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STANDING COMMITTEE ON FINANCE

(FOURTEENTH LOK SABHA)

MINISTRY OF STATISTICS AND  
PROGRAMME IMPLEMENTATION

DEMANDS FOR GRANTS  
(2005-2006)

NINETEENTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

April, 2005/ Chaitra, 1927 (Saka)

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**STANDING COMMITTEE ON FINANCE**  
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**MINISTRY OF STATISTICS AND  
PROGRAMME IMPLEMENTATION**

**DEMANDS FOR GRANTS  
(2005-2006)**

*Presented to Lok Sabha on 20 April, 2005*  
*Laid in Rajya Sabha on 20 April, 2005*



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## COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2004-2005

Maj. Gen (Retd.) B.C. Khanduri - Chairman

### MEMBERS

#### LOK SABHA

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Bhartruhari Mahtab
5. Shri Shyama Charan Gupta
6. Shri Gurudas Kamat
7. Shri A. Krishnaswamy
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9. Dr. Rajesh Kumar Mishra
10. Shri Madhusudan Mistry
11. Shri Rupchand Pal
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24. Shri Jairam Ramesh
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27. Shri Chittabrata Majumdar
28. Shri S.P.M. Syed Khan
29. Shri Amar Singh
30. Shri C. Ramachandraiah
31. Shri Mangani Lal Mandal

#### SECRETARIAT

- |                            |   |                  |
|----------------------------|---|------------------|
| 1. Shri P.D.T. Achary      | - | Secretary        |
| 2. Dr. (Smt.) P.K. Sandhu  | - | Joint Secretary  |
| 3. Shri R.K. Jain          | - | Deputy Secretary |
| 4. Shri T.G. Chandrasekhar | - | Under Secretary  |

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## INTRODUCTION

I, the Chairman of the Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Nineteenth Report on Demands for Grants (2005-2006) of the Ministry of Statistics and Programme Implementation.

2. The Demands for Grants of the Ministry of Statistics and Programme Implementation were laid on the Table of the House on 23 March, 2005. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance are required to consider the Demands for Grants of the Ministries/Departments under their 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 Statistics and Programme Implementation at their sitting held on 29 March, 2005 in connection with examination of the Demands for Grants.

4. The Committee at their sitting held on 07 April, 2005 expressed their views on the subjects/topics that could be covered in the Report. The Committee considered and adopted the draft Report at their sitting held on 12 April, 2005.

5. The Committee wish to express their thanks to the officers of the Ministry of Statistics and Programme Implementation for the co-operation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

6. For facility of reference, the observations/recommendations of the Committee have been printed in thick type.

NEW DELHI;

19 April, 2005  
**29 Chaitra, 1927 (SAKA)**

(MAJ. GEN. (RETD.) B.C. KHANDURI)

Chairman,  
**STANDING COMMITTEE ON FINANCE**

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## Report

### Introductory

The Ministry of Statistics and Programme Implementation came into existence as an independent Ministry on 15.10.1999 after the merger of the Department of Statistics and the Department of Programme Implementation. The Ministry has two wings, one relating to Statistics and the other regarding Programme Implementation. The Statistics Wing consists of the Central Statistical Organisation (CSO), the National Sample Survey Organisation (NSSO) and the Computer Centre. The Programme Implementation Wing has four Divisions, namely, (i) Twenty Point Programme Division, (ii) Infrastructure Monitoring Division, (iii) Project Monitoring Division and (iv) Member of Parliament Local Area Development Scheme Division. Detailed Demands of the Ministry have been included in Demand No. 90.

2. The detailed Demands for Grants of the Ministry of Statistics & Programme Implementation were laid in Parliament on 23 March, 2005.

3. In the present Report, the Committee have examined following issues:-

- (i) Demand No. 90 - Improvement of National Accounts Statistics
- (ii) Demand No. 90 - Programme Implementation
- (iii) Demand No. 90 – Institutional Development and Capacity Building - Machinery and Equipment
- (iv) Central Statistical Organisation – Central Training Facility
- (v) Online Computerised Monitoring System (OCMS)
- (vi) Central Statistical Organisation – Updating the indices
- (vii) Central Statistical Organisation – Quality and realibility of Statistical Data
- (viii) National Sample Survey Organisation
- (ix) India Statistical Strengthening Project (Modernisation of Statistical System in India
- (x) Project Monitoring Division – Time and Cost Over-run

## Demand No. 90

**Major Head : Census, Surveys and Statistics 3454**  
**Sub Major Head : Surveys and Statistics - 02**  
**Minor Head : Central Statistical Organisation – 02.204**

### 20 - Improvement of National Accounts Statistics

Plan

(Rs. In thousands)

Year	BE	RE	Actuals
2002-03	39,00	39,00	28,51
2003-04	86,00	60,00	37,99
2004-05	84,00	65,50	-
2005-06	95,00	-	-

4. This Head stands for incurring expenditure on “Improvement of National/State Accounts Statistics” - a Plan Scheme, which envisages (a) implementation of 1993 System of National Accounts (SNA), (b) compilation of Quarterly and Advance estimates of GDP expenditures (consumption expenditure, capital formation and net exports), (c) providing regular training to State Government officials on compilation of estimates of State income and other aggregates, and (d) conducting studies with the help of State Directorates of Economics and Statistics for updating rates and ratios used in the compilation of national/state accounts.

5. Questioned about the reasons for the actual expenditure under the Head being much lesser than the Budgeted estimates and revised estimates for the year 2003-04, and the actual expenditure incurred under the Head during the year 2004-05, the Ministry, in a written reply informed as follows :-

“The lower expenditure in 2003-04 as compared to BE and RE is primarily due to the fact that no feasible proposals for conducting type studies by the States were received. For this purpose, allocation of Rs.33 lakh and Rs.10 lakh were made in BE and RE respectively. Because of austerity measures and economy in expenditure, study tours also could not take place. An allocation of Rs.10 lakh was made for the purpose in BE and RE. The expected expenditure during 2004-05 is Rs. 62.40 lakh”.

6. On the reasons for increasing the provisions under the Head to an amount of Rs.95 lakhs for the year 2005-06, the Ministry stated :

“The increased provision is mainly on the items, (a) salary, to account for normal increase in the staff wages, loans and medical bills, (b) other administrative expenses (OAE), which is to meet the expenditure towards conduct of Regional level Workshops on State income compilation for the benefit of State Government officials, (c) TA (foreign), to depute officers to advanced statistical systems for training on the compilation of various accounts in the context of implementation of 1993 SNA, and (d) Professional studies, to fund State Governments for conducting studies to fill the data gaps and update rates and ratios used in the compilation of national/state accounts.”



7. The Committee are concerned to note that there has been a substantial under-utilisation of the budgetted amounts under the Head, 'Improvement of National Accounts Statistics'. While the budgetted amount under the Head, at the stage of BE for the year 2003-04 was Rs.86 lakhs, the amount was revised to Rs.60 lakhs at the stage of RE during the year and the actual utilisation has only been to the extent of Rs.37.99 lakhs. The reasons adduced by the Ministry for the under-utilisation of the budgetted amount, which include, non-receipt of feasible proposals from the states for conducting type studies, do not appear to be convincing. Moreover, the allocation under the Head for the year, 2005-06, has once again been enhanced to Rs.95 lakhs, ostensibly due to factors such as the increase in staff wages, conducting Regional level workshops on State income compilations and undertaking professional studies. Given the trend witnessed in budgeting and the actual expenditure incurred in the last three years, the Committee have grave doubts on the objectivity with which the budgetting is being done by the Ministry. Hence, they recommend that every effort should be made to provide realistic budget estimates.

**Demand No. : 90**

**Major Head : 02**

**Minor Head : 04**

**Programme Implementation**

Year	Budget Estimates		Revised Estimates		Actuals	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-Plan
2002-03	2,35,00		1,32,05		20,60	
2003-04	2,00,00		1,67,00		23,64	
2004-05	2,40,00		1,30,00			
2005-06	4,40,00					

8. As informed by the Ministry, the head represents the Plan Scheme of Programme Implementation Wing on Institutional Development and Capacity Building in Programme/Projects Planning, Implementation, Monitoring and Performance Management of Infrastructure in Public and Private Sector. The provisions reflected under the head cater to the expenditure related to the Scheme under various revenue heads such as Salary, Domestic Travel, Foreign Travel, Office Expenses, Publications, Other Administrative Expenses, Professional Services, etc.

9. Asked to furnish the reasons for making huge provisions year after year, when the actual expenditure under the Head was much lower than the estimates, and the actual expenditure incurred during 2004-05, the Ministry informed as follows :-

“The revenue expenditure planned at Rs.2 crore in BE 2003-04 was revised to Rs.1.67 crore in RE 2003-04. The allocation included Rs.25 lakh for salaries and wages, 20 lakh for foreign travel, 10 lakh for domestic travel, 15 lakh for office expenses, 20 lakhs for publication, 10 lakh for other administrative expenses and 100 lakh for professional services. The expenditure on salary and wages could not be utilized as the proposal to strengthen the Project Monitoring Division could not be approved. Due to instructions on economy in expenditure the foreign travel was restricted and hence the budget could not be fully utilized. The expenditure under the Professional Services was less as selection of consultants took a longer time. The allocation of Rs. 2.4 crore for 2004-05 revised to Rs. 1.30 crore in RE included allocation of Rs. 20 lakh for domestic travel, 20 lakh for office

expenses, 5 lakh for publication, 5 lakh for other expenses and 70 lakh for professional services. It is expected that the full amount would be utilized during the current financial year taking overall expenditure to Rs. 1.39 crore. During 2005-06, an allocation of Rs.2.30 crore has been made under the head 'Professional Services' as the studies instituted during the current financial year are expected to be completed in the next financial year and the balance payments are to be released to the Consultants. In addition to this, some new studies are expected to be made during 2005-06. An allocation of Rs.60 lakh has been made under the budget head 'Publications' for publishing the studies concluded by the Consultants, printing of manual under OCMS scheme and printing of up to date manual on project implementation. The above factors have resulted in higher allocations under the head in BE 2005-06.

The expected expenditure for 2004-05 is Rs.138.42 lakh which exceeds the RE allocation of Rs.130.00 lakh. The additional amount has been re-appropriated from the lump-sum provision under Major Head 2552 for North Eastern States for incurring expenditure for organizing workshops for providing training in project management to officials of North Eastern Region including Sikkim.”

10. The Committee take strong exception to the fact that year after year, the budgetary provisions under the Head 'Programme Implementation' earmarked for meeting expenditure on salaries, domestic and foreign travel, office expenses, professional services etc., are being revised to a much lower level at the stage of Revised Estimates and the actual expenditure under the Head has been even much lesser. For instance, while an amount of Rs.2.35 crore was allocated at the stage of BE for 2002-03, the amount was revised to Rs.1.32 crore at the stage of RE and the actual expenditure was only to the tune of Rs.20.60 lakh. Similarly, for the year 2003-04, an amount of Rs.2 crore was allocated at the stage of BE, which was revised to Rs.1.67 crore at the stage of RE and the actual expenditure has only been to the extent of Rs. 23.64 lakhs. The Committee understand that during 2003-04, the utilisation was much lower than the estimates as the proposal to strengthen the Project Monitoring Division was not approved and the process of engaging consultants for professional services took much longer time than anticipated. Given the extremely wide variation in the figures of BE, RE and the actuals for the years, 2002-03 and 2003-04, the Committee cannot help observing that the outcome in regard to utilisation of the amounts earmarked has not at all been in conformity with the Budget Estimates, which they feel, needs to be avoided at all costs. They, therefore, recommend that the Government should take utmost care while finalizing the Budget estimates so that large scale variations between BE, RE and Actuals do not recur.

**Demand No. : 90**  
**Major Head : 5475**  
**Minor Head : 00.112**  
**Detailed Head : 27.00.52**  
**Institutional Development and Capacity Building**  
**Machinery and Equipment**

Year	Budget Estimates		Revised Estimates		Actuals	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-Plan
2002-03	1,72,00		80,00		62,54	
2003-04	4,44,50		77,50		26,60	
2004-05	47,50		1,23,50			
2005-06	13,73,50					

11. The Ministry have stated that the head 'Machinery and Equipment' is meant for booking all expenditure related to purchase of machinery and equipments etc. for implementation of the Plan Scheme 'Institutional Development and Capacity Building' which includes the components : (a) Modernisation of Cadre Management of Indian Statistical Service and Subordinate Statistical Service (b) Conducting / Sponsoring training courses and building training infrastructure (c) payment for professional services in research studies (d) awards and fellowships for outstanding and meritorious research work in Statistics and (e) streamlining data processing capacity of Annual Survey of Industries (CSO IS Wing, Kolkata).

