

FIFTY-FIRST REPORT
ESTIMATES COMMITTEE
(1987-88)

(EIGHTH LOK SABHA)

PLANNING COMMISSION

**SYSTEM AND PROCEDURE FOR APPRAISAL OF
PLAN SCHEMES**

[Action Taken by Government on the recommendations contained in Forty-fourth report of the Estimates Committee (8th Lok Sabha) on the Planning Commission—System and Procedure for Appraisal of Plan Schemes]



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Presented to Lok Sabha on 10th December, 1987

LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA

TO

Fifty first Report of the Estimates Committee
(Eighth Lok Sabha) on the Planning Commission-
System and Procedure for appraisal of Plan
Schemes.

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
iv	-	4	Chayya	Chhaya
2	-	2	Recommendations	Recommendation
11	-	8	Economics	Economic
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12	-	4 from bottom	in	on
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13	-	15 from bottom	omit ' <u>the</u> ' after ' <u>on</u> '	
15	-	6 from bottom	away	awry
17	-	18	locking	looking
17	-	16 from bottom	slip pages	slippages

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
COMPOSITION OF THE STUDY GROUP ON ACTION TAKEN REPORT OF ESTIMATES COMMITTEE (1987-88)	(v)
INTRODUCTION	(vii)
CHAPTER I Report	1
Recommendations/Observations which have been accepted by Government	6
Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies	20
CHAPTER IV Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee	23
CHAPTER V Recommendations/Observations in respect of which final replies of Government are awaited	24
APPENDIX Analysis of Action Taken by Government on the recommendations contained in the Forty-fourth Report of Estimates Committee (Eighth Lok Sabha)	26

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(1987-88)

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* Elected on 6th August, 1987 vice Prof. Narain Chand Parashar resigned from the Committee w.e.f. 3rd June, 1987.

(iv)

28. Shri G. G. Swell
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STUDY GROUP ON ACTION TAKEN REPORTS OF
ESTIMATES COMMITTEE

(1987-88)

1. Smt. Chandra Tripathi—*Chairman*
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3. Shri Hannan Mollah
4. Shri Hussain Dalwai
5. Smt. Jayanti Patnaik
6. Shri P. M. Sayeed
7. Shri V. S. Krishna Iyer
8. Shri Shantaram Naik
9. Shri A. Charles.

INTRODUCTION .

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf present this Fifty-first Report on action taken by Government on the recommendations contained in the Forty-fourth Report of the Estimates Committee (8th Lok Sabha) on the Planning Commission—System and Procedure for Appraisal of Plan Schemes.

2. The Forty-fourth Report was presented to Lok Sabha on 30th April, 1987. Government furnished their replies indicating action taken on the recommendations contained in that Report on 30th October, 1987. The replies were examined by the Study Group on Action Taken Reports of Estimates Committee at their sitting held on 3rd December, 1987. The draft report was adopted by the Estimates Committee on 7th December, 1987.

3. The report has been divided into following Chapters:

(i) Report.

(ii) Recommendations|Observations which have been accepted by Government.

(iii) Recommendations|Observations which the Committee do not desire to pursue in view of Government's replies.

(iv) Recommendations|Observations in respect of which replies of Government have not been accepted by the Committee. •

(v) Recommendations|Observations in respect of which final replies of Government are still awaited.

(vii)

4. An analysis of action taken by Government on the recommendations contained in Forty-Fourth Report of Estimates Committee (Eighth Lok Sabha) is given in Appendix. It would be observed that out of 24 recommendations made in the Report, 19 recommendations i.e. about 79.2 per cent have been accepted by Government and the Committee do not desire to pursue 3 recommendations i.e. about 12.5 per cent in view of Government replies. Replies of Government in respect of 2 recommendations i.e. about 8.3 per cent are still awaited.

NEW DELHI;

December 8, 1987

Agrahayana 17, 1909 (S).

CHANDRA TRIPATHI,

Chairman,

Estimates Committee.

CHAPTER I

REPORT

1.1 This Report of the Estimates Committee deals with Action Taken by Government on the recommendations contained in their Forty-Fourth Report (8th Lok Sabha) on Planning Commission—System and Procedure for Appraisal of Plan Schemes presented to Lok Sabha on 30th April, 1987.

1.2 Action Taken Notes have been received in respect of all the recommendations contained in the Report. These Notes have been categorised as follows:—

- (i) Recommendations|Observations which have been accepted by the Government:

Sl. Nos. 1, 2, 3, 5, 6, 7, 8, 9; 10; 11; 12; 13 14 18 19 20 21 22
24.

(Total 19-Chapter II)

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

Sl. Nos. 4, 15, 23.

(Total 3-Chapter III)

- (iii) Recommendations|Observations in respect of which Government's replies have not been accepted by the Committee:

NIL.

