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**STANDING COMMITTEE ON FINANCE
(2009-10)**

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

**Demands for Grants
(2010-11)**

THIRTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/ Chaitra, 1932 (Saka)

THIRTEENTH REPORT
STANDING COMMITTEE ON FINANCE
(2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF PLANNING

Demands for Grants
(2010-11)

Presented to Lok Sabha on 19 April, 2010
Laid in Rajya Sabha on 19 April, 2010



LOK SABHA SECRETARIAT
NEW DELHI

April, 2010/Chaitra, 1932 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2009-2010

Dr. Murli Manohar Joshi - Chairman

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LOK SABHA

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31. Shri Rajeev Chandrasekhar

SECRETARIAT

- | | | | |
|----|-------------------------|---|---------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary |
| 2. | Shri T.G. Chandrasekhar | - | Additional Director |

* Nominated to this Committee w.e.f. 09.03.2010 vice Shri Gopinath Munde, MP

INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Thirteenth Report (15th Lok Sabha) on the 'Demands for Grants (2010-11) of the Ministry of Planning'.

2. The Committee took oral evidence of the representatives of the Ministry of Planning on 29 March, 2010.

3. The Committee considered and adopted this Report at their sitting held on 15 April, 2010. Minutes of the sittings of the Committee 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 (2010-11).

New Delhi;
15 April, 2010
25 Chaitra, 1932 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Standing Committee on Finance

Report
PART I
BACKGROUND ANALYSIS

I. ANALYSIS OF DEMANDS FOR GRANTS (2010-11)

Introduction

1.1 The Planning Commission came into existence as per the Government of India Resolution of 15th March, 1950. The main function of Planning Commission is to make an assessment of the material, capital and human resources of the country and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nations' requirements and to formulate a Plan for the most effective and balanced utilization of the country's resources. The Planning Commission also 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.

1.2 The Ministry of Planning have presented its detailed Demands for Grants (2010-11) Demand No.73 in Lok Sabha on March 12, 2010. The Annual Plan 2010-11 outlay [Budget Estimates (BE)] of the Ministry is Rs.2000.00 crore of which Rs.100.00 crore is for normal activities, spread over the Central Sector Plan Schemes and Rs.1900.00 crore for the programmes of Unique Identification Authority of India (UIDAI).

1.3 The actual expenditure incurred in 2008-09, Budget Estimates (BE) / Revised Estimates (RE) 2009-10 and BE 2010-11 are given below :-

(Rs. In crore)

Actual Expenditure 2008-09			BE 2009-10			RE 2009-10			Actuals (upto Jan,10) (% over BE 2009-10)			BE 2010-11		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
37.97	54.73	92.70	452.00	67.00	519.00	109.00	65.82	174.82	42.72	63.81	106.53 (20.52%)	2000.00	59.32	2059.32

1.4 The reason attributed for 75.5% reduction in Plan RE 2009-10 to Rs.109.00 crore from Rs.452.00 crore in Plan BE 2009-10 as furnished by the Ministry of Planning is as follows:-

“To avoid a surrender of large unutilised funds at the end of financial year and to make the Revised Estimates more realistic, a reduction in Plan RE 2009-10 as compared to Budgetary Estimates was made based on the trend of expenditure till September, 2009”.

1.5 Despite reduction of funds in RE 2009-10, the Ministry could spend only Rs.106.53 crore (20.52% over BE 2009-10) upto December, 2009 under both Plan and Non-plan accounts. The reason attributed to this lesser utilization of funds by the Ministry is as follows:-

“The main reason behind the lesser utilisation of funds is non-operationalization of some of the Plan Schemes like Support to Planning Process at National, State and District Level (Plan Outlay :Rs. 200.00 crore, Energy (R&D) etc. In addition, expenditure from the allocations under UIDAI scheme could be initiated only after the passing of the regular budget in July (UIDAI being a new scheme). As there have been significant delays in posting of key personnel in the UIDAI, the pace of expenditure was slow in the initial stage”.

1.6 When asked for the reasons for earmarking an amount of Rs.100.00 crore for other schemes out of total Plan (BE 2010-11) outlay of Rs. 2000.00 crore, the Ministry of Planning stated:

“Plan Outlay during 2009-10 for the schemes other than the Plan Scheme -Unique Identification Authority of India was earmarked at Rs. 332.00 crore against the total Plan Outlay of Rs. 452.00 crore. Of this Rs. 332.00 crore, allocation on schemes other than Support to Planning Process at National, State and District Level (Rs. 200.00 crore), which is now being proposed to be transferred to Ministry of Panchayati Raj, was Rs. 132.00 crore in the year 2009-10, which has now come down to Rs. 100.00 crore in the year 2010-11 and may be partially explained for on account of the closure of the Scheme - Assistance from UNDP for preparation of State Human Development Reports (Rs.11.83 crore)”.

1.7 To a query as to why there has been continuous reduction in allocation of funds under Non-plan account from BE 2009-10 of Rs. 67.00 crore, to RE 2009-10 of Rs.65.82 crore and to BE 2010-11 of Rs.59.32 crore, the Ministry of Planning, in reply, stated as follows:-

“The BE (Non-Plan) for the year 2008-09 was 42.00 crore which was enhanced to Rs. 67.00 crore during 2009-10 for payment of arrears and enhanced salaries in connection with implementation of 6th Pay Commission’s recommendations. The reduction in RE in 2009-10 was on account of the austerity instructions issued by Ministry of Finance. Hence, the BE 2010-11(Non-Plan) has been kept as per anticipated actual requirements”.

1.8 The Statement showing budget estimates, revised estimates and actual expenditure for the past two years and budget estimates of the current financial year of the Ministry of Planning is shown in the following table:-

(figures in thousands)

Sl. No	Major Head	NAME OF THE SCHEME	2008-09			2009-10			BE 2010-11
			BE	RE	Actuals	BE	RE	Actuals*	
REVENUE SECTION (PLAN)									
1.	2203	New Initiative in Skill Development through PPP	3,00,00,00	10,00	--	15,00,00	47,00	80	10,00,00
2.	2245	Tsunami Rehabilitation Programme	1,00,00	22,00	71	--	--	--	--
3.	3425	Energy(R&D)	2,00,00	2,00,00	--	2,00,00	1,00	--	--
4.	3451	Office of the Adviser to P.M. on Public Information, Infrastructure & Innovations	--	--	--	--	--	--	5,00,00
5.	3451	Modernization of Office Systems	8,90,00	6,58,00	5,59,63	10,00,00	10,00,00	4,28,03	4,50,00
6.	3451	Economic Advisory Council to the PM.	2,10,00	1,67,00	1,15,32	1,78,00	1,38,00	64,82	1,42,00
7.	3451	National Knowledge Commission	1,50,00	2,00,00	2,33,22	5,00	--	--	--
8.	3454	Unique Identification Authority of India	--	--	--	92,79,00	23,92,00	7,00,09	17,19,50,00
9.		Grants-in-aid to Universities, Research Institutions etc.	2,10,00	2,10,00	1,46,33	2,10,00	2,10,00	1,35,50	2,10,00
10.	3475	Expertise for Planning Process	1,00,00	1,00,00	82,34	2,55,00	2,10,00	1,05,99	4,40,00
11.	3475	UNDP Assistance for preparation of SHDR.	7,75,00	6,00,00	6,00,00	11,83,00	11,83,00	8,22,41	--
12.	3475	50 th Year Initiative for Planning	15,60,00	7,00,00	5,41,97	30,71,00	10,00,00	4,51,44	14,00,00
13.	3475	Strengthening Evaluation Capacity in Government.	12,00,00	3,00,00	1,40,93	12,00,00	2,50,00	91,41	10,00,00
14.	3475	Support to Planning Process at National, State & Distt. Level	20,00,00	20,00	--	20,00,00	40,000	--	--
15.	3475	Plan Accounting & Public Finance Management System	16,25,00	1,28,00	19,49	13,07,00	9,18,00	2,46,55	9,88,00
16.	3475	Grant-in-aid to IAMR	12,00,00	85,00	--	4,34,00	4,34,00	4,34,00	5,50,00
17.	3475	Expert Group on Low Carbon Economy	--	--	--	--	--	--	2,00,00
18.	3475	Expert Group on Transport Policy	--	--	--	--	--	--	3,00,00

