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**STANDING COMMITTEE
ON FINANCE
(1998-99)**

TWELFTH LOK SABHA

**MINISTRY OF PLANNING AND
PROGRAMME IMPLEMENTATION**

**DEMANDS FOR GRANTS
(1998-99)**

SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 1998/Asadha, 1920 (Saka)

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(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF PLANNING AND
PROGRAMME IMPLEMENTATION

DEMANDS FOR GRANTS
(1998-99)

Presented to Lok Sabha on 10 July, 1998
Laid in Rajya Sabha on 10 July, 1998



LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON FINANCE (1998-99)

Shri Murli Deora — *Chairman*

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2. Shri Dharendra Agarwal
3. Shri Mohanbhai Sanjibhai Delkar
4. Shri Haribhai Parathibhai Chaudhary
5. Shri Uttam Singh Pawar
6. Shri Girdhari Lal Bhargava
7. Shri Chetan Chauhan
8. Shri Bhagwan Shankar Rawat
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10. Shri T. Subbarami Reddy
11. Shri Kavuru Sambasiva Rao
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15. Shri R.L. Jalappa
16. Shri Magunta Sreenivasulu Reddy
17. Shri Rupchand Pal
18. Shri Varkala Radhakrishnan
- *19. Shri Beni Prasad Verma
20. Shri S. Murugesan
21. Shri M. Sahabuddin
22. Dr. S. Venugopalachary

*Nominated *w.e.f.* 25 June, 1998 *vice* Ch. Jang Bahadur Singh Patel, M.P., who was nominated to Standing Committee on Transport and Tourism.

23. Shri Tathagata Satpathy
24. Kum. Kim Gangte
25. Dr. Bikram Sarkar
26. Shri S. Jaipal Reddy
27. Shri Joachim Baxla
28. Shri P. Chidambaram
29. Shri Buta Singh
30. Shri C.H. Vidyasagar Rao

Rajya Sabha

31. Dr. Manmohan Singh
32. Shri Krishna Kumar Birla
33. Shri N.K.P. Salve
34. Shri M. Rajsekara Murthy
35. Shri Narendra Mohan
36. Shri O.P. Kohli
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39. Shri C. Ramachandraiah
40. Shri Amar Singh
41. Shri Prem Chand Gupta
42. Shri R.K. Kumar
43. Shri Gurudas Das Gupta
44. Shri Satish Pradhan
45. Shri Suresh A. Keswani

SECRETARIAT

- | | | |
|---------------------------|---|-----------------------------|
| 1. Dr. A.K. Pandey | — | <i>Additional Secretary</i> |
| 2. Dr. (Mrs.) P.K. Sandhu | — | <i>Director</i> |
| 3. Shri S.B. Arora | — | <i>Under Secretary</i> |
| 4. Shri D.R. Shekhar | — | <i>Committee Officer</i> |

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 Second Report on Demands for Grants (1998-99) of the Ministry of Planning and Programme Implementation.

2. The Demands for Grants of the Ministry of Planning and Programme Implementation were laid on the Table of the House on 10 June, 1998. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance is required to consider the Demands for Grants of the Ministries/ Departments under its jurisdiction and make Reports on the same to both the Houses of Parliament.

3. The Committee took oral evidence of the representatives of the Ministry of Planning and Programme Implementation at their sitting held on 19 June, 1998 in connection with examination of the Demands for Grants.

4. The Committee considered and adopted the Report at their sitting held on 29 June, 1998.

5. The Committee wish to express their thanks to the Officers of the Ministry of Planning and Programme Implementation for cooperation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

NEW DELHI;
6 July, 1998

15 Asadha, 1920 (Saka)

MURLI DEORA,
Chairman,
Standing Committee on Finance.

REPORT

The Budgetary proposals of the Ministry of Planning and Programme Implementation are contained in the following three Demands for Grants:—

Demand No 68 — Planning Commission

Demand No 69 — Department of Statistics

Demand No 70 — Department of Programme Implementation

2. While examining the Demands for Grants (1998-99) of the Ministry of Planning and Programme Implementation, the Committee examined demands under the following Heads:—

Planning Commission

- (i) Other Charges
- (ii) National Informatic Programme (NICNET) and New District Centre—Machinery and Equipment.
- (iii) Supplies and Materials
- (iv) Machinery and Equipments
- (v) Modernisation of Office System
- (vi) Rehabilitation and Modernisation of Agro Industries.

