

**STANDING COMMITTEE ON FINANCE**

**(2007-08)**

**FOURTEENTH LOK SABHA**

**Ministry of Planning**

**Demands for Grants**

**(2008-09)**

**SIXTY-NINTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

April, 2008/---Chaitra, 1930 (Saka)

**SIXTY-NINTH REPORT**

STANDING COMMITTEE ON FINANCE  
(2007-2008)

(FOURTEENTH LOK SABHA)

**Ministry of Planning**

**Demands for Grants  
(2008-09)**

*Presented to Lok Sabha on 16 April, 2008  
Laid in Rajya Sabha on 15 April, 2008*



LOK SABHA SECRETARIAT  
NEW DELHI

April, 2008/ -----Chaitra, 1930 (Saka)

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## **COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2007-2008**

**Shri Ananth Kumar - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Shyama Charan Gupta
5. Shri Vijoy Krishna
6. Shri A. Krishnaswamy
7. Dr. Rajesh Kumar Mishra
8. Shri Bhartruhari Mahtab
9. Shri Madhusudan Mistry
10. Shri Rupchand Pal
11. Shri P.S. Gadhavi
12. Shri R. Prabhu
13. Shri K.S. Rao
14. Shri Magunta Sreenivasulu Reddy
15. Shri Lakshman Seth
16. Shri A.R. Shaheen
17. Shri G.M. Siddeshwara
18. Shri M.A. Kharabela Swain
19. Shri Suresh Prabhakar Prabhu#
20. Vacant
21. Vacant

#### **RAJYA SABHA**

22. Shri Raashid Alvi
23. Shri M. Venkaiah Naidu
24. Shri S.S. Ahluwalia\*
25. Shri Mahendra Mohan
26. Shri C. Ramachandraiah
27. Shri Vijay J. Darda
28. Shri S. Anbalagan
29. Shri Moinul Hassan
30. Vacant
31. Vacant

#### **SECRETARIAT**

1. Dr. (Smt) P.K. Sandhu - Additional Secretary
2. Shri A. Louis Martin - Joint Secretary
3. Shri A.K. Singh - Director
4. Shri T.G. Chandrasekhar - Deputy Secretary
5. Shri Ramesh Nebhnani - Committee Officer

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\* Nominated to this Committee w.e.f. 06.09.2007 vice Shri Yaswant Sinha

# Nominated to this Committee w.e.f. 24.03.2008

## INTRODUCTION

I, the Chairman, Standing Committee on Finance (2007-08), having been authorised by the Committee to present the Report on their behalf, present this Sixty-Ninth Report of the Standing Committee on Finance (2007-08) on the 'Demands for Grants (2008-09) of the Ministry of Planning'.

2. The Committee took oral evidence of the representatives of the Ministry of Planning on 27<sup>th</sup> March, 2008.

3. The Committee considered and adopted the Report at their sitting held on 10<sup>th</sup> April, 2008. Minutes of the related sittings are given in appendix to the Report.

4. The Committee wish to express their thanks to the representatives of the Ministry of Planning for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2008-09).

**NEW DELHI;**  
**11 April, 2008**  
**22 Chaitra, 1930 (Saka)**

**ANANTH KUMAR**  
**Chairman,**  
**Standing Committee on Finance**

## **PART –1**

### **BACKGROUND ANALYSIS**

#### **I. Implementation of the Committee's Recommendations**

The 53<sup>rd</sup> Report of the Standing Committee on Finance on 'Demands for Grants – 2008-09' of the Ministry of Planning was presented to Lok Sabha on 28<sup>th</sup> April, 2007 and laid in Rajya Sabha on 3<sup>rd</sup> May, 2007. The Report contained 6 recommendation/observations.

1.2 In compliance of the Direction 73-A of the Directions by the Speaker, the Minister of Finance made a statement in the House on 4<sup>th</sup> December, 2007 giving the status of implementation of various recommendations/observations made by the Committee in their 53<sup>rd</sup> Report. An analysis of the Minister's statement showed that 6 recommendations have been accepted by the Government. Out of these, 3 recommendations were implemented by the Government and remaining 3 recommendations at serial number 1,2 and 3 are under process for implementation.

1.3. On the basis of Action Taken Replies received from the Ministry of Planning on the above mentioned Report, the Committee presented their 61<sup>st</sup> Report (Action Taken Report) to the Parliament on 4<sup>th</sup> December, 2007. The Committee in their 61<sup>st</sup> Report have commented on the action taken replies furnished by the Ministry in respect of recommendations contained in the 50<sup>th</sup> report at serial numbers 1,2 and 3. The final replies thereon are awaited from the Ministry.

## **II. Budgetary Allocation**

2.1. The Planning Commission was constituted in March, 1950 by a Resolution of the Government of India, and it works under the overall guidance of the National Development Council. The Planning Commission consults the Central ministries and the State Governments while formulating Five Year Plans and Annual Plans and also oversees their implementation. The Commission also functions as an advisory Planning body at the apex level.

### **Budget 2008-09**

#### **MAJOR HEAD WISE ANALYSIS OF DEMANDS FOR GRANTS OF THE MINISTRY OF PLANNING** **(Plan and Non Plan)**

**(Rs. in crore)**

Sl. No.	Major Head	Budget Estimates 2005-2006	Budget Estimates 2006-2007	Increase/ Decrease (%) over BE 2005-2006	Budget Estimates 2007-2008	Increase/ Decrease (%) over BE 2006-2007	Budget Estimates 2008-2009	Increase/ Decrease (%) over BE 2007-2008
1.	2203	--	--	--	--	--	300.00	--
2.	2245	--	15.00	--	3.00	(-)80%	1.00	(-) 66.67 %
3.	3425	--	--	--	--	--	2.00	--
4.	3451	83.11,	63.33	(-) 23.80%	46.02	(-)27.33%	54.30	(+)17.99%
5.	3475	20.67	42.50	(+) 105.61%	66.80	(+)57.18%	86.90	(+) 30.09 %
6.	3601	3.02	3.00	(-)0.66%	6.00	(+)100%	1,76.80	(+) 2846.67%
7.	3602	--	--	--	--	--	5.00	--
8.	5475	--	--	--	7.50	--	18.00	(+) 140%
	Total	1,06.80	123.83	(+)15.94%	129.32,00	(+)4.43%	644.00	(+)397.98%

## **NON-PLAN EXPENDITURE**

### **(i) Secretariat – Economic Services**

This has a provision for the Secretariat expenditure of the Minister of Planning and Minister of State for Planning.

### **(ii) Planning Commission/Planning Board**

This has a provision for the expenditure of Planning Commission including Programme Evaluation Organization (PEO).

### **(iii) Others**

Grants-in-aid to the Institute of Applied Manpower Research (IAMR), an autonomous body set up by the Government of India for advancement of knowledge about the nature, characteristic and utilization of human resources in India and to provide manpower research services to Government Departments. A Budget provision of Rs.3.80 crore has been kept for IAMR for the financial year 2008-09.

## **PLAN EXPENDITURE**

### **(i) New Initiative in Skill Development through PPP : (Outlay Rs. 300.00 crore)**

This scheme has been introduced to build required skilled manpower to fulfill the need of a growing and diversifying Indian Economy.

