

FIFTY THIRD REPORT  
STANDING COMMITTEE  
ON FINANCE  
(2011-2012)

(FIFTEENTH LOK SABHA)

MINISTRY OF PLANNING

DEMANDS FOR GRANTS  
(2012-2013)

*Presented to Lok Sabha on 24 April, 2012*  
*Laid in Rajya Sabha on 24 April, 2012*



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2012/Vaisakha, 1934 (Saka)*

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COMPOSITION OF STANDING COMMITTEE  
ON FINANCE (2011-2012)

Shri Yashwant Sinha — *Chairman*

MEMBERS

*Lok Sabha*

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4. Shri Harishchandra Deoram Chavan
5. Shri Bhakta Charan Das
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*Rajya Sabha*

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29. Dr. Mahendra Prasad \*
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SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Shri Ramkumar Suryanarayanan — *Deputy Secretary*
3. Shri Kulmohan Singh Arora — *Under Secretary*

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\*Ceased to be the Member of the Committee consequent upon their retirement from Rajya Sabha *w.e.f.* 2 April, 2012.

## INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Fifty-third Report (15th Lok Sabha) on the 'Demands for Grants (2012-13)' of the Ministry of Planning.

2. The Demands for Grants (2012-13) of the Ministry of Planning were laid on the Table of the House on 27 March, 2012.

3. The Committee took oral evidence of the representatives of the Ministry of Planning on 28 March, 2012.

4. The Committee considered and adopted this Report at their sitting held on 20 April, 2012. Minutes of the sittings of the Committee are given in appendix to the Report.

5. 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 (2012-13).

NEW DELHI;  
20 April, 2012  

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31 Chaitra, 1934 (Saka)

YASHWANT SINHA,  
*Chairman,*  
*Standing Committee on Finance.*





## REPORT

### PART I

#### I. ANALYSIS OF DEMANDS FOR GRANTS (2012-13)

##### Introduction

1.1 The Planning Commission came into existence as per the Government of India Resolution of 15th March, 1950. It functions as an advisory Planning body at the apex level. The main function of Planning Commission is to make an assessment of the material, capital and human resources of the country and explore 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.

1.2 The Ministry of Planning have presented its detailed Demands for Grants (2012-13 Demand No.74) in Lok Sabha on March 27, 2012. The Annual Plan 2012-13 outlay [Budget Estimates (BE)] of the Ministry is Rs. 2177.03 crore of which Rs. 419.03 crore is for normal activities, spread over the Central Sector Plan Schemes, and Rs. 1758.00 crore for the programmes of Unique Identification Authority of India (UIDAI).

1.3 The actual expenditure incurred in 2010-11, Budget Estimates (BE)/Revised Estimates (RE) 2011-12 and BE 2012-13 are given below:—

(Rs. in crore)

| Actual (2010-11) |          |        | Budget 2011-12 |          |         | Revised 2011-12 |          |         | Budget 2012-13 |          |          |
|------------------|----------|--------|----------------|----------|---------|-----------------|----------|---------|----------------|----------|----------|
| Plan             | Non-Plan | Total  | Plan           | Non-Plan | Total   | Plan            | Non-Plan | Total   | Plan           | Non-Plan | Total    |
| 310.88           | 69.97    | 380.85 | 1600           | 76.00    | 1676.00 | 1330            | 76.00    | 1406.00 | 2100           | 77.03    | 2177.037 |

Statement showing Budget Estimates, Revised Estimates and actual expenditure for the past two years and Budget Estimates of the current financial year

(Rs. in thousands)

| Sl. No                        | Major Head | NAME OF THE SCHEME   | 2010-11     |            |            | 2011-12    |            |            | BE 2012-13  |
|-------------------------------|------------|--|-------------|------------|------------|------------|------------|------------|-------------|
|                               |            |  | BE          | RE         | Actuals    | BE         | RE         | Actuals*   |             |
| 1                             | 2          | 3  | 4           | 5          | 6          | 7          | 8          | 9          | 10          |
| <b>REVENUE SECTION (PLAN)</b> |            |  |             |            |            |            |            |            |             |
| 1.                            | 2203       | New Initiative in Skill Development through PPP  | 10,00,00    | 8,41,00    | 5,21       | 8,41,00    | 6,81,00    | 16,99      | 8,00,00     |
| 2.                            | 2401       | National Rainfed Area Authority  | --          | --         | --         | 25,00,00   | 22,00,00   | 11,48,71   | 35,00,00    |
| 3.                            | 3451       | Office of the Adviser to P.M on Public Information, Infrastructure & Innovations       | 5,00,00     | 3,25,00    | 88,66      | 7,00,00    | 10,00,00   | 3,43,97    | 24,00,00    |
| 4.                            | 3451       | Office of the Adviser to P.M on Prime Minister's National Council on Skill Development | --          | --         | --         | --         | 6,00,00    | 1,97,31    | 6,00,00     |
| 5.                            | 3451       | Modernization of Office Systems  | 4,50,00     | 5,10,00    | 2,25,54    | 10,10,00   | 6,60,00    | 90,65      | 9,40,00     |
| 6.                            | 3451       | Economic Advisory Council to the PM.   | 1,42,00     | 1,60,00    | 1,61,29    | 2,39,00    | 3,09,00    | 1,80,09    | 2,69,00     |
| 7.                            | 3454       | Unique Identification Authority of India   | 17,19,50,00 | 7,45,66,00 | 1,72,61,32 | 7,50,00,00 | 7,50,00,00 | 6,21,43,16 | 13,00,00,00 |
| 8.                            | 3475       | Grants-in-aid to Universities, Research Institutions etc.                              | 2,10,00     | 2,10,00    | 2,00,07    | 2,10,00    | 2,10,00    | 1,77,28    | 2,10,00     |
| 9.                            | 3475       | Expertise for Planning Process   | 4,40,00     | 3,85,00    | 2,09,24    | 5,49,61    | 4,49,61    | 2,30,75    | 6,30,00     |
| 10.                           | 3475       | 50th Year Initiative for Planning  | 14,00,00    | 13,50,00   | 6,03,11    | --         | --         | --         | --          |
| 11.                           | 3475       | Strengthening Evaluation & Capacity in Government.                                     | 10,00,00    | 5,75,00    | 3,35,26    | 10,00,00   | 7,24,74    | 93,02      | 10,00,00    |
| 12.                           | 3475       | Plan Accounting & Public Finance Management System                                     | 9,88,00     | 9,19,00    | 3,72,23    | 9,51,00    | 19,01,00   | 13,76,01   | 1,30,00,00  |
| 13.                           | 3475       | Grant-in-aid to IAMR   | 5,50,00     | 5,50,00    | 5,50,00    | 7,71,39    | 2,75,65    | 2,75,65    | 15,00       |
| 14.                           | 3475       | Expert Group on Low Carbon Economy   | 2,00,00     | 50,00      | --         | 2,00,00    | 2,00,00    | 0,42       | 2,00,00     |
| 15.                           | 3475       | Expert Group on Transport Policy   | 3,00,00     | 3,00,00    | 2,77,44    | 3,00,00    | 1,61,00    | 0,65       | 3,00,00     |

