28

STANDING COMMITTEE ON FINANCE (2010-2011)

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

[Action taken by the Government on the recommendations contained in the Thirteenth Report of the Standing Committee on Finance on Demands for Grants (2010-11) of the Ministry of Planning]

TWENTY-EIGHTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2010/*Agrahayana,* 1932 *(Saka)*

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Presented to Lok Sabha on 10.12.2010
Laid in Rajya Sabha on 10.12.2010

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NEW DELHI

December, 2010/*Agrahayana,* 1932 *(Saka)*

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CONTENTS

		PAGE
COMPOSITION OF THE COMMITTEE		(iii)
INTRODUCTION		(v)
CHAPTER I	Report	1
CHAPTER II	Recommendations/Observations which have been accepted by the Government	10
CHAPTER III	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	26
CHAPTER IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	27
CHAPTER V	Recommendations/Observations in respect of which final replies of the Government is still awaited	31
	ANNEXURES	
I.	A copy of instructions issued for finalizing State Development Reports	32
II.	Minutes of the sitting of the Committee held on 8th December, 2010	34
	APPENDIX	
	Analysis of the Action Taken by the Government on the Recommendations contained in the Thirteenth Report of the Standing Committee on Finance (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Planning	36

COMPOSITION OF THE STANDING COMMITTEE ON FINANCE (2010-2011)

Shri Yashwant Sinha — *Chairman*

MEMBERS

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2. Dr. Baliram (Lalganj)
3. Shri Sudip Bandyopadhyay
4. Shri C.M. Chang
5. Shri Harishchandra Chavan
6. Shri Bhakta Charan Das
7. Shri Khagen Das
8. Shri Gurudas Dasgupta
9. Shri Nishikant Dubey
10. Shri Bhartruhari Mahtab
11. Shri Mangani Lal Mandal
12. Smt. Jaya Prada Nahata
13. Shri Rayapati Sambasiva Rao
14. Shri Magunta Sreenivasulu Reddy
15. Vacant*
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17. Shri G.M. Siddeshwara
18. Shri N. Dharam Singh
19. Shri Manicka Tagore
20. Dr. M. Thambidurai
21. Shri Anjankumar M. Yadav

* Shri Y.S. Jagan Mohan Reddy, MP has resigned on 29 November, 2010.

Rajya Sabha

22. Shri S.S. Ahluwalia
23. Shri Raashid Alvi
24. Shri Vijay Jawaharlal Darda
25. Shri Piyush Goyal
26. Shri Moinul Hassan
27. Shri Satish Chandra Misra
28. Shri Mahendra Mohan
29. Dr. Mahendra Prasad
30. Dr. K.V.P. Ramachandra Rao
31. Shri Y.P. Trivedi

SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Shri T.G. Chandrasekhar — *Additional Director*

INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Twenty-Eighth Report on action taken by Government on the recommendations contained in the Thirteenth Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Planning.

2. The Thirteenth Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 19 April, 2010. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 19 August, 2010.

3. The Committee considered and adopted this report at their sitting held on 8 December, 2010.

4. An analysis of action taken by Government on the recommendations contained in the Twenty-Eighth Report of the Committee is given in the Appendix.

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

NEW DELHI;
08 *December*, 2010
17 *Agrahayana*, 1932 *(Saka)*

YASHWANT SINHA,
Chairman,
Standing Committee on Finance.

CHAPTER I

REPORT

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their Thirteenth Report (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Planning, which was presented to Lok Sabha on 19 April, 2010 and simultaneously laid in Rajya Sabha on the same day.

2. Action taken notes have been received from the Government in respect of all the 12 recommendations contained in the Report. These have been analysed and categorized as follows:—

(i) Recommendations/Observations that have been accepted by the Government:—

Recommendation Nos. 1, 2, 3, 5, 6, 7, 8, 9 and 12

Total : 9
Chapter : II

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

Nil

Total : Nil
Chapter : III

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:—

Recommendation Nos. 4, 10 and 11

Total : 3
Chapter : IV

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:—

Nil

Total : Nil
Chapter : V

3. The Committee desire that the replies to the recommendations/ observations contained in Chapter-I may be furnished to them expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

A. Allocation to Social Sector Schemes

Recommendation (Serial No. 2)

5. A total of Rs. 26,998.00 crore against the 11th Plan allocation of Rs. 44,000 crore could be expended on the Integrated Child Development Services (ICDS) Scheme in the first four years of the Eleventh Plan Period. The Committee, apart from taking note of the fact that the balance plan funds amounting to about 40% were likely to be expended only in the fag end of the Plan period, laid stress on the need on the part of the Government in ensuring that the shortcomings afflicting the ICDS scheme which include, inadequacies of infrastructure, wages of workers etc. were addressed. The Committee also desired 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.

6. The Government, in their action taken reply, *inter-alia* stated as follows:—

> "For the first four years of the Eleventh Five Year Plan, *i.e.* for Annual Plan 2007-08, 2008-09, 2009-10 and 2010-2011 the total amount allocated to ICDS is Rs. 26,998 crore which is 60.80% of the total Eleventh Plan outlay of Rs. 44,400 crore.
>
> Various measures have been taken to overcome shortcomings and to improve effectiveness. An upward revision has been made in financial norms of supplementary nutrition to Rs. 4 per child per day for children 16 months to 72 months, Rs. 5 per beneficiary per day for pregnant and lactating mothers and Rs. 6 per child per day for severely malnourished children. An enhancement in the honoraria of Anganwadi workers and helpers has also been made.
>
> A draft report on Evaluation of ICDS conducted by National Council of Applied Economic Research (NCAER) released in May 2010 notes that evidence of outcome and impact of ICDS on behavioural changes in target groups, nutritional status of children, morbidity and mortality is mixed with some states and some population groups showing positive results while others do not."

7. The Committee note with concern the revelation of the evaluatory study that the ICDS Scheme has shown positive results only in some States even after long years. Though the action taken note indicates that measures have been taken for overcoming shortcomings and improving the effectiveness of the Scheme, no specific mention has been made or details furnished of the initiatives for addressing inadequacies of infrastructure as well as building a road-map for improving the implementation aspects of the Scheme in the poor-performing States. The reply is also silent on the corrective measures taken or proposed on the findings of the evaluatory studies on the ICDS Scheme. Since the ICDS Scheme is expected to play a key role in reducing the incidence of mortality, morbidity, malnutrition, and school drop-outs, the Committee urge upon the need for formulating a time-bound plan for addressing the shortcomings hampering the Scheme in right earnest and thereby ensuring that the benefits of the Scheme are percolated down to all intended beneficiaries.