Department of Statistics

- (i) Other Charges
- (ii) Uniformity and Reliability in collection of statistical data

Department of Programme Implementation

- (i) Members of Parliament Local Area Development Scheme (MPLADS)
- (ii) Management of Projects under Implementation

DEMAND NO. 68

PLANNING COMMISSION

3. The Budgetary allocation for Planning Commission for 1996-97, 1997-98, 1998-99 is as shown under:—

Section	Budget Estimates 1996-97		Revised Estimates 1996-97		Actual 1996-97		Budget Estimates 1997-98		Revised Estimates 1997-98		Budget Estimates 1998-99	
	P	NP	P	NP	P	NP	P	NP	P	NP	P	NP
Revenue	83,33,00	21,70,00	70,21,00	21,62,00	66,68,37	17,70,99	82,95,00	19,90,00	1,02,31,00	32,29,00	1,13,38,00	26,00,00
Capital	45,67,00	44,79,00		37,53,74		46,05,00		41,36,00		46,62,00	
Total	1,29,00,00	21,70,00	1,15,00,00	21,62,00	1,04,22,11	17,70,99	1,29,00,00	19,90,00	1,43,67,00	32,29,00	1,60,00,00	26,00,00

P — Plan

NP — Non-plan

DEMAND NO. 68
 PLANNING COMMISSION
 MAJOR HEAD : 3451.00
 MINOR HEAD : 00.101
 DETAILED HEAD : 03.00.50

Other Charges

4. The sub-head "Other Charges" under 'Modernisation of Office System' is meant for incurring expenditure on items other than 'Office Expenses' and 'Machinery & Equipment'.

5. Budget allocation under this Head are as follows:—

Year	BE	RE	Actuals
1995-96	1,00,00,000	1,00,00,000	Nil
1996-97	30,00,000	1,00,000	Nil
1997-98	10,00,000	10,00,000	6,67,390
1998-99	10,00,000		

6. Explaining reasons for non-utilisation and underutilisation of funds since 1995-96, the Ministry have stated as follows:—

"As there were no items specified under this sub-head during 1995-96 and 1996-97 no expenditure was incurred and hence no actuals. During 1997-98, an expenditure of Rs. 6.67 lakh was incurred under the scheme."

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.

DEMAND NO. 68
 PLANNING COMMISSION
 MAJOR HEAD : 5475
 MINOR HEAD : 00.800
 DETAILED HEAD : 07.01.52

**National Informatic Programme (NICNET)
 and New District Centres**

Machinery & Equipment

8. The year-wise amount earmarked in the annual Budget since 1994-95 and the amount actually spent is as under:—

Year	BE	RE	Actuals
1994-95	6,50,00,000	13,50,00,000	17,13,98,000
1995-96	7,60,00,000	8,10,00,000	9,56,62,000
1996-97	6,64,00,000	8,64,00,000	9,37,44,000
1997-98	14,00,00,000	13,00,00,000	13,10,79,000
1998-99	15,40,00,000	—	—

9. Explaining the reasons for over utilisation of funds since 1994-95, the Ministry in their reply have stated as follows:—

“NIC has been providing NICNET support to large number of users from Central Government, State Governments, District Administrations and other Government bodies since 1985-86. Over the years, the traffic on NICNET had been increasing exponentially. To cope with the increasing load NIC initiated upgradation on NICNET. During the year 1994-95 the expenditure was incurred mainly for installing Video Conferencing on NICNET, XPADs in the districts, EMAIL Servers and installations of Routers for providing NICNET connectivity to large no. of users, and upgradation of NICNET with KU-BAND based overlay Network. This upgradation was continued

during 1995-96 and 1996-97. Besides to meet increased requirement of computerisation, NIC upgraded computers with latest technology and provided large no. of terminals."

10. The Committee are also given to understand that NIC is also implementing Grass Root Input District (GRID) Programme which aims at strengthening the micro level planning, land record maintenance and other rural development related institutions through computer based information system and data bases at the district level computer communication network and data bases will cater to the needs of block and tehsil level administration for the fast implementation of the various developmental projects. This programme has been made operational in Mysore and Faridabad Districts.

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 deduced 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.