| 1   | 2    | 3  | 4        | 5        | 6       | 7        | 8        | 9       | 10       |
|-----|------|--|----------|----------|---------|----------|----------|---------|----------|
| 16. | 3475 | High Level Committee on Financing Infrastructure               | --       | --       | 1,50,00 | 2,00,00  | 2,00,00  | --      | 1,00,00  |
| 17. | 3475 | Western Ghats Secretariat                                      | --       | --       | --      | 50,00    | 50,00    | 37,71   | 70,00    |
| 18. | 3475 | Plan Formulation, Appraisal and Review                         | --       | --       | --      | 14,00,00 | 13,00,00 | 5,05,46 | 11,00,00 |
| 19. | 3475 | Independent Evaluation Office                                  | --       | --       | --      | --       | --       | --      | 15,00,00 |
| 20. | 3475 | UNDP Assistance for Human Development towards inequalities     | --       | --       | --      | --       | --       | --      | 4,50,00  |
| 21. | 3601 | UNDP Assistance for Capacity Development for Distt. Planning   | 13,19,00 | 13,19,00 | 5,16,00 | 9,17,00  | 9,17,00  | 3,22,70 | 13,16,00 |
| 22. | 3601 | UNDP Assistance for Support to Livelihood Promotion Strategies | 2,40,00  | 2,40,00  | 1,32,18 | --       | --       | --      | --       |

#### CAPITAL SECTION (PLAN)

|              |      |  |             |             |            |             |             |            |             |
|--------------|------|--|-------------|-------------|------------|-------------|-------------|------------|-------------|
| 1.           | 4059 | Unique Identification Authority of India(Capital Outlay on Public Works) | 50,00,00    | 20,00,00    | --         | 20,00,00    | 10,00,00    | --         | 1,00,00     |
| 2.           | 5475 | Unique Identification Authority of India                                 | 1,30,50,00  | 1,95,00,00  | 95,79,80   | 7,00,00,00  | 4,40,00,00  | 1,51,80,79 | 4,57,00,00  |
| 3.           | 5475 | Modernisation of Office Systems  | 10,61,00    | 5,50,00     | 3,29,90    | 10,61,00    | 6,00,00     | 1,37,94    | 8,00,00     |
| 4.           | 5475 | Plan Accounting & Public Finance Management System                       | 2,00,00     | 1,50,00     | 91,38      | 1,00,00     | 5,61,00     | 4,98,01    | 50,00,00    |
| TOTAL (PLAN) |      |  | 20,00,00,00 | 10,45,00,00 | 3,10,88,63 | 16,00,00,00 | 13,30,00,00 | 8,29,57,27 | 21,00,00,00 |

#### REVENUE SECTION (NON-PLAN)

|                               |      |  |             |             |            |             |             |            |             |
|-------------------------------|------|--|-------------|-------------|------------|-------------|-------------|------------|-------------|
| 1.                            | 3451 | Department of Planning                   | 42,00       | 42,00       | 31,38      | 42,00       | 42,00       | 24,48      | 49,00       |
| 2.                            | 3451 | Planning Commission                      | 48,17,00    | 59,81,00    | 58,11,88   | 62,28,00    | 62,28,00    | 56,04,23   | 63,24,00    |
| 3.                            | 3451 | Programme Evaluation Office              | 4,80,00     | 6,00,00     | 5,18,47    | 7,15,00     | 7,15,00     | 5,55,17    | 7,15,00     |
| 4.                            | 3451 | Departmental Canteen                     | 43,00       | 43,00       | 36,03      | 45,00       | 45,00       | 35,73      | 45,00       |
| 5.                            | 3475 | Manpower Research Services to Govt. etc. | 5,50,00     | 6,00,00     | 6,00,00    | 5,70,00     | 5,70,00     | 5,70,00    | 5,70,00     |
| TOTAL (NON-PLAN)              |      |  | 59,32,00    | 72,66,00    | 69,97,76   | 76,00,00    | 76,00,00    | 67,89,61   | 77,03,00    |
| Grand Total (PLAN + NON-PLAN) |      |  | 20,59,32,00 | 11,17,66,00 | 3,80,86,39 | 16,76,00,00 | 14,06,00,00 | 8,97,46,88 | 21,77,03,00 |

\* Provisional figures upto February, 2012

1.4 On being asked about the corrective measures taken to overcome the persistent shortfall in the utilisation of the Plan expenditure over the years, the Ministry of Planning in a written reply stated as follows:

“Meeting with the Pr. Advisers/Sr. Advisers/Advisers Administering the Plan Schemes was held on 23.08.2011 to review the trend of expenditure during the First Quarter under the Chairpersonship of Member Secretary, Planning Commission and it was instructed to all concerned to ensure proportionate and proper utilization of funds under all the heads keeping in view the norms of the Department of Expenditure, Ministry of Finance and similar Meetings are proposed during the next financial year to ensure proper utilization of Plan funds throughout the year”

1.5 The Ministry of Planning further added that the instructions to avoid rush of expenditure in the last quarter of the year particularly in the month of March issued by Secretary (Expenditure)’s D.O. of even number dated 5th January, 2012 has been circulated along with the 4th Quarter Allocation Order to all Spending Authorities/Division for strict compliance.

## **II. Achievement of the 11th Five Year Plan**

2.1 The Eleventh Plan (2007-12) sought to build on the gains achieved in the Tenth Plan and shift the economy to a path of faster and more inclusive growth. Inclusiveness a critical element in the strategy was to be achieved by ensuring that growth is broad based and is combined with programmes aimed at overcoming deficiencies in critical areas which affect large numbers of the vulnerable sections of population, particularly the Scheduled Castes (SC) and Scheduled Tribes (ST), the other Backward Classes (OBC), Women and the minorities.

2.2 When asked about the achievement of the stated objective of the 11th Five Year Plan, the Ministry in a written reply stated as under:

“The economy has performed well on the growth front, averaging 8.2 per cent in the first four years. Growth in 2011-12 is likely to be 6.9 per cent. The economy is therefore, likely to achieve an average GDP growth of around 7.9 per cent over the Eleventh Plan period, which is lower than the 9.0 per cent targeted originally, but higher than the 7.8 per cent achieved in the Tenth Plan. The acceleration in the growth in the Eleventh Plan period compared

with the Tenth Plan is modest, but it is nevertheless a good performance, given the fact that a severe global economic crisis depressed growth in two of these five years, and also that in the year 2009 India had the weakest monsoon in three decades. The slowdown in 2011- 12 is a matter of concern, but can be reversed if the investment climate is turned around and fiscal discipline is strengthened.

#### *Inclusiveness*

The progress towards inclusiveness is more difficult to assess, because inclusiveness is a multidimensional concept. Inclusive growth should result in lower incidence of poverty, broad-based and significant improvement in health outcomes, universal access for children to school, increased access to higher education and improved standards of education, including skill development. It should also be reflected in better opportunities for both wage employment and livelihood, and in improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. Particular attention needs to be paid to the needs of the SC/ST and OBC population. Women and children constitute a group which accounts for 70% of the population and deserves special attention in terms of the reach of relevant schemes in many sectors. Minorities and other excluded groups also need special programmes to bring them into the mainstream. To achieve inclusiveness in all these dimensions requires multiple interventions, and success depends not only on introducing new policies and government programmes, but on institutional and attitudinal changes brought about, which take time. A comprehensive assessment of outcomes on all these fronts during the Eleventh Plan is not possible at this point, because the data for recent years is still not available. However, available evidence suggests that there have been significant gains on many of these fronts, even though there are shortfalls in some areas on which further work is needed.