12. When asked to furnish the reasons for making huge provisions under the Head at the BE stage in 2003-04, revising the provisions to a much higher level at the RE stage in 2004-05, the actual expenditure incurred under the Head for 2004-05, and the reasons for once again making huge provisions for 2005-06, the Ministry informed as under :-

"The possibilities were being explored to find out a suitable site for acquiring a plot of land for construction of CTF. Finally, a plot of land measuring 8.02 acres was located and purchased during March, 2003 at a cost of Rs.3.82 crores. Discussions and deliberations continued to initiate a plan for construction of the building as also necessary machinery and equipments to furnish the entire CTF project especially the Training Halls, Conference Rooms, Auditorium, Seminar Rooms, Faculty Blocks etc. in a state of the art way. In anticipation of the project to come through during 2003-04 and need

for its immediate furnishing to make it functional, a huge provision was made in BE 2003-04.

In RE 2004-05, an additional provision was made for providing computers to States for strengthening IT infrastructure.

The expected expenditure for 2004-05 is Rs.89.88 lakh.

The BE allocation for 2005-06 is Rs.46.50 lakh and not Rs.13,73,50,000/-.

Hence the provision is slightly less than that in BE 2004-05.”

13. The Committee regret to observe that there has been a wide variation in the Budget Estimates, Revised Estimates and the Actual expenditure under the Head, 'Institutional Development and Capacity Building'. While allocations of Rs.1.72 crore and Rs.4.44 crore were made at the stage of BE for 2002-03 and 2003-04 respectively, the amounts were reduced to Rs.80.00 lakhs and Rs.77.50 lakhs respectively at the RE stage and the actuals for the years 2002-03 and 2003-04, totalled to Rs.62.54 lakhs and 26.60 lakhs. As informed by the Ministry, a huge provision of Rs.4.44 crore was made for the year 2003-04 mainly for procuring machinery and equipment to furnish the proposed Central Training Facility (CTF), work on which could not takeoff. This resulted in reducing the budgeted amount to Rs.77.50 lakhs at the RE stage during the year and the actual expenditure incurred in the year totalled to Rs.26.60 lakhs. Though the Committee are in agreement with the fact that certain projects may not materialise as planned, given the wide variations witnessed in BE, RE and Actuals under the Head each year, they express the view that every care should be taken to make realistic and objective projections at the BE stage so that the funds available are judiciously distributed and made use of by the various Ministries / Departments.

## **Central Statistical Organisation (CSO) Central Training Facility**

14. The Ministry of Statistics and Programme Implementation had taken possession of a plot of land on 04.07.03 from the Greater Noida Authority, for – constructing the Central Training Facility (National Academy of Statistical Administration – NASA) for Statistical personnel.

15. An allocation of Rs.7.15 crore was made in the B.E. for 2003-04 for constructing the CTF. However, the project which was entrusted to the CPWD could not take off during the year 2003-04 and the allocation was reduced to Rs.50 lakh at the stage of RE, 2003-04.

16. The Committee in their 4<sup>th</sup> Report on the Demands for Grants of the Ministry of the previous year, 2004-05 looked into the matter viz., Detailed Demand No. 53 on 'Major Works' and observed that as the land for constructing the Central Training Facility had been acquired, the allocation of Rs.8.86 crore made for the year in the budgetary provisions should be fully utilized for constructing the building and also desired that the expenditure might be watched carefully, and if needed, revised at the stage of RE so as to minimize the gap between RE and Actuals.

17. The Government, in their reply had stated that the Committee's recommendation was noted for compliance and that, at the stage of RE, the Budget requirement for constructing the Central Training Facility would be realistically assessed.

18. When the Committee desired to know whether the entire allocation of Rs.8.86 crore made for the year, 2003-04 was utilised and details of the present status of constructing the building, the Ministry, in a written reply, informed :-

“The allocation of BE for 2004-05 under “Major Works” for construction of Central Training Facility (CTF) was Rs.8.86 crore. The construction could not make the desired progress due to change in the dimensions of the plot and consequential re-registration. Moreover, the building plan, which was earlier prepared by CPWD and submitted to Greater Noida Industrial Development Authority for approval, did not get their approval. Greater Noida Industrial Development Authority raised a number of objections mostly relating to technical changes in the procedure and rules. The CPWD had to redesign the Plan. In order to make the complex “Energy Efficient”,



technology adopted by the Bio-Tech Building of IIT, Kanpur was studied for adoption. The revised plan is being resubmitted. As a result, construction of the CTF except the construction of the boundary walls was delayed. In view of this large amount was surrendered at RE stage and reduced to RS. 25.00 Lakhs only. Subsequently, on demand from CPWD, authorization has been issued for an additional amount of Rs. 45.00 Lakh for carrying out land filling and other associated activities during the year 2004-05. It has been assured by the CPWD that the entire amount of Rs. 70.00 Lakh (Rs. 25.00 Lakh + Rs. 45.00 Lakh) would be spent during 2004-05”.

19. Informing the Committee of the details of the progress made in the constructing of the building, the Secretary, stated during oral evidence :-

“.....there is also an investment in the construction of a Central Training Facility at Noida. That has also run into certain problems. However, I am glad to say that we are well on our way to resolve it. In Noida authorities have changed their building regulations and now they require us to set back 60 metres on each side of the parcel. So, roughly, about 30 to 40 per cent of the land will go merely in greenbelt. I am sure, that is very good for the environs and for the citizens of Delhi. It is, perhaps, a very useful and good step in that direction, but certainly, it does cause some awkwardness for us in the sense that it requires us to redesign the various plans which we had in mind.”

For the year, 2005-06, an allocation of Rs.13.73 crore has been made for construction of the CTF.

20. The Committee had, in their Fourth Report on the Demands for Grants (2004-05) of the Ministry emphasized on the need for ensuring judicious usage of the allocation of Rs.8.86 crore earmarked for constructing the Central Training Facility for the benefit of statistical personnel by ensuring that the related work was taken up and executed as per the stipulated schedule. The Committee, are, however, compelled to take serious note of the fact no tangible progress could be made in constructing the building during the year 2004-05, due to the changes in the dimensions of the plot, consequential re-registration and failure to obtain the approvals of the authorities concerned for building plan prepared by the CPWD. As a result, a very large portion of the budgetted amount of Rs.8.86 crore for the year 2004-05 had to be surrendered by the Ministry, with the net expenditure likely to be incurred on the project during the year being restricted to an amount of Rs.25 lakhs with the possibility of an additional amount of Rs.45 lakhs being used towards land filling and associated activities. What the Committee find particularly disturbing to note is the fact that while the Ministry had, during the previous year viz., 2004-05, attributed the delay in executing the project to the failure of the CPWD adhering to the time schedule for preparing the building plan, this year, the reasons extended for the delay relate to the building plan prepared by the CPWD being not in conformity with the stipulations of Greater Noida Authority.

21. The Committee understand that a revised building plan is being re-submitted for approval by the Greater Noida Authority and an amount of Rs.13.75 crore has been earmarked at the B.E., 2005-06 for executing the project. As assured by the Secretary during the course of oral evidence, the Committee trust that necessary approvals would be obtained speedily and the amount of Rs.13.75 crore allocated for the project during the year, 2005-06, would be utilised with care and objectivity so that the exercise of revising the budgetted amount to a much lesser level at the stage of preparation of the Revised Estimates and the differential between the Estimates and the Actual expenditure being of a very high order is avoided.

## Online Computerised Monitoring System

22. As informed by the Ministry of Statistics and Programme Implementation (2003-04), the Project Monitoring Division of the Ministry had taken the initiative for introduction of On-line Computerised Monitoring System (OCMS) for monitoring of projects.

23. It was expected that procurement of computer hardware and software required for Online Computerised Monitoring System (OCMS) would materialise during 2003-04. However, the procurement could not be effected as the processing followed under World Bank Procurement System took much longer time than anticipated. In 2004-05 the budget allocation for the purpose was enhanced from Rs.30 lakh in BE to Rs.1.65 crore in RE. The procurement of computer hardware and software has taken place during 2004-05.

24. During oral evidence, the Committee had emphasised on the need for modernising the IT infrastructure and the Ministry acquiring a IT-friendly image.

25. In response to a question on whether the Online Computerised Monitoring System (OCMS) was made operational and the extent to which it had contributed in improving the quality of project monitoring, the Ministry in a written reply, stated as follows :-

- “(i) The monitoring of the projects through OCMS is likely to take place by end of May, 2005. The system design has been completed, tested and hardware is under installation.
- (ii) The OCMS will contribute in improving the quality of project and infrastructure monitoring in the following ways:
  - (a) On-Line Collection of information without time lag (saving in postal and other charges) and would help in taking remedial measures without delay.
  - (b) On-Line communication between the project enterprises and the MOSPI Officers
  - (c) Facility to transfer project profiles (in graphical form – photos, PERT-Charts and related reports) which can be read at the MOSPI end.
  - (d) Access to Reports of all the sectors prepared by the MOSPI.
  - (e) Access to Sectoral Reports by the concerned project enterprises and authorities for reference at any moment of time.

(f) Access to Guidelines/Procedures/Circulars relating to projects in public and private sector.

(g) The Project Managers/Engineers can now write their experience in the field of engineering/project management for Electronic Magazine (Ezene) on-line on the website of the MOSPI. The articles would be classified into specific categories for ease of reference.

(h) The OCMS would assist in the knowledge management in the field of Project Management which can be referred in future for better planning and implementation.

(i) The System is expected to generate:

- Automatic reminders at different situations to all participating agencies
- Reports on red-alert situations for higher level intervention.
- Forewarning reports for initiating relevant action or take remedial measures to put projects on proper track.

26. The Committee note that the major initiative of introducing the `On-line Computerised Monitoring System (OCMS) for enabling effective monitoring of project implementation could not materialise as scheduled in 2003-04 owing to the delay in procuring the computer hardware and software. The procurements could materialise only in 2004-05, and as informed by the Ministry, the OCMS would become operational by the end of May, 2005 and would contribute in improving the quality of project and infrastructure monitoring inter-alia by enabling on-line collection of information without time lags; on-line communication between the project enterprises and the Ministry; and facilitating transfer of project profiles and accruing of sectoral reports. The Committee feel that no effort should be spared in modernising and up-dating the IT infrastructure of the Ministry. When the system is put in place, the Committee feel that it will not only bring about revolutionary change in quality of monitoring but will help in taking quick remedial measures. The Committee, therefore wish to be kept apprised of the progress in implementing the OCMS as well as its effectiveness in strengthening the project monitoring measures.

## **Central Statistical Organisation**

### **Updating the Indices**

#### **Revision of current series of CPI (UNME)**

27. The current series of CPI (UNME) on base 1984-85 is being compiled by the CSO in the Ministry of Statistics & Programme Implementation. The weighting diagram for the current series of CPI (UNME) was prepared on the basis of the data collected through family living survey for urban non-manual employees (FLS for UNME) conducted during 1982-83. With the passage of time since the last FLS for UNME conducted during 1982-83, the consumption pattern of the population in general and urban non-manual population in particular has been affected due to considerable changes in the economy and rapid urbanization and globalisation of various economic activities resulting in emergence of new commodities/services on one hand and disappearance of some old items of consumption on the other. As such, the consumption basket of the current series of CPI (UNME) needs to be revised. Thus, the conduct of a fresh FLS for UNME to represent the current consumption pattern on a realistic basis has become necessary. A proposal for creation of 209 posts for conducting FLS for UNME, market survey and price collection for revision of the current series of CPI (UNME) in 66 urban centers spread through out the country, was submitted to the Ministry of Finance. The Ministry of Finance did agree in principle for revision of the current series of CPI (UNME) and advised to get the work done through a private agency. However, no suitable private agency appeared to exist which could be entrusted the field work of this size and volume spread over the entire country. Further, since the CPI (UNME) is used for the variety of purposes having financial implications, entrusting sensitive work to any private agency may involve subjectivity and in turn, may create problems in its wider acceptance. The proposal was therefore, again submitted to the Ministry of Finance with financial implications in December, 2002. The Ministry of Finance once again advised to get the work done through a private agency. As advised by the Ministry of Finance, the estimates for conduct of FLS for UNME, market survey and collection of price data in 66 urban centers and also basic information necessary for evaluation of the capability of the NGOs were obtained. As no suitable NGOs appeared to exist, the proposal for conduct of Family Living Survey was went to NSSO, which was considered in the 88<sup>th</sup> meeting of the Governing Council of NSSO held on 25-26

February, 2004 at Kolkata. In the meeting the Governing Council agreed to the proposal for taking up the Family Living Survey during the survey period of the NSS 62<sup>nd</sup> round (July 2005-June 2006).