### **(ii) Tsunami Rehabilitation Programme: (Outlay Rs.1.00 crore).**

This scheme would provide assistance for project monitoring and for studies for environment assessment, intervention in fisheries sector livelihoods and other intervention including social assessment impact studies for Tsunami affected areas in the States/UT of Tamil Nadu, Kerala, Andhra Pradesh, Pondichery and Andaman & Nicobar Islands.

### **(iii) Energy(R&D)- (Outlay Rs. 2.00 crore).**

This is a new scheme which would provide support to R&D in the Power Sector for higher efficiency.



**(iv) Modernization of Office Systems: ( Outlay Rs. 22.50 crore ).**

**(a) Renovation and Alteration (Rs. 16.00 crore).**

The objective of the scheme is to remove the deficiency in infrastructure and energise the working environment by renovating/alteration of office rooms, furniture, and equipments, etc.

**(b) Information Technology ( Rs. 6.50 crore).**

The objective of the scheme is to procure sophisticated hardware/software for providing IT aid in the process of Planning.

**(v). Economic Advisory Council to the Prime Minister (Rs.2.10 crore).**

The Economic Advisory Council to the Prime Minister has been constituted for analyzing any issue, economic or otherwise referred to it by the PM and advising him thereon besides addressing issues of macro-economic importance and presenting views thereon to the PM.

**(vi). National Knowledge Commission (Outlay Rs. 1.50 crore).**

The National Knowledge Commission has been set up to build excellence in educational system to meet the knowledge challenges of the 21<sup>st</sup> century and promote the use of knowledge capabilities in making Government an effective, transparent and accountable service provider to the citizens.

**(vii). Grant-in-aid to Universities and Research Institutions etc. for Training, Research and Institutional Development: (Outlay Rs. 2.10 crore ).**

This Scheme provides grants-in-aid to the Universities/Research Institutions etc. to encourage the research activities on planning and development issues. The research activities commissioned by Planning Commission evaluate specific planning programmes, assess their impact on people and examine the working of specific sectors both at the regional and national level. Research studies are also assigned keeping in view the changes in the economic scenario in the recent years so that the plan machinery is geared up to strengthen market led forces in the economy.

**(viii) Expertise for Planning Process (Payment for professional and special services): (Outlay Rs. 1.00 crore ).**

The objective of this scheme is to enhance the technical expertise available to the Planning Commission through experts and consultants appointed as per the guidelines of DOPT.

**(ix) UNDP Assistance for capacity building for State Human Development Reports: (Outlay Rs. 7.75 crore).**

Funds under this scheme are provided for preparing State Human Development Reports in respect of each State and activities for strengthening State Plans for Human Development are taken up.

**(x) 50<sup>th</sup> Year Initiative for Planning: (Outlay Rs. 12.00 crore)**

This scheme is used to finance preparation of State Development Reports(SDRs), holding of NDC meetings, and preparation of Plan Documents, etc. Total Transport System is also being financed under the Scheme. A Steering Committee has been set up in order to provide the guidelines and direction and monitor the progress of the Total Transport System Study. The study is under process. The entire expenditure on Committee on Infrastructure is being charged to this scheme.

**(xi). Strengthening Evaluation Capacity in Government:(Outlay Rs. 12.00 crore).**

This scheme provides quick and useful evaluative information for planners/policy-makers and to create a data base on development evaluation. A provision of Rs. 12.00 crore has been made under this scheme for taking up evaluation of all major schemes approved by Development Evaluation Advisory Committee(DEAC). The Plan Coordination Division alongwith Programme Evaluation Organisation of Planning Commission has chalked out a comprehensive programme to get the work done through reputed agencies in the field.

**(xii) Support to Planning Process at National, State & District Level : (Outlay Rs. 200.00 crore).**

This scheme has been introduced to smoothen various activities connected to Planning process at National, State and District level.

**(xiii) Plan Accounting and Public Finance Management System (Outlay Rs. 24.25 crore).**

This is a new scheme which is introduced to put in place a suitable MIS/DSS for tracking and reporting on the expenditures along with generation of State-wise/District-wise reports on the expenditure, outputs and the unutilized amount under each Plan Scheme.

**(xiv). Grant-in-aid to IAMR ( Outlay Rs. 12.00 crore)**

The Planning Commission assigns the IAMR research projects on topics relating to human resource planning and development so that the findings gathered could be utilized in formulating Plan Policies.

**(xv). UNDP Assistance for Rural Decentralisation and Participatory Planning for Poverty Reduction: (Outlay Rs. 1.80 crore).**

This scheme is being implemented in nine districts of four States with basic objectives of strengthening decentralization of decision-making and pro-poor development planning, to strengthen transparency and accountability in local governance and to improve the fiscal domain of PRIs for local level development through resource convergence and local resource mobilization.

The scheme-wise analysis of Demands for Grants (2008-09) of the Ministry of Planning is shown in the following statement:

2.2. On the budget proposals and plan programmes, the Secretary, Planning, during evidence stated as under:

“There are two issues – one is the overall planning priorities of the country with respect to all the sectors and the other is specific programmes which are directly handled by the Planning Commission. After that, I will present a brief account of the 11<sup>th</sup> Five Year Plan. Of all the major schemes which have been taken up by the Government, I have given a brief account of 15 schemes which are known as flagship programmes. For the year 2007-08 (BE), we have got only Rs. 205100 crore, whereas, the budget estimate for Annual Plan 2008-09 is Rs. 243386 crore. This is a very substantial jump. Of this additional allocation for the year 2008-09 budget, bulk of increase is in the major flagship. Under the NREGA programme, the allocation is Rs. 16000 crore for 2008-09 which may be increased. Under the PMGSY, the allocation is Rs. 7530 crore. Under the National Social Assistance Programme, the allocation has increased from Rs. 2407 crore in 2007-08 to the allocation has increased from Rs. 11010 crore to Rs. 12050 crore from 2007-08 to 2008-09. In Rural Drinking Water Supply

Mission, it was Rs. 6500 crore in 2007-08 and it is Rs. 7300 crore in 2008-09. Similarly, there are other programmes. Almost 85 percent of the additionality which is in the Budget of 2008-09 compared to the Budget of 2007-08 is going to these flagship programmes. Now, I come to agriculture. For National Food Security Mission, Rs. 4882.48 crores have been given in the 11<sup>th</sup> Plan. This is focussed on three major crops, that is, rice, wheat and pulses and there are specific programmes for the districts where productivity and production increase is being targeted. For rice 136 districts are being targeted in 14 States, for wheat 141 districts in 9 States are being targeted and for pulses 170 States in 14 States are being targeted. Funds have already been released.”

### III. Strengthening Evaluation Capacity in Government

3.1. The budget estimates, revised estimates and actuals of the programme of strengthening Evaluation Capacity in Government is as follows:

(Rs. in crore)

PLAN YEAR	BUDGET ESTIMATES	REVISED ESTIMATES	ACTUALS
2006-07	8.55	25.90	0.26
2007-08	26.00	3.00	0.51 (till 19 March, 2008)
2008-09	12.00	-	-

3.2. Asked to account for the reasons for the fluctuation in the budget and the revised estimates and the actual expenditure for the year 2006-07 under this head the Ministry of Planning have stated that the reasons for the same as follows:

- The Program Evaluation Organization was entrusted the responsibility of conducting various evaluation studies either in-house or by outsourcing to external agencies/institutions/organizations. Since the Plan Scheme was a new Scheme, the modalities of outsourcing the studies were in the process of evolution.
- Later, for outsourcing various components of Evaluation Studies, the procedure laid down under GFR has to be followed (i.e. inviting quotations through newspaper advertisements or sending the bid invitation to individual institutions/organizations examining technical bids followed by scrutiny of financial bids). All this require considerable amount of time.
- In-sufficient manpower of PEO is a major constraint in conducting evaluation studies.