* provisional figures upto January, 2010

Sl. No	Major Head	NAME OF THE SCHEME	2008-09			2009-10			BE 2010-11
			BE	RE	Actuals	BE	RE	Actuals*	
REVENUE SECTION (PLAN)									
19.	3601	Support to Planning Process at National, State & Distt. Level	1,75,00,00	--	--	1,75,00,00	10,00	--	--
20	3601	UNDP Assistance for Capacity Development for Distt. Planning	--	--	--	7,77,00	7,77,00	1,50,55	13,19,00
21	3601	UNDP Assistance for Support to Livelihood Promotion Strategies	--	--	--	1,80,00	1,80,00	--	2,40,00
22	3601	UNDP Assistance for Rural Decentralization and Participatory Planning for Poverty Reduction	1,80,00	2,50,00	3,69,63	--	--	--	--
23	3602	Support to Planning Process at National, State & Distt. Level	5,00,00	--	--	5,00,00	10,00	--	--
CAPITAL SECTION (PLAN)									
1	4059	Unique Identification Authority of India(Capital Outlay on Public Works)	--	--	--	--	--	--	50,00,00
2	5475	Unique Identification Authority of India	--	--	--	27,21,00	7,00,00	85,44	1,30,50,00
3	5475	Modernisation of Office Systems	10,00,00	7,00,00	6,60,40	13,00,00	13,00,00	5,55,49	10,61,00
4	5475	Plan Accounting & Public Finance Management System	8,00,00	6,50,00	3,27,39	4,00,00	1,00,00	--	2,00,00
TOTAL (PLAN)			6,02,00,00	50,00,00	37,97,37	4,52,00,00	1,09,00,00	42,72,52	20,00,00,00
REVENUE SECTION (NON- PLAN)									
1.	3451	Department of Planning	37,00	39,00	26,37	48,00	36,15	19,99	42,00
2.	3451	Planning Commission	34,13,00	43,65,00	45,11,04	53,99,00	52,98,35	51,84,09	48,17,00
3.	3451	Programme Evaluation Office	3,70,00	5,08,00	4,34,25	5,68,00	5,62,50	5,02,16	4,80,00
4	3451	Departmental Canteen	--	--	--	35,00	35,00	25,71	43,00
5.	3475	Manpower Research Services to Govt. etc.	3,80,00	5,01,00	5,01,00	6,50,00	6,50,00	6,50,00	5,50,00
TOTAL (NON-PLAN)			42,00,00	54,13,00	54,72,66	67,00,00	65,82,00	63,81,95	59,32,00
Grand Total (PLAN + NON-PLAN)			6,44,00,00	1,04,13,00	92,70,03	5,19,00,00	1,74,82,00	1,06,54,47	20,59,32,00

* provisional figures upto January, 2010

II. ALLOCATION TO SOCIAL SECTOR SCHEMES

Integrated Child Development Services (ICDS) Scheme

2.1 The Integrated Child Development Services (ICDS) is a Centrally-sponsored Scheme launched in 1975 with the following objectives:

- (i) to improve the nutritional and health status of children in the age-group 0-6 years;
- (ii) to lay the foundation for proper psychological, physical and social development of the child;
- (iii) to reduce the incidence of mortality, morbidity, malnutrition and school dropout;
- (iv) to achieve effective co-ordination of policy and implementation amongst the various departments to promote child development; and
- (v) to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

2.2 Plan documents suggested Rs.45,000 crore be allocated to Integrated Child Development Scheme (ICDS). But so far about Rs.23,000 crore only has been allotted. The reasons for lower allocation of funds to ICDS as given by the Ministry of Planning are stated below:-

“Integrated Child Development Services Scheme (ICDS) is a flagship scheme of the Ministry of Women & Child Development. This scheme seeks to provide an integrated package of health, nutrition and educational services to children up to six years of age, pregnant women and nursing mothers. The package includes supplementary nutrition, immunization, health check-up, referral services, nutrition and health education and non-formal education.

It may be mentioned that the outlay for ICDS has been increased from Rs 12,147 crore in the Tenth Plan to Rs 44,400 crore in the Eleventh Plan, which amounts to an increase of 266%.The outlay for ICDS for Eleventh Five Year Plan is Rs. 44,400 crore. The allocation under this scheme for Annual Plan 2007-08 was Rs. 5293.00 crore and actual expenditure was Rs 5257.22 crore. The Budget allocation for the year 2008-09 was Rs. 6300.00 crore and actual expenditure during the year was Rs. 6376.94 crore. The

Budget allocation for Annual Plan 2009-10 was Rs. 6705.00 crore but Revised Estimate for the year for ICDS was Rs. 8162.00 crore. The allocation for the Annual Plan 2010-11 for ICDS is Rs. 8700.00 crore. On the basis of year-wise Budget Estimates, for the period 2007-08 to 2010-11, the total amount allocated to ICDS is Rs. 26998.00 crore.

The Plan outlay of the Ministry of Women and Child Development (MWCD) has thus reflected a substantial increase in allocation over the last few years, due to expansion of its flagship programme i.e. ICDS. For the period 2007-11, ICDS has been allocated Rs. 26,998 crore, which is 86.14% of the total allocation for MWCD. Thus, it is submitted that within the overall resources of MWCD, ICDS has been provided a major share of the allocation”.

Indira Awaas Yojana (IAY)

2.3 The Indira Awaas Yojana (IAY) is a flagship scheme of the Ministry of Rural Development to provide houses to the Below Poverty Line (BPL) families in the rural areas. It has been in operation since 1985-86. Under this programme preference is given to the BPL families belonging to SCs/STs. 60% of the total allocation during a financial year is to be utilized for construction of dwelling units for Scheduled Castes and Scheduled Tribes. The funding of IAY is shared between the Centre and States in the ratio of 75:25. In the case of UTs, entire funds of IAY are provided by the Centre. However, in the case of NE States, the funding pattern has been revised and at present is in the ratio of 90:10.

2.4 When asked as to whether the proposed increase of allocation for the construction of each dwelling unit under the Indira Awaas Yojana (IAY) to Rs. 45,000 (Rs. 48,500 in hilly areas) was insufficient for building a house for the poor, the Ministry of Planning responded by stating as follows:-

“The financial assistance provided under IAY for construction of a new house is proposed to be revised from Rs. 35,000/- per unit to Rs. 45,000/- in the plain areas and from Rs. 38,500/- to Rs. 48,500/- in hill/difficult areas with effect from 01.04.2010.

In addition, the Reserve Bank of India has advised to include the IAY houses under the Differential Rate of Interest (DRI) scheme for

lending upto Rs. 20,000/- per housing unit at interest rate of 4%. As per Central Building Research Institute, on an average construction of house on a plot measuring 20 sq metre is Rs. 77,000/- to Rs. 88,000/-. Therefore, the financial assistance is not exactly insufficient.

In order to introduce transparency in selection of beneficiaries permanent IAY waitlists have to be prepared Gram Panchayat wise by the States/UTs. These lists contain the name of deserving BPL families who need IAY houses in order of their poverty status based on the BPL list 2002. Gram Sabhas select the beneficiaries from the list of eligible BPL households/Permanent IAY Waitlist wherever it has been prepared and as per their seniority in the list.

Construction of an IAY house is the sole responsibility of the beneficiary. Engagement of contractors is prohibited. As per various studies which were got done by the Ministry of Rural Development, satisfaction level for beneficiaries is very high.

Regular monitoring is also done by Ministry of Rural Development through review meetings and field visits. Vigilance and Monitoring Committees comprising public representatives also review and inspect functioning of the scheme”.

National Rural Health Mission (NRHM)

2.5 The NRHM is an ambitious programme that attempts to consolidate all existing disease control programmes under a common umbrella while simultaneously improving the infrastructure and capacity of the healthcare system in the country. It seeks to provide health to all in an equitable manner through increased outlays, horizontal integration of existing schemes, capacity building and human resource management. The Mission envisages increasing expenditure on health, with a focus on primary healthcare, from the level of 0.9% of GDP (in 2004-05) to 2-3% of GDP over the mission period (2005-2012).