28. The Ministry, in their written reply stated as under:-

“(i) CPI(IW) is compiled by the Labour Bureau, Ministry of Labour and not by the Ministry of Statistics and Programme Implementation. The present exercise of updating the base of CPI(IW) is third in the series. A detailed scheme, submitted by the Labour Bureau in this regard, was approved by the Technical Advisory Group (TAC) on 26 Nov1996. FOD(NSSO) undertook the field work for collecting income and expenditure data in respect of working class families from 78 centers on behalf of Labour Bureau during 1999-2000. All technical details pertaining to updation of existing series of CPI(IW) were examined by a Sub group of TAC and its recommendations were approved by the TAC in its 43rd meeting in July, 2004.

(ii) Users’ meeting is proposed to be convened by the Labour Bureau in May, 2005. Thereafter, the new series is likely to be released.

(iii) Compilation of Wholesale Price Index (WPI) is the responsibility of the Office of Economic Advisor, Ministry of Commerce and Industry. Initially, the Group was expected to submit its report by December, 2004. But in view of workload involved the Group has been given extension up to June, 2005. The Working Group for revision of current series of WPI under the chairmanship of Prof. Abhijit Sen, Member, Planning Commission, has initiated its working and is still on the job. The Working Group constituted four Sub groups on (i) Primary articles, (ii) Manufactured Items and related matters, (iii) Inclusion of items from unorganized manufacturing sector and (iv) Analytical and other related issues. Tentatively, the base year of the new series is proposed to be 2000-01. It is expected that after submission of the report by the Group the new series of WPI would be released within a year. “

29. During the oral evidence, attention of the Ministry was drawn to the fact that in one part of the report of the Statistical Commission, Dr. Rangarajan was of the view that the measurement of the inflation was a very defective one in our country. We are depending heavily on the WPI. And WPI does not include a situation where 52 per cent of our GDP which is accounted with the service sector. Ultimately, about six months

back, there was a discussion about the wide variation between the CPI and the WPI. There was a media note that the Ministry was looking into this particular thing and it was indicated that a Task Force has been set up to look into this particular recommendation of the Statistical Commission that our inflation measurement is defective.

30. In response to the concerns expressed by the Committee in the matter, the Secretary, stated during evidence:-

“The WPI and the PPI, the Publishers Price Index, pertain to the Ministry of Commerce and Ministry of Industry. They are processing these recommendations and the Working Group under the chairmanship of Prof. Sen is already working on the revision of WPI. As far as PPI is concerned, definitely, to my knowledge no work has started”.

On the issue of revision of the current issue of whole sale price index (WPI) and the adequacy of the present WPI as a means of measuring inflation, the Ministry, in their post evidence reply, informed as under:-

“It is true, as also observed by the National Statistical Commission ,the present WPI is an inadequate measure of inflation; there is a need for a separate index for measurement of inflation in the economy. The present WPI does not include Services Sector whose contribution to GDP is now more than 50%. Recognising the inadequacy of present WPI series the terms of reference of Working Group inter alia include:

- To examine the need for switching over from wholesale price Index (WPI) to producer price based Index (PPI) and suggest further improvements based on the IMF’s PPI Manual.
- To explore of inclusion of selected services in a WPI basket.

The current series of Wholesale Price Index number on base 1993-94 was introduced in April, 2000. Since then significant structural and other changes have taken place in the Indian economy. It therefore became necessary to go into all aspects of revision of WPI series including commodity coverage, base year, weighting diagrams and the related issues keeping in view the recommendations of the National Statistical Commission. The Government of India constituted a Working Group for the revision of the current series Wholesale Price Index Numbers under the chairmanship of



Prof. Abhijit Sen, Jawaharlal Nehru University (now member, Planning Commission) in December, 2003.

The Working Group has already initiated its work. To facilitate focused discussion on different aspects related with the revision of the WPI series and to help the Working Group in the completion of the work assigned to it, on the recommendation of the Working Group four sub-Groups on (i) Analytical issues, (ii) Agricultural commodities, (iii) Manufactured items and (iv) Unorganised/unregistered industries have been constituted. The present term of the Working Group expires on 30<sup>th</sup> June, 2005. After submission of the report by the Working Group normally it takes about a year to release the new series.

It is expected that after submission of the report of the Working Group and release of new series of WPI, work on producer price Index will be initiated in the office of Economic Adviser, Ministry of Commerce and Industry.”

31. The National Statistical Commission had felt that the current Wholesale Price Index (WPI) with base 1993-94 was deficient in many respects inter-alia owing to the fact that price changes in the services sector were not duly accounted for. The Commission had also concluded that, as at present, WPI was not an adequate measure of inflation and there was a need for separate index for measurement of inflation in the economy. The Committee understand that a working group has been constituted to give focused attention on different aspects related with the revision of WPI series, whose terms of reference inter-alia include, exploring the possibility of inclusion of selected services in a WPI basket and examining the need for switching over from WPI to a Producer Price Base Index (PPI). Considering the fact that the price indices in the system of economic statistics are closely watched indicators of macro economic performances and are important tools in the formulation of the monetary and fiscal policy, the Committee strongly emphasise on the need for early completion of the work on the new series of WPI and Producer Price Index (PPI). The Committee also wish to be kept apprised of the progress made in this direction.

31A. As regards the issue of revision of current series of CPI, the Committee understand that the Labour Bureau had prepared a detailed scheme way back in 1996 and the NSSO undertook the related field survey and the technical details worked out, which have since been examined by the Technical Advisory Committee. The Labour Bureau has reportedly convened a meeting in May, 2005 to consider the matter. The Committee expect the work on the revision of series to be completed and the new series of CPI released expeditiously.

## Central Statistical Organisation (CSO) Quality and reliability of Statistical Data

32. The CSO co-ordinates statistical activities with Central Government Ministries/Departments, State Governments and other Statistical Agencies. The CSO participates in the inter-departmental meetings of the Working Groups, Technical Advisory Committees, Standing Committees constituted by the Central Ministries/Departments with a view to ensuring statistical standards, to avoid duplication of efforts and for promoting quality and timeliness of data. The CSO also participates in the Committees of the State Governments and assists in the statistical data generation and dissemination activities.

33. With regard to the issue of quality, authenticity and reliability of statistical data, the Committee in their 4<sup>th</sup> Report inter-alia observed as follows:

“They are also concerned to find that different methodologies being adopted by various Ministries for collection of data do not conform to the standards laid down by the Ministry of Statistics and Programme Implementation. The Central Statistical Organisation (CSO) working under the Ministry has reportedly been unable to maintain statistical standards due to ineffective statistical co-ordination with other Central Ministries/Departments, some of which even do not have statistical cells and professional statisticians. The result has been that the surveys are conducted one after another at their own level resulting into collection of sub-standard data which can hardly be relied upon. As regards data collection in the States, the situation is even more pathetic. Most of the statistical data in the States is generated at the level of Block Development Officers and approved by the Agriculture Production Commissioner in the State capital who is the final authority. The Committee are of the view that the main problem with regard to State statistical system relates to lack of infrastructural facilities which includes lack of qualified enumerators as well.”

34. During the course of oral evidence of the Ministry, the Members of the Committee desired to know about the reliability and dependability of the data at local-level database and at the states level. The Secretary replied as under:

“By and large the much larger portion of the data as we call the administration or official statistics, these are the kinds of numbers which every Department churns out. These may be Departments of Agriculture, etc. For example, let us take Agriculture. It would be crop yields and would be deciding that land extents which are multiplied the two and then you get the entire produce. The sampling behind the crop survey is very reliable. However, there is a great doubt in the quality of data which is maintained. For example, if you take the field of social statistics, enumeration, retention rates in schools, how much children are going to schools, how many go to class 1 or V, how many drop outs, etc. If we go to the health side, what is the infant mortality rate and what is the maternal mortality rate, what is the rate of incidence of HIV AIDS, etc. These kinds of statistic are numbers whose quality leaves a lot to be desired. There are problems in the quality parameters. Firstly, these statistics are not a product of let us say scientific process of statistics. These are statistics which occur in society and we are going to see two accounts – how many of these and how many of that and largely these statistics are maintained in the various district offices of the various Departments of the country. In several cases, these are maintained at district and probably even village level figures are agglomerated at the State level and then collected and given to each State. Then the State Department may send it to the concerned Departments and the corresponding Departments in the Central Government. In these kinds of data, a lot has to be done about quality of this. Certainly, a lot more can be done than what we are doing currently. This data is certainly not very satisfactory.”

35. When asked about the suggestion made to the Government in regard to improve the quality of the statistics being given, the Secretary stated :

“Sir, what we do is that we have council meeting across the States. It meets once in two years. It is sort of an agency where we have the opportunity to exchange and interact and so on. But lately it had not met.”

36. The Rangarajan Committee in their report of the National Statistical Commission has observed as under:

“For reform of administration of the Indian Statistical System by upgrading its infrastructure and thereby enhancing the credibility of official statistics, the Commission is of the view that an independent statistical authority free from political interference having power to set priorities with respect to Core Statistics is needed to ensure quality standards of statistical processes. Such an authority will also improve the co-ordination among different agencies collecting data. Though the National Advisory Board on Statistics was constituted with this objective, its impact has been minimal. In view of this, the Commission has recommended the creation of a permanent and statutory apex body – National Commission on Statistics (NCS) – through an Act of Parliament, independent of the Government in respect of policy-making co-ordination and maintaining quality standards of core Statistics.

A lack of co-ordination among the different ministries and departments of the Central Government leads ultimately to poor and unproductive statistical advice to the concerned administrative ministries and departments. To remedy this situation, the Commission recommends the appointment of statistical advisers in important ministries and departments in order to make available sound statistical inputs and advice for the purposes of policy formulation and decision-making under the technical guidance of the National Statistician.

Some of the State Directorates of Economics and Statistics do not play a nodal role in the co-ordination of statistical activities within the State and lack survey sampling and data processing capabilities. To improve the co-ordination within the State statistical systems, the State Directorates of Economics and Statistics must be made responsible for technical co-ordination with all state Departments in respect of the content, methodology and dissemination of statistics. The Conference of Central and State Statistical Organisations is another instrument, which would provide a forum for regular interaction among the Central and State statisticians. In some of the States, as the statistical cadres are generally fragmented, the constitution of an organised State Statistical Cadre is urgently required. For

strengthening the statistical system in the States, the Commission has recommended a Centrally-sponsored scheme with the specific objectives of developing survey and data-processing capabilities in the States.”

37. When asked about the status of the setting up of the National statistical Commission, the Secretary in his reply stated as under:

“As regards setting up of the National Statistical Commission, we have finished the inter-Ministerial consultations and the draft Cabinet note along-with the comments of all the Ministries including the RBI, the Ministry of Finance and the Ministry of Law is ready. The draft is ready and the minute the Cabinet Secretary clears it, it will be submitted for the consideration of the Cabinet and it will come up then.

38. The Committee are deeply concerned to note the deficiencies prevalent in methodology of collection of data at different levels. They understand that the collection of data at local level is not free from faults. The deficient data in turn is transmitted to district offices before being agglomerated at the state level. The State department supplies the same to the concerned departments and the corresponding departments in the Central Government. They take note of the Government's own admission in this regard that lot has to be done about quality of data collections. The Committee find that the high powered Committee under the Chairmanship of Shri Rangarajan has submitted its report way back in 2001, which have given far reaching recommendation in this regard. These include inter-alia the appointment of statistical advisors in important Ministries and departments, constitution of an organised State Statistical Cadre, launching of a Centrally-sponsored Scheme with the specific objectives of developing survey and data processing capabilities in the States, besides setting up of an independent statistical authority – National Commission on Statistics through an Act of Parliament in respect of policy-making co-ordination and maintaining quality standards of core-statistics. They recall that they had recommended for setting up of National Statistical Commission through an Act of Parliament in their report in 2004-05. The Committee strongly deplore the undue delay on the part of the Government in, bringing the Bill, which, as informed is expected to be introduced shortly. As the future of maintaining and supply of quality statistics hinges on the fate of this Bill and the Committee want that all formalities should be completed without further delay so that the National Statistical Commission may be able to carry its programme for revamping the statistical system in India.

39. The Committee are given to understand that with a view to interact between states and Central Government, there is a Council which meets once in every two years. They find that the meeting of the Council has not been held so far. They deplore such delay in holding the meeting and want that the frequency for holding this meeting may be reduced to one year instead of the two years so that fruits of interaction can be realised. The Committee also strongly feel the need to enhance the quantum of funding to the States for strengthening the statistical system of the States.