3.3. When asked as to why the budget estimate and revised estimate for the year 2007-08 were kept on the higher side despite the actual expenditure in 2006-07 being low, and to furnish the actual expenditure incurred in 2007-08, the Ministry, in reply stated:

“Keeping in view the capacity of expenditure, PEO had demanded for Rs.6.65 crore as the budget estimate for the year 2007-08 but keeping in view the government’s commitment to strengthen evaluation capacity Rs.26 crore was allocated to PEO as BE for 2007-08. The actual expenditure for the year 2007-08 (as on 19.03.2008) is Rs.50.76 lakh.”

3.4. On the reasons for reducing the budget estimates for the year 2008-09 to nearly 50% of that of the year 2007-08 (inspite of the Governments commitment to strengthen the evaluation capacity as done in the year 2006-07) the Ministry of planning stated that ‘keeping in view the organizational capacity and the earlier trend, the budget estimate for the year 2008-09 has been slashed to nearly 50% of BE for the year 2007-08’.

#### **IV. Support planning process at National, State & District Level**

4.1. The budget allocation for a new programme “Support planning process at National, State & District Level” to be introduced in 2008-09 is Rs. 200 crore.

4.2. Questioned on the need for introducing the scheme “Support to Planning Process at National, State & District level”, with a substantial outlay in 2008-09, the Ministry of Planning have stated that the scheme has been introduced to strengthen the planning process in a big way, and that, of the total outlay proposed for the scheme a major allocation is proposed for the State and the district level, as the planning process at this level needs to be considerably strengthened.

4.3. As informed by the Ministry, of the Rs.200 crores under the head, the total outlay for the Plan Scheme “Support to Planning Process at National, State & District level” is Rs.20 crores (Major Head 3475) is for the Centre, and Rs.175 crores (under Major Head 3601) is for States/Districts level and the remaining Rs.5 crores under (Major Head 3602) is for Union Territories. The Ministry also explained that as the Scheme at the stage of being formulated, the details of mechanism for monitoring the outlay/utility at the State/district level would be worked out subsequently.

4.4 Further, an amount of Rs. 24.25 crore has also been proposed as the outlay for 2008-09 for plan accounting and public finance management system with the objective of capturing scheme-wise, State-wise and agency-wise releases from the Central Government on a consolidated and real time basis.

## **V. New Initiatives in Skill Development through PPP**

5.1. Budgetary outlay of Rs. 300 crore has been allocated for the programme of 'New Initiatives in Skill Development through PPP' for the year 2008-09.

5.2. As per the information furnished by the Ministry, the "New Initiatives in the Skill Development Through PPP' has been introduced to build required skilled manpower to fulfill the need of a growing and diversifying India Economy.

5.3. A total sum of Rs. 22,800 crore (Rupees twenty two thousand eight hundred crores only) has been earmarked for skill development during the Eleventh Five Year Plan period. This amount will be available for funding of such of the on-going and new schemes of the Ministries etc. and for such other expenditure which may be determined under the established budgetary procedure for state/public sector activities.

When asked about the reasons for adoption of the programme in PPP mode, the Ministry of Planning, in a written reply, informed:

"During the period 1999-2000 to 2004-2005, about 47 million work opportunities (both the self-employed and the wage employed) were created. Employment growth accelerated from 1.25 per cent per annum during 1994-2000 to 2.62% p.a. during 1999-2000 to 2004-2005. The annual increase in work opportunities stepped up from 4.0 million per year during 1994-2000 to 9.3 million per annum during 1999-2000 to 2004-2005. And yet, unemployment rate increased from 7.3 per cent to 8.3 per cent during 2000 to 2005.

The existence of high rates of unemployment, in an expanding domestic economy with huge employment generation indicates that there is a mismatch in the number of appropriately skilled persons required in the ladder of skills. Further, an ageing global economy could provide job opportunities to a young nation, provided appropriate skills are available.

In terms of skills, among persons of age of 15-29 years, about 2 per cent reported to have received formal vocational training and another 8 per cent reported to have received non-formal vocational training. The corresponding figures for industrialized countries which vary between 60% and 96% of the youth in the age group of 20-24 years."



5.4. It has also been added that 'a series of formal and informal consultations, with (a) Relevant Central Ministries, (b) State Governments, (c) job-providers (industry, trade, services etc.), and (d) academics (to diagnose the inhibiting factors etc.) at the level of Planning Commission, as well as at the level of the Committee of Secretaries were held and as a result, at present 17 ministries are involved in the area of skill development.'

5.5. The Ministry also informed that the total seating capacity in these courses (non-agriculture sector) is about 2.5 million per annum, while about 12.5 million young persons enter the labour force. Since, the skill requirement of the industry is dynamically changing, the importance of the involvement of the industry in designing and developing market oriented, demand driven skills cannot be overemphasized. This has led to the recognition of involvement of the private partners in skill development in a big way.

5.6. The objectives proposed to be met under the programme, as informed by Planning Commission, are:

- To match the needs of the expanding/diversifying economy, particularly in the high growth sectors.
- To reap the benefits of the demographic dividend: Boston Consultancy Group, while deliberating on the labour shortages and various avenues of supply in the labour market has projected manpower shortage of 45 million in OECD in 2020, while, India will have a surplus of 47 million.
- To improve the earning capacity and the employability of the workers in the unorganized sector. 90% of the 385 million workforce (both rural and urban) are engaged in this sector.
- To enhance the overall skill levels of the workforce to provide global competitiveness to the Indian economy.
- Most of the educated youth are unemployable since they lack skills.

5.7 According to the Ministry, implementation of the programme is intended to be "a continuous process, but State intervention is expected to be time-bound. The future of the scheme would depend subject to the monitoring and evaluation process and upon the progress in achievement of the objectives".

5.8 It is observed from the presentation made by the Planning Commission that the 11<sup>th</sup> Five year plan envisages among other things setting up of 125 polytechnic institutes, 8 IITs, 7 IIMs (4 under PPP), 10 NITs, 20 IIITs, 50 centres for training and research.

5.9 The Secretary, Ministry of Planning, while replying to the queries posed by the Committee on the new initiative, regarding aspects relating to number and quality of faculty in technical institutes, stated as under while tendering evidence:-

“I would say that the skill development effort would be partly covered in enhancing the allocation for regular programmes of about 17 Ministries. I would just give one example which is perhaps the central initiative and that is increasing the ITI and polytechnics where bulk of the vocational training is happening but we are going to expand both in numbers and the types of skills which are to be provided. The suggestion which the Chairperson has made is very important, that is increasing the number of teachers for these institutions. We will carry the concern of this Committee that in addition to increasing the number of institutions, curriculum, number of skills which are to be added a separate initiative should also be made to address the problem of non-availability of faculty in these institutions.”

“...I think one of the weaknesses from our own assessment is that the Apprenticeship Act which is a very good Act has not been implemented in its true spirit and with rigour. We will carry the concern of the hon. Members and make it a central part of the strategy that is on-the-job training on the factory floor or in a service set up so as to making it mandatory to take a certain number of people relating to the size of the organisation and work out a method by which this can be monitored closely. The real failure has been that we have not been able to monitor it properly as a result of which the number of people who could have been trained has not happened”.