An important consequence of the focus on inclusion during the Eleventh Plan has been heightened awareness about inclusiveness and empowerment amongst people. A greater desire to access information about the rights and entitlements made available by law and policy, and eagerness to demand accountability from the public delivery systems augurs well for the future.”

2.3 The Sectoral growth performance of the economy during the 11th Five Year Plan is given in Table below:

Table 1: Rate of Growth of GDP at Factor Cost at 2004-2005 Prices (per cent)

|   | 2007-08 | 2008-09 | 2009-10PE | 2010-11QE | 2011-12AE | 11th Plan AE |
|---|---------|---------|-----------|-----------|-----------|--------------|
| Agriculture, forestry & fishing                       | 5.8     | 0.1     | 1.0       | 7.0       | 2.5       | 3.3          |
| Mining & quarrying                                    | 3.7     | 2.1     | 6.3       | 5.0       | -2.2      | 3.0          |
| Manufacturing   | 10.3    | 4.3     | 9.7       | 7.6       | 3.9       | 7.2          |
| Electricity, gas & water supply                       | 8.3     | 4.6     | 6.3       | 3.0       | 8.3       | 6.1          |
| Construction  | 10.8    | 5.3     | 7.0       | 8.0       | 4.8       | 7.2          |
| Trade, hotels, transport & communication              | 10.7    | 7.6     | 10.3      | 11.1      | 11.2      | 10.2         |
| Financing, insurance, real estate & business services | 12.0    | 12.0    | 9.4       | 10.4      | 9.1       | 10.6         |
| Community, social & personal services                 | 6.9     | 12.5    | 12.0      | 4.5       | 5.9       | 8.4          |
| GDP at factor cost                                    | 9.3     | 6.7     | 8.4       | 8.4       | 6.9       | 7.9          |

Source : CSO.

Notes: PE : Provisional Estimate, QE: Quick Estimate, AE: Advance Estimate.

2.4 When asked about the reason for not achieving the budgeted growth during the 11th Five Year Plan, the Ministry further stated as under:

“A severe global economic crisis depressed growth in two of these five years, and also that in the year 2009 India had the weakest monsoon in three decades. For the better part of the last two years of the Plan, the economy had to battle near double-digit headline inflation. The monetary and fiscal policy response during this period was geared towards taming domestic inflationary pressures. A tight monetary policy impacted investment and consumption growth. The fiscal policy had to absorb expanded outlays on subsidies and duty reductions to limit the passthrough of higher fuel prices to consumers. As a result growth moderated and the fiscal balance deteriorated.”

### III. 12th Five Year Plan

3.1 The Twelfth Five Year Plan launched with the budget proposals for 2012-13 address five critical issues to put the economy back on a high growth trajectory of 9 per cent. These are:

- Focus on domestic demand driven growth recovery;
- Create conditions for rapid revival of high growth in private investment;
- Address supply bottlenecks in agriculture, energy and transport sectors, particularly in coal, power, national highways, railways and civil aviation;
- Intervene decisively to address the problem of malnutrition especially in the 200 high-burden districts; and
- Expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money and corruption in public life.

3.2 The Ministry further stated that the Planning Commission had set up 138 Working Groups and 29 Steering Committees to look into sectoral constraints and suggest measures that could be taken to achieve the targeted growth during the 12th Plan. All the Working Groups for the 12th Plan, barring a few, have submitted their reports. These reports of Working Groups are important inputs for the concerned Steering Committees which take their recommendations into account while finalising their report for the Planning Commission. The Steering Committees, except a few, are yet to submit their reports to the Planning Commission. Therefore, Planning Commission is not in a position to provide the details of the sector specific recommendations of Steering Committee at this stage.

3.3 During the course of oral evidence the Member Secretary, Planning Commission admitted before the Committee that after the approval of National Development Council (NDC) by June or July 2012, the shape of the 12th Plan will be visible.

3.4 When asked as to how to put the economy back on a high growth trajectory of 9 per cent during the 12th Five Year Plan, the Ministry of Planning in a written reply stated as under:

“The 9.0 per cent target requires a significant acceleration in growth in agriculture; in electricity, gas and water supply; and also in manufacturing. With agriculture and services continuing to perform well, India’s slowdown can be attributed almost entirely to weak industrial growth. Government of India has brought out National

Manufacturing Policy to redress the growth performance of manufacturing sector. The National Manufacturing Policy (NMP) targets to achieve manufacturing growth of 12-14% over the medium term so as to make it the engine for growth for the economy. NMP also lays down various initiatives that would help achieve the targeted manufacturing sector growth over medium term. While the aggregate figures for the last quarter of 2011-12 is not available yet, numerous indicators pertaining to this period suggest that the economy is now turning around. There are signs of recovery in coal, fertilisers, cement and electricity sectors. These are core sectors that have an impact on the entire economy. Indian manufacturing appears to be on the cusp of a revival.”

#### **IV. AGRICULTURE SECTOR**

4.1 The Agriculture sector occupies center-stage to promote inclusive growth, enhance rural incomes and sustain food security. An important sectoral target of the Eleventh Plan was to raise the rate of growth of GDP in agriculture to 4 per cent from 2.5 per cent in the Tenth Plan. Higher agriculture growth was expected to contribute directly to the overall GDP growth and even more so to inclusiveness.

4.2 With about half of the rural population still dependent on agriculture for their livelihood, the objective of inclusive growth cannot be realized without revitalizing Agriculture Sector. Accordingly, the Eleventh Plan places high priority to redress the issues and challenges in the agricultural sector. the agriculture sector, during 2011-12 has been allocated a GBS of Rs. 13,662 crore which is 4.07 per cent of the total GBS allocated to all Central Ministries/Departments in the AP 2011-12. During 2011-12, allocation of Department of Agriculture and cooperation is pegged at Rs. 9,262.0 crore. This is an increase of 982.0 crore over 2010-11 BE. The budgetary provision to the sector has laid focus on Horticulture (Rs. 2,950 crore), Rashtriya Krishi Vikas Yojana (Rs. 7,810.87 crore) and Macro Management of Agriculture (Rs. 780 crore). Similarly, Department of Agricultural Research & Education has been provided a plan outlay of Rs. 2,800 crore to complete, reorient and re-engineer the technology generation processes with a view to addressing location specific requirements and to improve linkages of Krishi Vigyan Kendra (KVK) with field dissemination programmes so as to bridge the knowledge deficit in the agriculture. The outlay for the Department of Animal Husbandry & Dairying has been increased from 1,300 crore during 2010-11 to Rs. 1,600 crore 2011-12 primarily for increasing per capita availability of milk, egg, meat and fish and also for intensifying R & D efforts for breed improvement and disease control.