## **National Sample Survey Organisation – Delay in publication of reports**

40. The National Sample Survey Organisation (NSSO) is mandated to conduct nation-wide surveys on various socio-economic aspects, Annual Survey of Industries (ASI), follow-up surveys of Economic Census and supervision of area enumeration and crop estimation surveys of state agencies under the Improvement of Crop Statistics (ICS) scheme, Urban Frame Survey with a view to prepare a frame of compact units of urban areas as the first stage sampling units (FSUs), organizing methodological studies and pilot surveys on important subjects and collection of price data from rural and urban sectors. The organization functions under the overall direction of a Governing Council (GC) with requisite autonomy in the matter of NSS data collection, processing and publication. In addition to the non-official Professional Chairman, the GC is composed of five academicians, five data users from Central and State Governments and senior officers of the Ministry. Director General and Chief Executive Officer (DG&CEO) is responsible for coordination and supervision all activities of the organization. He is Member-Secretary of the GC and is assisted by one Additional Director General and 4 Deputy Director Generals.

41. The NSSO has four Divisions viz. (i) Survey Design and Research Division (SDRD); (ii) Field Operations Division (FOD); (iii) Data Processing Division (DPD); and (iv) Coordination and Publication Division (CPD). (i) The SDRD is headed by a Deputy Director General and located at Kolkata is responsible for planning of the survey, formulation of sample design, designing of enquiry schedules and preparation of reports based on survey results. (ii) The FOD is headed by an Additional Director General, with headquarter at Delhi and a network of six Zonal Offices at Bangalore, Guwahati, Jaipur, Kolkata, Lucknow and Nagpur, 48 Regional Offices and 117 Sub-Regional Offices spread throughout the country. The Division is responsible for collection of primary data for the surveys undertaken. (iii) The DPD headed by a Deputy Director General with its headquarter at Kolkata has six Data Processing Centres (Ahmedabad, Bangalore, Delhi, Girdih, Kolkata and Nahpur) and is entrusted with the responsibilities of sample selection, software development, processing and tabulating the data collected through surveys. (iv) The CPD headed by a Deputy Director General, is the secretariat of the GC of the NSSO. Apart from coordinating the activities of different Divisions, it brings out a bi-annual technical journal entitled Sarvekshana.



42. The Governing Council of NSSO has been reconstituted under the Chairmanship of Prof. Suresh D. Tendulkar by the Government with effect from 30<sup>th</sup> November, 2004. The 89<sup>th</sup> meeting of the Governing Council was held during 12-13 January, 2005 at New Delhi. The Council inter-alia discussed and approved (i) tabulation plan and estimation procedure in respect of NSS 60<sup>th</sup> and 61<sup>st</sup> Rounds (ii) tabulation plan and estimation procedure for pilot survey on Non-Profit Institutions Serving Households and (iii) sample design and schedules of enquiry of Baseline Survey of UNICEF.

### **Working Group (WG)**

The Working Group (WG) on 60<sup>th</sup> Round of NSS on Morbidity, Health Care. Employment –Unemployment and Consumer Expenditure finalized the tabulation plan and estimation procedure for this round in its meeting held on 17<sup>th</sup> June, 2004.

The fifteenth meeting of the WG on NSS 61<sup>st</sup> Round was held on 11<sup>th</sup> January, 2005. The group finalized the tabulation plan and estimation procedure for the NSS 61<sup>st</sup> Round survey.

The first meeting of the WG on NSS 62<sup>nd</sup> Round was held at Kolkata during 29<sup>th</sup> –30<sup>th</sup> September, 2004. In this meeting, the draft sample design and schedules of enquiry for the NSS 62<sup>nd</sup> Round was discussed. On the proposal to take up the Family Living Survey (FLS) for urban non-manual employees during this round, the WG recommended that FLS might be taken up in a future round if adequate resources cannot be made available during the survey period of 62<sup>nd</sup> Round. The second meeting of this group was held on 3-4 February, 2005 at Kolkata and the group finalized sample design and schedules.

In the third meeting of the WG for Pilot Survey on Non-Profit Institutions Serving Households (NPISH) held during 6<sup>th</sup> – 7<sup>th</sup> February, 2004, the WG finalized the sample design and schedules of enquiry for the pilot survey on NPISH. The fourth meeting of WG was held in New Delhi on 18<sup>th</sup> November, 2004. In this meeting, tabulation plan and estimation procedure were finalized by the group.

### **Socio-Economic Surveys**

#### **NSS 58<sup>th</sup> Round**

The 58<sup>th</sup> Round of NSS (July – December, 2002) was earmarked for collection of data on disability, housing condition, village facilities and slum particulars besides household consumer expenditure and employment-unemployment. Out of the remaining

two reports on housing one report was already brought out and the last report is expected to be released shortly. A press note on Housing Condition in India based on this round survey was released on 14 May, 2004.

#### NSS 59<sup>th</sup> Round

The NSS 59<sup>th</sup> Round (January – December, 2003) was devoted to collection of data on land and livestock holdings; debt and investment and household consumer expenditure along with some key characteristics of employment-unemployment. The Situation Assessment Survey (SAS) of farmers was also conducted during this round on behalf of Union Ministry of Agriculture and Cooperation. The final stage of valuation of data is under progress. The following six reports are expected to be released by May, 2005.

- (i) Consumer expenditure, Employment and Un-employment
- (ii) Livestock holdings in India
- (iii) Some aspects of farming
- (iv) Access to modern technology for farming
- (v) Household assets and liabilities
- (vi) Indebtedness of farmer households

#### NSS 60<sup>th</sup> Round

The 60<sup>th</sup> Round of NSS (January – June 2004) was devoted to morbidity and health care, employment and unemployment and household consumer expenditure. Data processing work is under progress.

#### NSS 61<sup>st</sup> Round

The seventh quinquennial survey on consumer expenditure, employment and unemployment (NSS 61<sup>st</sup> round) is being conducted during July 2004 – June 2005. A total of 12784 sample villages/blocks are covered in this survey. The Planning Commission uses consumer expenditure data collected through quinquennial surveys for estimating incidence of poverty.

#### NSS 62<sup>nd</sup> Round

The 62<sup>nd</sup> Round of NSS (July 2005 – June 2006) will be devoted to survey on “Un-organised Manufacturing”. Apart from this, usual annual survey on Household consumer expenditure and employment unemployment shall also be carried out.

43. Questioned about the reasons for the significant delays in publishing data and reports, particularly of the NSSO, the Secretary, replied during oral evidence as under:-

“The 58<sup>th</sup> report which had taken place in 2002, that report has been released. The publication of this has been lagging by two and a half years to three years. But it is much better than 10 years which used to take place before. The 59<sup>th</sup> Report which was done in 2003 would be released sometimes starting from May to October this year. It has been compressed further. The 60<sup>th</sup> Report on Health care survey done in 2004 would be published in June, 2005. So the time taken for publication of this report is very less.

44. The Committee are well aware of the fact that the National Sample Survey Organisation (NSSO) is inter-alia mandated to conduct nationwide surveys on various socio-economic aspects, annual surveys of industries (ASI), follow-up surveys of Economic Census and Supervision of area enumeration and crop estimation, surveys of State agencies under the 'Improvement of Crop Statistics' (ICS) scheme and organising methodological studies and pilot surveys on important subjects and collection of price data from rural and urban sectors. While the 58<sup>th</sup> round of NSS survey undertaken in July – December, 2002 was inter-alia earmarked for collection of data on disability, housing condition, village facilities and slum particulars, the 59<sup>th</sup> round undertaken in January – December, 2003 was, among other things devoted to collection of data on land and livestock holding, debt and investment and household consumer expenditure, and the 60<sup>th</sup> round undertaken in January – June, 2004 was devoted to morbidity and healthcare, employment and unemployment and household consumer expenditure. The 61<sup>st</sup> round, which commenced in July, 2004 and is to extend upto June, 2005 is concerned with consumer expenditure, employment and unemployment and the 62<sup>nd</sup> round, which is to be undertaken from July, 2005 to June, 2006 would be on 'Unorganised Manufacturing'.

45. While there is no doubt with regard to the vital importance of the data generated and published by the NSS surveys, what the Committee feel particularly perturbed to note is the fact that, quite often, significant delays have been noticed in publishing the NSS Survey Data and Reports. As admitted by the Secretary during evidence, the report of the 58<sup>th</sup> NSS Survey Round, which was completed in 2002 was published two and half to three years later; the report of the 59<sup>th</sup> Round undertaken in 2003 is expected to be released in the period, May to October, 2005; and the report of the 60<sup>th</sup> Round executed in 2004 is expected to be published in June, 2005. The Committee cannot help observing that the lack of IT readiness on the part of the Ministry has been a major contributory factor for the undue delays, quite often noticed in publishing the reports of the NSS Surveys rounds, which are of vital importance to the country. As emphasised time and again, the Committee expect that the Government would make every possible effort in ensuring that field survey reports and data are released in a timely manner so that their relevance is not minimised, if not totally lost.

## **India Statistical Strengthening Project ( Modernisation of Statistical System in India )**

46. The Ministry of Statistics and Programme Implementation had prepared and taken up a detailed project proposal for “Modernisation of Statistical System of India with assistance from the World Bank. The project was subsequently renamed as ‘India Statistical Strengthening Project’.

47. Though initially conceived to be taken up as a comprehensive project, it was later decided to make it a two tier project. Tier-I of the project consists of a number of studies for working out the methodologies, cost and time estimates and other details for the preparation and implementation of Tier-II. The specific components included in the Tier-I of the project are the following :-

- (a) Study for the Creation and Maintenance of Business Register.
- (b) Study for Identifying specific Requirements of Strengthening of State Statistical Bureaus
- (c) Surveys for improvement of Service Sector Statistics
- (d) Study for Assessing Survey Capabilities of Private Sector
- (e) Study for the Establishment of an All India Statistical Network

48. Tier-II of the project which will be the actual implementation phase of the project is to be formulated on the basis of the studies completed during Tier-I.

49. The Committee had, while examining the Demands for Grants of the Ministry for the previous year viz. 2004-05, inter-alia taken note of the fact that Tier II, which was the actual implementation phase of the ‘India Statistical Strengthening Project’ was dependent on the outcome of Tier I. The Committee had, therefore observed in their 4<sup>th</sup> Report on the Demands for Grants of the Ministry (2004-05), that the Government should ‘strictly adhere to the time schedule’ of the project in ‘right earnest’.

50. Asked to furnish details of the current status of implementation of the project, the Ministry, in a written reply, inter-alia informed as follows :-

“The status in respect of each of the components of the project “Modernisation of Statistical system in India” renamed as the “India Statistical Strengthening Project” is as follows:-

**Implementation status of 5 components of India  
Statistical Strengthening Project**

The implementation status for each component is given below:-

**Component I: Study on Creation and Maintenance of Business Register.**

Activity	Date of Starting	Date of Completion	Current Status
Identifying an agency and enlist it's services	Jun-04	Sept-04	The agency has been enlisted on 10.12.2004
Preparatory work	Sept-04	Sept-04	Completed on Dec. 2004
Formulation of exploratory enquiry and execution of field study including validation survey	Oct-04	Mar-05	Field work in three districts of Andhra Pradesh is in progress. The work started in January 05 and will be completed by April 2005
Processing of data and draft report	Mar-05	Apr-05	Data processing for the district of Medak has been initiated
Designing prototype	Apr-05	May-05	To be taken up
Software development and creation of prototype	Jun-05	Jul-05	To be taken up
Testing updation mechanism	Jul-05	Aug-05	To be taken up
Preparation of final blue print of Business Register	Aug-05	Aug-05	The blue print will be ready by September, 2005

**Component II Study for identifying Specific Requirements of State  
Statistical Bureaus (Phase – 1)**

The original date of completion was February, 2005. Now the expected date is September, 2005.

**Component III: Study on Improvement of Service sector Statistics**

The original date of completion was December, 2005. Now the expected date is July, 2006.

#### **Component IV: Study for Assessment of Survey Capabilities of Private Sector**

The original date of completion was April, 2005. Now the expected date is December, 2005.

#### **Component V: Establishment of All India Statistical Network**

The study can be taken up only when first report of the study on identifying specific requirements of State Statistical Bureaus is available. Hence, it can be awarded only after September, 2005 and could be completed within 20 weeks after the study has been awarded.”

51. Informing the Committee of the present status of the project, the Secretary, stated during oral evidence :-

“One of the important schemes which had come to the adverse notice of this Committee is geared to that. That is the statistical strengthening project which has been badly delayed which has actually been financed by the World Bank. This is one where we are studying all the five elements of the society in terms of statistics. We are studying as to what is the strength of the State. What exactly is their status? What are their needs and capabilities and weaknesses? We should be able to get the report on these aspects very soon.”