## VI. Agriculture Sector

6.1. The growth in GDP of agriculture and allied sectors at 1999-2000 prices since 2002-03 is given in the following table: -

Year	Annual Growth in Agriculture and Allied Activities (in percent)
2002-03	- 7.2
2003-04	10.0
2004-05	0.0
2005-06	5.9
2006-07	3.8
Tenth Five Year Plan average	2.5
2007-08	2.6

Source:- Central Statistical Organization, New Delhi

6.2. Noting that the average growth rate of the agriculture sector has only been to the extent of an average of 2.5% in the Tenth Plan period, the Committee, had, in their report on the Demands for Grants of the Ministry of Planning for the previous year, 2007-08 observed inter alia:

“As admitted by the Member Secretary while tendering evidence, the policy intervention of the Government to promote agricultural growth ‘has not produced the desired results’. However, the approach to the agriculture sector in the Eleventh Plan, as per the member Secretary’s submission, would be ‘substantially better’. The Committee would like to be informed of the special measures which the Government propose to take during the Eleventh Plan to achieve the intended growth rate in agriculture of around 4%.”

6.3. The Ministry of Planning had, in their action taken note on the observations made by the Committee on the agricultural growth rate, inter alia informed:

“The 11<sup>th</sup> Plan strategy to raise agricultural output, as reflected in the Approach Paper, emphasizes on the following elements:-

- Double the rate of growth of irrigated area;
- Improve water management, rain water harvesting and watershed development;
- Reclaim degraded land and focus on soil quality.”

6.4. While the growth rate witnessed in the agriculture sector was 4.4% in the last two years of the Tenth Plan (2005-06 and 2006-07), as per the Budget (2008-09), the growth rate in agriculture for 2007-08 has been estimated at 2.6% which is way below the plan target for a 4% growth in agriculture sector for Eleventh Plan.

6.5. When asked whether the disappointing performance of the agriculture sector in the First year of the Eleventh Plan was not indicative of shortcomings in the planning process for the sector, the Ministry, in a written reply, stated inter alia:-

“Performance of agriculture sector on year to year basis is affected, among other factors, by the monsoon and other weather conditions which may not be necessarily attributable to shortcomings in the planning process. ....4% growth in GDP of agriculture and allied sectors during 11<sup>th</sup> Five Year Plan is the annual average for the Plan period. To achieve this growth rate allocation of public sector resources by the Centre, States and UTs to the Agriculture and Allied Activities has been increased from Tenth Plan realization level of Rs.60,702 crore to Rs. 1,36,381 crore during 11<sup>th</sup> Five Year Plan at 2006-07 prices i.e. 124 % increase.”

6.6. The major concerns as noted for the Eleventh Five Year Plan (2007-12) regarding performance of agriculture sector over long-term perspective, as indicated by the Ministry read as follows:

- Slowdown in growth;
- Widening economic disparities between irrigated and rain-fed areas;
- Increased vulnerability to world commodity price volatility following trade liberalization. This had an adverse effect on agricultural economies of regions growing crops such as cotton and oilseeds;
- Uneven and slow development of technology;
- Inefficient use of available technology and inputs;
- Lack of adequate incentives and appropriate institutions;
- Degradation of natural resource base;
- Rapid and widespread decline in groundwater table, with particularly adverse impact on small and marginal farmers;
- Increased non-agricultural demand for land and water as result of the higher overall GDP growth and urbanization;

6.7. It has also been added by the Ministry that the Eleventh Five Year Plan has mentioned that strategy to accelerate agricultural growth to 4% per annum in the Eleventh Plan requires action in the following broad areas:

- Bringing technology to the farmers;
- Improving efficiency of investments, increasing systems support and rationalizing subsidies;
- Diversifying, while also protecting food security concerns;
- Fostering inclusiveness through a group approach by which the poor will get better access to land, credit and skills.

6.8. Responding to the issues raised by the Committee on the planning process for fostering agricultural growth rate to 4%, as envisaged for the Eleventh Plan, the Secretary, Ministry of Planning stated as follows while tendering evidence:

“This is focussed on three major crops, that is, rice, wheat and pulses and there are specific programmes for the districts where productivity and production increase is being targeted. For rice 136 districts in 14 States, for wheat 141 districts in 9 States and for pulses 170 districts in 14 States are being targeted. Funds have already been released. Then, Rashtriya Krishi Vikas Yojana is a major scheme and it was launched after the meeting of the National Development Council in May, 2007. Additional Central assistance with a focus on agriculture is being given and Rs. 25,000 crore investment has been planned (over a period of five years co-terminus with the 11<sup>th</sup> Five Year Plan). An outlay of Rs. 1,500 crore was earmarked for 2007-08 and Rs. 985 crore has already been released. More allocation is being made in 2008-09. An important feature of this scheme is, States are required to develop their own agriculture plans, plus they are required to spend their own Plan budget in the agriculture sector. Secondly, we are also emphasising on the development of District Agriculture Plan. A large number of States have been able to refocus on agriculture which had got somewhat neglected in the past. But with this new programme, we find that there is a renewed emphasis on agriculture by most States and they are also developing District specific programmes.”

## VII. Irrigation

7.1 On issues relating to the targeted addition to the irrigation potential in the Tenth Plan Period, the Committee had, in their report on the Demands for Grants of the Ministry of Planning for the year, 2007-08 observed inter alia:

“While, as per the target envisaged under the Tenth Plan, a total of 16.743 mha of irrigation potential was to be added (9.936 mha from major and medium irrigation projects and 6.807 mha from minor irrigation schemes), the likely achievement to this end is expected to be only 8.818 mha, which amounts to 53 percent of the originally envisaged target for the Plan period. This would mean that the percentage of achievement of ultimate irrigation potential (93.883m.ha.) would just increase from 67% at the end of Ninth Plan to 73% by the end of Tenth Plan.”

7.2. The Ministry of Planning, in their action taken note relating to formulation and implementation of irrigation projects stated inter alia that the Planning Commission has suggested “fixed price turn key no cost overrun contracts with incentives/disincentive for timely/delayed completion of irrigation projects to be funded under Accelerated Irrigation benefit Programme”.

7.3. When asked to give a brief account of the Plan measures contemplated for adding to the irrigation potential in the Eleventh Plan period (2007-12), inclusive of the targets and investment envisaged vis-à-vis the Tenth Plan period, the Ministry of Planning have furnished the following data indicating the targets for irrigation potential creation under various sub sectors:

Creation of potential (in m.ha.)	
Major and Medium Irrigation Sector	9.00
Minor Irrigation Sector	7.00
▪ Surface water	1.50
▪ Ground water	4.50
▪ Restoration of water bodies and ERM	1.00
<b>Total (MMI+MI)</b>	<b>16.00</b>

7.4. The investments envisaged in both Central and State Sectors as per the XI Plan document is as under:

	Rs. in crore.
State Plan	1,82,050
State Sector Schemes i.e. AIBP* and others	47,015
Central Plan	3,246
<b>Total</b>	<b>2,32,311</b>

## \* Accelerated Irrigation Benefit Programme

7.5. Important strategies for adding to irrigation potential under the Minor Irrigation Projects proposed as informed by the Ministry of Planning are as follows:

- Renovation and Restoration of old tanks as well as old diversion channels in hilly regions may be given high priority.
- Micro Irrigation System in water deficit areas should be promoted.
- Ground Water Development in areas having untapped/unutilized potential particularly in the Eastern Region should be promoted through a time bound programme.
- A comprehensive strategy as recommended by the expert group for regulation of ground water development and use on sustainable basis should be implemented.