2.6 The details of allocation made, expenditure incurred, particularly on Primary Health Care, since 2005 as furnished by the Ministry of Planning are given below:-

“The National Rural Health Mission (NRHM), which is the major flagship programme of the Government in the health sector was launched in 2005 to address infirmities and problems across primary health care and bring about improvement in the health system and the health status of those who live in the rural areas. The allocation made and expenditure incurred by the Department of Health & Family welfare under the programme since 2005 may be seen as under:

(Rs. In crore)

Year	Allocation made	Expenditure incurred (Releases made)
2005-06	7189.20	6284.58
2006-07	9000.00	7486.62
2007-08	10890.00	10380.25
2008-09	11930.00	11260.18
2009-10 (till 31.12.2009)	13930.00	13377.75

2.7 Percentage of expenditure incurred on health as per cent of GDP is given below:-

2007-08 Actual	2008-09 (RE)	2009-10 (BE)
1.23	1.37	1.45

(Source: Economic Survey 2009-10)

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

2.8 Ensuring a minimum level of livelihood security in the rural areas has been one of the daunting tasks for successive governments. Evolving the design of the wage employment programmes to more effectively fight poverty, the Central Government formulated the National Rural Employment Guarantee Act (NREGA) in 2005. 'National Rural Employment Guarantee Act' 2005 (NREGA) was launched with effect from 2nd February, 2006. During 2009-10, through an amendment the NREGA has been rechristened as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

2.9 In BE 2010-11, the MGNREGS has been allocated Rs. 40,100 crore, up from Rs. 39,100 crore in 2009-10.

2.10 The Ministry of Planning have furnished the details of utilization of the budget allocation as follows:-

“A budget allocation of Rs. 39,100 crore had been made for Mahatma Gandhi NREGA for the year 2009-10. Up to 31.12.2009, the Central Government had released Rs. 24758.50 crore to the States and out of the total available funds amounting to Rs. 38619.14 crore, the States had utilised Rs. 26078.43 crore. As on 19.3.10, Rs. 32020.00 crore have been released to the States by the Centre under Mahatma Gandhi NREGA and as per the latest available data from the States, (up to February, 10 provisional), the States have utilised Rs. 31490.79 crore out of total available funds amounting to Rs. 46502.52 crore”.

2.11 Asked whether it was not a fact that the MGNREGS had not contributed in generating demand for employment under the scheme despite the minimum daily wage being hiked to Rs.100, and the ‘guarantee’ of 100-day work to the labourers remaining a chimera in the states, the Ministry of Planning in a written reply submitted as under:-

“Mahatma Gandhi NREGA is demand driven. A registered job seeker has to submit a written application demanding for work. The Act provides a legal guarantee for up to 100 days of wage employment to every rural household in a financial year whose adult members volunteer to do unskilled manual work. Funds are released to a State/District on submission of a proposal by them alongwith documents indicating utilisation of atleast 60% of the available resources. Since Mahatma Gandhi NREGA is demand driven, funds are to be kept upfront to meet any immediate spurt in labour demand. As demand for work under the Act depends on the availability of other employment opportunities in an area, the average number of days of employment availed by workers under the Act in a State varies from State to State. The National average of number of days worked under the Act per household is 51 days as per figures up to February, 2010. However, in States like Mizoram and Nagaland, the average days of employment per household is 81; in Rajasthan is 68 days, Sikkim 64 days, Uttar Pradesh 63 days.

As regards the daily earnings of a worker under Mahatma Gandhi NREGA, wage payment is on task rate basis. The output of a

worker is measured and wage payment is made as per the schedule of rates prepared by the concerned State. As per data available, average wage paid per person per day is Rs. 88.13”.

2.12 As per the President’s address to the Joint Session of Parliament on 4 June 2009, a decision has been taken to enlarge the scope of works permitted under the National Rural Employment Guarantee Act which is presently limited to unskilled manual work.

2.13 In this connection, the Ministry of Planning in a written reply submitted as under:-

“The scope of work has been expanded to cover work on land of small and marginal farmers. Notification to this effect has been issued along with the condition that Gram Panchayats while approving work plans, as per the list of permissible works under the Act, will ensure that works on lands of SCs/STs and BPL receive first priority.

With a view to creating Knowledge Resource Centres to enable citizens access to information and articulation of rights as well as to strengthen the infrastructure of Gram Panchayat and Block Panchayats towards more transparent processes, construction of Bharat Nirman, Rajiv Gandhi Sewa Kendra as Village Knowledge Resource Centre and Gram Panchayat Bhawan at Gram Panchayat level has been included as a permissible activity in Para 1 of Schedule I of the Act vide Notification dated 11 November, 2009.

Presently there is no proposal to include skilled work as part of the wage employment. However, the cost of material component of the projects, including the wages of the skilled and semi-skilled workers, taken up under MGNREGA, shall not exceed 40% of the total project cost”.

III. MID-TERM APPRAISAL OF 11TH PLAN

3.1 On the status of Mid-term appraisal of 11th Five-Year Plan, the Ministry of Planning have informed the Committee as follows:-

“The Planning Commission undertakes the Mid-Term Appraisal (MTA) during the course of the plan period for assessing the progress in different sectors of the economy, pointing to further action and suggesting mid-course corrections. The exercise for Mid Term Appraisal for the Eleventh Plan is in full swing and much progress has already been made towards preparation and finalization of the MTA document. As of now, draft chapters are being finalized at the highest level in the planning Commission, the MTA document would be placed before Full Planning Commission, Cabinet and NDC for their approval”.

3.2 MTA of 11th Plan, which was expected to be available by December, 2009, is not yet finalized. Questioned whether, with only two-years remaining in the 11th Plan period, the Government would be able to finalise the MTA so as to enable in taking corrective measures, as may be required, the Ministry of Planning submitted that

“The exercise of the Mid-Term Appraisal (MTA) of 11th Five year Plan was initiated in July 2009, just after completion of two and half years of the Plan. It involves inter-Ministerial consultations wherein detailed feedback from the Ministries regarding schematic appraisal including scheme wise physical and financial targets/outlays and achievements are obtained. Consultations are also held with officials of the State Governments, academia, researchers and NGOs to obtain their perspectives on the schemes. The entire process is an elaborate one involving coordination with different agencies at different levels. Now, the Appraisal for the 11th Plan has been completed and the document would be placed before the Full Planning Commission for its approval on 23rd March 2010. It would be placed in the public domain after its approval by the Cabinet and the NDC”.

3.3 A risk factor identified by the Ministry of Planning in finalizing the MTA of States for the 11th Plan delay by was the agencies in getting the data from the State Governments and consultation with Planning Commission in finalization of the study reports.

3.4 On being asked as to whether the delay in getting the data from the State Governments could not have been avoided in the present era of advancement in information technology, and to detail the steps taken by the Ministry in this regard, the Ministry of Planning have replied as follows:-

“Research institutes located in various States were commissioned to do study reports on progress in achievement of monitorable indicators and implementation of the flagship programmes of the Government of India during the 11th Plan. The requisite data for preparing the study reports is available at numerous sources e.g. Union Ministries and Departments, Planning Commission, CSO, NSSO, Directorate of Economics & Statistics and different Departments of the State Governments. All the data required for analysis is not in soft form. The process of data collection and its analysis by the institutes/agencies engaged to prepare the study reports is a time consuming exercise. So far 21 draft Reports have been received which are under examination”.

IV. UNIQUE IDENTIFICATION SCHEME

4.1 The Unique Identification Authority of India (UIDAI) was created during 2009-10. A sum of Rs. 1900.00 crore is proposed for UIDAI for the year 2010-11. A major part of it is reported to be used for reimbursement of enrolment of costs to the registrars as also to the residents. The details of allocation is given below:-

(Rs. in crore)

BE 2009-10	RE 2009-10	Actual (up to January, 2010)	BE 2010-11
120.00	30.92	7.85	1900.00

4.2 When asked for the reasons for variation in allocation between BE and RE 2009-10, the Ministry of Planning in a written reply stated as follows:-

“The Unique Identification Authority of India was established by Government of India vide notification No. A-43011/02/2009-Admn.I dated 28th January, 2009 as an attached office of the Planning Commission and a provision for Rs.120 crore was made for it in the Demand for Grants of Planning Commission for the year 2009-10. The UIDAI started its functioning in July, 2009 on assumption of the charge by its chairperson on 23rd July, 2009. The DG and Mission Director assumed charge on 30th July 2009. He was joined by the DDG finance in October 2009. The expenditure proposal for the preparatory phase could be prepared and submitted to the Standing Finance Committee (SFC) for approval only after that. As the SFC discussed and approved the detailed expenditure proposal in its meeting held only on 11th November, 2009 and approval of Finance Minister was received only on 16th December, 2009 it was not possible to utilize the budget provision of Rs. 120 crore. The budget allocation of Rs. 120 crore was therefore reduced to Rs. 30.92 crore in the Revised Estimates for the year 2009-10”.