52. The Committee feel concerned to note that though significant budgetary allocations are being made in successive years since 2002-03 for implementing the World Bank aided project on modernising the statistical system in the country, which has now been named as 'India Statistical Strengthening Project', the ground reality of the progress of the project is far from satisfactory. The Committee had, in their 4<sup>th</sup> Report on the Demands for Grants of the Ministry for the year, 2004-05 taken note of the fact that Tier-II, which was the actual implementation phase of the project, was dependent on the outcome of Tier-I of project. The Committee had, therefore, emphasised on the need to ensure that the project schedules were strictly adhered to. To their dismay, however, the Committee have now learnt that there have been slippages of the time schedules prescribed in respect of all the components of Tier-I of the project viz., 'Study on Creation and Maintenance of Business Register', Study for identifying specific Requirements of State Statistical Bureaus; Study on Improvement of Service Sector Statistics; Study for Assessment of Survey Capabilities of Pvt. Sector; and Establishment of All India Statistical Network. They take note of the fact that during examination of Demands for Grants (2004-05), the Government had itself admitted the slippages of the time schedule but assured to complete the work by the end of 2005. They are concerned to note that even the revised schedule as proposed by the Government will not be adhered to and the Tier-I of the project will be likely to be completed by July, 2006. The Committee strongly feel that the Government cannot afford to be lethargic in implementing this project, which would, in the long run, prove to be of a immense value addition to the country. The Committee, therefore, re-iterate that no effort should be spared to ensure that the Tier-I of the project is completed as per the revised planned schedule so that Tier-II of the project takes off and the project is implemented without further delay. They also wish to be periodically appraised of the progress made in this direction.



## **Project Monitoring Division**

### **Time and Cost Overruns**

53. The Project Monitoring Division (PMD) of the Ministry is responsible for monitoring of all Central Sector Projects costing Rs.20 crore and above. In addition, it also monitors the progress of irrigation projects which are financed centrally under the Accelerated Irrigation Benefit Programme (AIBP). The Project Monitoring Division, in coordination with the administrative Ministries concerned, takes up initiatives to bring about systematic improvements in various areas of project implementation. The various activities of the division, as informed by the Ministry, are as follows :-

#### **Monthly Monitoring of Major and Mega Projects**

54. A two tier system of monitoring has been adopted. While all projects are monitored on a quarterly basis, the Major projects costing Rs.100 crore and above are monitored on a monthly basis through Flash Report System.

55. Copies of Flash Report, containing an analysis of the status of implementation of the major projects are sent to the Ministries/Departments concerned for appropriate action.

56. An Exception Report is brought out once every two months in respect of the projects which are showing progressive slippage in achieving the milestones. The Exception Report concentrates on the exceptional issues and problems responsible for further delays. The critical and chronic issues requiring action at higher levels are brought into the focus. The emphasis is on exceptions and problems that need to be addressed without delay.

#### **Quarterly Monitoring of all Projects**

57. The Division prepares Quarterly Project Implementation Status Reports (QPISR) in respect of all projects costing Rs.20 crore and more. The QPISR covers salient features of the projects sector-wise, indicates, among other things, the latest commissioning dates, cumulative expenditure incurred on the projects up to the end of

the quarter reported on and the time and cost over-runs likely to occur in the implementation of each of the projects.

58. As on 01.04.2004. there were 568 projects on the monitor of the Ministry. During the period, April, 2004 to September, 2004, 115 new projects were added and 65 projects completed and one project was deleted from the monitoring. Therefore, as on 30.09.2004, there were 617 projects on the monitor costing Rs. 2,67,067 crore.

59. Asked to furnish details of the projects that may have been added after September, 2004, the time and cost overruns that may have been experienced in executing projects, the action taken by the Ministry in this regard, and the proposals, if any, prepared for overcoming the bottlenecks in executing projects, the Ministry informed as follows :-

- (i) After September, 2004 and upto December, 2004, 55 new projects have been added on the monitoring system of the Ministry of Statistics and Programme Implementation .
- (ii) One hundred forty nine projects have reported cost overrun of 22.2% with respect to the latest approved cost estimates. Eighteen projects have been completed upto December, 2004. It may be noted that only 8 projects have contributed to nearly 79.25% of the total cost overrun in all projects together. The table below gives the percentage cost overrun contribution of these 8 projects to the overall cost overrun in all projects together.

Sl. NO.	Name of the Project	Percentage contribution of the total cost overrun for delayed projects	Status
1.	Naptha Jhakri Power Corporation	21.51	Project Completed in Early 2004.
2.	Delhi Metro Rapid Transit System	18.02	Project is scheduled for completion by March, 2006
3.	Dulhasti Hydro Electric Power Projects	12.76	Project is in advanced stage of completion.
4.	Tehri Hydro Electric Power Project	11.54	The project is scheduled for completion by July,2005.
5.	Udhampur-Srinagar Baramulla	7.89	The project is scheduled for completion by August, 2007.

6.	Dhauliganga Hydro Electric Power Project	3.08	The project is scheduled to be completed by March, 2005
7.	Panipat Refinery Expansion	2.74	The project is scheduled for completion by June, 2005.
8.	Koderma-Ranchi New Line	1.71	The project is scheduled for completion by March, 2006
	Total	79.25	

According to the present indication, in addition to the 18 projects, 34 projects are scheduled to be completed by March, 2005. The completion schedule of balance 97 projects is given below :

	21 projects by March, 2006
	14 projects by March, 2007
	14 projects are scheduled to be completed in early 11 <sup>th</sup> Plan
	48 projects do not have a definite date of commissioning which include 46 Railway projects.

Among the 237 projects which have reported time overrun ranging from 2 to 156 months, there are 84 projects which have time as well as cost overruns and they are part of 149 projects which have cost overruns. According to the present indication, 127 projects including 84 delayed projects are to be completed by March, 2005.

The main reasons for time and cost overruns varies from project to project. However, a summary of the reasons reported by project authorities in respect of delayed projects is given below:

S.No	Factors	No. of Projects
1.	Fund Constraints	31 (28 Railways, 2 in Health & Family Welfare and 1 in Coal sector)
2.	Land Problems	(a) Non-forest land 31 (23 Railways, 5 Coal, 2 in Road Transport & Highways and 1 in Power) (b) Forest land 11 (4 Railways, 3 each in Coal and Power and 1 in Road Transport & Highways )
3.	Delay in Civil	12 (7 Railways, 2 in Road Transport & Highway

	Works	and 1 each in Atomic Energy, I&B, and Health & Family Welfare)
4.	Delay in Award of Contract	20 (8 Petroleum, 7 Railways, 2 in Civil Aviation and 1 each in Atomic Energy, Coal and I & B)
5.	Slow Progress in Works other than Civil Works	158 (142 Railways 6 in Road Transport & Highways, 8 in Power and 1 each in Fertiliser and Petroleum)
6.	Delay in Supply of Equipment	17 (3 Atomic Energy, 3 Railways, 5 Petroleum, 2 Coal, 2 Road Transport & Highways and 1 each in Fertiliser and Steel sector.) (17 indigenous)

(iii) The measures taken by the Ministry of Statistics and Programme Implementation and administrative Ministries in this regard include:

- a. Ministries have been asked to follow rigorously the mechanism of the quarterly review of projects implemented through public sector enterprises and through the Empowered Committee mechanism for projects implemented departmentally.
- b. The critical projects reported to have time and cost overrun were reviewed by the Committee of Secretaries (COS) and necessary directions were given to the concerned projects authorities for taking remedial measures.
- c. Standing Committee for fixation of responsibilities in time and cost overrun of projects are looking into the various types of reasons and agencies are being asked to explain and pay penalties for the delays.
- d. The Ministry is setting up an On-line Computerised Monitoring System to improve the quality of the monitoring and provide advance warning signals about likely delay in projects well in time for timely mitigation measures.

- e. The recommendations of the Govindarajan Committee relating to the Project Formulation, Appraisal and Implementation for Central projects have been incorporated into the system of Public Investment Board and Expenditure Finance Committee which inter-alia increases existing powers for approval of the Central Sector projects by various authorities. This was notified by the Ministry of Finance Vide their O.M. No. 1 (2)/PF.II/03 dated 7.5.2003
- f. The COS have recommended higher limit for approval of the projects in power and coal sectors. The recommendations are as follows:
- To enable fast processing of the proposals in case of profit making public sector enterprises in the power sector where financial appraisal has been done by financial institutions and who have already committed loan amounting not less than 65% of the project cost, projects upto the following ceiling approved by the Department are not to be sent to PIB/CCEA.

Sl. No.	Ministry/Dept.	Financial limits of Plan/Project	Appraisal Forum	Approval Authority
	Dept. of Coal	Upto Rs. 1000 crore	Empowered Committee of Secys. Headed by the Secy. Of the administrative Department	Minister-in-charge of the Ministry.
	Ministry of Power	Upto Rs. 1500 crore	-do-	-do-

- g. In order to ensure that only viable projects are taken up in the Railway sector the Expanded Board for Railway Projects, which is also represented by Planning Commission, Ministry of Statistics and Programme Implementation and Ministry of Finance critically examines projects costing Rs.50 crore and above.

- h. Standard Contract Management system has been introduced to reduce disputes in project contracts and thus avoid time and cost overruns in projects.
  - i. The projects are being reviewed at various levels at their sites to assess the ground realities and specific steps are being taken to resolve the constraints without delay.
- (iv) The Model Domestic Contract Documents provide for incentives/bonus for critical and large infrastructure projects ahead of schedule. Such a practice has been adopted by National Highway Authority of India in execution of various contracts through the contractors. The provisions made in the Model Domestic Contract Documents on incentives/bonus (in Clause 9 of the Contract clauses) which has been released by the Ministry as guidelines is as follows:
- 9B For early completion of the contract before the stipulated date of completion of an incentive amount at the rate of half per cent ( $\frac{1}{2}\%$ ) of the contract price per week of early completion, subject to a maximum of five per cent (5%) of the contract price may be paid to the contractor.
- 9B (i) The incentive or bonus (optional clause) would be applicable in time-critical projects.
- 9B (ii) The owner (Project Enterprise/Ministry/Department) may determine accurately the quantum of incentive and the period of early completion as the eligibility criteria before the award of contract.
- 9B (iii) Each Public Sector Undertaking/Ministry will consider and take a considered view whether the clause regarding incentives are to be included in the contract along with justifications based on legal advice.
- (v) The problem of steep rise in the prices of steel and cement in the recent years was brought out by the National Highways Authority of India of Ministry of Road Transport and Highways and Ministry of Power in the review meetings held under the Chairmanship of the Minister of State (Independent Charge). The Model Domestic Contract Documents provide for escalation in prices. Ministries have been advised to apply the formulae given in the Model Contract Document and obtain approval of the concerned authorities.

60. Excluding the railway projects the time and cost overruns were examined by the Standing Committees of the concerned Ministries/Departments and the findings are given below:-

**PROJECTS REVIEWED BY THE STANDING COMMITTEES**

Sl.No.	Ministry/Departments, Name of the Projects	Finding of the Standing Committee	Remarks
	<b><u>Civil Aviation :</u></b>		
1.	Construction of Boeing 747 - 400 Hangar (No.4) at Mumbai by Air India.	Inadequate funds and delay in land acquisition led to occurrence of time and cost overruns in the project.	Indian Air Lines which was occupying the area was responsible for delay in handing over of land.
2.	Construction of New International Passenger Terminal Phase III by the Airport Authority of India.	Change in the scope of the project has been largely responsible for time and cost overruns in the project.	The change in scope was conceived at the early stage by AAI, and was held responsible for inadequate project formulation.
	<b><u>Coal :</u></b>		
3.	Dudichua Opencast Project, Northern Coalfields Ltd.	Funds constraints and delay in supply and commissioning of draglines and Coal Handling Plant Phase-I led to occurrence of time and cost overruns in the project.	Committee held HEC and M/s Hyundai Heavy Industries Ltd. responsible for the occurrence of time and cost overruns, and recommended appropriate action against the said companies.
4.	Pootkee-Balihari underground project, (Bharat Coal Companies)	Time overrun experienced in the project is attributed to delay in sinking of two additional shafts, and delay in erection of head frame and building up of underground production to target level (0.68MTY) due to funds constraints.	Liquidated damages imposed on M/s TSL, M/s CEMENDIA and Ms HEC.
	<b><u>Health &amp; Family Welfare:</u></b>		

5.	National Institute of Biologicals, NOIDA.	Delays in the project are attributed to system deficiencies, lack of experience, lack of institutional structure (project team), and absence of monitoring mechanism.	Committee held the Ministry of Health responsible for system deficiencies.
6.	North Eastern Indira Gandhi Regional Institute of Health & Medical Sciences, Shillong.	Occurrence of time and cost overruns has been largely on account of lapses on the part of the Ministry in respect of project formulation, planning and implementation. Frequent changes in scope of the project have also contributed to the delay in completion of the project.	
7.	<p><b><u>Fertilizers:</u></b></p> <p>Revamping of Ammonia/Urea/ NPK Plants of Madras Fertilizers Ltd.</p> <p><b><u>Power :</u></b></p>	Time overrun experienced in the project was attributed to the delay in supplies of major equipment, delay in piping fabrication and erections whereas cost overrun was associated with increase in interest charges during construction period, foreign exchange variations, and change in scope.	The Committee fixed responsibility on 3 previous CMDs of MFL, the present CMD, and the present GM (Corporate Planning) for ineptitude, and infighting.
8.	Vindhyachal Additional Transmission System.	Since the project was completed within the stipulated completion schedule after the funding tie-up with the world Bank, the Committee felt that there was no time overrun in the project.	No responsibility fixed.