7.6. As indicated in the Economic Survey, 2007-08, the average annual rate of utilization of the addition to the irrigation potential remained lower than the addition it self, which amounts to inefficient use of funds, and forgoing income from irrigated lands.

7.7 When asked, whether any assessment has been made of the under-utilization of the addition to the irrigation potential under the plan schemes and to indicate the remedial policy measures initiated for ensuring effective utilization of the irrigation potential, the Ministry of Planning have stated that the problem of under utilization of the created irrigation potential is inter-alia due to reasons such as (i) change in designed cropping pattern than originally envisaged at the time of design (ii) Slitting of reservoirs reducing the storage capacity (ii) Dilapidated irrigation systems (iii) Very low irrigation efficiencies due to seepage, absence of command area works and poor maintenance and (iv) absence of volumetric supply and low water rates.

7.8. It has also been stated that no specific assessment had been carried out on the under utilization of irrigation potential added through Plan schemes. It has, however, been added that the following suggestions have been made for addressing the problem in the Eleventh Plan:

- The CAD works and Project execution should be in one package to ensure the availability of the water upon completion of the project.
- The extension, renovation and modernisation projects are being funded under AIBP assistance and their funding should be linked with improvement in efficiency of the irrigation system and for this purpose minimum threshold target efficiency should be considered.
- To improve efficiency, an independent expert group should benchmark irrigation projects for performance evaluation so that optimum use of water is realised. The AIBP assistance in the form of grant should be made according to performance parameters.
- A separate budget head up to 15% of Plan fund may be provided as Irrigation Maintenance Fund (IMF) and full amount of irrigation revenue as collected should be credited to IMF.
- In addition to liabilities of completed projects and provision for ongoing and new projects, the State plan proposals should incorporate provisions for special repairs of existing irrigation systems, dam safety measures, improved water management and water development aspect encompassing survey and investigation, research and development, training and National Hydrology Project.
- System maintenance and revenue realisation should be handed over to beneficiaries groups or WUA's.
- The existing regional/state level institutions such as WALMIs should be strengthened and brought into mainstream activities for irrigation management improvement.

7.9. The Accelerated Irrigation Benefit Program (AIBP) was initiated by the Central Government in 1996-97 under which Central assistance to States was being extended to the large irrigation schemes and for the early completion of ongoing projects and, also for seeding up the creation of additional irrigation potential. Presently, the AIBP has to meet the targets of the Bharat Nirman Program, under which a major thrust is placed on creation of irrigation potential. It is also providing assistance to the irrigation projects under the Prime Minister's Rehabilitation Package to Andhra Pradesh, Karnataka, Kerala and Maharashtra for the agrarian distress districts.



7.10 When asked to furnish details of the targets and achievements under AIBP during the last three years, the Ministry of Planning has furnished the following data:

(Potential in 000 ha)			
<b>Year</b>	<b>Target*</b>	<b>Achievement</b>	<b>Shortfall</b>
2005-06	925.00	600.00	325.00
2006-07	320.00	932.00	Nil
2007-08	1500.00	Would be known in the next fiscal	

\* As per the outcome budget of Ministry of Water Resources for the respective years.

7.11 The major reasons for shortfall in achieving the targets under the program as stated by the Ministry of Planning are as follows:

- (i) Provisioning of State Share, as the States have to raise 75% or 10% of the AIBP project cost from market.
- (ii) Delay in land acquisition for dam, reservoir, and canal system
- (iii) Delay in completion of Resettlement and Rehabilitation work of project affected persons
- (iv) Escalation in cost of construction material as well as labour
- (v) Unsatisfactory infrastructure of States for execution of projects
- (vi) Contract management problems and litigations

7.12. The financing pattern of the projects under the programme was changed in 2004-05 with inclusion of a grant component for the projects. Asked to furnish the reasons for changing the funding pattern of the projects under AIBP, the Ministry of Planning, informed:

“...initially, the program was entirely a Central Loan Assistance (CLA) before 2004-05 latter, in order to incentivize the States the program was converted to loan grant mode in 2004-05 and thereafter. Therefore, after the initiation of Bharat Nirman Program to bring about 10 million ha under assured irrigation in a time bound manner and to assist the States liberally, the guidelines were modified from December 2006 and the Center is providing only grant assistance to the projects under AIBP and, the rest of the finances are to be raised by States themselves (either through Plan allocations or State resources or loans). The grant being provided is 25% of project cost under AIBP for non special category States and 90% of project cost for special category states and projects benefiting drought-prone and tribal area in non Special Category States. Higher assistance to the States has received tremendous

response and has resulted in significant rise in irrigation potential creation.”

7.13 When enquired about the desirability of bringing minor and medium irrigation projects on BOT/PPP in order to involve farmers’ participation, the Planning Secretary responded as follows:-

“As regards immediate and major irrigation projects being taken on BOT, I think it is a very good suggestion. I think one or two States have just made a beginning in that respect but we will study that model and propagate this model. We will take it up as a major suggestion and the farmers participation which the Chairperson has mentioned very rightly, we will see whether this can be included in the new scheme of things.”

## **VIII. Estimation of Poverty**

8.1. The Planning Commission follows a uniform methodology for estimation of poverty at the national and state level. The present method used by the Planning Commission for estimation of poverty is based on the methodology recommended by the Expert Group on Estimation of Proportion and Number of Poor (Lakdawala Committee) which uses poverty lines, based on per capita consumption expenditure as the criterion to determine the incidence of poverty in the country and accordingly, the incidence of poverty is measured as the percentage of persons living below the poverty line (BPL population). The per capita consumption norm has been fixed at Rs. 49.09 per month in rural areas and Rs.56.64 per month in urban areas at 1973-74 prices at national level. This corresponds to a basket of goods and services anchored on a norm of per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas.

8.2. The Planning Commission had in December, 2005 constituted an Expert Group to review the 'Methodology for estimation of poverty', with the terms of reference as:

- a. To examine the issues relating to the comparability of the 50<sup>th</sup>, 55<sup>th</sup> and 61<sup>st</sup> round, and to suggest methodologies for deriving such comparability with past and future surveys.
- b. To review alternative conceptualizations of poverty, and the associated technical aspects of procedures of measurement and data base for empirical estimation including procedures for updating over time and across states.
- c. In the light of (b), to recommend any changes in the existing procedures of official estimates of poverty.

8.3. It is stated in a written reply that the issue of harmonizing the criteria for estimation of BPL household has not been referred to the Expert Group. The Expert Group is yet to submit its report to the Planning Commission.

8.4. In this regard, the Committee, while taking evidence of the representatives of Ministry of Planning raised the issues of accuracy of (i) Methodology presently followed for estimating poverty levels, (ii) identification of individual BPL Households, and (iii) the need for harmonizing the estimation of poverty with the number of BPL Households in individual States.