(Total Nil-Chapter IV)

- (iv) Recommendations|Observations in respect of which final replies are still awaited:

Sl. Nos. 16, 17.

(Total 2-Chapter V)

1.3 The Committee will now deal with the Action Taken by Government on some of the recommendations.

Approach Paper*(Recommendations Sl. No. 1, Para 1.13)*

1.4 On the basis of the admission made during evidence of the Planning Secretary before the Committee that "There is yet no totally satisfactory solution of this question of peoples' involvement and peoples' participation in the Planning Process", the Committee had emphasised that while preparing the approach paper, peoples' representative from all walks of life should be actively associated and their opinion given due weightage.

1.5 In their Action Taken reply the Planning Commission while endorsing the views of the Committee has stated that peoples' participation in preparation of the approach paper could only be done by strengthening the grass root level democratic institutions like Panchayati Raj Institutions and Planning machineries at the District and Block levels.

1.6 The Committee would have appreciated, had the Planning Commission outlined the specific steps taken in this regard. The Committee consider that the reply of the Planning Commission to this important recommendation is too general and vague in nature. The Committee need hardly emphasise that earnest efforts both at the Centre and State levels should be made to strengthen the grass root level democratic institutions, so that a satisfying solution of the problem of peoples' involvement and peoples' participation in the planning process could be found.

The Committee would like the Planning Commission to chalk out a strategy to ensure the active peoples' participation at all stages leading to the preparation of approach paper.

Working Groups*(Recommendation Sl. No. 4, Para 1.31)*

1.7 The Committee would like to be furnished with a copy of the guidelines to be issued regarding the role of the Working Groups to be set up in connection with the formulation of the Eighth Five Year Plan.

Plan Schemes*(Recommendation Sl. No. 8, Para 1.53)*

1.8 The Committee would like to be furnished with a copy of the decisions taken by the Committee of Secretaries on the ques-

tion of reduction of time lag between inclusion of a scheme in the plan and decision about final investment.

Selection and Implementation of Plan Schemes

(Recommendation Sl. No. 10, Para 1.73)

1.9 The Committee in their recommendation had *inter alia* observed that once the projects were accepted and included in the Plan, it should be the responsibility of the Planning Commission to ensure that they were taken to the logical conclusion of completion in time and without resource constraints.

1.10 The Planning Commission in their reply has stated:

“So far as the timely completion of the projects is concerned, the Planning Commission would like to point out that it is basically the responsibility of the Ministries and public sector undertakings. The Ministry of Programme Implementation has been created to monitor the progress in the implementation of each project.

It may also be noted that slippages and resource constraints may be on account of several factors such as natural calamities, external shocks, changes in priorities and perception.”

1.11 The Committee would like that at the time of sanctioning of the schemes itself it should be made clear in unambiguous terms to the Ministries about the timely completion of the schemes. Unless the schemes are completed as per time schedule laid down for them, it will only result in huge cost escalations thereby disturbing the resources position and causing further dents in the planning process. The Committee would once again urge that as a matter of course required resources should be placed at the disposal of a Ministry, once a scheme of that Ministry has been included in the Plan and efforts made to complete the same as per time schedule.

(Recommendation Sl. No. 11, Para 1.74)

1.12 The Committee would like to be informed about the concrete steps contemplated for processing such schemes in their own technical division before a decision is taken for dropping them or allowing them to stagnate.

Plan Resources and Outlays

(Recommendation Sl. No. 15, Para 2.19)

1.13 The Committee in their recommendation had desired that the practice of diversion of funds in the implementation of the schemes for which they had been earmarked should be curbed and funds invariably utilised for the schemes for which they were allocated.

1.14 The Planning Commission in their reply has stated, "The funds are allocated on a sectoral basis and by and large there has been no major deviation. However, in a dynamic situation it is possible that some adjustments are required to be made to provide for new schemes."

1.15 The Committee would like to emphasise that diversion of funds should not be resorted to as a matter of routine and the needs very carefully assessed before doing so.

Role of Ministry of Programme Implementation

(Recommendation Sl. No. 22, Para 4.21)

1.16 The Committee in their recommendation had noted that the basic function of the Ministry of Programme Implementation was to monitor and evaluate the implementation of the Plan schemes and had desired that since a period of almost two years had elapsed since this Ministry was created, an objective assessment of its achievements in clear, unambiguous and practical terms was called for.

1.17 The Planning Commission in their reply has *inter alia* stated that "There is a case for strengthening the existing structure of the Ministry, so that the role of monitoring and evaluation could be combined with diagnosing problems and taking the lead role in ensuring problem solving."

1.18 The Committee would like to be informed about the specific steps undertaken for strengthening the existing structure of the Ministry. The Committee would also reiterate that the achievements made by the Ministry of Programme Implementation should be objectively assessed, so that the lacunae wherever they have surfaced could be plugged.