Recommendation (Serial No. 3)

8. There was a mismatch between the average construction cost of a dwelling unit (from Rs. 77000 to Rs. 88000 for construction of 20 sq. mtr. house) and proposed raise in financial 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 provided under Indira Awaas Yojana (IAY). The Committee emphasized the need for raising the financial assistance to cover the actual construction cost as it might not be feasible for the poor to raise the balance construction cost by way of loans. The Committee also desired enhancing the allocation under Health Sector as per the commitment of earmarking of 2-3% of GDP over the National Health Mission's period (2005-2012).

9. In their Action Taken Reply, the Ministry of Planning have stated as under:—

"The norms of financial assistance under Indira Awaas Yojana (IAY) have been revised during the recent past as under:—

Sl. No.	Plain Areas	Hilly and Difficult Areas	w.e.f.
1.	25000	27500	1.4.2004
2.	35000	38500	1.4.2008
3.	45000	48500	1.4.2010

The Hon'ble Committee may appreciate that the last revision of norms of assistance under the programme has been made effective from the current financial year only.

In addition the Reserve Bank of India has advised the banks to include the IAY houses under the Differential Rate of Interest (DRI) schemes for lending upto Rs. 20,000/- per housing unit at interest rate of 4%. Any further increase in the assistance at this juncture may lead to reduction in number of beneficiaries under the scheme.

Health Sector

The observations of the Committee are noted for compliance. However, the requisite enhancement in allocations for health sector in the remaining period of eleventh Plan would be subject to (1) availability of overall resources and (ii) absorptive capacity of implementing agencies including States."

10. During general discussion on Union Budget (2010-11), the Members of Parliament (Lok Sabha) demanded raising the proposed financial assistance under IAY suitably to cover the actual construction cost.

11. The Ministry's reply that any further increase in assistance under the Indira Awaas Yojana (IAY) programme for covering the construction cost of dwelling units might lead to reduction in number of beneficiaries is not convincing and is indicative of an indifferent attitude towards addressing the problems of the poor. Considering the burgeoning gap between the construction cost of dwelling units and the financial assistance provided, as also emphasized upon in Parliamentary debates, the Committee would strongly recommend the Government to have a re-look into this issue so as to suitably enhance the financial assistance provided under IAY programme to cover the actual construction cost of dwelling units.

12. The Committee also feel it to be imperative on the part of Government to evaluate the National Health Mission programme with a view to taking corrective measures *inter-alia* for creating adequate absorption capacity by the implementing agencies. The Committee would like to be apprised of the measures taken in this direction, mainly the enhancement in allocation to the health sector so as to meet the commitment of earmarking 2-3% of GDP for the sector. The Committee, in this regard, also expect to be furnished with specific details of break-up of Public and Private Sector contribution in the Health Sector during the 11th Plan and the planned contribution for the 12th Plan period.

B. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

Recommendation (Serial No. 4)

13. Out of the total available funds under the MGNREG Scheme amounting to ₹ 46,502.52 crore, the usage by the States had only been to the extent of ₹ 31,490.79 crore. The Average days of employment and wages per household provided under the scheme worked out to only 51 days and ₹ 88.13 only, which was way below the mandate of providing 100 days of employment and a minimum wage of ₹ 100. Upon noticing the recurrent problems afflicting the scheme, which included disparities in different States, shortfall in budgeted days of employment, instances of corruption and malpractices, lack of opportunities to educated persons etc., the Committee had reiterated their recommendation made in their earlier reports for taking appropriate corrective steps. The Committee also desired that 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. was appraised of.

14. In their action taken note the Ministry of Planning have submitted as below:—

> "Under Mahatma Gandhi National Rural Employment Act (MGNREGA) funds are released to the States/Districts on submission of a proposal by them along with documents indicating utilisation of at least 60% of the available resources. Since MGNREGA is demand driven, funds are to be kept upfront to meet any immediate spurt in demand for wage employment. During the year 2009-10, the utilisation of available funds was 76.6% at the national level. However, some of the States like Arunachal Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Sikkim and Goa etc., the utilisation was low when compared to national average. The matter has already been taken with Ministry of Rural Development (MoRD) to take steps for bringing improvement in financial performance. The average number of days of employment availed by workers under the Act depends on actual demand for employment and it varies from State to State. Though the National average of number of days worked under the Act per household is 51 days during 2009-10, however, in States like Mizoram and Nagaland, the average days of employment per household is 81; in Rajasthan 68 days, Sikkim 64 days, Uttar Pradesh 63 days. The states have been impressed upon from time to time to step up the efforts through IEC campaign to generate demand for wage employment.

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.

In order to overcome the problems in implementation of MGNREGA, the Ministry of Rural Development has put–in place a comprehensive system of Monitoring and tracking the expenditure through various mode which include utilisation of funds through Periodical Progress Reports, Performance Review Committee Meetings, Area Officer's Scheme, Vigilance and Monitoring Committees at the State and District levels with greater involvement of members of Parliament, National level Monitors to monitor quality of works etc. The measures of promoting transparency and ensuring peoples' participation are the other steps taken towards improving the quality of implementation of the programme.

For poor in urban areas, the scheme titled "Swarnajayanti Shahari Rozgar Yojana" is in operation with wage employment component."