4.3 Regarding Gross Capital Foundation in agriculture sector, the Ministry of Planning stated as under:

“Both public as well as private investments has witnessed sharp increase in last few years. In 2003-04 GCF formed 10.2% of the Agricultural GDP which has since increased to 20.3%. Figures of Gross Capital Formation in Agriculture Sector are presented in the following table:

| Year                 | GDP of Agriculture, Forestry & Fishing at 2004-05 prices | GCF in Agriculture, Forestry & Fishing at 2004-05 prices |                |        | GCF in Agriculture as Percent of GDP from Agriculture |                |       |
|----------------------|--|--|----------------|--------|---|----------------|-------|
|                      |  | Public Sector  | Private Sector | Total  | Public Sector   | Private Sector | Total |
| 1                    | 2  | 3  | 4              | 5      | 6   | 7              | 8     |
| <b>TENTH PLAN</b>    |  |  |                |        |   |                |       |
| 2004-05              | 565426   | 16187  | 59909          | 76096  | 2.9   | 10.6           | 13.4  |
| 2005-06              | 594487   | 19940  | 66671          | 86611  | 3.4   | 11.2           | 14.5  |
| 2006-07              | 619190   | 22987  | 67723          | 90710  | 3.7   | 10.9           | 14.6  |
| <b>ELEVENTH PLAN</b> |  |  |                |        |   |                |       |
| 2007-08              | 655080   | 23255  | 81779          | 105034 | 3.5   | 12.5           | 16.0  |
| 2008-09              | 655689   | 22628  | 106031         | 128659 | 3.5   | 16.2           | 19.6  |
| 2009-10              | 662509   | 23637  | 109740         | 133377 | 3.6   | 16.7           | 20.3  |

Source: Press Release dated 31st Jan, 2012, 7th Feb 2012 and NAS 2011 of the Central Statistical Organisation

## V. BACKWARD REGIONS GRANT FUND (BRGF)

5.1 The Backward Regions Grant Fund (BRGF) was approved in 2006-07 to address the causes of backwardness more holistically than the standard Government programmes. It aims to help convergence and add value to other programmes such as Bharat Nirman and Mahatma Gandhi National Rural Employment Guarantee Programme, which are explicitly designed to meet rural infrastructure needs, but

may need supplementation to address critical gaps which can come from the BRGF. The BRGF seeks to bring about focused development of identified backward districts by implementing programmes, selected through people's participation. Panchayati Raj Institutions (PRIs) at village, intermediate and district level are responsible for planning and implementation of BRGF in keeping with the letter and spirit of Article 243 G of the Constitution.

5.2 The BRGF has two components, namely, (i) Districts component covering 250 districts of 27 States, administered by the Ministry of Panchayati Raj, and (ii) Special Plans for (a) Bihar (b) KBK districts of Orissa and (c) West Bengal administered by the Planning Commission.

**Districts Component:**

The District Component of the BRGF covers 250 districts which includes all the 147 districts covered by the erstwhile Rashtriya Sam Vikas Yojana (RSVY), 150 districts covered by the erstwhile National Food for Work Programme (NFFWP) and the 170 districts identified as backward on the basis of socio-economic variables by the Inter Ministry Task Group (IMTG) on Redressing Growing Regional Imbalances, set up the Planning Commission in August, 2004. An allocation of Rs. 24110 crore has been made for this component during the Eleventh Five Year Plan period. During 2011-12, this allocation has been enhanced to Rs. 5050 core from Rs. 4670.04 crore for the year 2010-11 against which an amount of Rs. 1711.72 crore has been released by Ministry of Panchayati Raj till 16.12.2011.

**Special Plan:**

**(a) Bihar**

The Special Plan for Bihar was formulated for implementation under Rashtriya Sam Vikas Yojana on 100 per cent Central Assistance basis to bring about improvement in sectors like power, road connectivity, irrigation, forestry and watershed development. Most of the projects are being implemented through Central agencies and the State Government is implementing only some of the projects through their Departments and also overseeing the implementation of all these projects. An allocation of Rs. 1000 crore per annum is being made for this component during the Eleventh Plan period. However, this allocation has been enhanced to Rs. 2000 crore for 2010-11 and Rs. 1468 crore for Annual Plan 2011-12.

### **(b) Special Plan for KBK Districts of Orissa**

The KBK region of Orissa comprises of the undivided Kalahandi, Bolangir and Koraput districts which have now been reorganized into eight districts, namely, Kalahandi, Nuapada, Bolangir, Sonepur, Koraput, Nabarangpur, Malkangiri and Rayagada. The Planning Commission has been providing Additional Central Assistance to this region since 1998-99. To make the planning and implementation process more effective, the State Government were advised to prepare a Special Plan for KBK region using a project based approach and innovative delivery and monitoring system. The State Government is accordingly preparing the Special Plan for the KBK districts since the year 2002-03. The Special Plan focuses on tackling the problems of drought proofing, livelihood support, connectivity, health, education etc. An allocation of Rs. 250 crore per annum was being made for this component during the Tenth Plan period. The same allocation is being protected during the Eleventh Plan period with annual allocation of Rs. 130 crore under the Districts Component of the Backward Region Grant Fund (BRGF). During the Annual Plan 2011-12, an amount of Rs. 130 crore has been allocated.

### **(c) Special Plan for West Bengal**

The Special Plan for West Bengal has been approved by the Government for which an amount of Rs. 8750 crore allocated as central assistance under the State Component of BRGF to address the developmental needs of the backward regions of the State, through focused projects starting from the current financial year of 2011-12. The project proposals relate to Housing & Urban Development, Power, Water Supply & Sanitation, Health, Transport and Education.

5.3 When asked as to what strategies, priorities and allocation for the 12th Five Year Plan has been suggested by the Steering Committee for Rural Livelihoods and Rural Governance for BRGF, the Ministry of Planning in a written reply stated as under:

“The Steering Committee for Rural Livelihoods and Rural Governance has emphasized that the 12th Plan must adopt a new strategy regarding the Special Area Programmes based on the evaluations and feedback from the ground. The Steering Committee has further stated, in its Report, that while it is important for the Government to be sensitive to needs and aspirations of regions that feel a genuine grievance about being left out of the national mainstream development process, it is also equally important to devise robust and transparent criteria for inclusion of areas under

the coverage of such programmes. The Steering Committee has strongly suggested that the implementation mechanism under the schemes should not in any way differ from that prescribed by the Planning Commission in its own Decentralized Planning Guidelines. The Steering Committee has suggested for continuation of various Area Programmes including BRGF with more funds during the 12th Plan Period.”

## **VI. THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MGNREGS)**

6.1 The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of the people in rural areas by guaranteeing hundred days of wage employment in a financial year, to a rural household whose members volunteer to do unskilled manual work. The Act also seeks to create durable assets and strengthen the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, so that the process of employment generation is on sustainable basis.

6.2 During the last 5 years of implementation of MGNREGS, the expenditure has always been more than 70% and therefore funds have not been underutilized. The expenditure incurred on the scheme during the last five years was Rs. 8823.35 crore in 2006-07, Rs. 15856.89 crore in 2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905.23 crore in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively.