Implementation of recommendations

1.19 The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by the Government. They would, therefore, urge that Government should ensure expeditious implementation of the recommendations accepted by them. In case where it is not possible to implement the recommendation in letter and spirit for any reason the matter should be reported to the Committee in time with reasons for non-implementation.

1.20 The Committee also desire that final replies in respect of the recommendations contained in Chapter V of this report may be furnished to the Committee within a period of 3 months.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1, Para 1.13) •

The Plan drafting process starts with the preparation of the Approach Paper. The Approach Paper is the foundation on which the structure of the whole Five Year Plan is built. It, therefore, goes without saying that unless the Approach Paper is well conceived and prepared taking into consideration the policy directions, aims/objectives and strategy and broad magnitudes of growth in major sectors, for meeting fully the aspirations of the people, irreparable damage may be caused to future of our country. The Committee, therefore, emphasise that while preparing the Approach Paper peoples' representatives from all walks of life should be actively associated and their opinion given due weightage. In this connection, the Committee note that a number of Committees and Study Groups set up by Government have during the last decade reviewed the Planning process and made series of recommendations to strengthen the system. However, the Committee are constrained to note the admission made during evidence of the Planning Secretary before the Committee that "there is yet no totally satisfactory solution of this question of peoples' involvement and peoples' participation in the Planning Process".

Reply of Government

The Planning Commission has been emphasising the need for the involvement of people in the Planning Process. The question was recently (June 1987) discussed in the meeting of the Consultative Committee of the Parliament attached to the Planning Commission also. This could be done only by strengthening the grass root level democratic institutions. This calls for strengthening of the Panchayati Raj Institutions and planning machineries at the district and block levels.

[Planning Commission O.M. No. PAD/39-(9)85, dated
30th October, 1987]

Recommendation (Serial No. 2, Para 1.14)

Besides peoples' participation in the preparation of the Approach Paper, the need for strengthening and involving the Panchayati Raj institutions in identifying and implementing projects cannot be undermined as it has been well established that whenever Panchayati Raj Institutions have been actively involved, the implementation of various Rural Development Programmes has been decidedly better and the selection of beneficiaries and designing of schemes have been more satisfactory.

Reply of Government

The Planning Commission fully agrees with the observation of the Estimates Committee about the important role of the Panchayati Raj Institution. However, Panchayati Raj being a State subject the Planning Commission or the Government of India can act only in an advisory capacity. The Planning Commission has been impressing upon the State Governments that various rural development programmes will be realistic and meaningful only if the people representatives are actively involved and associated in local level planning, design, formulation and implementation of these programmes and the selection of beneficiaries in the anti-poverty and employment programmes such as IRDP, NREP, RLEGP etc. and that there is no better instrument to meet this need other than Panchayati Raj institution. The Sixth as well as Seventh Plan document also emphasises the need for strengthening the Panchayati Raj institution in the process of democratic decentralisation devolving on them such functions which are capable of planning and implementation at the respective levels. From time to time the Government of India has been requesting the State Governments to provide necessary technical support to Panchayati Raj institution in formulation and execution of development programmes. The states have also been advised to augment the resources of Panchayati Raj Institutions as well as to identify measures for improving their financial viability.

In April 1985, a D.O letter was written by Minister (A&RD) to all Chief Ministers of States/UTs for conducting timely and regular elections of Panchayati Raj Institutions in the State, and to ensure greater participation of the people's representatives in the design, formulation, and implementation of Rural Development Programmes, like IRDP, NREP, RLEGP, DWCRA, DPAP and DDP to make them more realistic, effective, and successful. It was also impressed upon the states that if the Panchayati Raj bodies have to be effective

instrument of development, they should also be provided with necessary resources to discharge the functions and duties assigned to them. The attention of the State was also invited to the recommendations of the Ashoka Mehta Committee in this regard.

In August, 1985, the Prime Minister also wrote a letter to all the Chief Ministers of State/UTs emphasising the need for involvement and active participation of Panchayati Raj bodies in the poverty alleviation programmes and also in the implementation of various Rural Development Schemes. The states were also advised to give adequate administrative and financial powers to the Panchayati Raj bodies so as to make them vibrant instrument of popular participation in the development process. The need for holding regular elections of these bodies was also emphasised. The Chief Ministers of States were also asked to send a report on the current State of Affairs of Panchayati Raj Institutions in their states.