15. Issues of concern relating to the MGNREG Scheme highlighted by the Committee for addressing by the Government mainly relate to under utilization of the budgeted funds and inability to provide the mandated level of employment and wages, which have not been clearly addressed in the action taken note. The Committee feel constrained to note that the reply is evasive in regard to the reasons for under utilization of the earmarked funds, particularly on account of non-payment of wages. The Ministry, instead of addressing the concern expressed, have merely chosen to submit that the matter has been taken up with the Ministry of Rural Development (MoRD) to take steps for bringing improvement in financial performance. The Committee, once again, feel the need to highlight a serious infirmity in regard to the MGNREG Scheme, which is the inability to provide the mandated 100 days of employment. The submission made in the action taken note that "the states have been impressed upon from time to time to step up the efforts through IEC campaign to generate demand for wage employment" is of a routine nature and not convincing to the Committee, as the Scheme has failed to generate employment as mandated and has also been witnessing non-utilization of the earmarked funds. Although the Ministry of Rural Development is stated to have put in place a comprehensive system of monitoring and tracking the expenditure, the action taken note is devoid of details of outcome of the monitoring, action taken thereof and improvements brought about in the Scheme. The Committee, therefore, once again emphasize the need for taking corrective steps for overcoming the infirmities

afflicting the Scheme. The Committee also expect to be furnished with a detailed action taken note indicating the measures proposed and undertaken for addressing the concerns expressed within two months of the presentation of this report to Parliament. The Committee further expect to be furnished with details of the assets created under the MGNREG programme; and on account of MGNREG funds in congruence with other programme funds.

C. New Initiative in Skill Development Through PPP

Recommendation (Serial Nos. 10 and 11)

16. Mainly on the basis of the budgetary allocation and expenditure (provision of ₹ 300.00 crore remaining unspent in 2008-09, reducing the budgetary provision of ₹ 15.00 crore to ₹ 0.047 crore with only ₹ 0.01 crore spent in 2009-10; and proposing a budget allocation of ₹ 10.00 crore for 2010-11), the Committee noted that there was lack of clarity and ambiguity in conceptualizing the scheme "New Initiative in Skill Development through PPP" 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. Noting the apparent lack of co-ordination among these agencies, the Committee had reiterated their earlier recommendation for having a formalized central structure for giving a well focused approach to the skill development initiatives. The Committee also desired that measures relating to skill development measures for augmenting and benefiting the existing indigenous skill capacity were not lost sight of.

17. In their Action Taken Reply, the Ministry of Planning have furnished the following reply which is a reiteration of the information furnished to the Committee earlier during the examination of the Demands for Grants (2010-11) of the Ministry of Planning:—

> "A three tier institutional structure have been created for the National Skill Development Mission. The Prime Minister's National Council on Skill Development is as an apex body for policy direction and review of activities and action taken on skill development. Its main functions, *inter-alia*, are to lay down the macro level policy objectives, to review the progress made so far and guide on mid course corrections, etc. 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. Major core principles underlying the vision on Skill Development include: (a) Decentralize; Encourage and Incentivize States to form Skill Missions (22 States and 3 UTs, have already set up the State Skill Development Mission (SSDMs), (b) Separate financing from delivery; Make public money available for private and public delivery, (c) Use Candidates as financing vehicles rather than institutions; Create choice and competition; (d) Create Infrastructure for Information Asymmetry; (e) Publicize Rating and Outcome Information for Training Institutions; (f) Infrastructure for Effective Entry/Exit gate; (g) Effective Assessment and Credible Certification; and (h) Restructure Employment Exchanges to Career Centers.

To actively support the PM's Council the National Skill Development and to implement their decisions, National Skill Development Coordination Board (NSDCB), chaired by Deputy Chairman, Planning Commission, has been setup. 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. In the light of the limited role of the Board as a facilitator and coordinator, a provision of Rs. 10.00 crore has been kept in BE 2010-11. It is submitted that realistic allocation of funds in the Budget of Planning Commission is a reflection of prudent need-based planning.

The requirement of funds in 2010-11 in Planning Commission for skill initiative will be subjected to periodic review so that timely appropriate action takes place in consonance with established principles of financial propriety. Keeping in view the role of the NSDCB, Planning Commission surrendered the allocation of Rs. 300.00 crore in 2008-09 to Ministry of Finance. Moreover, the entire budget for 2008-09 was surrendered as the proposals of the Ministries of Rural Development and Labour and Employment were not intended for augmenting resources for the existing schemes but for special initiatives on skill development under the PPP model.

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. Three major proposals *viz.* the Gems and Jewellery Export Promotion Council, Confederation of Indian Industry and SEWA which aim at providing skill training to about 23 lakh people by the end of eight years with total outlay of about Rs. 246.00 crore have been given an "in principle" approval by NSDC."

18. Mainly on the basis of the trend of budget allocation and utilization over the years, and the details furnished, the Committee had emphasized the need for overcoming the problem of lack of co-ordination amongst the varied agencies associated with the Scheme, "New Initiative in Skill Development through PPP" *i.e.*, the PM's National Council on Skill Development, the National Skill Development Co-ordination Board (NSDCB) under the Planning Commission, and the National Skill Development Corporation (NSDC) under the Ministry of Finance. Instead of addressing the concern expressed by the Committee on the need for ensuring effective co-ordination among the agencies involved in implementing the Scheme, the Ministry have merely chosen to re-state the information furnished earlier on the mechanism of conceptualising the 'Skill Development' Scheme for implementation. Apparently, no tangible progress has been made in implementing the Scheme, which envisages creating a 500 million skilled work force by 2022 as the budgetary allocation made over the years have remained unspent. The Committee, therefore, reiterate the need expressed earlier for reviewing the Scheme by having a nodal agency for channelizing funding, co-ordinating, and facilitating the implementing agencies, both in public and private sectors involved in the Scheme. The Committee would like to be apprised of the measures taken in this direction and the additional skilled force created under the Scheme within a time frame of two months of presentation of this report to Parliament.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

Analysis of Demands for Grants (2010-11)

The scrutiny of Demands for Grants (2010-11) of the Ministry of Planning revealed 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 had 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 was 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 year 2008-09 and 2009-10 was surrendered in toto. This trend was indicative of serious shortcomings in formulating in Budget Estimates and ineffectiveness in monitoring utilization of the budget funds for implementing schemes and programmes. It was, 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 scheme, which were left unutilised owing to factors such as lack of approvals, delays in conceptualizing operationalising the schemes etc. The Committee desired to be apprised of the corrective measures initiated and pursued for ensuring an objective realistic formulation of the budget requirements of the Ministry.