DEMAND NO. 68
PLANNING COMMISSION
OBJECT HEAD CODE 21

Supplies and Materials

			Plan
Year	BE	RE	Actuals
1995-96	5,00,00,000	4,00,00,000	9,69,83,000
1996-97	5,12,00,000	5,12,00,000	8,30,64,000
1997-98	5,70,00,000	5,74,99,000	5,76,27,000
1998-99	5,05,00,000	—	—

12. When asked about the over utilisation of funds under this head, Planning Commission in their reply have stated as follows:—

- (i) "The Budget Head Supplies and Materials pertains to expenditure on computer consumable, software etc. required for providing computer based support to Central Government Departments, State Governments and District Administrations. During the year 1995-96, besides normal expenditure, NIC has to incur essential expenditure relating to software for KU-BAND Network, BASIS-PLUS WEB SERVER and various softwares for computerisation of District Courts. During 1996-97, NIC worked out requirement of various latest softwares and other tools for improving/upgrading NICNET services to various users and procure a number copies of Suite of softwares to meet long term requirements. Software was procured for the direct PC Hub of NICNET. To meet these requirements NIC had to incur additional expenditure over and above BE/RE by re-appropriation from savings under other Budget Heads with the approval of Ministry of Finance.
- (ii) The expenditure during 1995-96 and 1996-97 increased due to special and urgent requirement as indicated under (i). During 1997-98 and 1998-99 requirement has been made for normal expenditure.

13. 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.

DEMAND NO. 68
PLANNING COMMISSION
MAJOR HEAD : 3451.00

Machinery and Equipment

			Plan
Year	BE	RE	Actuals
1994-95	30,00,000	30,00,000	18,48,000
1995-96	1,80,00,000	1,80,00,000	29,25,000
1996-97	1,60,00,000	50,00,000	48,21,000
1997-98	85,00,000	35,00,000	33,53,041
1998-99	2,20,00,000	—	—

14. Explaining the reasons for huge variations either between BE and RE or between RE and actuals, Ministry in their reply have stated as follows:—

- (i) In the Planning Commission as a part of planning process, continuous interaction takes place with the Central Ministries, States/Union Territories and project authorities. Large number of meetings are held to discuss the five year plans

and annual plans, projects/programmes and follow-up actions thereon. To facilitate production of documents/conduct of meetings/discussions relating to formulation of plans, their review and follow-up action, modern facilities like digital scanner-cum-printer, photocopiers (including colour photocopier), video and audio visual equipment, equipments for documents production, binding, cutting, communication facilities such as modern electronic telephone systems, fax and other necessary modern equipments have been installed.

- (ii) The expenditure during 1995-96 as compared to RE has been very low because many of the activities like acquisition of push and store type steel racks, renovation of air-conditioning system, cabling of power points etc. which were planned to be taken up during the year, either could not be started or if launched could not be completed in the financial year due to various factors including late/non-submission of detailed estimates by the CPWD.

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.

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.

DEMAND NO. 68
 PLANNING COMMISSION
 MAJOR HEAD : 3451.00
 MINOR HEAD : 00.101
 DETAILED HEAD : 03

Modernisation of Office System

Year	BE	RE	Plan
			Actual
1995-96	4,00,00,000	4,00,00,000	65,91,000
1996-97	3,00,00,000	1,50,00,000	1,44,05,000
1997-98	3,00,00,000	1,94,00,000	1.87,85,380
1998-99	3,00,00,000		

17. Explaining the reasons for underutilisation of funds, the Ministry have stated as follows:—

“During 1995-96 substantially higher fund was asked for since new items of work like renovations of committee rooms, renovation of record room, acquisition of push and support type steel racks, renovation of existing air-conditioning system etc. were planned to be taken up. Though, some of works planned were started during 1995-96 they could not be completed within the financial year and hence funds earmarked could not be fully utilised.”

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 ‘Modernisation 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.

DEMAND NO. 68
PLANNING COMMISSION

Rehabilitation and Modernisation of Agro-Industries

19. Agricultural development is crucial to India's overall progress and this can be achieved by intensifying the agricultural and allied activities as well as by diversification and commercialisation of agriculture. Agro-industry plays a significant role in diversification of agricultural activities, improving value addition to agricultural produce, ensuring employment generation and towards export of agro products. This would however require improvement of infrastructure including upgradation of technology and enforcement of quality standards and activating the domestic markets with focus on export. Due to lack such facilities at present agro-based units have been adversely affected and the adequate measures are required to be undertaken for revival and rehabilitation of such units.

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.