4.3 On being asked to furnish the reasons for utilizing only Rs.7.85 crore only upto January, 2010 despite reduction of funds to Rs.30.92 crore in RE 2009-10 from BE of Rs.120.00 crore, the Ministry of Planning have responded as under :-

“SFC approved the detailed expenditure proposals of UIDAI in its meeting on 11.11.2009 and the Ministry of Finance conveyed the approval of Finance Minister to the Authority in the month of December, 2009 vide O.M. No. 32(2)/PF-II/2008 dated 16.12.2009. Before the date of convey of approval of SFC by the Ministry of Finance, only the routine expenditure of the Authority could be incurred as per the directives of the Department of Expenditure, Ministry of Finance and, hence, funds to the extent of Rs. 7.85 crore only were utilized by January, 2010. During the month of January and February, 2010, the pace of finalization of various proposals as approved by the SFC was accelerated and almost all the proposals have been finalized. The funds provided in RE 2009-10 (except funds allocated for Salary, Overtime, wages, medical expenses, travel expenses which have been surrendered as most of officers and staff are yet to join UIDAI and some amounts under RRT, Establishment OAE, other charges) would be properly utilized by 31st March, 2010”.

4.4 On the details on reimbursement of enrolment of costs to the registrars and to the residents, the Ministry of Planning have stated as follows:-

“The UIDAI is proposing to reimburse the enrolment costs to the Registrars. It will reimburse the cost to the Registrars on the basis of successful enrolments done by a Registrar in the UID System. The reimbursements will not be based on the actual cost of enrolment which is likely to vary from Registrar to Registrar and also from region to region in our country. There will be a uniform norm for the entire country for re-imburements to the registrars. The actual amount per enrolment to be paid to the Registrar will be known only after the Expenditure Finance Committee (EFC) and the Cabinet approves it.

With regard to the payment of the money to the residents who get enrolled into the UID System, it is submitted that the Thirteenth Finance Commission, in its report, has recommended a grant assistance to the States/UTs to be paid to the members of BPL families (at the rate of Rs. 100 per person), who come for UID

enrolments. UIDAI is proposing to pay the enrolment amount to all the poor people who get enrolled into the UID system, not merely the ones whose names are there in the BPL lists of the States/UTs. As an example, people who are working for NREGS or are getting old-age pension are proposed to be paid Rs. 100, even if many of these categories may not be in the BPL list. The UID is planning to submit its proposal in this regard to the EFC and will implement the decision of the Government”.

4.5 It is mentioned in the outcome budget (2010-11) that Detailed Project Report (DPR) of the major components of the project would be ready and Expenditure Finance Committee and Cabinet approval for the entire project would be obtained. The current status of approval of DPR, as furnished by the Ministry of Planning, is given below:-

“Though it is not possible to prepare the DPR of all the components of the project at this point of time, UIDAI is proposing to approach the EFC and the Cabinet with the proposal which shall include, among other components, (i) The funding mechanisms for providing assistance/ re-imbursements to the Registrars and assistance to the poor residents, (ii) The Technology infrastructure required in the initial phase till a Managed Service Provider (MSP) comes into place,(iii) Other expenditure relating to establishment and O&M, and (iv) Expenditure on Personnel (Government, hired from the market and Consultants).

The likely date for EFC approval of this part of the proposal is end of April 2010.

Now a Project Management Consultant has been appointed in the second week of March, 2010 and contract has been signed with the Consultant. One of the deliverables of the Consultant is preparation of the Detailed Project Report of IT Infrastructure and non-IT Infrastructure of UIDAI. As per the timeline provided, the DPR would be prepared and approved by August, 2010. The EFC approval for the balance components will be obtained thereafter”.

4.6 The risk factors associated with the Unique Identification Scheme as pointed out by the Ministry of Planning are given below :-

- a) Almost all the stages require involvement and cooperation of State Governments and other entities at the central level;
- b) Currently there are no financial incentives to the registrars for enrolment and the entire approach is based on the premise that the registrars will enroll their “customers” into UID system because this will benefit the registrars in the long run. This is one of the major risks of the project; and
- c) The other risks are : Ownership risks (ownership of the project by stakeholders), Technology risks (nowhere in the world a project of this size has been implemented) and privacy concerns (there may be groups raising privacy issues – many ID projects in western countries have been stalled due to the opposition of privacy groups).

It is also mentioned that the Authority is putting into place the risk mitigation strategies to minimize some of these risks.

4.7 The details on the proposed risk mitigation strategies to minimize the risks identified by the Authority as given by the Ministry of Planning are furnished below:-

“Authority has taken following steps, thus far, to mitigate the risks identified:-

1. To ensure continued co-operation of the State Governments and other Central Ministries/PSUs, the Authority plans to enter into formal MoUs with these entities. The Authority has already signed MoUs with State Governments of Andhra Pradesh and Madhya Pradesh. MoUs with other partners/stakeholders are expected to be signed in the near future. These MoUs set out the right and duties of both the parties and provide a clear road-map for implementation.
2. Financial incentives to both the Registrars (for taking care of the costs incurred by them during the enrolment process) and to the poor residents (for compensating them for the loss of wages and the transport cost incurred by them for coming to the enrolment

stations), are being proposed. A provision of Rs. 1300 crores for assisting the registrars exists in the budget for the financial year 2010-11.

Other risks are proposed to be mitigated in the following manner:

- One of the important issues relating to ownership is proposed to be addressed by ensuring that the registrars who collect the demographic and biometric data from the residents are able to immediately use the data in their respective domains. As an example, the PDS system of States who are our Registrars, will be able to use the UID numbers to clean-up their existing database and can even implement systems of direct benefit transfers like food coupons etc. The other major program which UIDAI proposes to undertake is to provide assistance to its Registrars to make their existing systems 'UID-ready'. What it means is that the UID will provide, through consultants working with the Registrars, a road-map to upgrade their existing systems to leverage the power of the UID number so as to improve and even transform their benefits delivery systems. This will go a long way in creating ownership of the project and the UIDs among the Registrars.
- Proof of Concept (PoC) and Pilots being done to test the technology. Biometric Centre of Competence, vendor development (conferences and seminars), trying the latest in technology (cloud computing) are some other measures to mitigate technological risks.
- Consultations with Civil Society Organizations and privacy groups are being held to mitigate the Privacy risks.
- Two Committees, the Demographic Data Standards and Verification Procedure Committee and the Biometrics Design Standards Committee for UID Applications, were set up by the Authority to ensure interoperability and standardization of the basic data, systems and processes used by the various agencies that use the UID system and process of verification which would ensure that the data captured at the time of enrolment of the residents into the UID system is correct. The Committee was also required to review the existing standards of Biometric and, if required, to modify/extend/enhance them so as to serve the specific requirements of the UIDAI relating to de-duplication and Authentication. Both the Committees have come out with standards after elaborate consultations. This to a very large extent would mitigate risk of data capture and efficacy of de-duplication.

- Consultations are also in progress with the Registrar General of India (RGI) who would be commencing the creation of the National Population Register for enrolling residents. The activity carried out by the RGI would to a large extent take care of the gaps, if any, in enrolment”.

V. 50TH YEAR INITIATIVE FOR PLANNING

5.1 The Ministry of Planning are implementing the scheme “50th Year Initiative for Planning” mainly to achieve the following objective/outcome:-

- (i) Preparation of State Development Reports (SDRs);
- (ii) Financial assistance in the form of grant-in-aid from the Planning Commission’s Project Preparation Facility (PCPPF) as per requests received from State Governments; and
- (iii) Total Transport System Study

5.2 The quantum of funds allocated and spent since the beginning of the scheme i.e.2000-01 (9th Plan) as furnished by the Ministry of Planning are given below:-

(Rs. in crore)				
Year	BE	RE	Actuals	Percentage
9 th Plan (2000-01 and 2001-02)	7.40	4.20	3.02	71.90
Total (10 th Plan)	44.72	26.66	16.83	54.28
Total (First three years of 11 th Plan)	58.31	29.00	18.97	65.41

5.3 The details of progress made in achieving each of the afore-said objectives, as given by the Ministry of Planning, are furnished below:-

Objective	Progress made	Reasons for shortfall
Preparation of State Development Reports (SDRs)	16 SDRs have been released till December 2009. Five SDRs are under Print.	It is observed that it invariably takes a long time to finalize SDRs mainly on account of updation due to availability of fresh data and at times due to

		change in State Governments who identify new thrust areas for development.
Planning Commission's Project Preparation Facility (PCPPF)	Only 8 projects were approved for 7 States. 6 States have got Detailed Project Reports (DPRs) prepared and finalized. Chhattishgarh and Madhya Pradesh are yet to send their DPRs on Poverty Reduction Programme and Integrated Tasar Development projects, respectively to Planning Commission.	The number of States who finally took advantage of PCPPF has been far lower than expected. PCPPF does not appear to be popular with the States as in the last four years no proposal has been received seeking funds under the facility.
Total Transport System Study	The RITES has submitted the final report to the Planning Commission	--

5.4 On being asked as to furnish the reasons for allocation of funds every year though there is no response from the States on the "PCPPF", the Ministry of Planning have stated that

'Allocation of funds for the scheme "50th Year Initiative for Planning" are made for various ongoing activities and those planned which are covered by the objectives of the scheme. No specific allocations are made for items e.g. PCPPF".