6.3 When asked as to whether the Government plans to change the format of the MGNREGS during the 12th Plan period, the Ministry of Planning in a written Note stated as under:

“The Working Group on MGNREGA for the 12th Five Year Plan was constituted by the Planning Commission to review its performance during the 11th Five year Plan and suggest strategies and allocations for the ensuing Five Year Plan as well as blueprint to reform aimed at improving performance of the programme in all respects. The Working Group submitted its report to the Steering Committee on Rural Livelihood and Rural Governance. The Steering Committee examined the Working Group report and made certain recommendations. In view of this, Ministry of Rural Development set up a Committee under Dr. Mihir Shah, Member, Planning Commission to examine ways in which the Operational Guidelines of MGNREGA could be revised so that the following concerns could be adequately addressed:

1. Expand the list of permissible works under MGNREGA in order to—
  - (a) Strengthen the synergy between MGNREGA and rural livelihoods, especially agriculture and allied sectors.
  - (b) Respond to the demands of the States for greater location specific flexibility in permissible works.
  - (c) Help improve the ecological balance in rural India and provide a cleaner, healthier environment to its people.
2. Suggest procedural changes that would help strengthen the demand driven character of MGNREGA, which is its real *differentia specifica*.
3. Strengthen the participatory planning and implementation process under MGNREGA, so that the programme results in the creation of durable assets and an increase in farm productivity.
4. Make changes that would infuse the programme with greater efficiency and help overcome the major complaints under the programme such as delays in payments of wages.
5. Develop effective mechanisms for eliminating the scope of corruption under the programme.

The Mihir Shah Committee has just submitted its draft report and same is on the website of the Ministry to seek suggestions and comments by 31.03.2012. Further, modification in the guidelines and other parameters of the programme is a continuous process and changes are made from time to time in consultation with the State Governments, CSO and other stakeholders.”

6.4 When asked about the corrective steps taken on the irregularities noticed in the implementation of the MGNREGS, the Ministry of Planning in a written reply stated as under:

“MGNREGA is implemented by the Ministry of Rural Development. Major challenges experienced during the implementation of MGNREGA are as under:

- Lack of awareness about rights and entitlements and Workers’ inability to submit written applications and demand.
- Non-maintenance of records like job cards, dated receipts, Muster Rolls.
- Non-placement of dedicated personnel affecting critical tasks like measurement.

- Delay in wage payments.
- Poor coverage of Banks and Post Offices.
- Conduct and quality of social audits.
- Slow grievance redressal.
- Making assets more durable and productive without disturbing the 60:40 ratio through convergence.

To meet these challenges and to strengthen the implementation of Mahatma Gandhi NREGA and to ensure that more and more of the rural population is benefited, the Ministry of Rural Development has undertaken the following measures:

- (i) Awareness generation among rural population has been taken up through intensive IEC activities involving both print as well as electronic media.
- (ii) Administrative expenditure has been enhanced from 4% to 6% to enable the implementing agencies to appoint dedicated staff for effective implementation of the Act.
- (iii) ICT based MIS has been made operational to make data available to public scrutiny. The data includes Job cards, Muster rolls, Employment demanded and allocated, number of days worked, shelf of works, Funds available/funds spent and funds released to various implementing agencies, Social Audit findings, registering grievances and generating alerts for corrective action.
- (iv) In the light of the shortcomings in social audit under MGNREGA, the Ministry of Rural Development has published The MGNREG Audit of Schemes Rules, 2011 in the Gazette on 30.6.2011 for the purpose of much needed transparency under MGNREGA.
- (v) Payment of wages to MGNREGA workers has been made mandatory through their accounts in Banks/Post Offices to infuse transparency in wage disbursement. An amendment to this effect has been made in para 31 of Schedule-II of the Act.
- (vi) Rolling out Biometric based ICT enabled real time transactions of MGNREGA workers to eliminate fake attendance and false payments.
- (vii) Periodic reviews in the Performance Review Committee meetings held on quarterly basis. State specific reviews are also undertaken.

- (viii) Independent Monitoring and Verification by National Level Monitors and Eminent Citizens.
- (ix) Visit by members of Central Employment Guarantee Council.
- (x) State and District level Vigilance and Monitoring Committees have been set up and instructions have been issued for holding regular meetings of the Committees.
- (xi) Instructions have been issued directing all States to appoint Ombudsman at district level for grievance redressal in a time bound manner.

The Ministry had set up a Toll free National Helpline 1800110707 to enable the submission of complaints and queries to the Ministry for the protection of workers entitlements and rights under the Act.”

## VII. RESTRUCTURING OF CENTRALLY SPONSORED SCHEMES

7.1 There were 155 Centrally Sponsored Schemes (CSSs) in operation during 2006-07, being the last year of the 10th Plan. After the first phase of Zero Based Budgeting (ZBB) exercise carried out at the beginning of the 11th Plan, 82 schemes were carried forward (after weeding/merger) in to the first year of 11th Plan (*i.e.* 2007-08). Also, 17 new CSSs were introduced, thus, taking the total number of CSSs to 99 for operation during 2007-08. The second phase of ZBB exercise was undertaken during April-June 2007. As a result, the 99 CSSs mentioned earlier were rationalized to 90 for carry forward into 2008-09. These 90 CSSs also included 11 CSSs which were split from 5 CSSs in operation during 2007-08. With the induction of 38 new CSSs; the total of CSSs for operation during 2008-09 had again gone up to 128. In nut shell, in spite of the policy to limit the number of CSSs, 55 new CSSs were introduced in the first two years of the 11th Plan (2007-08 and 2008-09).

7.2 At present 139 Centrally Sponsored Schemes (CSSs) with a total outlay of Rs. 157051.40 crore are being operated, out of which three schemes are being operated by the Ministry of Rural Development for directly benefiting the BPL in rural areas. The Ministry of Housing and Urban Poverty Alleviation administers one scheme, namely Swarna Jayanti Shahari Rozgar Yojana (SJSRY) for improving the condition of urban BPL.

7.3 When asked about the steps taken to or proposed to be taken to restructure and rationalize the Centrally Sponsored Scheme, the Ministry of Planning in a written note stated as under:

“The Planning Commission had set up a Sub-Committee headed by Shri B.K. Chaturvedi, Member, Planning Commission to look into the restructuring of CSS to enhance its flexibility, scale and efficiency. The Committee has submitted the report, which is under the consideration of the government.”

7.4 It may be added here that the Finance Minister in his Budget Speech 2012-13 has stated that in implementing the 12th Plan, the recommendations made by the Expert Committee to streamline and reduce the number of Centrally Sponsored Schemes would be kept in view.