DEMAND NO. 69
DEPARTMENT OF STATISTICS
OBJECT HEAD CODE 50

Other Charges

21. Other Charges are meant for meeting the payments towards discretionary grants, other discounts, customs duty compensation, awards and prizes, etc. and any other expenditure which cannot be classified under any of the specified object heads. In the Department of Statistics, the Other Charges head is utilised for meeting the expenditure for grants, awards and prizes besides other unforeseen expenditure in different plan schemes.

22. Budget allocation under this Head are as follows:—

Year	BE	RE	Plan
			Actual
1995-96	3,55,000	0,22,000	Nil
1996-97	0,42,000	0,42,000	Nil
1997-98	1,10,05,000	40,05,000	35,06,000
1998-99	55,58,000	—	—

23. When asked about the NIL utilisation of budgetary provisions during 1995-96 and 1996-97 and reason for quantum jump in making budgetary provisions during 1997-98 and 1998-99, the Ministry in their reply have stated as follows:—

“During 1995-96 and 1996-97, the plan schemes were mostly salary oriented or contained proposals of procurement of equipments. There was no proposal received from the implementing agencies of the Plan scheme to be booked under ‘Other Charges’ and so no expenditure was reported on this object head.

During 1997-98, there were seven plan schemes, which contained expenditure proposals under Other Charges amounting to Rs. 110.05 lakhs. Provision was made on the basis of Plan outlay approved by the Planning Commission for the schemes. The

amount of Rs. 159.30 lakhs shown under B.E. 1998-99 for Other Charges may be read as Rs. 55.58 lakhs for which an errata has been issued.

24. During 1998-99, there are six plan schemes for which Rs. 55.58 lakhs has been kept as budget estimate under this head to meet the expenditure on awards and fellowships, grants, etc. This provision has been made on the basis of projected demand of plan implementing agencies and on Plan outlay approved by the Planning Commission."

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.

DEMAND NO. 69

DEPARTMENT OF STATISTICS

Uniformity and Reliability in collection of Statistical Data

26. The Deptt. of Statistics is the apex body in the official statistical system of the country. It is responsible for preparation of national accounts, designing and carrying out nation wide socio-economic surveys, compilation of general index of industrial production, compilation of consumer price index, undertaking economic census and preparation of national accounts. The Deptt. of Statistics is comprised of Central Statistical Organisation (CSO), National Sample Survey Organisation (NSSO) and the Computer Centre (CC). The Indian Statistical Institute (ISI) an autonomous scientific institute of national importance, substantially funded by the Government through this Deptt. The Institute is engaged in an integrated programme of research, training and practical application of statistics in different disciplines through a large number of projects.

27. The importance of statistics and indicators for evaluating the impact of development programmes in the country hardly need to be emphasised.

28. When asked as to how data on socio-economic field is collected and how far those can be considered as reliable, the Secretary, Deptt. of Statistics stated during evidence:—

"The collection of statistics in the socio-economic field is a very decentralised subject, not only between the States and the Union

Government but even between the different departments and Ministries of the Union Government. So far, unfortunately, there had been no coordination. Every Deptt. of the Ministry in the Government of India and also the State Governments was collecting their own statistics, sometimes even taking resort to their own definition, concepts and standards".

29. He added:

"..... the State Governments have their own system operating and sometimes they may be non-operational. So the results are very very unreliable. Observations have been made with regard to the statistical system not performing well and not meeting the requirements of the situation just now. I fully share and endorse this view. The system which should have been updated, which should have taken advantage of the modern means of the information technology and should have produced the results as per the requirement of the situation, has not been performing well. We have been lagging behind in collection of the data and its publication".

30. Admitting that their statistical system was not equipped well to collect the statistics of socio-economic sector, the Secretary, Deptt. of Statistics said:—

"We frankly confess that we are not just equipped to collect statistics in the economic field, in the field of labour, education and health. We have been using different standards and different definitions, sometimes, in collection of statistics by very important organisations of the Govt. of India. Basically, the definitions used by the Registrar of Census of India, by Labour Survey Organisation, by us and the NSSO sometimes differ".

31. The Secretary, Deptt. of Planning supplemented:

"But there are two basic problems with the data system. One is the quality as has been mentioned already and the other is the time lag. Quality is something which we need to make a constant effort to improve. We can never have a perfect data system, because a lot of data is estimated on indirect information, especially on national income, savings and even production. There are sophisticated methods to do that".

32. As regards updating and publishing of data, the Secretary, Department of Statistics stated:

"But in the case of ASI, we have just now the results of 1993-94 available. We have published it. Similarly, the Enterprise Survey, which is also the basis of some of the informal sector statistics, we have not been to publish beyond 1992-93. This is on account of the facts that our systems are not up to date. So, there was a time lag".