In a recent communication to all the State Governments the Planning Commission has brought to their notice the recommendations of the Estimates Committee regarding the need for strengthening and involving Panchayati Raj Institutions in the identification and implementation of projects.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 3, Para 1.15)

The Committee further feel that active participation of the representatives of the Cooperative Federations is also of paramount importance at the initial stage of the formulation of the Plan. The Committee understand that a number of Cooperative Institutions were included in different Working groups constituted for the Seventh Five Year Plan. However, there were only individual consultations at the Approach Paper stage. This negates the basic requirement for the formulation of the Approach Paper with the active and full participation of a large cross-section of society representing various shades of opinion. The Planning Commission, therefore, will be well advised to prepare and issue comprehensive guidelines in regard to the participation of peoples' representatives in the Planning Process from the initial stages itself so that the Approach Paper could be more broad-based and correctly reflect the aspirations of the people.

Reply of the Government

The Planning Commission will consult a wide variety of opinions before drafting the Approach Paper.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 5, Para 1.32)

The Committee also find that in the vast multitude of the Working Groups constituted for the Seventh Plan a number of different Groups dealt with allied or similar subjects e.g. Vocational training and Vocational training for women; elementary education, secondary education, University education and Adult education etc. The Committee feel that the number of Working Groups to be set up for the future Five Year Plans should be reduced and subjects of allied nature remitted to one Working Group which may make 'recommendations covering all the aspects involved. This, the Committee are sure, will result in huge saving of public expenditure besides avoiding various Groups giving similar or in some cases conflicting recommendations on allied subjects.

Reply of the Government

The recommendation is accepted and will be kept in view while setting up the Working Groups in future.

[Planning Commission OM No. PAD/39-(9)/85 dated
30th October, 1987]

Recommendation (Serial No. 6, Para 1.51)

The Committee are unhappy to find that the Ministries etc. did not classify the schemes submitted by them to the Planning Commission under the heads 'vital', 'essential' and 'desirable', as directed by the Planning Commission and instead classified all these schemes as 'vital'. The Committee feel that the apprehension with the Ministries must have been that if they classified these schemes under heads other than vital also, such schemes might never see the light of the day due to resources constraint. The Committee need hardly point out that if all the schemes received in the Planning Commission are classified as 'vital', lot of time and energy is bound to be spent on pruning these schemes and deciding which of them were really vital. The Committee would, therefore, urge the Planning Commission to issue guidelines to the Ministries, etc. in unambiguous terms about the criteria which should be followed for classification of the schemes before the work on the formulation of a Plan is initiated. The Ministry should also be required to indicate the *inter se* priority of the schemes submitted by them.

Reply of the Government

While inviting the proposals for inclusion in the Plan, the Ministries etc. would be asked to indicate clear priorities.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 7, Para 1.52)

The Committee find that the Ministries|Departments are not required to carry out indepth studies and investigations and prepare feasibility reports before submission of schemes to the Planning Commission for inclusion in the Five Year Plan. The Committee do not agree that viability of a scheme can be determined without a feasibility report before its inclusion in the plan. This gets confirmed from the deposition made by the Secretary, Planning Commission before the Committee that there were a number of projects which were included in the Plan but were either subsequently postponed or not implemented at all. While a detailed feasibility report, in technical sense, may not be insisted upon, the Committee feel that such a report in broader outlines with a view to enabling the Planning Commission to evaluate its viability should be available to the Planning Commission before considering the scheme for inclusion in the Five Year Plan.

Reply of the Government

The recommendation is accepted.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 8, Para 1.53)

The Committee consider that the time lag between inclusion of a scheme in the Plan and decision about final investment is too large and there is an imperative need to reduce the same. The Committee agree with the Planning Commission that this time-lag could be reduced by improving the quality of feasibility studies and expeditious clearances needed before the final investment decision. The Committee would, therefore, like the Planning Commission to streamline the procedure and initiate necessary corrective measures in the matter.

Reply of the Government

The question of reducing the time lag has already been taken up by the Planning Commission and the matter is being examined by the Committee of Secretaries.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 9, Para 1.54)

The Committee understand that the Planning Commission had sanctioned a number of small schemes based on socio-economic considerations with limited outlays. The Committee are, however, pained to learn that due to paucity of funds the progress of such schemes had been limited and the desired results had not been achieved. While appreciating the objective of sanctioning schemes on socio-economic considerations the feasibility of proper funding for completion of such schemes in time cannot be overlooked as benefits of such schemes can percolate to those sections of the society for whom these are intended only when the schemes get completed. The Committee recommend that while sanctioning such schemes *inter-se* priority should be determined with reference to viability and proper funding so as to ensure that the projects taken in hand get completed in time and undue loss to the public exchequer on account of delay and cost escalation is avoided in the long run.

Reply of the Government

The Planning Commission fully agrees with the Estimates Committee. It has always been the intention of the Planning Commission to determine the *inter-se* priorities with reference to viability and availability of funds. The recommendations will be followed to the extent feasible.