5.5 When further asked to indicate the corrective steps taken by the Ministry in achieving the objectives in entirety, the Ministry of Planning have submitted that

"The Central Sector Plan Scheme titled "50th Year Initiatives for Planning" was initiated from the Annual Plan 2000-01 of the Planning Commission. The Plan Scheme envisages building up of a comprehensive and complete databank covering all the important sectors reflecting the nation's development, besides, any initiative considered necessary for smooth running of the planning process.

The scope of the scheme was enhanced to fund all the activities of the Committee on Infrastructure (COI) as per notification of PMO from 2005 and the guidelines of the scheme were amended accordingly to meet expenditure on proposals of Infrastructure

Division, Printing of Publications – Model Concession Agreements (MCAs), Conference / Seminars etc.

Sixteen SDRs had been released till December 2009 and another five SDRs were under Print. Total Transport System Study was undertaken and the Report has been received. In connection with Mid-Term Appraisal (MTA) of States for the 11th Five Year Plan preparation of study reports containing trends in 13 monitorable indicators and performance of flagship schemes in States and fiscal performance of States in the 10th & 11th Plan period was taken up. Holding of NDC meetings; Economic Editors' Conference; printing and editing etc. of Plan Documents, Holding of meetings of various Committees and Groups for preparation of Plan and MTA are some other important items of work undertaken through the Scheme”.

5.6 The allocation made for the year 2010-11 under the scheme “50th Year Initiative for Planning” is given below:-

(Rs. in crore)

BE 2008-09	RE 2008-09	Actual 2008-09	BE 2009-10	RE 2009-10	Actual (up to January, 2010)	BE 2010-11
15.60	7.00	5.42	30.71	10.00	4.51	14.00

5.7 The reasons for huge variations in BE and RE for the year 2009-10 as in 2008-09, as furnished by the Ministry of Planning are given below:-

“A provision was made for making payment for Total Transport System Study and preparation and printing of State Development Reports during both the years 2008-09 and 2009-10 However, for want of finalization of job, funds could not be utilized and RE was reduced accordingly. Besides, a provision was made for Public Private Partnership (PPP) Centres in States during 2009-10. The matter of funding for Establishment of Public Private Partnership (PPP) Centres in States for Capacity Building for Infrastructure Development was discussed in the meeting Chaired by Deputy Chairman on 15th Sept., 2009. It was decided that the matter could be discussed in the Chief Secretaries Conference before enhancing the scope of the Scheme. It could not be materialized during the year and hence, RE 2009-10 had to be reduced drastically”.

5.8 When asked as to the reasons for such a lower projection of funds of Rs.14.00 crore for the year 2010-11 as compared to BE 2008- 09 and 2009-10, the Ministry of Planning have submitted a written reply as under:-

“All relevant factors were considered at the time of finalizing the Budget provision for 2010-11 and a realistic view was taken in the light of past experience”.

VI. SUPPORT TO PLANNING PROCESS AT NATIONAL, STATE AND DISTRICT LEVEL

6.1 This scheme has the objective of enabling District Planning Committees (DPCs) in preparation / consolidation of district plans by the end of 11th Plan. The allocation made since 2008-09 is given below:-

(Rs. in crore)

BE 2008-09	RE 2008-09	Actual 2008-09	BE 2009-10	RE 2009-10	Actual (up to January, 2010)	BE 2010-11
200.00	0.20	Nil	200.00	0.60	Nil	--

6.2 The Committee in their 3rd Report on the Demands for Grants (2009-10) of the Ministry of Planning, *inter-alia*, desired that the Government assess the scheme for approval and implementation without further loss of time. The Ministry of Planning in their action taken reply have *inter-alia* stated that the scheme could not take place in 2009-10 due to difficult fiscal situation.

6.3 Reduction has been effected in the allocation for the scheme to Rs.0.60 crore in RE 2009-10 from BE of Rs.200.00 crore. Further, no allocation has been proposed for the year 2010-11.

6.4 The reasons for not proposing any allocation under this scheme in BE 2010- 11 furnished by the Ministry of Planning mentioned as follows:-

“.....the scheme is proposed to be transferred to Ministry of Panchayati Raj. Action for transferring the scheme to Ministry of Panchayati Raj has been initiated. As the scheme is yet to be approved by the Expenditure Finance Committee after which approval of the CCEA will also be required, it has been decided that the allocation for the scheme will be made after all the necessary approvals to the scheme are obtained so that the budget provision is not unnecessary blocked”.

6.5 Asked whether lowering of the allocation and proposed shifting of the scheme to another Ministry at the fag end of 11th Plan would not affect in achieving the objectives of the scheme i.e making the District Planning

Committees as technical secretariats, the Ministry of Planning responded in a written reply as follows;-

“The decentralized planning including the objective of making the District Planning Committees (DPCs) as technical secretaries is a continuous process. The Backward Regions Grant Fund (BRGF) is being restructured to focus on decentralized planning, as announced by the Hon’ble President in her Address to the Parliament in June, 2009. The proposed shifting of the scheme to the Ministry of Panchayati Raj will only supplement their efforts towards decentralized planning and district planning”.

6.6 When asked further whether with the continued delay it would be possible for the local government systems, in rural and urban areas, to formulate plans to achieve UN’s Millennium Development Goals/local development goals with special attention to the needs of disadvantaged groups, especially women and girl children, the Ministry of Planning informed the Committee as follows:-

“While it is primarily the responsibility of the State Government to strengthen their planning set up, Planning Commission has been urging the States to prepare District Plans. A manual for District Planning has been circulated for guidance. Ministry of Panchayati Raj has also been working towards empowering Panchayati Raj Institutions”.

6.7 In this regard, the Secretary, Ministry of Planning stated as follows while deposing before the Committee:

“.....the flagship schemes that we have today, that is Sarva Shiksha Abhyan, National Rural Health Mission, Livelihood Mission which is now taking shape for self-employment – all these are the products of internalization of the MDGs. The MDGs and the way we were doing vis-à-vis MDGs, there was a sea change. I myself have seen that the programmes were very poorly funded. Now, huge quantum of money is going into these sectors which are expected to help us achieve MDGs”.

VII. NEW INITIATIVE IN SKILL DEVELOPMENT THROUGH PPP

Objective:

7.1 The Plan initiative aims at enhancing the skill training capacity and streamlining the mechanisms for expansion by harmonizing the efforts of various Central/State Departments as also Private Sector with the projected outcome of 500 million skilled manpower by 2022.

7.2 The amount allotted for the scheme is given in the table below:-

(Rs. in crore)

BE 2008-09	RE 2008-09	Actual 2008-09	BE 2009-10	RE 2009-10	Actual (up to January, 2010)	BE 2010-11
300.00	0.10	Nil	15.00	0.47	0.01	10.00

7.3 The Committee, in their third report on Demands for Grants (2009-10) of the Ministry of Planning, observed that the new initiative in skill development had been relegated to the background in the year 2009-10 as well with the allocation reduced drastically to a sum of Rs.15.00 crore from Rs.300.00 crore in 2008-09. The budget allocation for the scheme was reduced further to Rs.0.47 crore in RE 2009-10 and an allocation of Rs.10.00 crore has been made for the current year 2010-11.

7.4 The reasons for the variations / shortfalls in utilizing the allocations for the scheme since 2008-09 as furnished by the Ministry of Planning are given below:-

“(I) The PM’s National Council on Skill Development is the Apex body on National Skill Development. The Prime Minister’s National Council has endorsed a Vision to create 500 million skilled people by 2022 through skill systems which must have high degree of inclusivity in terms of gender, rural/urban organized/unorganized and traditional/contemporary. The Council will lay down overall broad policy objective, financing and governance models and strategies relating to skill development; review the progress of scheme and guide on mid-course correction including addition and

closure of parts or whole of any particular programme / scheme and coordinate public / private sectors initiative in a framework of a collaborative action. It would also give a thrust to formation of State Skill Development Missions (SSDMs). The strategy to achieve such skill systems will depend upon innovative mechanism for delivery through the Central Government, States, civil society community leaders and public private partnerships.