### **VIII. ESTIMATION OF POVERTY**

8.1 The Planning Commission is the nodal agency for estimating the number and proportion of people living below the poverty line at national and States level, separately for rural and urban areas, makes poverty estimates based on a large sample survey of household consumption expenditure carried out by the National Sample Survey Organisation (NSSO) after an interval of five years approximately. The methodology for estimation of poverty has been reviewed from time to time. The Planning Commission constituted an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar in December, 2005 which submitted its report in December, 2009. The Expert Group has recommended Mixed Recall Period (MRP) equivalent of urban Poverty Line Basket (PLB) corresponding to then existing urban headcount ratio of 25.7 percent as the new reference PLB. The Committee has recommended that the rural poverty line should be recomputed to reflect money value in rural areas of the same PLB that is recommended as the new reference PLB for urban areas. The recomputed poverty estimates for the years 1993-94 and 2004-05 as recommended by the Tendulkar Committee have been accepted by the Planning Commission. As per Tendulkar Committee Report, the national poverty line at 2004-05 prices is monthly per capital consumption expenditure of Rs. 446.68 in the rural areas and Rs. 578.80 in urban areas. These poverty lines vary from State to State because of price differentials. The Tendulkar Committee has mentioned in its report that the proposed poverty lines have been validated by checking the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditures consistent with nutritional, educational and health outcomes. In order to have two-point comparison of changes in head count ratio, the Expert Group



has re-estimated poverty for 1993-94. The head count ratio for 1993-94 and 2004-05 as released earlier by the Planning Commission and on the basis of Tendulkar Methodology are given below:—

|       | Earlier released estimates<br>based on Lakdawala<br>Methodology |         | Estimates based on<br>Tendulkar Methodology |         |
|-------|---|---------|---|---------|
|       | 1993-94   | 2004-05 | 1993-94                                     | 2004-05 |
| Rural | 37.3  | 28.3    | 50.1  | 41.8    |
| Urban | 32.4  | 25.7    | 31.8  | 25.7    |
| Total | 36.0  | 27.5    | 45.3  | 37.2    |

8.2 Even though the Tendulkar Methodology gives higher estimate of headcount ratio for both the years 1993-94 and 2004-05, the extent of poverty reduction in comparable percentage point decline between 1993-94 and 2004-05, at the all-India level, is not different from that the earlier released estimates.

8.3 The Ministry of Planning in a written note stated that as per the Approach Paper to the Twelfth Five Year Plan, the economy is likely to achieve an average GDP growth of around 8.2 per cent over the Eleventh Plan Period and the percentage of population living below the poverty line has declined by about 0.8 percentage points per annum between 1993-94 and 2004-05. The recently released estimates of poverty also indicate that the percentage of people below the poverty line has further declined from 37.2% in 2004-05 to 29.8% in 2009-10 with rural poverty declining by 8.0 percentage 24 points from 41.8 per cent to 33.8 per cent and urban poverty declining by 4.8 per centage points from 25.7 per cent to 20.9 per cent.

8.4 On being asked as to how the Planning Commission had redefine the new poverty line when the Socio-Economic and Caste Census is still pending, the Ministry of Planning in a written reply stated as under:—

“The estimation of poverty by the Planning Commission and identification of BPL families in rural and urban areas are two different exercises. The Planning Commission released estimates of poverty for 2009-10 based on the methodology recommended by Tendulkar Committee. The Socio Economic and Caste Census (SECC), 2011 is being carried out for the purpose of identification of poor.”

8.5 In a written note submitted to the Committee, the Ministry of Planning has stated to eliminate poverty by 2020 or latest by end of Thirteenth Five Year Plan 2021- 22.

8.6 The Ministry further stated that the incidence of poverty declined from 55 per cent in 1973-74 to 27.5 per cent 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.

#### **IX. UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)**

9.1 This scheme is a Planning Commission initiative which envisages assigning a unique identification number to each resident in the country for better monitoring and targeting of Government's social welfare schemes and poverty alleviation initiatives. It also aims at eliminating the need for multiple identification mechanisms prevalent across various Government departments. Authority plans to issue 600 million UIDs over a period of five years. For this purpose, a budget provision of ₹ 1758.00 crore has been allocated for the Annual Plan 2012-2013. A major part of the budget provision for ₹ 715.00 crore is earmarked for 'Assistance to Registrars for Enrolling Residents'.

9.2 To a specific query that pending the legislative approval as to how the Government is still continuing with the implementation and funding of Aadhar, the Ministry of Planning in a written reply stated as follows:—

“The Unique Identification Authority of India (UIDAI) has been mandated to issue unique identification numbers (Aadhaar) to all the residents of India. UIDAI does not issue cards. The number is a proof of identity and not citizenship. UIDAI was authorized to enroll, through multiple registrars upto 200 million residents by March 2012. The initial phase of enrolling 200 million residents has already been completed. The Cabinet Committee on UIDAI has given its approval for enrolment of an additional 400 million residents by UIDAI through Multiple Registrars in 18 States/UTs as per Annexure-A. The residents are expected to be covered over the next 18 to 24 months. The remaining 600 million residents will be covered by Registrar General of India (RGI) under National Population Register (NPR) process.

The report of the Standing Committee on Finance on the National Identification Authority of India Bill, 2010 was presented by the

Committee to the Lok Sabha on 13th December 2011 and laid in the Rajya Sabha on 13th December 2011. The Committee has, *inter-alia*, given its observations on giving number to every resident and not restricting the Unique Identification Scheme to citizens, reliability of technology, legislative safeguards for data protection and duplication of work with National Population Register exercise. The Committee has conveyed its unacceptability of the National Identification Authority of India Bill, 2010 in its present form and has urged the Government to reconsider and review the UID scheme as also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The recommendations are under consideration of the Government.

As regards the funds approved/proposed to be approved for the programme for 12th Plan Period, Planning Commission may address this issue. However, it may be mentioned that while Planning Commission decides the 12th Plan allocation, the outlay of INR 8,814.75 crore approved by CC-UIDAI for Phase III of the project (upto March 2017) and the proposal for EFC IV seeking an additional allocation of INR 5,061 crore due to the enhanced enrolment mandate may be kept in view."

## **X. ROLE OF PLANNING COMMISSION**

10.1 The Committee in their 35th Report on Demands for Grants (2011-12) of the Ministry of Planning *inter-alia* commented that while planning is very much relevant in India, the Planning Commission has to come to grips with the emerging social realities to reinvent itself to make itself more relevant and effective for aligning the planning process with economic reforms and its consequences, particularly for the poor. The Committee further commented that the Government should constitute an Expert-Group immediately for evaluating the performance of the Planning Commission and redefining its role and objectives so as to relate the planning process to the life of the common man and its role in the implementation of programme and scheme.

10.2 The Ministry of Planning in their action taken reply *inter-alia* stated that the Planning Commission since its inception, has taken due care to sincere discharge of its duties and has been successful in meeting its obligations by way of formulating eleven five year plans, in addition to other well documented achievements. Planning Commission during the course of its working has been evolving its strategies by way of continuous internal assessment of its working. It has always kept itself abreast with the latest developments and aligned its policies in such a

manner so as to keep the interests of poor in mind. As regards the suggestion of the Committee to set up an Expert Group for evaluating performance of the Planning Commission, the matter has been brought to the notice of the Competent Authority.

10.3 While examining the Demands for Grants (2012-13) of the Ministry of Planning to a specific query on the concrete steps taken for evaluating the role and performance of the Planning Commission by an Expert-Group, the Ministry of Planning stated that the matter had been brought to the notice of the Competent Authority for taking a decision in the matter.