8.5. On the issue, whether the methodology followed for estimating poverty levels needs to be revised or not, the Secretary, Ministry of Planning stated:

“The estimation of poverty in India has been going on for the last several decades, on the basis of what is popularly known as the Lakhadwala Committee recommendations, on the basis of consumption figures, estimated through various statistical means, and by and large, it has been consistent, except for a particular year when the methodology was marginally different. But the long and short of this whole concept is that that estimate which is made is related to the Consumer Price Index and the certain level of consumption which was accepted – 2400 calories in the rural areas and 2100 calories in the urban areas. Whether that substantive point is itself needs to be revised or not – this itself is one issue, but whether this methods of estimation which are there, - this is appropriate or not, one Committee is going into it; we hopefully expect to get the report in a few months.”

8.6. Further, on the matter of the criteria followed for identification of individual BPL Households, the Secretary stated:

“...the other issue of identification of individual households, the criterion has been changing for some time. The most recent criteria which was adopted in 2002 is on the basis of 13-point one. One major inadequacy which was there was that no weightage was given to these 13 points, which should have how much weightage, etc. – whether having a fan should be given the same weightage as having a latrine or not, or how many pair of cloths you have, etc. That itself has some inherent weakness. But fortunately one good thing is that in terms of the change that has happened is that it is in the public domain; the list is published and there is an opportunity for people to complain and then, there are two levels of appeals, etc. In spite of that, the reality is that this necessarily does not reflect 100 per cent identification of the poor.”

8.7. As regards issues relating to mismatch between percentage estimates of poverty and the number of BPL Household identified in individual states, the Secretary stated:

“...if in a particular State, poverty has been estimated at 29 per cent, that translates into certain number of households; so, it is

expected that when the State fixes the cut off points, this will match with that figure. Unfortunately this is not happening...A separate Committee is to go into that. That Committee is yet to be formed. We expect that in the next couple of months, the Planning Commission will form another expert committee to look whether this 13 point criteria is good in identifying it or not”

8.8. It was also added as follows by the Secretary, while tendering evidence:

“So, we have to really tackle it on multiple fronts, the Planning Commission is very much in the centre of this whole exercise. So, we will try to see the question of harmonization which was raised by more than one Member – estimation of poverty and identification of households, how to harmonize these so that we arrive at a level; how we can try and de-link the benefits so that whoever needs food, should get it. Our goal should be like that. That should be our objective. That is a challenge and we are concerned. We will carry this and see how we can improve the existing arrangement.”

8.9 Touching upon the National Social Assistance Programme, the Secretary stated as under:-

“On the National Social Assistance Programme, the National Old Age Pension Scheme has been expanded and now it has been universalised to cover all the BPL persons above the age of 65 years. Against the original provision of Rs. 2,391 crore, in the RE it has been raised to Rs. 2,891.48 crore. In the next year an amount of Rs. 3442.24 crore has been provided. It is expected that the number of beneficiaries who will be covered will be about 160 lakhs compared to 87.06 lakhs in 2006-07. In the current year it will go up to about 110 lakhs.”

## **IX. National Rural Employment Guarantee Programme (NREGP)**

9.1. In the Monsoon Session of the Parliament in 2005, the National Rural Employment Guarantee Act 2005 (NREGA) was passed unanimously. The effect of the launch and the legal notification means that the rural households in the notified districts will have the right to register themselves with the local Gram Panchayat as persons interested in getting employment under the Act. The gram Panchayat after proper verification will register the household and issue a Job Card to the registered household. The Job Card is the legal document that entitles a person to ask for work under the Act and to get work within 15 days of the demand for work. The Act covered

200 districts in the first phase in the year 2006-07. An additional 130 districts in the second phase in the year 2007-08 were identified for implementation of the National Rural Employment Guarantee Act (NREGA). SGRY Scheme will completely subsumed under National Rural Employment Guarantee Programme (NREGA) and the Act will cover all the rural districts of the entire country w.e.f. 1<sup>st</sup> April, 2008.

9.2. The section 6 of the Act provides that Central Government may specify the wage rate for the purposes of this Act, which shall not be at a rate less than Rs 60 per day. Since the Central Government has not notified any wage rate, the minimum wage fixed by the State Government for agricultural labourers is considered as the wage rate applicable to that area.

9.3. The NREGP was launched on February 2, 2006 for covering 200 districts in its first year of operation (2006-07). The programme was than expanded to 330 districts in 2007-08 and will cover the whole country in 2008-09, well before the target date for full coverage under the Act.

9.4. The basic objective of the program is to provide guaranteed work for 100 days for any household wishing to have such employment. Although all households are eligible, it was expected provide employment on demand to landless labour and marginal farmers who face sever off seasonal un-employment. The secondary objective of the program was to increase farm productivity and generate incomes and employment over time through the employment generated by raising the land productivity.

9.5. When asked to furnish details of expenditure reported and the employment guaranteed under the NREGP, in the first two years of implementation of the programme, the Ministry of Planning informed:

Year	Expenditure (Rs. crore)	No. of HHs (crore)		Person days of employment generated (crore)	Avg. days of employ-ment per HH	Works (in lakhs)		
		Demanded employ-ment	Provided employ-ment			On-going	Comple-ted	Total
2006-07 (200 districts)	8823.36	2.12	2.10	90.51 (SCs- 25.36% STs- 36.45% Women- 40.65%)	43 days	4.48	3.84	8.32

2007-08 (330 districts)	11036.72	2.93	2.91	110.23 (SCs- 27.43% STs- 30.22% Women- 42.93%)	38 days	10.18	4.77	14.95
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9.6. The State-wise figures (Ministry of Rural Development) for 2006-07 and 2007-08 on implementation of NREGP as furnished by the Ministry of Planning are as follows :-

Objective	States done well	States not done well
Employment Generation (avg no. of days of employment per HH).	Rajasthan (66), MP (58), TN (58).	UP (28), Jharkhand (47), Bihar (22).
HH provided employment as % of HH issued job cards.	Rajasthan (73), HP (63), Assam (71).	Bihar (40), Karnataka (26).
Women in workforce	TN (87), Rajasthan (70).	Bihar (22), WB (16), UP (14).
Use of MIS	AP and Orissa followed by MP, Chhattisgarh, Jharkhand, Rajasthan and WB	UP, Punjab and HP
Social Audit	AP and Rajasthan	Other States
Overall	Rajasthan, MP, TN and AP	UP, Bihar, Jharkhand, Maharashtra.

9.7 According to the Ministry of Planning, the average number of person-days of work provided per household in 2006-07 was 43 days and in 2007-08, 38 days for India as a whole. It has also been pointed out that while States like Rajasthan (66), MP (58) and TN (58) have provided much larger number of days of employment per HH, poorer States like Jharkhand (47), Bihar (22) and UP (28) need to improve the outreach. Similarly, rural distress districts of Vidharbha seem to have failed to take advantage of the programme.

9.8. In regard to implementation of the NREGP, the Approach Paper of the 11<sup>th</sup> Five Year Plan states inter alia:

“Initially in effect in 200 districts, the Act will be extended to the entire country over a five year period. Unlike employment programmes in the past that were supply driven, bureaucracy controlled, and suffered from large leakage including misuse of funds arising from false muster rolls and poor project design, this is demand driven, based on a legal right and requires PRIs to select projects relevant to the needs of the community. Initial assessments are mixed, for example muster rolls continue to be problematic in many places, but it is clear that the demand-driven nature

of NREGP has not led to as high leakages or cost as some had originally feared. If anything, the main teething problems appear to be insufficient information and unduly high task norms, which have caused demand to be much less than earlier estimated. Where these have been addressed, it is a very popular scheme effective in providing fallback income, reducing distress migration and creating assets. To fulfil the rights created, the 11<sup>th</sup> Plan must ensure that NREGP is adequately funded and effectively implemented. State governments should address existing problems, meet employment demand promptly and, by using NREGP in convergence with other schemes, develop land and water resources effectively, especially to benefit the scheduled castes and tribes.”