33. A suggestion was made to have a High Powered Statistical Commission to look into all aspects of quality of data, its timelines and its reliability so that the economic policies could be formulated on the basis of authentic data.

34. Reacting on the above suggestion, the Secretary, Deptt. of Statistics deposed before the Committee:

"The idea of a Commission which has been put forward by Dr. Manmohan Singh has been under consideration of the Deptt. for the last nine or ten months. We are ready with a Cabinet note and we are trying to convince the idea of a body like the Telecom Commission or similar structures. We have floated the idea of the Statistical Authority of India which should have a very reasonable amount of independence in its function. It should have a lot of autonomy with regard to filling up of the posts".

35. One of the reasons for poor collection of statistics as stated by the Secretary, Deptt. of Statistics, is non-filling of post in various cadres. In this connection, he submitted as under:

"We have about 40 per cent vacancies in the cadre of ISS officers and about 30 per cent vacancies in the cadre of our Field Investigators, who are the basis for the collection of the entire statistics. If the basic workers are not available, the collection of statistics suffers. Unfortunately, when we tend to take up the issue of filling up of posts, particularly on the expenditures on the Non-plan side, a very global view is taken regarding the reduction of expenditure. The Deptt. of Statistics is required to cater to the needs of the collection of accurate and timely statistics for the use of everybody including the Hon'ble Members here, Parliament, and therefore, the entire planning process

suffers. On the one hand, our need for collecting statistics keeps on increasing and on the other, our staff has been shrinking”.

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 Government.

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 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.

DEMAND NO. 70

DEPARTMENT OF PROGRAMME IMPLEMENTATION

Member of Parliament Local Area Development Scheme (MPLADS)

39. Member of Parliament Local Area Development Scheme (MPLADS) was announced in Parliament on 23 December, 1993 by the Prime Minister. Under the scheme each MP has the choice to suggest works to the tune of Rs. 1.0 crore per year to the head of the district who shall implement them by following the established procedures of the State Govt. concerned subject to the MPLADS guidelines. The works recommended shall be developmental in nature based on locally felt needs. The emphasis is on creation of durable assets. Funds provided under the Scheme cannot be used for incurring revenue expenditure. The following provisions were made in the guidelines revised in February, 1997:—

- * Designation of one Nodel Department at the State level for coordination with the Government of India.
- * For effective implementation of the works the heads of Districts shall visit and inspect atleast 10 percent of these works every year. Similarly, it should be the responsibility of the senior officers of implementing agencies of these works to regularly visit the work spots by involving the Members of Parliament in such inspections and ensure the works are progressing satisfactorily. They should also furnish monitoring reports once in two months to the MPs and the Department of Programme Implementation. A schedule of inspection which prescribes the minimum number of field visits for each supervisory level functionary of the implementing agencies may be drawn up by the DPI.
- * The DPI would always have with it a complete and updated picture of the works under implementation.
- * The District heads should also communicate information on the progress of works under the Scheme on the internet for which connectivity is available in the Parliament. Copies of such reports shall also be forwarded to the MPs.

- * A senior Commissioner level officer at the State headquarters should conduct an annual Meeting involving the Heads of Districts and MPs to assess the progress of works under the Scheme once in a year.
- * Periodic teleconferences may also be organised available with the IGNOU and the Indian Space Research Organisation (ISRO) to clarify doubts and remove bottlenecks.

40. When asked regarding the steps taken for maximum utilisation of developmental funds released under MPLADS and streamlining the implementation of the Scheme, the DPI in their reply have *inter-alia* stated as follows:

“The guidelines were revised in February, 1997 to streamline the implementation of MPLAD Scheme. The revised guidelines clearly outline monitoring arrangements required to be followed at various levels for effective implementation of the works taken up under the Scheme such as:—

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41. The guidelines emphasise that the funds be released by the DPI twice a year on the basis of physical and financial progress of the works. Accordingly it was decided that funds for 1997-98 and 1998-99 will be released in two instalments of Rs. 50 lakhs each to those MPs whose unsanctioned balance is less than Rs. 50 lakhs. Release of funds according to the above criteria would encourage quicker utilisation of funds released under the scheme.