(II) National Skill Development Coordination Board (NSDCB) is the 2nd tier which is headed by the Dy. Chairman, Planning Commission. The role of the NSDCB is to coordinate and facilitate the work being done by different Ministries so as to achieve the entire target of skilled manpower of 50 crore by 2022.

(III) The third tier, i.e., the National Skill Development Corporation (NSDC), a non-profit company under section 25 of the Companies Act under the Ministry of Finance. Its operating arm is National Skill Development Fund (NSDF), a 100% Government owned trust, to facilitate its mandate of coordinating and stimulating private sector initiatives in the area of Skill Development with an enhanced flexibility and effectiveness. The NSDF would provide funds to the Corporation for furtherance of the objective on Skill Development in accordance with the approved work and financial plan. The NSDC will play the role of funding and incentivizing, enabling support services and shaping and creating a momentum for large scale participation by private sector in Skill Development. It will also identify critical skill groups, develop models for skill development and attract potential private players and provide support to their efforts.

2. Keeping in view the role of the NSDCB, Planning Commission surrendered the allocation of Rs. 300 crore in 2008-09 to Ministry of Finance. Similarly, a lower provision of Rs.15.00 crore was made in the Financial Year 2009-10 which has been further reduced to Rs 0.47 crore and Rs. 10.00 crore has been proposed in the Financial Year 2010-11. It is submitted that realistic allocation of funds in the budget of Planning Commission is a reflection of prudent and need-based planning. The requirement of funds is reviewed by the Planning Commission on continuous basis”.

7.5 Regarding the role of National Skill Development Corporation(NSDC), a representative of the Ministry of Finance tendered evidence last year during examination of Demands for Grants(2009-10) of the Ministry of Finance (Department of Economic Affairs, Expenditure, Financial Services and Disinvestment) as follows:-

“.....Ministry of Finance has the responsibility for only the activities of the Corporation. Responsibility for remaining parts of this skill development mission, is not on our shoulders. I am conveying this for your information only; no decision has been taken in this regard. Detailed discussion will take place on it, it will be referred to the Council of the Prime Minister. Only after hearing the views of the all stake holders, policy will be formulated in this regard.”

VIII. ESTIMATION OF BPL

8.1 The estimates of poverty made by different entities are given below: -

Entity	Arjun Sengupta Commission	Economic Survey 2008-09	NC Saxena Committee (M/o Rural Development)	World Bank	Prof. Tendulkar Committee	Planning Commission
Percentage of Poor People	77.0	60.5	50.0	42.0	37.2	27.5

8.2 Asked the reasons for the wide divergence between the estimates of poverty made by different entities, how the Planning Commission would address the issue and come out with the correct number of poor people, the Ministry of Planning have informed the Committee in a written reply as under:-

“The Planning Commission, as a nodal agency, in the Government of India has been estimating the poverty in the country since 1973-74. Since 1997 the poverty estimates are based on the methodology contained in the report of the Expert Group on ‘Estimation of Proportion and Number of Poor’ (Lakdawala Committee) using State-specific poverty lines and state-specific consumer expenditure distribution obtained from the large sample survey on household consumer expenditure conducted by the National Sample Survey Organisation (NSSO) after an interval of five years approximately. The latest poverty estimates have been released for the year 2004-05 based on the poverty line adopted at all-India level as Rs. 356.30 per capita per month at 2004-05 prices for rural areas; and Rs. 538.60 per capita per month for urban areas.

The National Commission for Enterprises in the Unorganized Sector (NCEUS - Arjun Sengupta Commission) in its report on conditions of work and promotion of livelihoods in the unorganized sector estimated that 77% of the population was with a per capita daily consumption of Rs. 20 in 2004-05. This section of the people was called poor and vulnerable. However, the Ministry of Finance in Economic Survey 2008-09 pointed out that based on the calculations on data on household consumption expenditure for

2004-05 (NSS 61st Round – 2004-05), the population with less than Rs. 20 per day per capita consumption expenditure was 60.5%.

In the World Development Indicators 2008 brought out by the World Bank, the international poverty line has been recalibrated at \$1.25 a day. The \$1.25 a day poverty line measured in 2005 prices replaces the \$1.08 a day poverty line measured in 1993 prices. As per the estimates of World Development Indicators 2008, 25.2% of World's population lived on less than \$1.25 a day and 47% of World's population lived on less than \$2 a day in the year 2005. The World Development Indicators 2008 contains such estimates for about 115 countries. The results show that for the developing world, the percentage of people living below the international poverty line of US \$ 1.25 per day declined from 51.9% in 1981 to 41.7% in 1990 and then to 25.2% in 2005. In comparison, for India, the percentage of people living below the international poverty line of US \$ 1.25 per day declined from 59.8% in 1981 to 51.3% in 1990 and then to 41.6% in 2005.

While the estimation of poverty in the country is done by the Planning Commission, the Ministry of Rural Development conducts the BPL census to identify the BPL households in rural areas who could be targeted under its various programmes. N.C. Saxena Committee was constituted by the Ministry of Rural Development to recommend the suitable methodology for identification of BPL households in the rural areas. The Saxena Committee's recommendations included the procedure to be followed for identification of BPL households and also suggested to assume the poverty ratio at the national level as 50%.

The methodology for estimation of poverty by the Planning Commission has been reviewed from time to time. In December 2005, the Planning Commission had constituted an Expert Group under the chairmanship of Prof. Suresh D. Tendulkar to review the methodology of estimation of poverty. The Expert Group in its report has suggested to move away from anchoring the poverty lines to a calorie intake norm which has not been found to be well co-related with the nutritional outcomes. Given an inescapable nature of arbitrariness in specifying the numerical nominal level of Poverty Line Basket (PLB), the Expert Group recommended reference PLB in some generally acceptable aspect of the present practice. It has recommended MRP equivalent of Urban PLB corresponding to 25.7% urban head count ratio as the new reference PLB. The proposed poverty lines take into account the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with

normative expenditure consistent with nutritional, educational and health outcomes. On the basis of the new proposed methodology, the all-India poverty head count ratio for 2004-05 has been worked out as 37.2%.

From the above, it is clear that the different figures on poverty have been proposed based on different methodologies/ perceptions. However, for official purpose, the poverty estimates released by the Planning Commission are used”.

8.3 As the apex body responsible for planning in the country, the Planning Commission estimates the number of poor. Also, the Ministry of Rural Development brings out the details of number of BPL households. In this connection, when specifically asked as to why multiple agencies were involved in estimating poverty level / arriving at the number of BPL households whether it was not essential to have synergy in the approach of different government departments / agencies in estimating poverty levels / BPL population, the Ministry of Planning in a written reply submitted as follows:-

“Planning Commission is the nodal agency in the Government of India to estimate poverty at the national and state level and the poverty estimates have been released since 1973-74 after every five years approximately. The poverty estimates of Planning Commission are based on the methodology which is finalized after a great deal of discussions by the experts. It has been acknowledged by the Tendulkar Committee also that the poverty is a multi-dimensional issue and some points on defining the poverty may allude consensus”.

8.4 In response to a further query as to how the divergence in variation in the estimates of BPL population as brought by the State Governments, Ministry of Rural Development and the Planning Commission could be overcome, the Ministry of Planning informed the Committee as follows:-

“It may be clarified that Planning Commission is the nodal agency to estimate poverty in the country. The Ministry of Rural Development undertakes an exercise through the States and UTs to identify the BPL families in the rural areas for targeting them under its various programmes which is different from estimation of poverty. For BPL census 2002 conducted by the Ministry of Rural

Development, the States were provided enough flexibility to identify the number of BPL households in rural areas. The States were given the option to identify the number of BPL families equal to the poverty estimates of 1999-2000 or the adjusted share worked out by the Planning Commission, whichever is higher. Further, additional 10% was allowed to account for the transient poor”.

8.5 In the action taken note on the recommendation made in third report of the Standing Committee on Finance on the Demands for Grants(2009-10) of the Ministry of Planning on the estimation of poverty, the Ministry informed that the Expert Group under the Chairmanship of Prof. Suresh D.Tendulkar has submitted its report on 8 December, 2009 on “Review of Methodology of Estimation of Poverty”.

8.6 When asked as to what action taken has been/proposed on the recommendations of the Expert Group, the Ministry of Planning stated:

“The report is being examined by the Planning Commission”.