9.	Nathpa Jhakri Transmission System.	The Committee felt that since the transmission system is linked to the commissioning of the generation project at Nathpa Jhakri, the transmission project has been deliberately delayed.	No responsibility fixed.
10.	Kathalguri Transmission Project.	Occurrence of time and cost overrun was attributed to the law and over prevailing in the North-eastern region, changes in scope arising out of geographical conditions, general price escalation, and increase in interest during construction (IDC).	No responsibility fixed.
11.	RCE of Moga-Bhiwani Transmission Project.	Committee was of the view that the project was approved without financial tie-up resulting in 2 years' delay. Adverse law and order situation then in Punjab also delayed the project. Increase in cost was mostly on account of change in scope of the project.	No responsibility fixed.
12.	Kishenpur-Moga Transmission System, POWERGRID.	The Committee conducted that delay in execution was mainly due to the delay in testing of tower by the contractor, and partly due to several contractual disputes leading to termination of the contract etc. The cost overrun is mainly due to general price escalation and due to increase in the interest during construction.	No responsibility fixed.

13.	RCE of Uri Transmission System, POWERGRID.	Time overrun experienced in the project was mostly due to disturbed law and order conditions in the State, delay in land acquisition, and the Court order regarding tree felling. The cost overrun was mainly due to general price escalation, and very high erection charges quoted by the bidders.	No responsibility fixed.
14.	Rangit HEP, NHPC.	Lack of monitoring and supervision by NHPC led to many contractual problems which otherwise could have been avoided. Moreover, original project report was not based on realistic basis.	Committee felt that the management of NHPC and contractors have substantially contributed to time and cost overrun.
15.	Tehri Hydro Electricity Project.	The Committee felt that the time overrun in the project was mainly due to various agitations leading to stoppage of work, R&R package, and environmental aspects of the project.	The Committee concluded that time and cost overruns experienced in the project are due to factors beyond the control of the project enterprise.
16.	Nathpa Jhakri HEP, NJPC.	Time and cost overruns experienced in the project have largely been on account of natural calamities and geological surprises which beyond control of NJPC.	No responsibility fixed.
	<b><u>Ministry of Home Affairs : (Now DNEA)</u></b>		
17.	RCE of Regional Institute of Medical Sciences, Imphal.	The committee held entire Management Committee/NEC responsible for not	No responsibility fixed.

		following professional project approach. No prior approval was secured for releasing funds beyond the sanctioned cost. Inadequate survey and soil investigations also led to time overrun in the project.	
18.	Ranganadi Transmission Project, NEEPCO.	Committee observed that nothing substantial was achieved during first five years of the project time-cycle.	Committee has recommended to Secretary, NEC to fix the responsibility on the officers of NEEPCO for not making substantial progress for the initial 5 years. Project since completed.
19.	Doyang Transmission System NEEPCO.	Committee directed the Secretary NEC to fix responsibility for the slow progress on the part of NEEPCO during the period of 7 initial years till the project was transferred to POWERGRID.	The Committee felt that there is an urgent need for simplification of too many procedural requirements often leading to delays in project sanction/implementation.
20.	Rokhia Gas - based Power Project.	There has been no cost overrun though there has been a time overrun of 9 months.	NEEPCO was held responsible for poor quality of DPR.
21.	Doyang, HEP.	Committee observed that the responsibility for not updating the cost and time schedules (which were almost 2 years old) before obtaining the approval of the Government rested with NEEPCO and NEC.	The responsibility for the delay in award of major contracts from 6 months to 2.5 years lies with NEEPCO.
22.	Ranganadi, HEP.	The responsibility for not updating the	Fixed responsibility on the Administrative Ministry

23.	Construction of New Port of Ennore near Chennai.	<p>schedule and estimates for seeking Govt. approval rested with NEEPCO, NEC and MHA.</p> <p>Occurrence of time and cost overruns was attributed to delays in appointment of consultants and finalization of port layout and in award of major contracts. The Committee concluded that time overrun of 10 months was due to elaborate ADB procedures for appointment of consultant.</p>	<p>and Consultant.</p> <p>Consultant was held responsible for not taking adequate steps for Railway Receiving Design System. Ministry of Shipping &amp; Ports was held responsible for delay in appointment of Project Director.</p>
24.	Mechanised Coal handling Plant, Pardeep Port.	<p>Project since completed.</p> <p>The Chairman of the Pardeep Port Trust was held responsible for failing to appoint a full-time Project Director. The Committee recommended black listing of the consultant for not taking adequate steps for preparation of Railway Receiving Design system which significantly contributed to time and cost overrun in the project.</p>	<p>LD imposed on consultant for lack of supervision.</p> <p>Responsibility fixed on State PWD and Ministry for lack of monitoring.</p>
25.	<p><b><u>Road Transport &amp; Highways:</u></b></p> <p>4-Laning and Strengthening of Mathura-Agra Section of NH-2 (Km 148.33-Km 199.66)</p>	<p>Committee felt that inexperience of domestic consultants and failure on the part of the U.P. PWD, sites not</p>	<p>Responsibility fixed on Railways and State PWD.</p>

		being free from encumbrances led to occurrence in the project.	
26.	4-Laning and strengthening of NH-3 between km 573 and km 590.6 and construction of Bypass around Indore town in M.P.	Committee concluded that the consultant for the project should be debarred for future projects for failure on his part to ensure proper supervision of work and proper survey of the site.	Ministry and Monitoring Committee held responsible.
27.	4- Laning and Strengthening of NH-1 between km 132.675 to 212.161 in Haryana.	Time and cost overruns experienced in the project are attributed to delay by the consultant to prepare detailed cost estimates, inadequate designs preparation by the consultant for major structures, and failure on the part of the Ministry to carry out periodic review of the progress.	Responsibility fixed on RITES to prevent such events from recurring.  Project since completed.
28.	4- Laning and Strengthening of NH-1 between km 212.20 and 252.25 from Haryana - Punjab Border to Sirhind in Punjab.	Reasons for time and cost overruns were attributed to inadequate survey by the contractor, delay in processing of RCE by the Ministry, delay in starting of work by Railways for Railway Over Bridge (ROB), and failure of the Punjab PWD to ensure sites being free from encumbrances.	Responsibility fixed on inadequate funding and lack of monitoring.
		Committee observed that the DPR for the project submitted by the	

29.	RCE for 4-laning with strengthening of the existing 2-lane pavement from Barwa Adda (km 398.75) to Barakar (km 441.44) on NH-2 in Jharkhand.	RITES was not as per the international standards, and was required to be revised as per ADB norms. This resulted in avoidable time overrun.	No agency held responsible.
30.	<u>Water Resources :</u> Farakka Barrage project.	Time and cost overruns experienced in the project were attributed to funds constraints, inadequate and ineffective monitoring, general price escalation, labour unrest, and arbitration cases at Farakka Barrage Project.	Responsibility fixed on M/s DLF to whom the contract for CPP was awarded.  No responsibility fixed Unit sold out.
31.	RCE in respect of Pagaldiya Dam Project, Assam.	Problems in land acquisition for R&R works and security considerations contributed to delay in completion of the project. The design was inadequate from the point of view of safety requirements.	Department of Justice had no monitoring mechanism. The contract with the architect was revised with proper cap.
32.	<u>Steel:</u> Kudremukh Iron & Steel Company (KISCO) Ltd., Karnataka.	Time and cost overrun experienced in the project were attributed to delay in finalisation of specifications for equipment on the part of KISCO, and the subsequent delay in supply of drawings to M/s DLF Industries.  Committee concluded that time and cost overruns in the project have resulted on account of factors beyond the reasonable control of NALCO. As	CPWD was fixed for delays along with the consultant architect. Project was not monitored properly.

33.	<p><b><u>Mines</u></b></p> <p>Rolled Product Unit (erstwhile IAPL) of NALCO Project.</p>	<p>the project was complete and rolled products sold by NALCO since November 2002, time overrun of about 18 months may be condoned.</p> <p>The project suffered due to open ended contract award to the architect. The scope of project kept changing without any control.</p> <p>The project got delayed in obtaining clearance of Kolkata Municipal Corporation, non-availability of detailed design.</p>	
34.	National Judicial Academy, Bhopal.		
35.	Bhash Bhavan, Department of Culture.		
36.	Tehri Transmission System, Powergrid, Ministry of Power	Delay in generation of project led to rescheduling of transmission works. Permission to shut work in Rajaji National Park was not given and thus delayed the works further.	No responsibility fixed.
37.	Namrup Fertiliser Plant Revamp (BVFL), Department of Fertiliser	The Committee have observed that project has been delayed due to poor contract management and delay in supplies and erection.	The report of the Committee is yet to be finalized.

61. In response to a specific query from the Committee to furnish details of the number of projects that may have been frozen on shelved off midway and the expenditure incurred on such projects, the Ministry in their post evidence reply informed as follows:-

“As on 1.1.2005, there are 23 projects which were unfinished as they have been frozen / dropped after incurring an expenditure of Rs. 344.46 crore. 13 of these projects have been deleted / dropped and will not be taken up for implementation. These projects have been frozen/abandoned/ dropped / merged with other projects due to fund constraints, land acquisition problems, change in strategy and other reasons. The concerned Ministries / Departments monitor the unfinished / frozen / abandoned / merged projects. Frozen projects are taken up as and when the resource position improves”.



62. The Project Monitoring Division (PMD) plays the all important role of monitoring implementation of all Central Sector Projects costing Rs.20 crore and above. While a two-tier system of monitoring is followed in respect of all mega projects costing more than Rs.100 crore, which include, bringing out monthly Flash Reports and two monthly Exception Reports in cases where significant slippages are noticed in achieving the targetted milestones; Quarterly Project Status Implementation Status Reports (QPSISR) are brought out by the Division in respect of all projects costing Rs.200 crore and above.

63. The Committee are well aware of the fact that a number of initiatives have been taken towards ensuring timely and cost-effective implementation of projects, which include, rigorous quarterly reviews of implementation of public sector projects by the Ministries concerned; review of projects experiencing cost and time slippages by the Committee of Secretaries (COS); fixation of responsibility for slippages by the Standing Committees; and incorporation of Govindarajan Committee's recommendations on project formulation, appraisal and implementation of central projects in the system of Public Investment Board and Expenditure Finance Commission which, inter-alia, enhance the powers of the various authorities in granting approvals for central sector projects.

64. The Committee also understand that other measures initiated in ensuing speedy and effective implementation of central projects include, introduction of 'Standard Contract Management' aimed at minimising contract related disputes, ground level reviews of project implementation ; and introduction of 'Model Domestic Contract Documents'.

65. Despite undertaking these well-thought of and reasoned measures, what the Committee feel particularly worried to note is the fact that of the 617 projects on the monitoring list as on 30 September, 2004, which involve a whopping investment to the tune of Rs.2,67,067 crore, as many as 149 projects have reported cost overruns of 22.2% with respect to the latest approved cost estimates, of these, 8 projects have reportedly contributed to nearly 79.25% of the total cost overrun of all projects together viz., Naptha Jhakri Power Corporation, DMRTC, Dulhasti Hydro Electric Projects; THDC, Udampur – Srinagar, Baramulla, Dhauliganga Hydro Electric Project and Panipat Refinery Examination Project. The Committee strongly recommend that the specific contributory

factors to the cost overruns in respect of these projects should be gone into in detail and appropriate remedial measures taken so as to ensure that such happenings, which do not augur well to the economy, do not recur.

66. A very disturbing aspect that the Committee wish to bring to the fore here is the fact that as on January 1, 2005, there were as many as 23 projects involving an expenditure of Rs. 344.46 crore which were either frozen or abandoned mid-way due to factors such as fund constraints and land acquisition problems.

67. Another aspect that the Committee wish to highlight here is the fact that in the case of a majority of the projects, particularly of the Railways and Road Transport and Highways, a major contributory factor for delays and cost escalations relate to problems faced in acquiring land. The Committee strongly feel the need to give specific attention to evolving measures for overcoming this problem, possibly by ensuring that issues relating to acquisition of project related land are addressed before-hand or in advance to the stage of project related approvals.