42. It was pointed out that there was frequent delay in the release of funds hampering the progress of the works undertaken for development purpose. The representatives of the Department of Programme Implementation affirmed when he said:

“There is frequent delay in the release of amount. Delay in the release of amount takes place because we do not receive information from the District Collector. As per our guidelines, the amount is released in two instalments and the second instalment is normally released when the balance of the first release goes below Rs. 50 lakhs. Unfortunately, there has been instances of delay when the hon. Members have probably found it difficult to suggest projects. There has been delays at the level of District Magistrate.”

43. He however informed:

"Recently the Minister has addressed each of the hon. Member in this regard and on 4th of June, the Hon. Speaker had called the meeting in which certain recommendations have been made in regard to raising of the amount, utilisation of interest for being added to the MPLADS funds, etc. were discussed. A similar meeting is also going to be called by the Hon'ble Chairman, Rajya Sabha. Once the recommendations are received Government would certainly process them."

44. In regard to conduct the study regarding the scheme's benefit, he informed that:

"Since the last couple of years the Department has been trying to obtain only Rs. 5 lakh to hire a renowned, independent, outside consultant to carryout a sample survey to find out how this scheme is operating in the field, whether the benefits are really reaching the kind of rural population and some of the poorer sections of the urban population for whom this scheme was initially envisaged. Unfortunately the money has not been sanctioned. The Department in trying again to get it this year.

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. 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 delay.

DEMAND NO. 70

Management of projects under implementation

46. The Department of Programme Implementation came up with the exclusive purpose of independently monitoring Central Sector Projects and key Infrastructure Sector including social sectors. The Department has developed capability of undertaking objective monitoring and evaluation.

47. The Project Monitoring Division is monitoring all Central Projects including projects at the Central PSUs costing Rs. 20 crore and above as the Central Monitoring Agency. The said Division makes appraisal of the projects from the point of view of the state and preparedness, examining causes of time and cost overrun of the projects and identifies the bottlenecks in the implementation thereby playing an important role as coordinator and facilitator. Evaluation of compilation report and carrying out system study also fall within its purview. Sometimes the Division is called upon to examine the causes of time and cost overrun in specific projects for fixing the responsibility. When asked to give details with regard to the projects which were running behind the schedule, the Department of Programme

Implementation in their written reply furnished to the Committee stated as under:—

“According to the Flash Report (which covers projects costing Rs. 100 cr. and above) for February, 1997, 118 out of 187 projects were running behind schedule with reference to the original date of commissioning. Though inadequate and untimely release of funds is one of the major causes of slow pace of implementation and consequently of time and cost overruns, several other factors also contribute to the time and cost overruns. The major causes of time overrun include sanction of projects without firming up of techno-parameters, sanction in excess of financial resources and despite uncertainty about the availability of forest and non-forest land, inadequate delegation of powers to the field level executives and poor performance of vendors and contractors. The other factors include delay in obtaining clearances, court cases, inadequate infrastructure support and poor law and order situation in certain parts of the country. The financial constraints lead to inadequate and delayed release of fund and thin dispersal of limited resources over a large number of projects leading to slow pace of implementation. Several projects are affected by more than one constraint. At the end of February 1997, as many as 37 projects had reported fund constraints, 38 projects were delayed on account of delay in award of contracts, 30 projects had reported delay by civil contractors, 24 projects had reported delay by indigenous equipment suppliers and 20 projects due to delay in acquisition of non-forest land. (This information is in respect of projects costing Rs. 100 and above).

However, it is a fact that for a variety of reasons, projects are often sanctioned despite fund constraints and many projects face fund constraints as a result of inadequate outlay after sanction. This problem is most serious in the railways sector followed by in the Power Sector, though projects in other sectors such as coal and surface transport have also reported fund constraints.

Each Ministry/Departments is required to analyse the reasons for slippage of the critical milestones and send a reports to the PMD indicating action taken/proposed to be taken to tackle different problems reported by the project authorities. The reports

received from the Ministries/Departments are scrutinised and a consolidated "Exception Report" for all the projects costing above Rs. 100 crores is drawn up every month."

48. The Committee strongly express their unhappiness 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.

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

NEW DELHI;
6 July, 1998

15 Asadha, 1920 (Saka)

MURLI DEORA,
Chairman,
Standing Committee on Finance.