9.9. While taking evidence of the representatives of the Ministry of Planning, the Committee, inter alia raised the issue of mismatch between the number of days of guaranteed employment and actual employment guaranteed under the programme, instances of corruption etc., responding to the queries raised, the Secretary stated:

“...a central problem which was also mentioned by one of the hon. Members in passing is that this whole question of demand being registered and then employment will be provided. As rightly mentioned, most of them are able to put thumb impression. It is not expected that they will come and file an application. So, there is a problem. From the Planning Commission we have reviewed this in some detail and made some suggestions. We hope that the Rural Development Ministry while revising the guidelines can do that. Some States have followed a very interesting practice. On a fixed day of a week either one or two persons from a village come and say that from our village 20,30 or 100 people are willing to work then they can be given the option that next week they can come and work at such and such place. Those people who report there, their names can be taken and it can be converted into a demand. We have seen that the paper work has also increased substantially in this programme. In some areas good work has been done while there are aberrations in others. There are also areas where there are charges of mis-appropriation or implementation not up to the mark. Those corrective actions need to be taken. Some of the remote areas are getting left out because unless there is someone who is taking interest, they will not come forward. So, perhaps on a pro-active manner, if a group of 100 people have registered but no demand has come for three months, somebody should verify. So, pro-actively cross checking can be done.”



## **PART – II**

### **Recommendations/observations of the Committee**

1. The Committee's examination of the Demands for Grants of the Ministry of Planning reveals that there has been significant variation in the budget outlays and actual expenditure on some of the significant items of expenditure in the last three years. For instance, the shortfall in utilisation of budgeted expenditure for the Tsunami Rehabilitation Programme was as much as 91% in 2005-06, 97% in 2006-07 and 94% till the end of January, 2007-08. Similarly the shortfall in utilization for "50<sup>th</sup> year Initiative for Planning" was 54% in 2005-06, 63% in 2006-07 and 37% till the end of January, in 2007-08. It is, however, observed that there have been utilization in excess of the budgeted amount for "Foreign Travel Expenses" to the extent of 50% in 2005-06 and 45% in 2006-07. Similar is the case with regard to expenses on Medical Treatment. All this indicates shortcomings in financial planning and control mechanism in the Ministry of Planning. The Committee hope that suitable corrective measures will be taken in this regard.

2. The Committee are concerned to note that though there has been government's commitment to strengthen evaluation capacity of the government, and funds have been provided steeply in excess of the demands made by the Programme Evaluation Organisation (PEO) of the Ministry of Planning, the PEO could not measure up to the expectation of the government. This is evident from the fact that PEO could utilize just Rs. 2.29 crore as against the budgetary provision of Rs. 8.55 crore in 2006-07 and less than Rs. 1 crore (till 19 March, 2008) as against allocation of Rs. 26 crore in 2007-08 for the programme of Strengthening Evaluation Capacity in government. Interestingly, the government provided as much as Rs. 26 crore for the programme although PEO had demanded just Rs. 6.65 crore for the year 2007-08. In other words, the allocation was three times more than what was demanded. As evaluation capacity is vital for measuring the success of plans, the Committee suggest that reasons for ineffective implementation of the programme should be gone into and suitable remedial measures taken to place the programme on the right track.

3. Though an allocation of Rs. 200 crore has been made for a new scheme 'Support to Planning Process at National, State and District Level' in the current budget (2008-09), the Committee are surprised to learn that the scheme is yet to be formulated and the details of mechanism for monitoring the outlay/utility would be worked out subsequently. It is strange that the scheme which intends to support the planning process, is itself devoid of planning before it received its funding. The Committee desire that the Ministry of Planning should ensure that this scheme does not face the same fate as that of the programme of "Strengthening The Evaluation Capacity of the Government" during 2007-08 as discussed in the preceding paragraph.

4. The Programme of "New Initiatives in skill development" being launched by the Ministry of Planning with an outlay of Rs. 300 crore during 2008-09 is long overdue. As per the Budget announcement (2008-09), the Skill Development Mission is to be entrusted to a non-profit corporation, in which, to begin with, the government proposes to put Rs. 1000 crore as equity share. The fact that infrastructure capacity for skill development is just one-fifth of the actual requirement calls for expansion of existing skill development infrastructure both in the public and private sector. The Committee in this connection note that the 11<sup>th</sup> Five Year Plan envisages setting up of vast number of vocational training institutes and higher technical and professional institutes. The Committee would like to point out that the existing skill development capability is already under severe strain for want of teachers/faculty in terms of quality and numerical strength. As conceded by the Planning Secretary, a separate initiative is needed to address this problem. Another step which would go a long way in skill development effort is strict enforcement of the Apprentice Act which could turn out vast number of trained manpower without any additional investment. Further, there is also a need to protect and develop skills of rural artisans which would sustain them in their locality. The Committee hope that efforts would also be directed towards these steps as part of overall skill development strategy.

5. The Committee are deeply concerned to note that the agricultural growth rate is estimated to decline to 2.6% during 2007-08 as compared to 4.4% during the two preceding years. Admittedly, agriculture was some what neglected

by a large number of States in the past. The Committee in this connection note that in order to incentivise States into making higher expenditure in agriculture, Rastriya Krishi Vihar Yojana has been launched in May, 2007 which provides for additional central assistance and envisages investment of Rs. 25,000 crore during the 11th Five Year Plan. The Committee feel that this allocation is inadequate. The Committee would like to know the target for agriculture growth during 2008-09. The Committee urge that reasons for steep decline in the agriculture growth rate during 2007-08 should be identified and corrective measures taken to ensure that growth rate targeted for 2008-09 is achieved without fail.

6. Another matter of serious concern to the Committee is the under-utilisation of created irrigation potential as reported in Economic Survey, 2007-08. Unfortunately, no specific assessment has been made about the extent of under-utilisation in this regard. The Committee would like that an assessment be made expeditiously to understand the gravity of the problem. The Committee stress that urgent steps be taken to implement the suggestions made by the Ministry of Planning in this regard in order to ensure that huge funds invested in irrigation projects do yield desired results.

7. The Committee also suggest that the desirability of bringing minor and medium irrigation projects on Public Private Partnership/Build Operate Transfer Mode be examined in order to involve farmers' cooperatives and also the farmers in the developmental activity. The Committee also expect the government to come out with a clear policy framework on Public Private Partnership/Build Operate Transfer mode for implementing projects.

8. The Committee regret to note that the Expert Group to review the 'methodology for estimation of poverty' constituted in December, 2005 has not submitted its report even after two years. The Committee suggest the Expert Group should complete its work expeditiously and submit its report within a time-frame within three months of the submission of this report to Parliament.