Action Taken by the Government

The observations of the committee have been noted for future compliance. While preparing Budget Estimates for financial year 2010-11, projects of fund requirement for schemes, was based on past trend of expenditure, which resulted in reduction in total budget provision for plan schemes, other than Unique Identification Authority of India (UIDAI), in comparison to previous year. In addition, close watch is being kept over timelines for necessary approvals; in respect of new schemes/projects including UIDAI. Trends of expenditure of various schemes, is proposed to be monitored closely during the year, to ensure timely utilisation of budgeted allocations.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Allocation to Social Sector Schemes

Recommendation (Serial No. 2)

Aspects relating to budgetary allocations and implementation of several social welfare oriented programmes revealed instances of tardiness and inadequacies. While an amount of Rs. 44,000 crore had been earmarked for the Integrated Child Development Services (ICDS) Scheme for the 11th Plan period as a whole, the year wise allocation 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 had been increased substantially to Rs. 8162 crore in the current year, 2010-11 as compared to Rs. 6705.00 crore in 2009-10, there appeared to be an apparent move to expend the balance plan funds at the far end of the plan period rather than focusing on overcoming the shortcomings in ensuring the effectiveness of the ICDS scheme, which included, inadequacies of infrastructure, wages of workers etc. The Committee, therefore, laid stress on the need on the part of the Government in ensuring that the shortcomings afflicting the ICDS scheme are addressed. The Committee also desired 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.

Action Taken by the Government

For the first four years of the Eleventh Five Year Plan, *i.e.* for Annual Plan 2007-08, 2008-09, 2009-10 and 2010-2011 the total amount allocated to ICDS is Rs. 26,998 crore which is 60.80% of the total Eleventh Plan outlay of Rs. 44,400 crore.

However, for Annual Plan 2009-10, the Revised Estimated (RE) amount for ICDS was Rs. 8,162 crore, as against Budget Estimate (BE) of Rs. 6,705 crore. Thus, for Annual Plan 2007-10, the total funds allocated for ICDS is Rs. 20,755 crore. The total expenditure for Annual Plan 2007-08, 2008-09 and 2009-10 is Rs. 19,789.96 crore which is 95.35% of the outlay allocated for these three years.

Various measures have been taken to overcome shortcomings and to improve effectiveness. An upward revision has been made in financial norms of supplementary nutrition to Rs. 4 per child per day for children 16 months to 72 months, Rs. 5 per beneficiary per day for pregnant and lactating mothers and Rs. 6 per child per day for severely malnourished children. An enhancement in the honoraria of Anganwadi workers and helpers has also been made.

A draft report on Evaluation of Integrated Child Development Services conducted by NCAER released in May 2010 notes that evidence of outcome and impact of ICDS on behavioural changes in target groups, nutritional status of children, morbidity and mortality is mixed with some states and some population groups showing positive results while other do not.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Comments of the Committee

(Please *see* Para No. 7 of the Chapter-I)

Recommendation (Serial No. 3)

As regards the scheme of providing financial assistance for construction of dwelling units for the poor under Indira Awaas Yojana (IAY), the Committee noted that while it had 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 sq. mtr. house) and financial assistance provided. As it might not be feasible for the poor to raise the balance construction cost by way of loans, the Committee felt it to be imperative for raising the financial assistance to cover the actual construction cost. The Committee also noted that, in a similar vein, the expenditure incurred on health sector as a percentage of GDP had remained between 1.23% and 1.45% during the period, 2007-08 to 2009-10, which was way below the committed earmarking of 2-3% of GDP over the National Health Mission's period (2005-2012).

Action Taken by the Government

The norms of financial assistance under Indira Awaas Yojana (IAY) have been revised during the recent past as under:—

Sl. No.	Plain Areas	Hilly and Difficult Areas	w.e.f.
1.	25000	27500	1.4.2004
2.	35000	38500	1.4.2008
3.	45000	48500	1.4.2010

The Hon'ble Committee may appreciate that the last revision of norms of assistance under the programme has been made effective from the current financial year only.

In addition the Reserve Bank of India has advised the banks to include the IAY houses under the Differential Rate of Interest (DRI) schemes for lending upto Rs. 20,000/- per housing unit at interest rate of 4%. Any further increase in the assistance at this juncture may lead to reduction in number of beneficiaries under the scheme.

Health Sector

The observations of the Committee are noted for compliance. However, the requisite enhancement in allocations for health sector in the remaining period of Eleventh Plan would be subject to (i) availability of overall resources and (ii) absorptive capacity of implementing agencies including States.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Comments of the Committee

(Please *see* Para Nos. 11 and 12 of the Chapter-I)

Mid-term appraisal of 11th Plan

Recommendation (Serial No. 5)

The Planning Commission was entrusted with 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, noted that the Mid-Term Appraisal (MTA) of 11th Plan, which was expected in the year, 2009, was 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 had been affected. While the delay in getting the requisite data from the State Governments in particular had been cited as the reason for the time taken in finalizing the MTA, this factor, which had been in the know of the Planning Commission could very well had been addressed before-hand *inter-alia* by maintaining up-to-date computerised data bases for ready analysis. The Committee, while emphasizing the need for completing the mandated tasks as per schedule, urged upon the Planning Commission to ensure that the Mid-Term Appraisal of the 11th Plan, which was overdue, was finalised and placed in the public domain without any further delay.

Action Taken by the Government

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 the officials of State Governments, academia, researchers and Non-Governmental Organisations (NGOs) to obtain their perspectives on the schemes. The entire process is an elaborate one involving coordination with different agencies at different levels. The Mid-Term Appraisal for the 11th Plan has been completed. The document has been approved by the full Planning Commission in its meeting held on 23rd March, 2010 and by the Cabinet in its meeting on 10th June, 2010. It would be placed in public domain soon after its approval by the National Development Council (NDC). The meeting of the NDC is scheduled to be held on 24th July, 2010.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Unique Identification Scheme

Recommendation (Serial No. 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 had been attributed to delays in appointment of the personnel required and finalizing the project schemes.