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS
OF THE STANDING COMMITTEE ON FINANCE
IN THE SECOND REPORT (1998-99)**

Sl. No.	Para No.	Ministry/ Department Concerned	Conclusion/Recommendation
1	2	3	4
1.	7	Planning Commission	<p>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</p>

1	2	3	4
			account all the relevant factors, so that variations between the estimates and the actuals could be minimised.
2.	11	Planning Commission	<p>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 deduced 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 to 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.</p>

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3.	13	Planning Commission	<p>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.</p>
4.	15	-do-	<p>The Committee note that there has been underutilisation of funds since 1994-95 and</p>

1	2	3	4
			<p>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>i.e.</i> 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.</p>
5.	16	Planning Commission	<p>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</p>

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			with the efforts made by the Planning Commission for ensuring timely completion of works may be furnished to the Committee without further delay.
6.	18	Planning Commission	<p>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 'Modernisation 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.</p>

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7.	20	Planning Commission	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.
8.	25	Department of Statistics	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.
9.	36	-do-	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

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			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.
10.	37	Department of Statistics	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.
11.	38	-do-	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

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			the level of officers as well as field level investigators should be filled up expeditiously.
12.	45	Department of Programme Implementation	<p>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 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</p>

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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

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			finding out the efficacy of the Scheme should be undertaken without any further delay.
13.	48	Department of Programme Implementation	The Committee strongly express their unhappiness 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
14.	49	-do-	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.

APPENDIX I

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON FINANCE

The Committee sat on Friday, 19 June, 1998 from 1100 to 1400 hrs.

PRESENT

Shri Murli Deora — *Chairman*

MEMBERS

Lok Sabha

2. Shri Dhirendra Agarwal
3. Shri Mohanbhai Sanjibhai Delkar
4. Shri Girdhari Lal Bhargava
5. Shri Bhagwan Shankar Rawat
6. Shri Rayapati Sambasiva Rao
7. Shri T. Subbarami Reddy
8. Shri Sandipan Bhagwan Thorat
9. Shri Varkala Radhakrishnan
10. Shri M. Sahabuddin
11. Shri Venugopalachary
12. Shri Tathagata Satpathy
13. Dr. Bikram Sarkar
14. Shri Joachim Baxla

Rajya Sabha

15. Dr. Manmohan Singh
16. Shri M. Rajsekara Murthy
17. Shri Narendra Mohan

18. Shri O.P. Kohli
19. Shri C. Ramachandraiah
20. Shri Amar Singh
21. Shri Prem Chand Gupta
22. Shri R.K. Kumar
23. Shri Gurudas Das Gupta
24. Shri Suresh A. Keswani

SECRETARIAT

1. Dr. Ashok Kumar Pandey — *Additional Secretary*
2. Shri S.B. Arora — *Under Secretary*
3. Shri N.S. Hooda — *Assistant Director*

WITNESSES

Ministry of Planning and Programme Implementation

- (i) Dr. S.R. Hashim, Member Secretary, Planning Commission.
- (ii) Shri V.K. Pandit, Special Secretary, Planning Commission.
- (iii) Dr. N. Seshagiri, Special Secretary & DG, NIC.
- (iv) Shri K. Srinivasan, Pr. Adviser (PC, Admn., C&I & S & T) Planning Commission.
- (v) Shri N.P. Bagchi, Pr. Adviser (SP & Transport), Planning Commission.
- (vi) Dr. Ahmad Masood, Adviser (PAMD), Planning Commission.
- (vii) Shri Shailendra Sharma, Adviser (LEM), Planning Commission.
- (viii) Shri B.D. Jethra, Adviser (I&M), Planning Commission.
- (ix) Dr. N.J. Kurian, Adviser (FR), Planning Commission.
- (x) Dr. (Mrs.) Rohini Nayyar, Adviser (RD), Planning Commission.
- (xi) Dr. (Mrs.) Prema Ramachandran, Adviser (H&FW), Planning Commission.

- (xii) Shri Pradeep Kumar, Joint Secretary (SP), Planning Commission.
- (xiii) Shri A.S. Lamba, Addl. Adviser (MLP), Planning Commission.

Deptt. of Statistics

- (i) Shri M.D. Asthana, Secretary, Deptt. of Statistics.
- (ii) Dr. S. Ray, Chief Executive Officer, NSSO.
- (iii) Prof. S.B. Rao, Director, Indian Statistical Institute.
- (iv) Shri Jagdish Singh, Director, FOD, NSSO.
- (v) Dr. A.C. Kulshreshtha, Director, NAD, CSO.