## PART II

### OBSERVATIONS/RECOMMENDATIONS

#### *Analysis of Demands for Grants (2012-13)*

1. The Committee note that in the plan provision of the Ministry of Planning for the year 2010-11, the actual expenditure was Rs. 310.88 crore as against the BE of Rs. 2000 crore which was later reduced to Rs. 1045 crore at RE stage. In the Year 2011-12 also the actual expenditure was Rs. 829.57 crore as against the BE of Rs. 1600 crore which was reduced to Rs. 1330 crore at RE stage. In their earlier report the Committee had expressed their displeasure on substantial and persistent underutilization of allocated funds. The Committee had pointed out the Ministry's failure in regard to appropriate projection of fund requirements in formulating budget estimates for programmes and schemes. The Committee are unhappy to note that the formulation of Budget for plan programmes/schemes of the Ministry of Planning has been reduced to an exercise of unrealistic estimates projection, underutilization of funds and failure of plan programmes/schemes to absorb the allocated funds. The recurrent and substantial underutilisation of allocated funds shows that the efforts that have been made by the Ministry of Planning in this regard have been found to be ineffective. The Committee are surprised to note that only one meeting was held on 23.8.2011 to review the trend of expenditure during the first quarter of the year 2011-12 which reflect casual approach of the Ministry and desire that periodic/quarterly meetings should be held to review and constantly monitor the trend and progress of expenditure. The Committee reiterate that the Ministry of Planning should endeavour to be a role model for other Central Ministries/Departments in preparation of realistic budget estimates.

#### *Achievement of the 11th Five Year Plan*

2. The objective of the 11th Five Year Plan was to achieve faster and more inclusive growth at a targeted GDP growth rate of 9 percent per annum. However, the Committee find that except during 2007-08, in none of the remaining four years the target was achieved. Sector such as Agriculture, Forestry, Fishing, Mining and Quarrying have recorded dismal growth rates. The reasons attributed for slow growth rate by the Ministry of Planning were severe global economic crisis,

weak monsoon in 2009 and double-digit inflation, etc. The Committee are of the opinion that since there was a delay in the Mid-Term Appraisal of the 11th Plan Period, the Government could not take remedial measures in time to address the above factors to attain the targeted growth during the 11th Plan Period. The Committee hope the Government would be more serious and proactive to achieve the targeted growth rate during the 12th Plan Period and complete the Mid-Term Appraisal well in time before the second-half of the Plan period commences, so that meaningful corrective measures can be taken at the right time. The Committee, further, desire that a comprehensive assessment of outcomes of inclusive growth achieved during the 11th Plan Period be conducted at the earliest. The Committee be apprised of the action taken in this direction.

#### *12th Five Year Plan*

3. The Committee note that the 12th Five Year Plan has been launched with the Budget proposal for 2012-13 to address five critical issues to put the economy back on a high growth trajectory of 9 per cent. However, the 12th Five Year Plan is yet to be approved by the National Development Council (NDC) and the shape of the 12th Plan Period would be visible by June or July 2012, as admitted by the Member Secretary before the Committee. The Committee cannot but deprecate the lackadaisical manner of functioning of the Planning Commission in completing the procedural formalities of approval of the 12th Five Year Plan timely. Since the first financial year of the 12th Five Year Plan has already started, the Committee desire that the 12th Five Year Plan is finalized at the earliest so that there could be a synchronization of Budget proposal for the year 2012-13 with funds allocated for 12th Plan Period for core sectors/areas as identified. The Committee, further, desire that sectoral constraints noticed in the 11th Plan Period should be addressed for creating conducive policy environment for each sector of the economy so as to achieve the targeted growth during the 12th Plan.

#### *Agriculture Sector*

4. The Committee note that an important sectoral target of the 11th Plan was to raise the rate of growth in agriculture to 4 per cent from 2.5 per cent in the 10th Plan. As per advanced estimates, the rate of growth of GDP in agriculture during the 11th Plan Period is only 3.3 per cent, even though the Government has put in place various schemes and programmes to boost the agriculture sector. Moreover, the Gross Capital Formation (GCF) in agriculture and allied Sector in 2009-10 was Rs. 1,33,377 crore, of which the contribution of

Public Sector was Rs. 23637 crore and of Private Sector was Rs. 109740 crore. This clearly shows that funds infusion by the Government in agriculture and allied sector was rather low. The Committee deplore this tokenism on the part of the Government, as about half of the rural population is still dependent on agriculture for their livelihood. The objective of inclusive growth cannot be realized without revitalizing agriculture sector and for which adequate investment is required to spur agriculture growth.

5. As commented upon by the Committee in their earlier reports, the Committee expect the Planning Commission to address the issues affecting agriculture and allied sectors with due seriousness on priority basis and formulate appropriate sectoral policies for the revival of agriculture sector.

#### *Backward Regions Grant Fund (BRGF)*

6. The Committee note that BRGF seeks to bring about focused development of identified backward districts by implementing programmes, selected through people's participation. It aims to help convergence and add value to other programmes such as Bharat Nirman and Mahatma Gandhi National Rural Employment Guarantee Programme etc., which are explicitly designed to meet rural infrastructure needs. The Committee feel that these programmes could not address the causes of backwardness in backward regions as intended. There is still wide variation in the economic performance across the States. The main reason for variation in the growth rate are unequal availability of basic infrastructure. The Committee, in agreement with the suggestion of the steering Committee for Rural Livelihoods and Rural Governance, desire that the Government should be sensitive to needs and aspirations of regions that feel a genuine grievance about being left out of the national mainstream and development process. The Committee further desire that there is a need for targeted intervention whereby backward regions are provided with more funds as well as technical support for meeting development expenditure *viz.* investment in rural infrastructure, primary education and health.

7. The Committee reiterate their earlier recommendation that expenditure data on rural infrastructure should be maintained and monitored in centralized manner to enable analysis of the progress made in this regard and desire convergence of BRGF, MGNREGA and Bharat Nirman followed by a well defined holistic district Plan for development of backward region including the specific programme for areas affected by naxalite extremism.

*The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)*

8. The Committee note that since its inception MGNREGS has been infested with numerous infirmities. During the last 5 years of implementation of MGNREGS, the expenditure have been reported to the tune of Rs. 8823.35 crores in 2006-07, Rs. 15856.89 crore in 2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905 in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively on the scheme. However, the Committee are concerned that the aim of the scheme which was to enhance the livelihood security of the people in rural areas and to create durable assets is far from being fulfilled, inspite of substantial expenditure incurred so far. It is a matter of dismay that the Scheme could not make much impact on the rural economy due to reasons such as lack of awareness amongst rural people, delay in wage payments, poor coverage of Banks and Post Offices, non-maintenance of records like job cards, dated receipts, muster rolls, slow grievance redressal, low creation of durable assets, poor conduct and quality of social audits etc. Since the 12th Plan Period has already been launched with the Budget Proposal of 2012-13, the Committee desire that the Government should make sincere efforts to strengthen the synergy between MGNREGS and agriculture and allied sectors to boost the rural economy. The Committee further desire that the infirmities noticed in the implementation of the Scheme since its inception should be addressed comprehensively and the evaluation study to be conducted by different research institutes in pursuance of the Committee's recommendation should be completed in a time bound manner.