8.7 Questioned on the status in regard to deciding the actual parameters in arriving at the poverty estimates, the Secretary, Ministry of Planning while tendering evidence informed as follows:-

“...we are officially required to look at the recommendations given by the Tendulkar Committee. Insofar as the Planning Commission is concerned, we will be taking a view on the Tendulkar Committee very shortly. We would be bound by that Committee’s recommendations. To the extent that these are accepted or adopted, we would be going by that. We look at the World Bank estimates but those are not the things by which we go.

..we are still in the process. I think that we should be in a position to take a view very shortly”.

8.8 The Ministry of Planning has stated that the incidence of poverty declined from 55 percent in 1973-74 to 27.5 percent in 2004-05. The Eleventh Plan aims at reducing the poverty ratio by ten percentage points by the end of the Eleventh Plan. The central vision of the Eleventh Plan is to trigger a development process,

which ensures broad based improvement in the quality of life of the people, especially the poor, the Scheduled Castes and Scheduled Tribes, minorities, etc. The Ministry has also informed that the Government is implementing a number of anti-poverty programmes, such as wage employment and asset generation programmes to raise the income of poor, in addition to the income generated from the general growth process. The Ministry has further informed that the Government is planned to eliminate poverty by 2020 or latest by end of 13th Five Year Plan.

8.9 When asked whether the poverty ratio could be brought down by 10 percentage points as envisaged with only two years remaining in 11th Plan period, the Ministry of Planning in a written reply stated as under:-

“The incidence of poverty declined from 36 percent in 1993-94 to 27.5 percent in 2004-05. The Eleventh Plan aims at reducing the poverty ratio by ten percentage points by the end of the Eleventh Plan. Going by the trend of URP (Uniform Recall Period) based estimates for the year 1993-94 and 2004-05, the trend rate of decline is 0.8 percent during 1993-94 to 2004-05. The rate of decline based on thin sample estimates of consumer expenditure for the year 2005-06 is 1.4 percent. If the improvement in the rate of decline in the poverty as observed during 2004-05 to 2005-06 is maintained in the subsequent years or further improved, it is expected that India will be able to achieve the target”.

8.10 In the President’s address made to the Joint Session of Parliament on 4th June 2009 the decision to enact the National Food Security Act to ensure food security to every family living below the poverty line was announced.

PART – II

Recommendations/Observations of the Committee

Analysis of Demands for Grants (2010-11)

1. The scrutiny of Demands for Grants (2010-11) of the Ministry of Planning reveals significant and persistent shortfall in utilization of the Plan expenditure. Recurrent and substantial under-utilization of the funds allocated at the stage of Budget Estimates (BE) as well as the Revised Estimates (RE) occurred under various Heads of account. For instance, in 2009-10, Rs. 120.00 crore allocated at the stage of BE for the Unique Identification Authority of India (UIDAI) was reduced substantially to Rs.30.92 crore at the stage of RE and only Rs.7.85 crore expended upto January, 2010. Similarly, despite incurring very little expenditure as compared to the budgeted allocation for the scheme, “50th Year Initiative for Planning” in the preceding years i.e. Rs.5.42 crore in 2008-09 and Rs.4.28 crore in 2009-10, the allocation for the scheme has been increased substantially to Rs.14.00 crore in the current year 2010-11. For yet another scheme, “Strengthening Evaluation Capacity in Government” the budgetary allocation proposed in 2010-11 is to the tune of Rs.10.00 crore though the amount expended in 2008-09 was to the extent of only Rs.1.40 crore; and Rs.9.14 crore in 2009-10. On an even more serious note, the budget provision of Rs. 200 crore made for the scheme, “Support to Planning Process at National, State and District level” for the years 2008-09

and 2009-10 was surrendered in toto. This trend is indicative of serious shortcomings in formulating the Budget Estimates and ineffectiveness in monitoring utilization of the budgeted funds for implementing schemes and programmes. It is, therefore, imperative on the part of the Ministry to take appropriate corrective measures to address and overcome the problem of inappropriate projection of fund requirements in formulating budget estimates for programmes and schemes, which are left unutilized owing to factors such as lack of approvals, delays in conceptualizing and operationalising the schemes etc. The Committee desire to be apprised of the corrective measures initiated and pursued for ensuring an objective and realistic formulation of the budget requirements of the Ministry.

Allocation to Social Sector Schemes

2. Aspects relating to budgetary allocations and implementation of several social welfare oriented programmes reveal instances of tardiness and inadequacies. While an amount of Rs. 44,000 crore has been earmarked for the Integrated Child Development Services (ICDS) Scheme for the 11th Plan period as a whole, the year-wise allocations made for the scheme till date total to Rs. 26,998.00 crore, thus leaving about 40% of the funds to be expended in the remaining period of the 11th Plan. Though the allocation for the scheme has been increased substantially to Rs. 8162 crore in the current year, 2010-11 as compared to Rs. 6705.00 crore in 2009-10, there appears to be an apparent move to expend the balance plan funds at the fag end of the plan period rather than focusing on overcoming the shortcomings in ensuring the effectiveness of the ICDS scheme, which include, inadequacies of infrastructure, wages of workers etc. The Committee, therefore, lay stress on the need on the part of the Government in ensuring that the shortcomings afflicting the ICDS scheme are addressed. The Committee also desire to be apprised of the findings of the evaluatory studies on the ICDS scheme and its contribution in improving the nutritional and health status of children.

3. As regards the scheme of providing financial assistance for construction of dwelling units for the poor under Indira Awaas Yojana (IAY), the Committee note that while it has been proposed to raise the assistance from Rs. 35,000/- per unit to Rs. 45,000/- in the plain areas and

from Rs. 38,500/- to Rs. 48,500/ in hill/difficult areas, a wide-gap would continue to prevail between the average construction cost of a dwelling unit (from Rs. 77000 to Rs. 88000 for construction of 20 sqmtr. house) and the financial assistance provided. As it may not be feasible for the poor to raise the balance construction cost by way of loans, the Committee feel it to be imperative for raising the financial assistance to cover the actual construction cost. The Committee also note that, in a similar vein, the expenditure incurred on health sector as a percentage of GDP has remained between 1.23% and 1.45% during the period, 2007-08 to 2009-10, which is way below the committed earmarking of 2-3% of GDP over the National Health Mission's period (2005-2012).

4. As regards the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), the Committee note from the data furnished that of the total available funds amounting to Rs. 46502.52 crore, the usage by the States has only been to the extent of Rs. 31490.79 crore. The average days of employment and wages per household provided under the scheme work out to only 51 days and Rs. 88.13 only, which is way below the mandate of providing 100 days of employment and a minimum wage of Rs. 100. As emphasized upon by the Committee in their report presented earlier, the problems afflicting the scheme, which include disparities in different States, shortfall in budgeted days of employment, instances of corruption and malpractices, lack of opportunities to educated persons etc., need to be thoroughly looked into for taking appropriate corrective steps. The

Committee also desire to be apprised of the status of the proposal to expand the scope of the scheme to cover the poor in urban areas, permitting jobs in small and medium enterprises etc.

Mid-term Appraisal of 11th Plan

5. The Planning Commission is entrusted with the responsibility of appraising from time to time, the progress achieved in the execution of each stage of the Plan and recommend adjustment of policies and measures. The Committee, however, note that the Mid-Term Appraisal (MTA) of 11th Plan, which was expected in the year, 2009, is yet to be finalised. Consequently, initiation of corrective steps in regard to various schemes, which could have been undertaken in the current financial year, 2010-11 as a follow-up of the Mid-Term Appraisal has been affected. While the delay in getting the requisite data from the State Governments in particular has been cited as the reason for the time taken in finalizing the MTA, this factor, which has been in the know of the Planning Commission could very well have been addressed before-hand inter-alia by maintaining up-to-date computerized data bases for ready analysis. The Committee, while emphasizing the need for completing the mandated tasks as per schedule, urge upon the Planning Commission to ensure that the Mid-Term Appraisal of the 11th Plan, which is overdue, is finalised and placed in the public domain without any further delay.

Unique Identification Scheme

6. While a budgetary allocation of Rs.120.00 crore was made for the Unique Identification Authority of India (UIDAI) in 2009-10, the amount was subsequently lowered down to Rs. 30.92 crore at the stage of Revised Estimates, and only about Rs. 7.85 crore expended upto January, 2010. The downward revision of the budgeted funds and low utilization has been attributed to delays in appointment of the personnel required and finalizing the project schemes.