Action Taken by the Government

Out of the total Revised Estimates of Rs. 30.92 crore for the year 2009-10, the total expenditure till 31st March, 2010 was Rs. 26.21 crore. An amount of Rs. 4.54 crore being the savings in the heads Establishment, RRT, OAE and Other Charges was surrendered as some of the posts could not be filled and regional offices could not be set up due to non-identification of suitable office space by the end of the Financial Year.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Recommendation (Serial No. 7)

The Committee also noted 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 were being worked out. The Committee expected that the risk factors and the measures of mitigation were 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 felt the need to once again urged upon the Government to ensure that the UIN Scheme did not, in any way, lead to misuse or work out in the gain of illegal migrants who might be residing in country.

Action Taken by the Government

The observation of the Committee has been noted.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

50th Year Initiative for Planning

Recommendation (Serial No. 8)

The Committee noted 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 more 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 the 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 per cent in the 9th Plan period to 54.28 per cent in the 10th Plan period and to 42.80 per cent in the 11th Plan period. The inability in achieving the intended objectives of the scheme had been attributed *inter-alia* to delays in finalizing the State Development Reports (SDRs) and lack of interest of the State Government in receiving grants for preparation of projects. It was 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 had not been a success. The Committee expected that the factors attributable to the failure of the scheme were gone into detail and corrective measures taken so that the objective of having a complete data bank covering all important sectors of the nation was achieved.

Action Taken by the Government

The concern of the Committee has been noted and detailed review has been carried out for each and every item. The details of action taken report are indicated below:—

1. All relevant factors were considered at the time of finalizing the Budget provision for 2010-11and a realistic view was taken in the light of past experience and the observations made by the Standing Committee on Finance of Parliament.

2. Planning Commission's Project Preparation Facility (PCPPF) was offered to assist the State Governments to engage professional consultants for preparation of Detailed Project Reports (DPRs) specifically for projects proposed to be funded from external and institutional sources. This facility was offered in the context that some State Governments did not have the wherewithal to prepare DPRs for viable projects which would be funded from non-Governmental sources and conform to lenders expectations. The States were informed about the scheme and its guidelines by the Secretary, Planning Commission in 2000 , the guidelines were placed on the website of the Planning Commission, they were reminded in 2002 to pose proposals for availing assistance under the facility and in 2003 the Chief Ministers were requested to utilize the facility and arrange to send proposals for considering their funding. Considerable efforts were made to make the PCPPF popular among the States. However, only eight proposals conforming to the guidelines were approved for funding the preparation of DPRs.

3. It is felt that the main reason for lack of takers for the PCPPF was the introduction of Viability Gap Funding Scheme (VGF) to support Public Private Partnership in Infrastructure. The guidelines for financial support to PPPs in infrastructure were notified by the Ministry of Finance, Department of Economic Affairs in January, 2006. The VGF scheme provides for financial support in the form of a capital grant and is more attractive than the PCPPF which supports the payment of only preparation of a DPR subject to a ceiling of Rs. 25 lakh. It is, therefore, decided to close the PCPPF component on account of inadequate by States.

4. As on date, 20 State Development Reports (SDRs) have been released. Eight SDRs have been identified for finalization and release in 2010-11. Member, Planning Commission in charge of the States whose SDRs are identified for finalization and release in 2010-11 have been requested to review their preparation and get them finalized as soon as possible so as to avoid any critical observations of the Parliamentary Standing Committee. A copy of the Planning Commission's U.O. dated 7.4.2010 addressed to the members containing instructions of Deputy Chairman for finalizing SDRs as soon as possible, is enclosed at Annexure I.

5. Necessary arrangements have been made to develop various web-based monitoring systems to review physical and financial performance of flagship programmes and software applications relating to e-Governance for annual Central Plans exercised by the Planning Commission under the technical guidance of the Yojana Bhavan unit of the National Informatics Centre, as per details given below:—

   I. MIS for Left Wing Extremism Districts pertaining to 09 States and 35 districts (100% online updation every month online from districts and States); the project is being monitored by Cabinet Secretary and Secretary, PC along with other Ministries/Departments.

   Description about MIS on Left Wing Extremism (MIS-LWE)

   The MIS on Left Wing Extremism Districts is a web-based application to facilitate online monitoring of various programmes. It may be mentioned that a Task Force on Left Wing Extremism (LWE) was constituted under the Chairmanship of Cabinet Secretary on 12th February, 2008 to promote coordinated efforts across a range of development and security activities to tackle the naxal problems in a more comprehensive manner. Planning Commission is going to expedite finalization of integrated action plans for 35 LWE affected districts. The sectors identified by the Task Force were:

(i) Road Connectivity

(ii) Education

(iii) Health

(iv) Electrification

(v) Other 10 sectors identified by district officials depending upon local needs.

In respect of sector (v) above, the districts have identified projects/works relating to drinking water supply, building of anganwadi centres, construction of staff quarters for police and housing of staff at district/block levels, construction of panchayat buildings, etc. The MIS has been updated periodically about monthly progress.

The system has been studied, designed, developed and implemented by the NIC – Planning Commission Unit. The MIS Portal for monitoring the progress of sectoral schemes for 35 LWE districts have been fully developed and has been implemented successfully. System provides district-wise physical and financial progress in respect of 12 sectors identified for intensive monitoring needs to be monitored on monthly basis. MIS portal can be accessed online at *http://pcserver.nic.in/lwe.*

The system provides district and village level information relating to nine types of basic amenities such as Education, Health, Drinking Water, Communication, Recreational Facilities, Banking, Post Telegraph and Telephone, Electrical Supply and Connectivity in 35 Left Wing Extremism affected districts. System has been developed basing on the non-Census data as on 31.03.99 compiled with Census 2001 data. The site was security audited to remove any security vulnerabilities.The names of Schemes being monitored are as follows:—

Supplementary Nutrition (ICDS), Sarva Shiksha Abhiyan (SSA), Road Connectivity (PMGSY), MGNREGA, Housing (Indira Awas Yojana), Health (NRHM), Electrification (PMGSY), Drinking Water Supply (DWS), Ashram Schools, Forests Right Act and National Highways/State Highways.

I. MIS for North-Eastern Regions (MIS-NER) – pertaining to eight States and 77 districts, being replicated as in case (a) above after the successful implementation of above project.

II. MIS on Central Plan (MIS-CPLAN) – successfully implemented for the annual exercise and all 62 Ministries/ Departments uploaded information ONLINE for the GBS exercise every year.