[Planning Commission OM No. PAD/39-(9)/85 dated
30th October, 1987]

Recommendation (Serial No. 10, Para 1.73)

The Committee can well imagine that the selection of projects for the Plan from the vast multitude of proposals received from Ministries|Departments, Public Undertakings, numerous bodies and field formations would be a stupendous task fraught with uncertainty in view of hazy and indistinct vision in regard to the availability of resources. The Committee are not happy to be informed that all proposals do not come in the form of concrete projects with definite estimates of cost and gestation, making the selection process complicated, complex and often unsatisfactory. The Committee feel that fault in most cases must have been with Ministries etc. in sending vague proposals and with the Planning Commission in accepting the same. The Committee recommend that sifting process should be a task basically assigned to the concerned Ministries

etc. who should forward only such proposals to the Planning Commission as fulfil the guidelines of the Planning Commission making clear that only concrete projects as would fall within the aims and objectives of the Plan, and have been sufficiently and properly studied and evaluated should be forwarded to them for inclusion in the Plan. Once the projects are accepted and included in the Plan it should be the responsibility of the Planning Commission to ensure that they are taken to the logical conclusion of completion in time and without resource constraints.

Reply of the Government

The Planning Commission agrees that investment proposal should come in some concrete forms with definite estimates of cost and gestation. Some steps have already been taken to ensure that estimates are more firm and reliable. So far as the timely completion of the projects is concerned, the Planning Commission would like to point out that it is basically the responsibility of the Ministries and public sector undertakings. The Ministry of Programme Implementation has been created to monitor the progress in the implementation of each project.

It may also be noted that slippages and resource constraints may be on account of several factors such as natural calamities, external shocks, changes in priorities and perception.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 11, Para 1.74)

The Committee are unhappy to find that a number of projects/schemes had to be dropped or allowed to stagnate during the Sixth Plan after spending several crores of rupees on the basis of evaluation studies e.g. Functional Literacy for Adult Woman after spending Rs. 16.75 crores or due to resource constraints e.g. Sakri-Hasanpur and Rampur—now Haldwani Railway lines after spending Rs. 8.56 crores. The Committee feel that if it becomes unavoidable to include some projects in the basis of expediency which have not been properly gone into, the Planning Commission should get them processed in their own technical division and include them after going into the techno-economic aspect and viability of the project.

Reply of Government

The recommendations has been noted.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 12, Para 1.75)

The Committee are unhappy to note that out of 264 projects which were under implementation at the beginning of the year 1986-87, 134 were delayed with reference to original time schedule. The anticipated capital cost of these delayed projects has escalated from the original approved cost of Rs. 26,802 crores to Rs. 43,890 crores approximately i.e. by as much as 64 per cent as on 31.3.86. The steep escalation in the cost has not only caused heavy losses to the public exchequer but has also given a severe setback to the need for completion of various essential projects in time. The Planning Commission has been able to locate a number of reasons for the delay and cost over-runs like in-adequate project preparation, poor selection of consultants, delay on the part of consultants, delay in preparation of tenders and placement of orders and last but not the least organisational weaknesses in project management including non-availability of managerial talent of high order. The Committee therefore, recommend that the Planning Commission should make all out efforts by taking up the matter with concerned agencies for the removal of causes responsible for delay and cost over-runs to ensure completion of projects on the time and they should impress upon them to exercise constant vigil for identifying factors causing delay, fix responsibility and take requisite remedial measures expeditiously.

Reply of Government

The recommendation is accepted. Efforts are being made and would continue to be made by the Ministry of Programme Implementation and Planning Commission. These aspects are regularly discussed at various forums like Performance Review Meetings with Ministries taken by Members/Dy. Chairman of the Planning Commission, Public Investment Board and Committee of Secretaries.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 13, Para 2.17)

The Committee find that in the matter of release of funds priority is accorded to Continuing Schemes leading to a predominantly large

amount of resources being pre-empted by such Schemes at the beginning of Five Year Plan period. This in the opinion of the Committee leads to a situation whereby a number of new schemes, however, useful and public oriented these might be, fail to find a berth in the Plan. The Committee are of the opinion that the Planning Commission should work out modalities whereby a suitable fixed percentage of the funds are earmarked, for important and essential new schemes instead of having a lumpsum provision in respect of most of the new schemes as at present. The Committee are of the opinion that *inter se* priority with the new schemes should also be clearly earmarked so that it is always the lowest priority scheme which may be shelved in case of non-availability of funds.