68. The Committee also note that in a majority of 37 projects, other than railway any projects, in whose case the time overruns and cost escalations were reportedly examined by the Standing Committees of the Ministries and departments concerned, the action taken against those held responsible for lapses as well as the remedial measures taken, if any, have not been informed by the Ministry. The Committee desire that the related details should be furnished to them at the earliest.

**NEW DELHI;**  
19 April, 2005  
29 Chaitra, 1927 (SAKA)

**(MAJ. GEN. (RETD.) B.C. KHANDURI)**  
Chairman,  
STANDING COMMITTEE ON FINANCE



## Minutes of the Nineteenth sitting of Standing Committee on Finance

The Committee sat on Tuesday, 29 March, 2005 from 1100 hrs to 1315 hrs.

### PRESENT

**Maj. Gen (Retd.) B.C. Khanduri - Chairman**

### MEMBERS

#### LOK SABHA

2. Shri Jaswant Singh Bishnoi
3. Shri Bhartruhari Mahtab
4. Shri Bir Singh Mahato
5. Dr. Rajesh Kumar Mishra
6. Shri Madhusudan Mistry
7. Shri Rupchand Pal
8. Shri K.S. Rao
9. Shri Jyotiraditya Madhavrao Scindia
10. Shri Lakshman Seth
11. Shri M.A. Kharabela Swain

#### RAJYA SABHA

12. Shri R.P. Goenka
13. Shri Jairam Ramesh
14. Shri Chittabrata Majumdar
15. Shri S.P.M. Syed Khan
16. Shri C. Ramachandraiah
17. Shri Mangani Lal Mandal

### SECRETARIAT

1. Dr.(Smt.) P.K. Sandhu - Joint Secretary
2. Shri R.K. Jain - Deputy Secretary
3. Shri T.G. Chandrasekhar - Under Secretary

### WITNESSES

#### MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

1. Shri J. Hari Narayan, Secretary (S&PI)
2. Dr. S.Ray, DG&CEO, NSSO
3. Shri P.P. Mathur, AS&FA

4. Dr. R.C. Panda, Addl. Secretary (S&PI)
5. Prof. K.B. Sinha, Director, Indian Statistical Institute, Kolkata
6. Dr. S.K. Nath, ADG(Trg.)
7. Dr. K.V. Rao, ADG (FOD)
8. Shri A.K. Saxena, Joint Secretary
9. Shri P. Chattopadhyaya, DDG (Trg.)
10. Shri Vishnu Kumar, DDG (CC)
11. Shri Ramesh Kohli, DDG (NAD)
12. Shri V.K. Arora, DDG (ISD)
13. Shri J. Dash, DDG (SSD)
14. Shri P.C. Tangri, DDG (CPD)
15. Shri N.R. Dash, Director (Finance)
16. Shri A.K. Ganeriwala, Director (Admn.)
17. Shri Deepak Rastogi, Director (Coord.)
18. Dr. V.P. Goel, Director (MPLADS)
19. Shri J.L. Narayan, Joint Adviser (IPMD)
20. Shri P.H. Khopkar, Director

2. At the outset, the Chairman welcomed the representatives of the Ministry of Statistics and Programme Implementation to the sitting of the Committee and invited their attention to the provisions contained in direction 55 of the Directions by the Speaker.

3. The Committee then took oral evidence of representatives of the Ministry of Statistics and Programme Implementation on Demands for Grants (2005-06) of the Ministry of Statistics and Programme Implementation and other related matters.

4. Thereafter, the Chairman requested the representatives of Ministry of Statistics and Programme Implementation to furnish notes on certain points raised by the Members to which replies were not readily available with them during the discussion.

5. The evidence was concluded

6. A verbatim record of proceedings has been kept.

The witnesses then withdrew

*(The Committee then adjourned at 1330 hours to meet again at 1500 hours)*

MINUTES OF THE TWENTY THIRD SITTING OF STANDING COMMITTEE ON FINANCE

**The Committee sat on Thursday, 07<sup>th</sup> April, 2005 from 1100 to 1230 hours**

PRESENT

**Maj. Gen. (Retd.) B.C. Khanduri - Chairman**

**MEMBERS**

LOK SABHA

2. Shri Jaswant Singh Bishnoi
3. Shri Bhartruhari Mahtab
4. Shri Gurudas Kamat
5. Shri Bir Singh Mahato
6. Shri Madhusudan Mistry
7. Shri Rupchand Pal
8. Shri Shriniwas D. Patil
9. Shri Lakshman Seth
10. Shri M.A. Kharabela Swain
11. Shri Magunta Sreenivasulu Reddy

RAJYA SABHA

12. Shri Jairam Ramesh
13. Shri M. Venkaiah Naidu
14. Shri Yashwant Sinha
15. Shri S.P.M. Syed Khan
16. Shri Mangani Lal Mandal

SECRETARIAT

1. Dr. (Smt.) P.K. Sandhu - Joint Secretary
2. Shri R.K. Jain - Deputy Secretary
3. Shri T.G. Chandrasekhar - Under Secretary

2. At the outset, the Chairman welcomed the members to the sitting of the Committee.

3. The Chairman then requested the Members to give their suggestions on the issues proposed to be taken up for inclusion in the draft reports of the Committee on Demands for Grants (2005-2006) of the Ministries/Departments under their purview.

4. Thereafter, Members expressed their views on the subjects/topics that could be covered in the Reports of the Committee on Demands for Grants (2005-2006) of the Ministries/Departments, which were to be taken up for consideration and adoption at the sittings to be held on 11 and 12 April, 2005.

5. A verbatim record of the proceedings has been kept.

*The Committee than adjourned*

**MINUTES OF THE TWENTY FIFTH SITTING OF STANDING COMMITTEE ON FINANCE**

**The Committee sat on Tuesday, 12 April, 2005 from 1100 to 1310 hours.**

PRESENT

**Maj. Gen. (Retd.) B.C. Khanduri - Chairman**

**MEMBERS**  
**LOK SABHA**

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Madhusudan Mistry
5. Shri Rupchand Pal
6. Shri K.S. Rao
7. Shri Lakshman Seth
8. Shri Vijoy Krishna

**RAJYA SABHA**

9. Shri R.P. Goenka
10. Shri Jairam Ramesh
11. Shri Yashwant Sinha
12. Shri Chittabrata Majumdar
13. Shri C. Ramachandraiah
14. Shri Mangani Lal Mandal

**SECRETARIAT**

1. Shri R.K. Jain - Deputy Secretary
2. Shri T.G. Chandrasekhar - Under Secretary

2. At the outset, the Chairman welcomed the Members to the sitting.

3. The Committee then took up for consideration the following draft reports:

(i) XX XX XX XX

(ii)

(iii) Draft report on the Demands for Grants (2005-2006) of the Ministry of Statistics and Programme Implementation

(iv) XX XX XX XX

4. The Committee adopted the report with the modifications/amendments shown in **Annexure**.



5. The Committee authorised the Chairman to finalise the Reports in the light of modifications as also to make verbal and other consequential changes arising out of the factual verification and present the same to both the Houses of Parliament.

*The Committee then adjourned*

**[MODIFICATIONS/AMENDMENTS MADE BY STANDING COMMITTEE ON FINANCE IN THEIR DRAFT REPORT ON THE DEMANDS FOR GRANTS (2005-06) OF THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION AT THEIR SITTING HELD ON 12 APRIL, 2005]**

Page No	Para No.	Line No.	Modifications
21	31	17	<p><i>Add after the end of para:</i></p> <p>As regards the issue of revision of current series of CPI, the Committee understand that the Labour Bureau had prepared a detailed scheme way back in 1996 and the NSSO undertook the related field survey and the technical details were worked out, which have since been examined by the Technical Advisory Committee. The Labour Bureau has reportedly convened a meeting in May, 2005 to consider the matter. The Committee expect the work on the revision of series to be completed and the new series of CPI released expeditiously.</p>
26	38	18	<p><i>For :</i></p> <p>The Committee have been informed that significant progress has been made in regard to setting up of statutory National Statistical Commission and the Bill to this effect will be introduced very shortly. They are convinced that</p> <p><i>Substitute:</i></p> <p>The Committee strongly deplore the undue delay on the part of the Government in bringing the Bill, which as informed is expected to be introduced shortly. As the</p>
26	39		<p><i>Add after the end of para</i></p> <p>Add:</p> <p>The Committee also strongly feel the need to enhance the quantum of funding to the States for strengthening the statistical system of the States.</p>

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF THE STANDING COMMITTEE  
ON FINANCE IN THE NINETEENTH REPORT (2005-06)**

Sl. No.	Para No.	Ministry/Department Concerned	Conclusions/Recommendations
1	2	3	4
1.	7	Ministry of Statistics & Programme Implementation	<p>The Committee are concerned to note that there has been a substantial under-utilisation of the budgetted amounts under the Head, 'Improvement of National Accounts Statistics'. While the budgetted amount under the Head, at the stage of BE for the year 2003-04 was Rs.86 lakhs, the amount was revised to Rs.60 lakhs at the stage of RE during the year and the actual utilisation has only been to the extent of Rs.37.99 lakhs. The reasons adduced by the Ministry for the under-utilisation of the budgetted amount, which include, non-receipt of feasible proposals from the states for conducting type studies, do not appear to be convincing. Moreover, the allocation under the Head for the year, 2005-06, has once again been enhanced to Rs.95 lakhs, ostensibly due to factors such as the increase in staff wages, conducting Regional level workshops on State income compilations and undertaking professional studies. Given the trend witnessed in budgeting and the actual expenditure incurred in the last three years, the Committee have grave doubts on the objectivity with which the budgetting is being done by the Ministry. Hence, they recommend that every effort should be made to provide realistic budget estimates.</p>
2.	10	Ministry of Statistics & Programme Implementation	<p>The Committee take strong exception to the fact that year after year, the budgetary provisions under the Head 'Programme Implementation' earmarked for meeting expenditure on salaries, domestic and foreign travel, office expenses, professional services etc., are being revised to a much lower level at the stage of Revised Estimates and the actual expenditure under the Head has been even much lesser. For instance, while an amount of Rs.2.35 crore was allocated at the stage of BE for 2002-03, the amount was revised to Rs.1.32 crore at the stage of RE and the actual expenditure was only to the tune of Rs.20.60 lakh. Similarly, for the year 2003-04, an amount of Rs.2 crore was allocated at the stage of BE, which was revised to Rs.1.67 crore at the stage of RE and the actual expenditure has only been to the extent of Rs. 23.64 lakhs. The Committee understand that during 2003-04, the utilisation was much lower than the estimates as the proposal to strengthen the Project Monitoring Division was not approved and the process of engaging consultants for professional services took much longer time than anticipated. Given the extremely wide variation in the figures of BE, RE and the actuals for the years, 2002-03 and 2003-04, the Committee cannot help observing that the outcome in regard to utilisation of the amounts earmarked has not at all been in conformity with the Budget Estimates, which they feel, needs to be avoided at all costs. They, therefore, recommend that the Government should take utmost care while finalizing the Budget estimates so that large scale</p>

			variations between BE, RE and Actuals do not recur.
3.	13	Ministry of Statistics & Programme Implementation	<p>The Committee regret to observe that there has been a wide variation in the Budget Estimates, Revised Estimates and the Actual expenditure under the Head, 'Institutional Development and Capacity Building'. While allocations of Rs.1.72 crore and Rs.4.44 crore were made at the stage of BE for 2002-03 and 2003-04 respectively, the amounts were reduced to Rs.80.00 lakhs and Rs.77.50 lakhs respectively at the RE stage and the actuals for the years 2002-03 and 2003-04, totalled to Rs.62.54 lakhs and 26.60 lakhs. As informed by the Ministry, a huge provision of Rs.4.44 crore was made for the year 2003-04 mainly for procuring machinery and equipment to furnish the proposed Central Training Facility (CTF), work on which could not takeoff. This resulted in reducing the budgeted amount to Rs.77.50 lakhs at the RE stage during the year and the actual expenditure incurred in the year totalled to Rs.26.60 lakhs. Though the Committee are in agreement with the fact that certain projects may not materialise as planned, given the wide variations witnessed in BE, RE and Actuals under the Head each year, they express the view that every care should be taken to make realistic and objective projections at the BE stage so that the funds available are judiciously distributed and made use of by the various Ministries / Departments.</p>
4.	20 & 21	Ministry of Statistics & Programme Implementation	<p>The Committee had, in their Fourth Report on the Demands for Grants (2004-05) of the Ministry emphasized on the need for ensuring judicious usage of the allocation of Rs.8.86 crore earmarked for constructing the Central Training Facility for the benefit of statistical personnel by ensuring that the related work was taken up and executed as per the stipulated schedule. The Committee, are, however, compelled to take serious note of the fact no tangible progress could be made in constructing the building during the year 2004-05, due to the changes in the dimensions of the plot, consequential re-registration and failure to obtain the approvals of the authorities concerned for building plan prepared by the CPWD. As a result, a very large portion of the budgetted amount of Rs.8.86 crore for the year 2004-05 had to be surrendered by the Ministry, with the net expenditure likely to be incurred on the project during the year being restricted to an amount of Rs.25 lakhs with the possibility of an additional amount of Rs.45 lakhs being used towards land filling and associated activities. What the Committee find particularly disturbing to note is the fact that while the Ministry had, during the previous year viz., 2004-05, attributed the delay in executing the project to the failure of the CPWD adhering to the time schedule for preparing the building plan, this year, the reasons extended for the delay relate to the building plan prepared by the CPWD being not in conformity with the stipulations of Greater Noida Authority.</p> <p>The Committee understand that a revised building plan is being re-submitted for approval by the Greater Noida Authority and an amount of Rs.13.75 crore has been earmarked at the B.E., 2005-06 for executing the project. As assured by the Secretary</p>