Description about MIS on Central Plan (MIS-CPLAN)

It is a web-based Monitoring Information System that has been assigned to NIC, Yojana Bhavan Unit by the Planning Commission for development so that the online-data entry/updation can be done by all Ministries/ Departments for the Annual Plan discussion of Central Sector and Centrally Sponsored Schemes for 2010-11 and for the Eleventh Plan. Statement of Outlays and Outcomes/Targets (2009-10) as per the Outcome Budget 2009-10 and Up-to-date Actual Achievement; Particulars for Programmes/Projects to be Financed wholly by domestic resources or by externally aided projects; details of schemes that have been weeded out or have been merged etc. will be generated through this MIS. For this, a web based MIS has been designed and developed, URL—*http://pcserver.nic.in/cplan.*

III. MIS – National Human Development Report 2010, under development on various sectoral input district-wise.

IV. PEO Evaluation Studies like Cooked Mid Day Meals (CMDM), Rural Roads, SSA and Total Sanitation Campaigns.

V. Asset Management System for the Administration and General Section of the Planning Commission, etc.

Creation of a Database and Cell for monitoring and review of Utility Operations in the country—Power Sector.

6. In order to have an independent monitoring system in place for periodic review of the implementation of generation projects which could be helpful in comparing the current status of the projects *vis-à-vis* the final implementation schedule based on the inputs from Ministry of Power, Central Electricity authority, Central and State PSUs and the private developers, a Database is being created through outsourcing.

This will help in identifying the nature of delay in achieving the milestones; analyze the reasons for the delays in various projects; and make an assessment of expected capacity addition in the Five Year Plan as against the plan targets with specific reasons for slippage. The consultant has been appointed who is assisting the Planning Commission in developing such a database for monitoring the power generation projects implementation so that corrective actions are taken where necessary. Creation of this database will enable Planning Commission to assess the operational and financial performance of State power utilities and take appropriate policy decision to address the critical issues.

7. Model Documents

1. PPP projects typically involve transfer or lease of public assets, delegation of governmental authority for recovery of user charges, operation and/or control of public utilities/services in a monopolistic environment and sharing of risk and contingent liabilities by the Government. The terms of the project agreements as well as the bidding process for award of concessions are usually complex because of the nature of risks and involvement of many stakeholders such as project sponsors, lenders, Government agencies, users and regulatory authorities.

2. The use of standard documents streamlines and expedites decision-making by the authorities in a manner that is fair, transparent and competitive. The adoption of model documents such as concession agreements and other bid documents for award of PPP projects has, therefore, been mandated as the preferred approach. All projects that are based on model documents benefit from fast-track appraisal and approval. The Model Concession Agreements (MCAs) published by the Planning Commission for various sectors are listed below:—

Model Concession Agreements

National Highways
State Highways
Operation and Maintenance of Highways
National Highways (six Laning)
Urban Rail Transit Systems
Operation of Container Trains
Non-metro Airports

Greenfield Airports
Re-development of Railway Stations
Port Terminals
Procurement-cum-Maintenance Agreement for Locomotives

3. Standardised guidelines and model documents that incorporate key principles and best practices relating to the bid process for PPP projects have also been developed.

Guidelines for the pre-qualification of bidders along with a Model Request for Qualification (RFQ) document have been approved by the Committee on Infrastructure and issued by the Ministry of Finance for application to all PPP projects. Guidelines for inviting financial bids on the basis of a Model Request for Proposal (RFP) document have also been published. Similar model documents for procuring the services of consultants and advisers have also been published. The model bidding documents approved and published so far are listed below:—

Bidding Documents

Model Request for Qualification (RFQ) for PPP projects
Model Request for Proposal (RFP) for PPP projects
Model Request for proposal (RFP) for Appointment of Technical Consultants
Model Request for Proposal (RFP) for Appointment of Legal Advisers
Model Request for Proposal (RFP) for Appointment of Financial Consultant and Transaction Advisers
Model Request for Proposal (RFP) for Appointment of Technical Consultants for Transmission Projects

4. The Government has identified several areas for reform of policies and processes. A number of Guidelines, reports and Manuals have been issued in pursuance of the initiatives described above. The Guidelines are listed below:—

Guidelines

Financial Support to PPPs in Infrastructure (VGF Scheme)
Formulation, Appraisal and Approval of PPP Projects (PPPAC)

Financing Infrastructure Projects through the India Infrastructure Finance Company Ltd.

Based on inter-ministerial deliberations, a number of Reports have been prepared and their recommendations adopted. These are listed below:—

Reports

Financing of the National Highways Development Programme

Financing Plan for Airports

Financing Plan for Ports

Restructuring of NHAI

Monitoring of PPP projects

Projections in the Eleventh Five Year Plan: Investment in Infrastructure

Delhi-Mumbai and Delhi-Howrah Freight Corridors

Road Rail Connectivity of Major Ports Customs Procedures and Functioning of Container Freight Station and Ports

Simplification of Customs Procedures in Air Cargo and Airports

Measures for Operationalising Open Access in the Power Sector

Tariff setting for Port Terminals

Reducing Dwell Time in Ports

Norms and Standards for capacity of Airport Terminals

Road Safety and Traffic Management Selection of Consultants: Best Practices

An Approach to Regulation in Infrastructure

Frequently Asked Questions on RFQ Documents

Approach to Regulation

Private Participation in Infrastructure

Compendium of PPP infrastructure projects

Compendium of State Highway projects

The MCAs specify the Standards and Specifications to which the projects should be constructed and maintained. These are contained in Manuals for Standards and Specifications.

Planning Commission has published Manuals of Specifications and Standards for Two-Laning of Highways and for Four-Laning of Highways through PPPs.

5. The entire effort, as brought out in the paragraphs above, has been towards creation of an enabling framework within which PPP projects can be awarded and implemented smoothly without compromising on Government and user interests. The progress of private participation in various infrastructure sectors is briefly described in the sections that follow.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Support to Planning Process at National, State and District Level

Recommendation (Serial No. 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 had remained unspent once again, and the scheme was proposed to be shifted to the Ministry of Panchayati Raj. What the Committee found to be surprising to note was that the scheme, intending to support the planning process at the district level and contribute in achieving the Millennium Development Goals (MDGs) continued to be devoid of any planning and had received budgetary allocation that had remained unspent. The Committee deplored the casual approach adopted in formulating the scheme. Aiding the planning process at the decentralized level being of vital importance, the Committee recommended that every effort would be made in conceptualizing and operationalising the scheme without any further delay.

