELHI

20, April, 1995

30, Chaitra, 1916 (Saka)

DR. DEBI PROSAD PAL,

Chairman,

Standing Committee on Finance.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 19 APRIL, 1995.

The Committee sat from 1500 hrs. to 1640 hrs. in Committee Room 62, Parliament House, New Delhi.

PRESENT

Dr. Debiprosad Pal - *Chairman*

MEMBERS
Lok Sabha

2. Sh. S.B.. Sidnal
3. Smt. Maragatham Chandrasekhar
4. Sh. P.C.. Chacko
5. Sh. B. Akber Pasha
6. Sh. Sushil Chandra Varma
7. Sh. Jeewan Sharma
8. Sh. Dilēpbhai Sanghani
9. Sh. Manabendra Shah
10. Sh. Sartaj Singh Chhatwal
11. Sh. Nirmal Kanti Chatterjee
12. Sh. Bhogendra Jha
13. Sh. Kadambur M.R. Janardhanan

Rajya Sabha

14. Sh. Satish Agarwal
15. Sh. Krishna Kumar Birla
16. Sh. Triloki Nath Chaturvedi
17. Sh. Sanjay Dalmia
18. Dr. Biplab Dasgupta
19. Sh. Chimanbhai Mehta
20. Sh. Rajubhai A. Parmar
21. Sh. Surinder Kumar Singla

SECRETARIAT

- | | | |
|----|--------------------|---------------------------|
| 1. | Sh. G.C. Malhotra | <i>Joint Secretary</i> |
| 2. | Sh. Satish Loomba | <i>Deputy Secretary</i> |
| 3. | Sh. T.K. Mukherjee | <i>Assistant Director</i> |

The Committee considered the following two Reports:-

- (i) Draft Report on the action taken by Government on the recommendations contained in the Fifth Report (Tenth Lok Sabha) of the Committee on Demands for Grants (1994-95) of the Ministry of Finance.
- (ii) Draft Report on the action taken by Government on the recommendations contained in the Sixth Report (Tenth Lok Sabha) of the Committee on the Demands for Grants (1994-95) of the Ministry of Planning & Programme Implementation.

The Committee adopted the two Reports with certain modifications/ amendments as shown in the Appendix.

The Committee authorised the Chairman to finalise the two Reports and present them to the Parliament on its behalf.

The Committee then adjourned.

APPENDIX

Amendments/modifications made by the Standing Committee on Finance at their sitting held on 19 April, 1995 in the Draft Action Taken Report on the Sixth Report on Demands for Grants (1994-95) of Ministry of Planning and Programme Implementation.

Para	Para	Line	Amendments/Modifications
1 & 2	2	21 to 27	<i>Delete "It would be.....awaited."</i>
4	7	15 & 16	<i>For "from inter-sectoral or other linkages point of view"</i> <i>Substitute "for reasons of inter-sectoral and / other linkages."</i>
4 & 5	8		<i>For the existing paragraph</i> <i>Substitute the following</i> "The Committee learnt with regret that the investment decision rules which prescribe action against defaulters, not only against those responsible for implementation of held responsible for time and cost overrun, are not implemented. The Committee is, therefore, of the view that without accountability at the level of formulation and implementation of various projects cost and time overrun cannot be avoided. The Committee would therefore like to reiterate their earlier recommendations that accountability at the level of formulation and implementation of various projects should be introduced immediately so as to bring in improvement in the project implementations scenario."