Reply of Government

Continuing schemes are often given priority in the interests of expeditious completion. If ongoing projects are implemented in time and within cost, greater provision can be made for new schemes. A fixed percentage for new schemes may work against the objective of quicker completion. Prioritisation of schemes is necessary and will be done to the extent feasible.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 14, Para 2.18)

The Committee note that after examination of proposals of the Ministries and indepth discussion between the Deputy Chairman, Planning Commission and its Members with the Departments concerned, sectoral outlines are decided. At the time of allocation of money various factors *viz.* progress of the project, the urgency of the project etc. are taken into account before release of funds. The funds are released from year to year basis depending upon the availability of funds in the budget. The Committee are, however, distressed to find that even after the allocation of funds in some cases the funds were actually released when a major part of the Plan was over. This evidently results in bulk of the funds remaining unutilised in the last year of the plan, as it seemed to have happened in the case of National Textile Corporation Mills which were given funds for modernisation in the last year of the Plan. The Committee desire that the procedure should be so streamlined as to ensure the release of funds on year to year basis avoiding bulk of funds being released in the last year of the Plan. The Committee

are sure that such a procedure will be in the interest of steady progress of schemes which will not get delayed for want of regular and timely release of funds.

Reply of Government

The provision of funds over the Plan period depends on the availability of resources for the Annual Plans and the readiness of projects and schemes with regard to implementation. Every effort will be made to fund projects and schemes as per the required schedule.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 18, Para 3.16)

The Committee note that the Monitoring and Information Division, after the transfer of work relating to monitoring of projects costing Rs. 20 crores and above and staff to Ministry of Programme Implementation has become a very small unit. The Committee would like the Planning Commission to assess the utility of the Division in the present context of the work allotted to it and if necessary to strengthen it.

Reply of Government

Accepted.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 19, Para 3.28)

The Committee are pained to observe that even though we are now in the midst of Seventh Five Year Plan, no foolproof monitoring system has so far emerged and deficiencies continue to persist in that field. The Planning Commission is reported to have taken some corrective measures in the matter, but in the context of the enormity and complexity of the problem, the Committee hardly consider them to be adequate enough to meet the situation. The result is obvious in as much as the execution of most of the projects has gone away and the projects have been inordinately delayed resulting in huge cost escalation. The committee agree that the effectiveness of monitoring system in the Planning Commission depends largely on the efficiency with which the monitoring systems are developed and operated in the Ministries, in the States and by the authorities executing

the projects. Nevertheless, it is imperative that the Planning Commission should have an effective monitoring system at its disposal to keep a close and continuous watch on the execution of projects so that timely corrective measures could be taken wherever any problem arises.

Reply of Government

The recommendation is accepted. The Planning Commission is setting up computerised data bank and Monitoring, System to enable it to keep a close and continuous watch on the implementation of the projects.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 20, Para 3.29)

The Committee note that the Planning Commission has issued certain guidelines for the Ministries and other implementing agencies for the development of an effective monitoring system and has also evolved certain devices, such as submission of monthly, quarterly, flash reports, etc. The Committee however, regret to find that there is no mechanism available in the Planning Commission to ensure that the guidelines issued by the Commission are in fact being followed by the implementing agencies in letter and spirit. The Committee would expect the Planning Commission to evolve such a mechanism urgently.

Reply of Government

The M&I Div. of the Planning Commission has initiated the follow-up of the guidelines issued by the Planning Commission for the development of an effective monitoring system by Ministries and implementing agencies.

[Planning Commission OM No. PAD|39-(9)|85, dated
30th October, 1987.]

Recommendation (Serial No. 21, Para 3.35)

The Committee consider that reports and returns being submitted by the various implementing agencies to the Planning Commission could and should be used as effective instruments in monitoring the progress of a project ensuring that various time scheduled as prescribed are scrupulously observed. The Committee, therefore, strongly recommend that it should be impressed upon the implementing

agencies for submission of the reports/returns strictly according to the schedules laid down and they should be complete in all respects. The reports/returns should be analysed realistically and with speed on receipt from the implementing agencies and corrective measures initiated at the earliest wherever called for.

Reply of Government

The Planning Commission would continue to take corrective measures which fall within its purview.

[Planning Commission O.M. No. PAD/39-(9)/85, dated
30th October, 1987]

Recommendation (Serial No. 22, Para 4.21)

The Committee note that the Ministry of Programme Implementation, created in September, 1985 is intended to play the role of a helpful watchdog for monitoring of performance of infrastructure sector, monitoring of implementation of Central projects costing Rs. 20 crores and above and monitoring of implementation of the 20 Point Programme. The Ministry of Programme Implementation do not seem to have, and probably cannot have locking to the diverse activities of various Ministries, any expertise of their own. It thus basically plays a monitoring role based on information collected from the concerned Ministries/Projects so as to keep the Prime Minister, Cabinet and the Ministries abreast of the progress and also to identify slip pages etc. so that necessary timely action can be taken by the concerned Ministries. The Committee hope that a result of entrusting the work of monitoring to a full fledged Ministry, the Government will be able to keep a better check and should be able to complete various projects/schemes taken up in the Seventh Five Year Plan well in time and without any bottleneck. They, however, feel that since a period of almost two years has elapsed when the Ministry of Programme Implementation came into being, an objective assessment of its achievements in clear, unambiguous and practical terms is called for.