Action Taken by the Government

The Planning Commission has noted the point for compliance. Presently, the scheme is in the process of being transferred to the Ministry of Panchayati Raj.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Estimation of BPL

Recommendation (Serial No. 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 appeared to have been made in this direction. Also, surprisingly while the Planning Commission remained 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 was said to be in the anvil. Having an empirically correct and objective assessment of the BPL population was 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 desired to be apprised of the measures taken and developments in this direction.

Action Taken by the Government

The National Commission for Enterprises in the Unorganised Sector (NCEUS) referred to as Arjun Sengupta Committee brought out a report on Conditions on Work and Promotion of Livelihoods in the Unorganised Sector. In this report, it was brought out that 77% of the population was with a per capita daily consumption of upto Rs. 20 in 2004-05. This section of the people was called poor and vulnerable. However, the Economic Survey 2008-09, brought 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% only. In any case, the above observation in the report of National Commission for Enterprises in the Unorganised Sector (NCEUS) is based on the criterion which is different from the poverty line adopted by the Planning Commission. The Saxena Committee constituted by the Ministry of Rural Development (MoRD) to recommend a suitable methodology for identification of rural poor suggested assuming poverty ratio at national level as 50% merely relying on the criteria of calorie intake. As there are changes in the calorie intake among all the sections of the society over the years, merely relying on the criteria of calorie intake for defining a poverty line is a debatable issue. It is submitted herein that the Planning Commission is the nodal agency in the Government of India to estimate poverty based on a defined methodology. Since 1997, the Poverty estimates have been based on the methodology contained in the Expert Group Report on 'Estimation of proportion and number of poor' (Lakdawala Committee). An Expert Group under the chairmanship of Prof. Suresh D. Tendulkar was constituted in 2005 to review the methodology of estimation of poverty and it has submitted its recommendations in December 2009. Tendulkar Committee has recommended the revised poverty lines and on the basis of which the poverty in the country has been estimated as 37.2% as against the official estimates of 27.5% for 2004-05. The Mid Term Appraisal Document of Eleventh Five Year Plan indicates that the revised poverty lines recommended by the Tendulkar Committee have been accepted by the Planning Commission for 2004-05. Tendulkar Committee has specifically pointed out that the upward revision in the poverty ratio in 2004-05 resulting from the application of new poverty lines should not be interpreted as implying that the extent of poverty has increased over time.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

CHAPTER III

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

– NIL –

CHAPTER IV

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

Recommendation (Serial No. 4)

As regards the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), the Committee noted from the data furnished that of the total available funds amounting to Rs. 46502.52 crore, the usage by the States had only been to the extent of Rs. 31490.79 crore. The Average days of employment and wages per household provided under the scheme worked out to only 51 days and Rs. 88.13 only, which was 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 included 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 desired 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.

Action Taken by the Government

Under Mahatma Gandhi National Rural Employment Act (MGNREGA) funds are released to the States/Districts on submission of a proposal by them along with documents indicating utilisation of at least 60% of the available resources. Since MGNREGA is demand driven, funds are to be kept upfront to meet any immediate spurt in demand for wage employment. During the year 2009-10, the utilisation of available funds was 76.6% at the national level. However, some of the States like Arunachal Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Sikkim and Goa etc., the utilisation was low when compared to national average. The matter has already been taken with Ministry of Rural Development (MoRD) to take steps for bringing improvement in financial performance. The average number of days of employment availed by workers under the Act depends on actual demand for employment and it varies from

State to State. Though the National average of number of days worked under the Act per household is 51 days during 2009-10, however, in States like Mizoram and Nagaland, the average days of employment per household is 81; in Rajasthan 68 days, Sikkim 64 days, Uttar Pradesh 63 days. The States have been impressed upon from time to time to step up the efforts through IEC campaign to generate demand for wage employment.

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.

In order to overcome the problems in implementation of MGNREGA, the Ministry of Rural Development has put–in place a comprehensive system of Monitoring and tracking the expenditure through various mode which include utilisation of funds through Periodical Progress Reports, Performance Review Committee Meetings, Area Officer's Scheme, Vigilance and Monitoring Committees at the State and District levels with greater involvement of members of Parliament, National level Monitors to monitor quality of works etc. The measures of promoting transparency and ensuring peoples' participation are the other steps taken towards improving the quality of implementation of the programme.

For poor in urban areas, the scheme titled "Swarnajayanti Shahari Rozgar Yojana" is in operation with wage employment component.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Comments of the Committee

(Please *see* Para No. 15 of the Chapter-I)

Recommendation (Serial Nos. 10 and 11)

The Committee regreted to note that no tangible progress had 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 had been proposed for the scheme.

The trend of budgetary allocation and the information on the scheme furnished to the Committee made apparent the lack of clarity and ambiguity in conceptualizing the scheme for operationalisation with multiple agencies involved at different level *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 was mainly confined to equity financing of the corporation and did not extend to skill development activities and programmes gave credence to the belief that there was serious lack of coordination among the agencies concerned in implementing the scheme. Given the facts relating to the scheme, the Committee reiterated 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 reiterated 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 were not lost sight of.

Action Taken by the Government

A three tier institutional structure have been created for the National Skill Development Mission. The Prime Minister's National Council on Skill Development is as an apex body for policy direction and review of activities and action taken on skill development. Its main functions, *inter-alia*, are to lay down the macro level policy objectives, to review the progress made so far and guide on mid course corrections, etc. 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. Major core principles underlying the vision on Skill Development include: (a) Decentralize; Encourage and Incentivize States to form Skill Missions (22 States and 3 UTs) have already setup the State Skill Development Mission (SSDMs), (b) Separate financing from delivery; Make public money available for private and public delivery, (c) Use Candidates as financing vehicles rather than institutions; Create choice and competition, (d) Create Infrastructure for Information Asymmetry, (e) Publicize Rating and Outcome Information for Training Institutions, (f) Infrastructure for Effective Entry/Exit gate, (g) Effective Assessment and Credible Certification, and (h) Restructure Employment Exchanges to Career Centres.