9. The Committee hold that elimination of poverty is the basic concern and Kernel of the entire planning process and the economic development in the

country. Any infirmities in the mechanism for estimation of poverty will negate the purposes of various schemes to a significant extent. The Committee have repeatedly emphasized in this regard the need for harmonizing the criteria for estimation of Below Poverty Line (BPL) households in their earlier reports. The Planning Secretary indicated during oral evidence that an Expert Committee will be constituted to look into the 13 point criteria for estimation of BPL households and preparation of accurate BPL lists by States. The Committee, therefore, desire that the Expert Committee proposed to be constituted to look into the 13 point criteria should be constituted expeditiously with stipulation for submission of its report within specified time limit. The Committee also desire that status quo be maintained on the policy framework for providing grants and subsidies to States till the estimates of BPL households are reviewed on the basis of the revised criteria.

10. The Committee note that the National Rural Employment Guarantee Programme (NREGP) launched in February, 2006 covering 200 districts in 2006-07 and 330 districts in 2007-08, will cover the whole country in 2008-09 with the primary objective to provide guaranteed work for 100 days for any household wishing to have such employment. It is observed from the information furnished to the Committee that 2.10 crore households were provided employment( as against the demand of 2.12 crore households) during 2006-07 with an expenditure of about Rs. 8823 crore and 2.91 crore households were provided employment (as against the demand of 2.93 crore households) during 2007-08 with an expenditure of Rs. 11,036 crore. The fund allocation for the programme during the year 2008-09 is observed to be Rs. 16,000 crore. The Committee learn that the programme suffers from shortcomings such as disparity in different States, shortfall in budgeted days of employment, instances of corruption and malpractices, lack of opportunities for educated persons, paper work involved in the programme, etc. The Committee recommend that all these problems should be looked into for appropriate corrective steps to ensure that the programme achieves the intended objective. The Committee also emphasise that there should be greater co-ordination between the Central and State Governments in releasing grants for NREGP. The Committee further desire that a study should be

carried and to assess the quantum of assets created on account of implementing the NREGP and file a status report thereon within three months.

**NEW DELHI;**  
11 April, 2008  
22 Chaitra, 1930 (Saka)

**ANANTH KUMAR**  
*Chairman,*  
**Standing Committee on Finance**

## Minutes of the Twenty-third sitting of Standing Committee on Finance

The Committee sat on Thursday, the 27<sup>th</sup> March, 2008 from 1100 hours to 1700 hours in Committee Room 'E', Parliament House Annexe, New Delhi

### PRESENT

**Shri Ananth Kumar - Chairman**

### MEMBERS

#### LOK SABHA

2. Shri Vijoy Krishna
3. Shri Bhartruhari Mahtab
4. Shri Madhusudan Mistry
5. Shri P.S. Gadhavi
6. Shri K.S. Rao
7. Shri Jyotiraditya Madhavrao Scindia
8. Shri M.A. Kharabela Swain

#### RAJYA SABHA

9. Shri Santosh Bagrodia
10. Shri Raashid Alvi
11. Shri S.S. Ahluwalia
12. Shri Mangani Lal Mandal
13. Shri S. Anbalagan
14. Shri Moinul Hassan

### SECRETARIAT

1. Shri A. Louis Martin - Joint Secretary
2. Shri A.K. Singh - Director
3. Shri T.G. Chandrasekhar - Deputy Secretary
4. Shri Srinivasulu Gunda - Deputy Secretary-II

### Pre-Lunch Session (1100 To 1300 Hours)

- |    |    |    |    |    |    |    |
|----|----|----|----|----|----|----|
| 2. | XX | XX | XX | XX | XX | XX |
| 3. | XX | XX | XX | XX | XX | XX |
| 4. | XX | XX | XX | XX | XX | XX |

5. A verbatim record of proceedings has been kept.

*The witnesses then withdrew*

**Post-Lunch Session**  
**(1430 To 1700 Hours)**

WITNESSES

**Ministry of Planning**

1. Dr. Subas Pani, Secretary (Planning Commission)
2. Shri Surya P. Sethi, Pr. Adviser
3. Shri Paul Joseph, Pr. Adviser
4. Shri B.N. Puri, Pr. Adviser
5. Shri Lambor Rynjah, Pr. Adviser
6. Shri A.N.P. Sinha, Pr. Adviser
7. Shri M.K. Khanna, Pr. Adviser
8. Shri Gajendra Haldea, Pr. Adviser
9. Smt. Manjulika Gautam, Sr. Adviser
10. Ms. Jayati Chandra, Sr. Adviser
11. Prof. N.K. Sethi, Sr. Adviser
12. Dr. (Ms.) S. Rohini, Sr. Adviser
13. Dr. Santokh K. Mehrotra, Sr. Consultant
14. Shri B.A. Countinho, Addl. Secretary & Fin. Adviser
15. Shri R. Sridharan, JS (SP) & Adviser

6. In the absence of the Chairman, the Committee chose Shri K.S. Rao to chair the sitting under Rule 258(3) of the Rules of Procedure.

7. At the outset, the Chairman welcomed the representatives of the Ministry of Planning to the sitting of the Committee and invited their attention to the provisions contained in Direction 55 of the Directions by the Speaker.

8. The Committee then took oral evidence of representatives of the Ministry of Planning on Demands for Grants (2008-09) and other related matters. The points discussed during the meeting broadly related to NREGP, plan programmes aimed at human well being, harmonising the criteria for estimation of BPL households and measurement of poverty, agriculture growth targets, shortfall in adding to irrigation potential, plan programme for skill development and rural electrification.

9. Thereafter, the Chairman directed the representatives of Ministry of Planning to furnish written replies/notes on points raised by the Members during the discussion within two days.

10. A verbatim record of proceedings has been kept.

*The witnesses then withdrew*

*The Committee then adjourned*

## **Minutes of the Twenty-fifth sitting of the Standing Committee on Finance**

The Committee sat on Thursday, the 10<sup>th</sup> April, 2008 from 1100 hrs. to 1215 hrs.

### **PRESENT**

**Shri Ananth Kumar- Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Gurudas Dasgupta
3. Shri Rupchand Pal
4. Shri P.S. Gadhavi
5. Shri M.A. Kharabela Swain
6. Shri Suresh Prabhakar Prabhu

#### **RAJYA SABHA**

7. Shri Raashid Alvi
8. Shri M. Venkaiah Naidu
9. Shri S.S. Ahluwalia
10. Shri Mahendra Mohan
11. Shri Vijay J. Darda

### **SECRETARIAT**

- |    |                         |   |                     |
|----|-------------------------|---|---------------------|
| 1. | Shri A. Louis Martin    | - | Joint Secretary     |
| 2. | Shri A.K. Singh         | - | Director            |
| 3. | Shri T.G. Chandrasekhar | - | Deputy Secretary    |
| 4. | Shri G. Srinivasulu     | - | Deputy Secretary-II |

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

3. The Committee, then took up the following draft Reports for consideration:-

- (i) Draft Report on Demands for Grants (2008-09) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);
- (ii) Draft Report on Demands for Grants (2008-09) of the Ministry of Finance (Department of Revenue).



- (iii) Draft Report on Demands for Grants (2008-09) of the Ministry of Planning.
- (iv) Draft Report on Demands for Grants (2008-09) of the Ministry of Statistics and Programme Implementation.
- (v) Draft Report on Demands for Grants (2008-09) of the Ministry of Corporate Affairs.

4. The Committee adopted the above reports with modifications as shown in Annexures (i) to (v) respectively.

5. The Committee then authorized the Chairman to finalise the Reports in the light of the modifications made and present the same to Parliament.

6. The Committee also decided to take up for examination the issues of Omnibus Regulator for the Financial Sector and Adequacy of the current price indices in measuring prices.

The Committee then adjourned.