Reply of Government

An effective system of monitoring and evaluation of the country's macro-economic management covering a sizeable portion of the country's economy has been set up in the Ministry of Programme Implementation. The basic strategy adopted by the Ministry is that a plan is as good as it is implemented. Implementation can be

ensured only through constant monitoring and evaluation of the activities leading to the fulfilment of the present targets. By constantly highlighting the slippages in project implementation, non-achievement of targets in core industries, and in regard to implementation of socio-economic programmes, the Ministry focuses attention and generates pressure on implementing agencies to improve the performance levels. The total plan (allocation) under poverty alleviation programme amounting to nearly Rs. 60,000 crores and under infrastructure sector-production and projects, amounting nearly to Rs. 95,000 crores, adds upto approximately 80 per cent of the total Seventh Plan public sector outlay, and are now being monitored intensively by this Ministry.

2. In addition the Ministry also plays an important catalytic role in establishing a new system of annual action plans prepared by 66 Ministries/Departments of the Central Government.

3. The main feed back of the intensive monitoring of the economy done over a period of past 22 months is that there is considerable scope for improvement in growth of production with efficiency as well as in tightening time and cost over runs of projects in the infrastructure sector and for the effective implementation of poverty alleviation programmes.

4. Observations of the Committee that the Ministry "do not seem to have and probably cannot have, looking to the diverse activities of various ministries, any expertise of their own" do not reflect a correct position. With a nucleus of technical officers drawn from diverse disciplines, system capabilities not only for monitoring but also for evaluation of performance, have already been built up in the Ministry. There is a case for strengthening the existing structure of the Ministry so that the role of monitoring and evaluation could be combined with diagnosing problems and taking the lead role in ensuring problem solving.

5. The Advisory Councils, one on project implementation and other on implementation of 20-Point Programme have been set up by Resolutions of the Government to advise the Ministry on improvement in project implementation systems and effective implementation of the 20-Point Programme respectively. The Advisory Councils are expected to present their reports which should help in effective implementation of Central Sector projects and various plan schemes.

6. The useful role being performed by the Ministry has been highlighted in the two Annual Reports for the years 1985-86 and 1986-87 already laid on the Table of the House.

(Reply given by the Ministry of Programme Implementation)

[Planning Commission OM No. PAD|39-(9)|85, dated
30th October, 1987.]

Recommendation (Serial No. 24, Para 4.23)

The Committee are pleased to learn that the Ministry of Programme Implementation is computerising its monitoring system and about 90 per cent of the work has already been completed and the Ministry expects that the remaining work on computerisation will be completed by the end of 1987 if funds are released to them. The Committee desire that the constraints of funds should not be allowed to come in the way of an important field as computerisation. They, therefore, expect that adequate funds will be made available for the purpose so that the work of computerisation is completed in 1987 itself.

Reply of Government

Accepted. The computerisation is being undertaken by the Planning Commission and the recommendation, therefore, relates to it.

[Planning Commission OM No. PAD|39-(9)|85, dated
30th October, 1987.]

CHAPTER III

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

Recommendation (Serial No. 3, Para 1.31)

The Committee have been informed that the Working Groups are set up by the Planning Commission as a first step towards formulation of the next five year plan. These groups are assigned the onerous responsibility to review the progress in the implementation of the current (on-going) Five Year Plan and making detailed recommendations for the next Five Year Plan in regard to programmes, policies, targets and outlays for the various sectors and sub-sectors. The Committee note that as many as 118 Working Groups and 4 Steering Groups drawing membership from the elite of the country were set up in connection with the formulation of the Seventh Five Year Plan. The Committee, however, find that in the final analysis majority of the recommendations made by these Working Groups cannot be taken note of or fully utilised at the time of finalisation of the Plan for want of resources. It is evident from the fact that almost 19 per cent of the recommendations made by the Working Groups in connection with the Seventh Five Year Plan were outright rejected and a very large number of other recommendations could not be made use of as ultimately the size of the Plan had to be pruned in accordance with the availability of resources. The Committee can well imagine the element of frustration that might have been caused among members of various Working Groups knowing that a lot of time and energy put in by eminent personalities and the intelligentsia manning these Working Groups ultimately became futile and the expenditure incurred thereon was infructuous. The Committee, therefore, consider that such a situation cannot be avoided in the present system as the Working Groups at the time of their constitution have hardly any idea in regard to the availability of the resources for various sectors/sub-sectors in regard to which they are expected to deliberate and give their considered opinion. The Committee are of the view that unless the Working Groups are made aware of the resources availability position when they start the work, their recommendations can hardly serve the real purpose for

which they are appointed. They, therefore, opine that the appointment of Working Group on Financial Resources should precede the appointment of other Working Groups so that this Group could give a rough idea to the other Working Groups about the estimates of the likely resources available for their respective spheres to enable these Working Groups to confine themselves within the framework of the overall resources position.