Deptt. of Programme Implementation

- (i) Shri N.R. Banerji, Secretary (PI)
- (ii) Shri Devendra Narain, Addl. Secretary (P).
- (iii) Shri R. Datta, Joint Secretary (I&A).
- (iv) Shri V.K. Arora, Director (MPLADS)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Planning and Programme Implementation (Planning Commission, Departments of Statistics and Programme Implementation) to the sitting of the Committee.

3. The Committee then took oral evidence of the representatives of the Ministry of Planning and Programme Implementation on the Demands for Grants of the Ministry for 1998-99 and other matters relating to the Budget.

4. A verbatim record of proceedings has been kept.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FINANCE

The Committee sat on Monday, 29 June, 1998 from 1100 hrs. to 1415 hrs. in Committee Room 53, Parliament House, New Delhi.

PRESENT

Shri Murli Deora — *Chairman*

MEMBERS

Lok Sabha

2. Shri Dharendra Agarwal
3. Shri Uttam Singh Pawar
4. Shri Girdhari Lal Bhargava
5. Shri Chetan Chauhan
6. Shri Bhagwan Shankar Rawat
7. Shri Rayapati Sambasiva Rao
8. Dr. T. Subbarami Reddy
9. Shri Kavuru Sambasiva Rao
10. Shri Sandipan Bhagwan Thorat
11. Shri Praful Manoharbhair Patel
12. Shri Magunta Sreenivasulu Reddy
13. Shri Rupchand Pal
14. Shri Varkala Radhakrishnan
15. Shri Beni Prasad Verma
16. Shri S. Murugesan
17. Dr. Bikram Sarkar
18. Shri Joachim Baxla
19. Shri Buta Singh

Rajya Sabha

20. Dr. Manmohan Singh
21. Shri R.K. Kumar
22. Shri N.K.P. Salve
23. Shri M. Rajsekara Murthy
24. Shri Narendra Mohan
25. Shri O.P. Kohli
26. Shri Raghavji
27. Shri Biplab Dasgupta
28. Shri C. Ramachandraiah
29. Shri Prem Chand Gupta
30. Shri Gurudas Das Gupta
31. Shri Satish Pradhan

SECRETARIAT

1. Dr. (Mrs.) P.K. Sandhu — *Director*
2. Sh. S.B. Arora — *Under Secretary*

2. The Committee took up for consideration the draft report on Demands for Grants (1998-99) relating to the following Ministries/ Departments:—

- | | | | |
|------|----|----|----|
| (i) | ** | ** | ** |
| (ii) | ** | ** | ** |

- (iii) The Ministry of Planning and Programme Implementation (Planning Commission, Departments of Statistics and Programme Implementation).

3. The Committee considered and adopted the draft report on Demands for Grants (1998-99) of Ministry of Planning and Programme Implementation with modifications/additions as shown in Annexure.

4. The Committee authorised the Chairman to finalise the Draft Report in the light of modifications/additions as also verbal and consequential changes after factual verification and present it to the both Houses of Parliament.

*The Committee then adjourned to meet
again at 1500 hrs.*

*Modifications/additions made by the Standing Committee on Finance
in their Draft Report on Demands for Grants (1998-99) of the
Ministry of Planning and Programme Implementation
(Planning Commission, Departments of Statistics
and Programme Implementation).*

Page 3, Para 9

Add the following para after para 9 and re-number the remaining paras:—

“The Committee are also given to understand the NIC is also implementing Grass Root Input District (GRID) Programme which aims at strengthening the micro level planning, land record maintenance and other rural development related institutions through computer based information system and data bases at the district level computer communication network and data bases will cater to the needs of block and tehsil level administration for the fast implementation of the various developmental projects. This programme has been made operational in Mysore and Faridabad District”.

Page 4, Para 10

Add at the end of para:—

“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”

Page 10, Para 17

Add the following paras after para 17 and re-number the remaining paras:

DEMAND NO. 68
PLANNING COMMISSION

Rehabilitation and Modernisation of Agro-Industries

18. Agricultural development is crucial to India's overall progress and this can be achieved by intensifying the agricultural and allied

activities as well as by diversification and commercialisation of agriculture. Agro-industry plays a significant role in diversification of agricultural activities, improving value addition to agricultural produce ensuring employment generation and towards export of agro products. This would however require improvement of infrastructure including upgradation of technology and enforcement of quality standards and activating the domestic markets with focus on export. Due to lack of such facilities at present agro-based units have been adversely affect and the adequate measures are required to be undertaken for revival and rehabilitation of such units.

19. 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.