To actively support the PM's Council the National Skill Development and to implement their decisions, National Skill Development Coordination Board (NSDCB), chaired by Deputy Chairman, Planning Commission, has been setup. 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. In the light of the limited role of the Board as a facilitator and coordinator, a provision of Rs. 10.00 crore has been kept in BE 2010-11. It is submitted that realistic allocation of funds in the Budget of Planning Commission is a reflection of prudent need-based planning.

The requirement of funds in 2010-11 in Planning Commission for skill initiative will be subjected to periodic review so that timely appropriate action takes place in consonance with established principles of financial propriety. Keeping in view the role of the NSDCB, Planning Commission surrendered the allocation of Rs. 300.00 crore in 2008-09 to Ministry of Finance. Moreover, the entire budget for 2008-09 was surrendered as the proposals of the Ministries of Rural Development and Labour and Employment were not intended for augmenting resources for the existing schemes but for special initiatives on skill development under the PPP model.

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. Three major proposals *viz.* the Gems and Jewellery Export Promotion Council, Confederation of Indian Industry and SEWA which aim at providing skill training to about 23 lakh people by the end of eight years with total outlay of about Rs. 246.00 crore have been given an "in principle" approval by NSDC.

[Ministry of Planning O.M. No. 28/6/2010/Parl./dated 19.8.2010]

Comments of the Committee

(Please *see* Para No. 18 of the Chapter-I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

– NIL –

NEW DELHI;	YASHWANT SINHA,
08 December, 2010	*Chairman,*
17 Agrahayana, 1932 (Saka)	*Standing Committee on Finance.*

ANNEXURE I

PLANNING COMMISSION
(STATE PLANS DIVISION)

Subject:— State Development Reports

The status of SDRs as on 1.4.2010 is given below.

(i)	SDRs released (17)	:	Arunachal Pradesh, Assam, Andaman and Nicobar Islands, Delhi, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Lakshadweep, Maharashtra, Meghalaya, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh
(ii)	SDRs awaiting release (3)	:	Haryana, West Bengal, Uttarakhand
(iii)	SDRs under print (3)	:	Goa, Puducherry, Madhya Pradesh
(iv)	SDRs awaiting finalization (9)	:	Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Jharkhand, Manipur, Mizoram, Nagaland, Tripura

The preparation and printing of SDRs is funded by the scheme 50th Year Initiative for Planning. In the Outcome Budget (2010-11) of the Ministry of Planning, finalization and release of 8 SDRs has been identified as one of the quantifiable deliverables under the aforesaid scheme. The 8 SDRs are Andhra Pradesh, Gujarat, Puducherry, Madhya Pradesh, Manipur, Mizoram, Nagaland and Tripura.

The Standing Committee of Parliament for examining the Demands for Grants (2010-11) of the Ministry of Planning: has observed that lack of timely preparation of the SDRs has resulted in blockage and surrender of funds under the above scheme.

The 8 SDRs identified for finalizations and release in 2010-11 have been under preparation for over five years each. Funds have been budgeted in 2010-11 under the above scheme for the finalization and printing of the 8 SDRs.

Members incharge of the States whose SDRs are identified for finalization and release in 2010-11 are requested to kindly review their preparation and get them finalized as soon as possible so as to avoid any critical observations of the Parliamentary Standing Committee.

This issues with the approval of Deputy Chairman.

(T.K. Pandey)
Joint Secretary (State Plans)

All Members, Planning Commission
Principal Advisers/Senior Consultants/Senior Advisers/Advisers/
Consultant—State Plans Units

Planning Commission U.O. No.O-13013/1/2005-SP.CO. dated 7.4.2010.

Copy to:
PS to Deputy Chairman
PS to Secretary
Director/Deputy Adviser—State Plans Units

ANNEXURE II

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON FINANCE

The Committee sat on Wednesday, the 8th December, 2010 from 1500 hrs. to 1550 hrs.

PRESENT

Shri Yashwant Sinha — *Chairman*

MEMBERS

Lok Sabha

2. Dr. Baliram (Lalganj)
3. Shri C.M. Chang
4. Shri Bhakta Charan Das
5. Shru Gurudas Dasgupta
6. Shri Nishikant Dubey
7. Shri Bhartruhari Mahtab
8. Shri Rayapati Sambasiva Rao
9. Shri Magunta Sreenivasulu Reddy
10. Shri Manicka Tagore
11. Dr. M. Thambidurai

Rajya Sabha

12. Shri Raashid Alvi
13. Shri Vijay Jawaharlal Darda
14. Shri Moinul Hassan
15. Shri Satish Chandra Misra
16. Dr. Mahendra Prasad
17. Shri Y.P. Trivedi

SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Shri T.G. Chandrasekhar — *Additional Director*
3. Shri Ramkumar Suryanarayanan — *Deputy Secretary*

2. The Committee took up the following draft Reports for consideration and adoption:—

(i) Draft Report on action taken by the Government on the recommendations contained in the Eleventh Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Disinvestment);

(ii) Draft Report on action taken by the Government on the recommendations contained in the Twelfth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Finance (Department of Revenue);

(iii) Draft Report on action taken by the Government on the recommendations contained in the Thirteenth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Planning;

(iv) Draft Report on action taken by the Government on the recommendations contained in the Fourteenth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation; and

(v) Draft Report on action taken by the Government on the recommendations contained in the Fifteenth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports with minor modifications. The Committee also authorized the Chairman to present all the Reports to Parliament in the current session.

The Committee adjourned at 1550 hours.

APPENDIX

(*Vide* Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTEENTH REPORT OF THE STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2010-11) OF THE MINISTRY OF PLANNING

		Total	% of Total
(i)	Total number of Recommendations	12	—
(ii)	Recommendations/observations which have been accepted by the Government (*Vide* Recommendations at Serial Nos. 1, 2, 3, 5, 6, 7, 8, 9 and 12)	09	75.00
(iii)	Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00
(iv)	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee (*Vide* Recommendations at Serial Nos. 4, 10 and 11)	03	25.00
(v)	Recommendations/observations in respect of which final reply of the Government is still awaited	Nil	00.00