7. The Committee also note from the information furnished that the risk factors associated with the Unique Identification Scheme include inter-alia involvement and cooperation of State Governments, financial incentives for the Registrars for enrolment as well as issues related to ownership and technology, for mitigating which, strategies are being worked out. The Committee expect that the risk factors and the measures of mitigation are well identified and implemented, while adhering to the time schedules for completion of project schemes. As also touched upon in their Third Report on the Demands for Grants (2009-10) of the Ministry, the Committee feel the need to once again urge upon the Government to ensure that the UIN Scheme does not, in any way, lead to misuse or work out to the gain of illegal migrants who may be residing in the Country.

50th Year Initiative for Planning

8. The Committee note with serious concern that only one of the objectives with which the scheme “50th Year Initiative for Planning”, initiated in the 9th Plan (in 2000-01) i.e. Total Transport System Study could be achieved and the remaining objectives of the scheme i.e. Preparation of State Development Reports (SDRs) and Financial assistance in the form of grant-in-aid from the Planning Commission’s Project Preparation Facility (PCPPF) etc., remaining as mere paper propositions. The budget provision for the scheme was reduced from Rs.7.40 crore to Rs. 4.20 crore in 9th Plan, from Rs.44.72 crore to Rs.26.66 crore in 10th Plan and from Rs.58.31 crore to Rs.29.00 crore in 11th Plan. The utilisation of the budgeted funds also went down from 71.90 percent in the 9th Plan period to 54.28 percent in the 10th Plan period and to 42.80 percent in the 11th Plan period. The inability in achieving the intended objectives of the scheme has been attributed inter-alia to delays in finalizing the State Development Reports (SDRs) and lack of interest of the State Governments in receiving grants for preparation of projects. It is indeed saddening to note that the scheme, which was conceptualized near about 10 years back with the intention of building up of a comprehensive and complete data bank covering all the important sectors reflecting the nation’s development has not been a success. The Committee expect that the factors attributable to the failure of the scheme are gone into detail and corrective measures taken so that the objective of

having a complete data bank covering all important sectors of the nation is achieved.

Support to Planning Process at National, State and District Level

9. The Committee had, in their 3rd Report on Demands for Grants (2009-10) of the Ministry inter-alia taken note of the fact that while budgetary allocation of Rs. 200 crore made in 2008-09 for the scheme “Support to Planning Process at National, State and District Level” had remained unspent, an allocation of an equal amount (of Rs. 200 crore) was proposed for 2009-10. Though the Committee were informed in the previous year that the scheme was slated to be placed before the Expenditure Finance Committee for approval, regrettably the budgeted amount has remained unspent once again, and the scheme is now proposed to be shifted to the Ministry of Panchayati Raj. What the Committee find to be surprising to note is that the scheme, intending to support the planning process at the district level and contribute in achieving the Millennium Development Goals (MDGs) continues to be devoid of any planning and has received budgetary allocation that have remained unspent. The Committee deplore the casual approach adopted in formulating the scheme. Aiding the planning process at the decentralized level being of vital importance, the Committee recommend that every effort would be made in conceptualizing and operationalising the scheme without any further delay.

New Initiative in Skill Development Through PPP

10. The Committee regret to note that no tangible progress has been made in implementing the Scheme “New Initiative in Skill Development through PPP” which was launched in 2008-09. While the entire budgetary provisioning of Rs.300.00 crore made for the scheme in 2008-09 remained unspent and therefore surrendered, the allocation for 2009-10 was reduced from Rs. 15.00 crore to Rs.0.47 crore of which only Rs. 0.01 crore was utilised. For the current year 2010-11, a budgetary provisioning of Rs.10 crore has been proposed for the scheme.

11. The trend of budgetary allocation and the information on the scheme furnished to the Committee makes apparent the lack of clarity and ambiguity in conceptualizing the scheme for operationalisation with multiple agencies involved at different levels i.e. PM’s National Council on Skill Development at the apex level, the National Skill Development Coordination Board (NSDCB) functioning under the Planning Commission and the National Skill Development Corporation (NSDC) under the Ministry of Finance. Also, the submission of the Ministry of Finance that the role of the Ministry is mainly confined to equity financing of the corporation and does not extend to skill development activities and programmes gives credence to the belief that there is serious lack of coordination among the agencies concerned in implementing the scheme. Given these facts relating to the scheme, the Committee reiterate the need expressed in their earlier report i.e. the 3rd Report on Demands for Grants (2009-10) of the

Ministry for having a formalized central structure for giving a well focused approach to the skill development initiatives. The Committee also reiterate the need expressed earlier for ensuring that in initiating the policy measures relating to skill development, measures for augmenting and benefiting the existing indigenous skill capacity are not lost sight of.

Estimation of BPL

12. The estimates of poverty made by different expert groups and Government agencies range from 77% (NCEUS - Arjun Sengupta Commission), 50% (NC Saxena Committee – Ministry of Rural Development), 37.2% (Prof. Tendulkar Committee) and 27.5% (Planning Commission). The Committee had in their 3rd Report on Demands for Grants (2009-10) of the Ministry inter-alia emphasized on the need for overcoming the shortcomings in the estimation of BPL population, and more particularly the divergence in the estimates of BPL population/poverty levels brought out by the Planning Commission and State Governments. Regrettably, no efforts appear to have been made in this direction. Also, surprisingly while the Planning Commission remains to take a decision on the findings/recommendations of the Expert Group on Estimation of Poverty headed by Prof. Tendulkar, the survey for identifying BPL households is said to be in the anvil. Having an empirically correct and objective assessment of the BPL population is a necessity for the success of the social welfare oriented programmes and the proposed legislation on food security. It would, therefore, be imperative on the part

of the Government to take appropriate and concrete measures for overcoming the problem of divergent approaches and variation in the estimates of the BPL population in the Country. The Committee desire to be apprised of the measures taken and developments in this direction.

New Delhi;
15 April, 2010
25 Chaitra, 1932 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Standing Committee on Finance.

Minutes of the Fifteenth sitting of the Standing Committee on Finance
The Committee sat on Tuesday, the 29th March, 2010 from 1100 hrs. to 1800 hrs.

PRESENT

Dr. Murli Manohar Joshi - Chairman

MEMBERS

LOK SABHA

2. Dr. Baliram (Lalganj)
3. Shri Sudip Bandyopadhyay
4. Shri Bhakta Charan Das
5. Shri Gurudas Dasgupta
6. Shri Nishikant Dubey
7. Shri Mangani Lal Mandal
8. Shri Magunta Sreenivasulu Reddy
9. Shri Manicka Tagore

RAJYA SABHA

10. Shri Raashid Alvi
11. Dr. K.V.P. Ramachandra Rao
12. Shri Vijay Jawaharlal Darda
13. Shri S. Anbalagan
14. Shri Mahendra Prasad
15. Shri Y. P. Trivedi

SECRETARIAT

- | | | | |
|----|--------------------------|---|------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary |
| 2. | Shri R.K. Suryanarayanan | - | Deputy Secretary |
| 3. | Smt. B. Visala | - | Deputy Secretary |

Part -I
(1100 hrs. to 1300 hrs.)

2. X X X X X

Part-II
(1315 hrs. to 1425 hrs.)

3. X X X X X X X X X

Part –III
(1530 hrs. to 1700 hrs.)

4. X X X X X X X X X

Part –IV
(1700 hrs. to 1800 hrs.)

WITNESSES

Ministry of Planning

1. Ms. Sudha Pillai, Secretary
2. Shri Chaman Kumar, Addl. Secretary & Fin. Adviser
3. Shri Lambor Rynjah, Sr. Consultant
4. Smt. Firoza Mehrotra, Spl. Consultant
5. Shri Amitabha Bhattacharya, Sr. Consultant
6. Dr. S.P. Seth, Pr. Adviser
7. Shri Navin Kumar, Pr. Adviser
8. Shri R.C. Srinivasan, Pr. Adviser
9. Shri B.N. Puri, Sr. Consultant
10. Prof. N.K. Sethi, Sr. Adviser
11. Shri D.S. Kalha, Sr. Adviser
12. Shri A.K. Misra, Sr. Adviser
13. Shri Yudhvir Uppal, Sr. Adviser
14. Smt. S. Bhavani, Sr. Adviser

5. The Committee heard the representatives of the Ministry of Planning in connection with examination of Demands for Grants (2010-11). Major issues discussed with the representatives included, status of mid-term appraisal of 11th Plan, appraisal of poverty estimates; achievement of Millennium Development Goals (MDGs); and Implementation of Integrated Child Development Services (ICDS) Scheme. The

Chairman directed the representatives of the Ministry to furnish written replies on the points raised by Members which could not be answered during the evidence at an early date.

The witnesses then withdrew.

A verbatim record of proceedings was kept.

The Committee adjourned at 1800 hours.