Reply of Government

The Working Groups in connection with the new Plan are set up about 2 years before the commencement of the Plan. It would be unrealistic to give total size of the likely resources at this stage. The resources position also depends on the recommendations of Finance Commission which would not be able to give any indication in advance.

Under the system of planning, the Working Groups are required to give an independent assessment and also make policy recommendations. The Planning Commission considers these estimates and recommendations while finalising the plan using consistency models in order to ensure inter-sectoral consistency which is beyond the scope and competence of Working Groups. The role of the Working Groups can be made more effective if they are able to indicate the priorities and alternatives open to the economy and give concrete suggestions on the economies of the sale etc. For the Working Groups to be set up in connection with the formulation of the Eighth Plan suitable guidelines will be issued to make their role more effective.

[Planning Commission O.M. No. PAD|39-(9)|85, dated
30th October, 1987]

Recommendation (Serial No. 15, Para 2.19)

The Committee are unhappy to note that in some cases funds allocated for certain schemes were diverted for some other purposes with the permission of the Planning Commission and the Ministry of Finance. The Committee feel that the diversion of funds in the implementation of the Schemes for which they are earmarked should not as a matter of principle be resorted to. They desire that such a practice should be curbed and scrupulously discouraged and funds invariably utilised for the schemes for which they are allocated.

Reply of the Government

The funds are allocated on a sectoral basis and by and large there has been no major deviation. However, in a dynamic situation it is

possible that some adjustments are required to be made to provide for new schemes.

[Planning Commission O.M. No. PAD|39-(9)|85, dated
30th October, 1987]

Recommendation (Serial No. 23, Para 4.22)

The Committee are anxious that since the monitoring activities of Planning Commission as also the Ministry of Programme Implementation, in certain fields are almost identical, it should be ensured that there is no overlapping or duplication of effort between the two.

Reply of the Government

Accepted.

[Planning Commission O.M. No. PAD|39-(9)|85 dated 30th
October, 1987]

CHAPTER IV

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

—NIL—

CHAPTER V

RECOMMENDATIONS|OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES ARE STILL AWAITED

Recommendation (Serial No. 16, Para 3.14)

The Committee note that the review of the organisational set up of the Programme Evaluation Organisation was undertaken by the Staff Inspection Unit of the Ministry of Finance in 1977 and by the Dubhashi Committee in 1978. The Committee are unhappy to be informed that the recommendations of the Dubhashi Committee which gave its report in 1980 have not yet been fully implemented. The Committee are unable to understand why it should have taken the Planning Commission so long in implementation of the recommendations of that Committee. The Committee need hardly stress that once an expert Committee is appointed to go into a particular matter, its recommendations should be considered and those accepted should be implemented with a sense of urgency otherwise the efforts put in and expenditure incurred on the whole exercise becomes futile and infructuous.

Reply of Government

The organisation set up of the PEO is under review after which a final decision will be taken.

[Planning Commission O.M. No. PAD|39-(9)|85 dated 30th
October 1987]

Recommendation (Serial No. 17, Para 3.15)

The Committee are unhappy to find that many posts both at the senior as well as junior levels, are lying vacant in the Programme Evaluation Organisation and that the work of the Organisation has suffered owing to the non-availability of the requisite personnel. The Committee would urge upon the Planning Commission to initiate necessary steps to fill up all the vacant posts urgently.

Reply of Government

As stated earlier the organisation set up of the PEO is under review. The exact number of posts at different levels would be determined only after the review is completed.

[Planning Commission O.M. No. PAD|39-(9)|85 dated 30th
October 1987]

NEW DELHI;
December 8, 1987

Agrahayana 17, 1909 (S).

CHANDRA TRIPATHI,
Chairman,
Estimates Committee.

APPENDIX

(Vide Introduction of the Report)

Analysis of action taken by Government on the 44th Report of the Estimates Committee (Eighth Lok Sabha).

I.	Total number of Recommendations	24
II.	Recommendations/Observations which have been accepted by Government	19
	(Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 24)	
	Percentage to total	79.2%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's Reply.	3
	(Nos. 4, 15, 23)	
	Percentage to total	12.5%
IV.	Recommendations/Observations in respect of which the Government's replies have not been accepted by the Committee	Nil
	Percentage to total	Nil
V.	Recommendations/Observations in respect of which final replies of Government are awaited.	2
	(Nos. 16, 17)	
	Percentage to total	8.3%