			during the course of oral evidence, the Committee trust that necessary approvals would be obtained speedily and the amount of Rs.13.75 crore allocated for the project during the year, 2005-06, would be utilised with care and objectivity so that the exercise of revising the budgetted amount to a much lesser level at the stage of preparation of the Revised Estimates and the differential between the Estimates and the Actual expenditure being of a very high order is avoided.
5.	26	Ministry of Statistics & Programme Implementation	<p>The Committee note that the major initiative of introducing the 'On-line Computerised Monitoring System (OCMS) for enabling effective monitoring of project implementation could not materialise as scheduled in 2003-04 owing to the delay in procuring the computer hardware and software. The procurements could materialise only in 2004-05, and as informed by the Ministry, the OCMS would become operational by the end of May, 2005 and would contribute to improving the quality of project and infrastructure monitoring <u>inter-alia</u> by enabling on-line collection of information without time lag, on-line communication between the project enterprises and the Ministry; and facilitating transfer of project profiles and accruing sectoral reports. The Committee feel that no effort should be spared in modernising and up-dating the IT infrastructure of the Ministry. When the system is put in place, the Committee feel that it will not only bring about revolutionary change in quality of monitoring but will help in taking quick remedial measures. The Committee therefore wish to be kept apprised of the progress in implementing the OCMS as well as its effectiveness in strengthening the project monitoring measures.</p>
6.	31 & 31A	Ministry of Statistics & Programme Implementation	<p>The National Statistical Commission had felt that the current Wholesale Price Index (WPI) with base 1993-94 was deficient in many respects <u>inter-alia</u> owing to the fact that price changes in the services sector were not duly accounted for. The Commission had also concluded that, as at present, WPI was not an adequate measure of inflation and there was a need for separate index for measurement of inflation in the economy. The Committee understand that a working group has been constituted to give focused attention on different aspects related with the revision of WPI series, whose terms of reference <u>inter-alia</u> include, exploring the possibility of inclusion of selected services in a WPI basket and examining the need for switching over from WPI to a Producer Price Base Index (PPI). Considering the fact that the price indices in the system of economic statistics are closely watched indicators of macro economic performances and are important tools in the formulation of the monetary and fiscal policy, the Committee strongly emphasise on the need for early completion of the work on the new series of WPI and Producer Price Index (PPI). The Committee also wish to be kept apprised of the progress made in this direction.</p> <p>As regards the issue of revision of current series of CPI, the Committee understand that the Labour Bureau had prepared a detailed scheme way back in 1996 and the NSSO undertook the related field survey and the technical details worked out, which have since been examined by the Technical Advisory Committee. The Labour Bureau has reportedly convened a meeting in May,</p>

			2005 to consider the matter. The Committee expect the work on the revision of series to be completed and the new series of CPI released expeditiously.
7.	38 & 39	Ministry of Statistics & Programme Implementation	<p>The Committee are deeply concerned to note the deficiency prevalent in methodology of collection of data at different levels. They understand that the collection of data at local level is not free from errors. The deficient data in turn is transmitted to district offices before being aggregated and then aggregated at the state level. The State department supplies the data to the concerned departments and the corresponding departments at the Central Government. They take note of the Government's own admission in this regard that a lot has to be done about quality of data collection. The Committee find that the high powered Committee under the Chairmanship of Shri Rangarajan has submitted its report way back in 2001, which has given far reaching recommendation in this regard. These include inter-alia the appointment of statistical advisors in important Ministry and State departments, constitution of an organised State Statistical Cadre, launch of a Centrally-sponsored Scheme with the specific objective of developing survey and data processing capabilities in the States, setting up of an independent statistical authority – National Commission on Statistics through an Act of Parliament in respect of policy-making, coordination and maintaining quality standards of core-statistics. They find that they had recommended for setting up of National Statistical Commission through an Act of Parliament in their report in 2004-05. The Committee strongly deplore the undue delay on the part of the Government in, bringing the Bill, which, as informed is expected to be introduced shortly. As the future of maintaining and supply of quality statistics hinges on the fate of this Bill and the Committee want that all formalities should be completed without further delay so that the National Statistical Commission may be able to carry its programme for revamping the statistical system in India.</p> <p>The Committee are given to understand that with a view to interact between states and Central Government, there is a Council which meets once in every two years. They find that the meeting of the Council has not been held so far. They deplore such delay in holding the meeting and want that the frequency for holding this meeting may be reduced to one year instead of the two years so that fruits of interaction can be realised. The Committee also strongly feel the need to enhance the quantum of funding to the States for strengthening the statistical system of the States.</p>
8.	44 & 45	Ministry of Statistics & Programme Implementation	<p>The Committee are well aware of the fact that the National Sample Survey Organisation (NSSO) is <u>inter-alia</u> mandated to conduct nationwide surveys on various socio-economic aspects, annual surveys of industries (ASI), follow-up surveys of Economic Census and Supervision of area enumeration and crop estimation, surveys of State agencies under the 'Improvement of Crop Statistics' (ICS) scheme and organising methodological studies and pilot surveys on important subjects and collection of price data from rural and urban sectors. While the 58<sup>th</sup> round of NSS survey undertaken in July – December, 2002 was inter-alia earmarked for collection of data on disability, housing condition, village facilities and slum particulars, the 59<sup>th</sup> round undertaken in January – December, 2003 was, among other things devoted to collection of data on</p>

			<p>land and livestock holding, debt and investment and household consumer expenditure, and the 60<sup>th</sup> round undertaken in January – June, 2004 was devoted to morbidity and healthcare, employment and unemployment and household consumer expenditure. The 61<sup>st</sup> round, which commenced in July, 2004 and is to extend upto June, 2005 is concerned with consumer expenditure, employment and unemployment and the 62<sup>nd</sup> round, which is to be undertaken from July, 2005 to June, 2006 would be on 'Unorganised Manufacturing'.</p> <p>While there is no doubt with regard to the vital importance of the data generated and published by the NSS surveys, what the Committee feel particularly perturbed to note is the fact that, quite often, significant delays have been noticed in publishing the NSS Survey Data and Reports. As admitted by the Secretary during evidence, the report of the 58<sup>th</sup> NSS Survey Round, which was completed in 2002 was published two and half to three years later; the report of the 59<sup>th</sup> Round undertaken in 2003 is expected to be released in the period, May to October, 2005; and the report of the 60<sup>th</sup> Round executed in 2004 is expected to be published in June, 2005. The Committee cannot help observing that the lack of IT readiness on the part of the Ministry has been a major contributory factor for the undue delays, quite often noticed in publishing the reports of the NSS Surveys rounds, which are of vital importance to the country. As emphasised time and again, the Committee expect that the Government would make every possible effort in ensuring that field survey reports and data are released in a timely manner so that their relevance is not minimised, if not totally lost.</p>
9.	52	Ministry of Statistics & Programme Implementation	<p>The Committee feel concerned to note that though significant budgetary allocations are being made in successive years since 2002-03 for implementing the World Bank aided project on modernising the statistical system in the country, which has now been named as 'India Statistical Strengthening Project', the ground reality of the progress of the project is far from satisfactory. The Committee had, in their 4<sup>th</sup> Report on the Demands for Grants of the Ministry for the year, 2004-05 taken note of the fact that Tier-II, which was the actual implementation phase of the project, was dependent on the outcome of Tier-I of project. The Committee had, therefore, emphasised on the need to ensure that the project schedules were strictly adhered to. To their dismay, however, the Committee have now learnt that there have been slippages of the time schedules prescribed in respect of all the components of Tier-I of the project viz., 'Study on Creation and Maintenance of Business Register', Study for identifying specific Requirements of State Statistical Bureaus; Study on Improvement of Service Sector Statistics; Study for Assessment of Survey Capabilities of Pvt. Sector; and Establishment of All India Statistical Network. They take note of the fact that during examination of Demands for Grants (2004-05), the Government had itself admitted the slippages of the time schedule but assured to complete the work by the end of 2005. They are concerned to note that even the revised schedule as proposed by the Government will not be adhered to and the Tier-I of the project</p>

			<p>will be likely to be completed by July, 2006. The Committee strongly feel that the Government cannot afford to be lethargic in implementing this project, which would, in the long run, prove to be of a immense value addition to the country. The Committee, therefore, re-iterate that no effort should be spared to ensure that the Tier-I of the project is completed as per the revised planned schedule so that Tier-II of the project takes off and the project is implemented without further delay. They also wish to be periodically appraised of the progress made in this direction.</p>
10.	62,63,64, 65,66,67 & 68	Ministry of Statistics & Programme Implementation	<p>The Project Monitoring Division (PMD) plays the all important role of monitoring implementation of all Central Sector Projects costing Rs.20 crore and above. While a two-tier system of monitoring is followed in respect of all mega projects costing more than Rs.100 crore, which include, bringing out monthly Flash Reports and two monthly Exception Reports in cases where significant slippages are noticed in achieving the targetted milestones; Quarterly Project Status Implementation Status Reports (QPSISR) are brought out by the Division in respect of all projects costing Rs.200 crore and above.</p> <p>The Committee are well aware of the fact that a number of initiatives have been taken towards ensuring timely and cost-effective implementation of projects, which include, rigorous quarterly reviews of implementation of public sector projects by the Ministries concerned; review of projects experiencing cost and time slippages by the Committee of Secretaries (COS); fixation of responsibility for slippages by the Standing Committees; and incorporation of Govindarajan Committee's recommendations on project formulation, appraisal and implementation of central projects in the system of Public Investment Board and Expenditure Finance Commission which, <u>inter-alia</u>, enhance the powers of the various authorities in granting approvals for central sector projects.</p> <p>The Committee also understand that other measures initiated in ensuing speedy and effective implementation of central projects include, introduction of 'Standard Contract Management' aimed at minimising contract related disputes, ground level reviews of project implementation ; and introduction of 'Model Domestic Contract Documents'.</p> <p>Despite undertaking these well-thought of and reasoned measures, what the Committee feel particularly worried to note is the fact that of the 617 projects on the monitoring list as on 30 September, 2004, which involve a whopping investment to the tune of Rs.2,67,067 crore, as many as 149 projects have reported cost overruns of 22.2% with respect to the latest approved cost estimates, of these, 8 projects have reportedly contributed to nearly 79.25% of the total cost overrun of all projects together viz., Naptha Jhakri Power Corporation, DMRTC, Dulhasti Hydro Electric Projects; THDC, Udampur – Srinagar, Baramulla, Dhauliganga Hydro Electric Project and Panipat Refinery Examination Project. The Committee strongly recommend that the specific contributory factors to the cost overruns in respect of these projects should be gone into in detail and appropriate remedial measures taken so as to ensure that such happenings,</p>



			<p>which do not augur well to the economy, do not recur.</p> <p>A very disturbing aspect that the Committee wish to bring to the fore here is the fact that as on January 1, 2005, there were as many as 23 projects involving an expenditure of Rs. 344.46 crore which were either frozen or abandoned mid-way due to factors such as fund constraints and land acquisition problems.</p> <p>Another aspect that the Committee wish to highlight here is the fact that in the case of a majority of the projects, particularly of the Railways and Road Transport and Highways, a major contributory factor for delays and cost escalations relate to problems faced in acquiring land. The Committee strongly feel the need to give specific attention to evolving measures for overcoming this problem, possibly by ensuring that issues relating to acquisition of project related land are addressed before-hand or in advance to the stage of project related approvals.</p> <p>The Committee also note that in a majority of 37 projects, other than railway any projects, in whose case the time overruns and cost escalations were reportedly examined by the Standing Committees of the Ministries and departments concerned, the action taken against those held responsible for lapses as well as the remedial measures taken, if any, have not been informed by the Ministry. The Committee desire that the related details should be furnished to them at the earliest.</p>
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