*Restructuring of Centrally Sponsored Scheme*

9. The Committee in their earlier reports had recommended that the plethora of schemes and programmes operating now should be streamlined and rationalized to manageable proportions. The Committee note that this has been accepted by the Government in principle as mentioned by the Finance Minister in his Budget Speech 2012-13 to streamline and reduce the number of Centrally Sponsored Schemes. The Committee are of the view that the current year, being the first year of the 12th Plan, it is the ripe time to restructure and rationalize the number of Centrally Sponsored Schemes to enhance their efficiency and scale.

*Estimation of Poverty*

10. The Committee note that the Planning Commission is the nodal agency for estimating the number and proportion of people



living below the poverty line at national and States level, separately for rural and urban areas. The methodology for estimation of poverty has been reviewed from time to time. The Committee note that the Planning Commission has declared the year 2020 or latest by end of 13th Five Year Plan (2021-22) as the target year for elimination of poverty based on the methodology/estimates of Lakdawala Committee. The Committee are surprised that even though the Planning Commission has accepted the recomputed poverty estimates for the year 1993-94 and 2004-05 as recommended by the Tendulkar Committee, which has given a higher estimate of poverty, they have fixed the target based on Lakdawala Committee's report. The Committee had in their earlier reports *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. The Committee are at a loss to understand as to how the target for elimination of poverty will be achieved on the recomputed higher estimates. The Committee desire that more rigorous efforts should be made so that the target can be achieved by 2020.

*Unique Identification Authority of India (UIDAI)*

11. The Committee are unable to understand as to how the Government is still continuing with the implementation of Aadhar without the legislative approval and have allocated Rs. 1758 crore for the Scheme for the year 2012-13. The Committee in their 42nd Report on the 'National Identification Authority of India Bill, 2010' has *inter-alia* given their observations on number of issues and has conveyed their unacceptability of the National Identification of Authority of India Bill, 2010 in its present form and has urged the Government to reconsider and review the UID Scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The Committee, therefore, urge the Government to urgently address the issues identified/pointed out by the Committee in their report.

*Role of Planning Commission*

12. The Committee observe with dissatisfaction the evasive reply of the Ministry regarding evaluating performance of the Planning Commission by an Expert Group. The Committee can only observe that the Ministry of Planning/Planning Commission do not seem to be serious in its approach to evaluate the performance of Planning Commission and redefine its role and objective so as to make itself

more relevant and effective for aligning the planning process with economic reforms and its impact, particularly for the poor. The Committee reiterate their earlier recommendation that the Government should constitute an Expert-Group for evaluating the performance of the Planning Commission and redefining its role and objectives at the earliest and action taken in this direction be apprised to the Committee.

NEW DELHI;  
20 April, 2012  

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31 Chaitra, 1934 (Saka)

YASHWANT SINHA,  
*Chairman,*  
*Standing Committee on Finance.*

APPENDIX

MINUTES OF THE SIXTEENTH SITTING OF THE STANDING  
COMMITTEE ON FINANCE (2011-12)

The Committee sat on Wednesday, the 28th March, 2012 from  
1500 hrs to 1915 hrs.

PRESENT

Shri Yashwant Sinha — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Shivkumar Udasi
3. Shri Harishchandra Deoram Chavan
4. Shri Bhakta Charan Das
5. Shri Nishikant Dubey
6. Shri Bhartruhari Mahtab
7. Shri Prem Das Rai
8. Dr. Kavuru Sambasiva Rao
9. Shri Rayapati S. Rao
10. Shri Magunta Sreenivasulu Reddy
11. Shri R. Thamaraiselvan
12. Dr. M. Thambidurai

*Rajya Sabha*

13. Shri Piyush Goyal
14. Shri Mahendra Mohan
15. Dr. Mahendra Prasad

SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Shri R.K. Jain — *Director*
3. Shri Ramkumar Suryanarayanan — *Deputy Secretary*
4. Smt. Meenakshi Sharma — *Deputy Secretary*
5. Shri Kulmohan Singh Arora — *Under Secretary*

**PART I**  
**(1500 hrs. to 1700 hrs.)**

WITNESSES

|    |    |    |    |    |
|----|----|----|----|----|
| 2. | XX | XX | XX | XX |
|    | XX | XX | XX | XX |

*The witnesses then withdrew.*

**PART II**  
**(1700 hrs. to 1745 hrs.)**

WITNESSES

|    |    |    |    |    |
|----|----|----|----|----|
| 3. | XX | XX | XX | XX |
|    | XX | XX | XX | XX |

*The witnesses then withdrew.*

**PART III**  
**(1745 hrs. to 1915 hrs.)**

WITNESSES

MINISTRY OF PLANNING

1. Ms. Sudha Pillai, Member Secretary
2. Shri Pronab Sen, Pr. Adviser
3. Dr. S.P. Seth, Pr. Adviser
4. Shri Ashok Sahu, Pr. Adviser
5. Shri P.K. Pujari, Addl. Secretary & Fin. Adviser
6. Shri Ranjan Chatterjee, Sr. Consultant
7. Shri Haldea, Adviser to DCH
8. Ms. Vandana Kumari Jena, Sr. Adviser
9. Dr. Arbind Prasad, Sr. Adviser
10. Shri Prem Narain, Sr. Adviser
11. Shri Muralikrishna Kumar, Sr. Adviser
12. Shri G.B. Panda, Sr. Adviser
13. Smt. Vinita Kumar, Sr. Adviser

14. Shri S.N. Mohanty, Sr. Adviser
15. Shri Arbind Modi, Consultant
16. Shri Ram Sewak Sharma, Director General (UIDAI)
17. Shri T.K. Pandey, Joint Secretary

2. The Committee then took oral evidence of the representatives of the Ministry of Planning in connection with examination of Demands for Grants (2012-13). The major issues discussed during the sitting broadly related to methodology of poverty estimation, concept of Model Village Plan, agriculture growth, budgetary allocations to agricultural sector, power sector, tourism sector, Master Plan on drinking water, Right to Education, restructuring of Central Sector/Centrally Sponsored Schemes, approach to 12th Five Year Plan, New Initiative in Skill Development through PPP, AADHAR Number, Inter-linking of Rivers project, Independent Evaluation of Programmes/schemes of the Planning Commission and the role of the Planning Commission etc. The Chairman directed the representatives of Ministry of Planning to furnish replies to the points raised by the Members during the discussion within a week.

*A verbatim record of proceedings was kept.*

*The witnesses then withdrew.*

*The Committee then adjourned at 1915 hours.*

MINUTES OF THE EIGHTEENTH SITTING OF THE  
STANDING COMMITTEE ON FINANCE (2011-12)

The Committee sat on Friday, the 20th April, 2012 from 1130  
hrs. to 1400 hrs.

PRESENT

Shri Yashwant Sinha — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Gurudas Dasgupta
3. Shri Nishikant Dubey
4. Shri Chandrakant Khaire
5. Dr. Kavuru Sambasiva Rao
6. Shri Rayapati S. Rao
7. Shri Sarvey Sathyanarayana
8. Shri Yashvir Singh
9. Dr. M. Thambidurai

*Rajya Sabha*

10. Shri Satish Chandra Misra
11. Dr. K.V.P. Ramachandra Rao

SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Shri Ramkumar Suryanarayanan — *Deputy Secretary*
3. Smt. Meenakshi Sharma — *Deputy Secretary*
4. Shri Kulmohan Singh Arora — *Under Secretary*



