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STANDING COMMITTEE ON FINANCE  
(2012-13)

FIFTEENTH LOK SABHA

MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

*[Action taken by the Government on the recommendations contained in  
Fifty Fourth Report on Demands for Grants (2012-13) of the Ministry of  
Statistics and Programme Implementation]*

SIXTY THIRD REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

December, 2012/ Agrahayana, 1934 (Saka)

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(2012-2013)**

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*[Action taken by the Government on the recommendations contained in  
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Statistics and Programme Implementation]*

***Presented to Lok Sabha on 6 December, 2012  
Laid in Rajya Sabha on 6 December, 2012***



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2012/ Agrahayana, 1934 (Saka)**

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**\* Not appended in the cyclostyled copy**

## **COMPOSITION OF STANDING COMMITTEE ON FINANCE ( 2012-13)**

**Shri Yashwant Sinha - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Suwendu Adhikari
3. Dr. Baliram
4. Shri Udayanraje Bhonsle
5. Shri Nishikant Dubey
6. Shri Gurudas Dasgupta
7. Shri Rahul Gandhi
8. Shri Deepender Singh Hooda
9. Shri Chandrakant Khaire
10. Shri Bhartruhari Mahtab
11. Dr. Chinta Mohan
12. Shri Sanjay Brijkishorlal Nirupam
13. Shri Prem Das Rai
14. Shri S.S. Ramasubbu
15. Dr. Kavuru Sambasiva Rao
16. Shri Adv. A. Sampath
17. Vacant\*
18. Shri Thakur Anurag Singh
19. Dr. M. Thambidurai
20. Shri Shivkumar Udasi
21. Shri Dharmendra Yadav

#### **RAJYA SABHA**

22. Shri Naresh Agrawal
23. Shri Rajeev Chandrasekhar
24. Smt. Renuka Chowdhury
25. Shri Piyush Goyal
26. Shri Satish Chandra Misra
27. Dr. Mahendra Prasad
28. Shri Ravi Shankar Prasad
29. Shri P. Rajeeve
30. Shri Praveen Rashtrapal
31. Dr. Yogendra P. Trivedi

#### **SECRETARIAT**

1. Shri A.K. Singh - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Additional Director

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\* Shri Sarvey Sathyannarayana, MP ceased to be the Member of the Committee w.e.f 28.10.2012 consequent upon his induction to the Union Council of Ministers

## INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Sixty Third Report on action taken by Government on the recommendations contained in the Fifty Fourth Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation

2. The Fifty Fourth Report (15<sup>th</sup> Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 24 April, 2012. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 16 July, 2012.

3. The Committee considered and adopted this report at their sitting held on 29 November, 2012.

4. An analysis of action taken by Government on the recommendations contained in the Fifty Fourth 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;  
4 December, 2012  
13 Agrahayana, 1934 (Saka)**

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

## CHAPTER I

### REPORT

This report of the Standing Committee on Finance (Fifteenth Lok Sabha) deals with action taken by the Government on the recommendations/observations contained in their Fifty-fourth Report on the Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation which was presented to Lok Sabha and laid in Rajya Sabha on 24 April, 2012.

2. The Report contained 7 recommendations. Action taken notes have been received from the Government in respect of all the recommendations contained in the report. These have been categorised as follows:

- (i) Recommendations/Observations that have been accepted by the Government:  
Recommendation Nos. 1, 2, 4, 5, 6, and 7  

Total: 6  
(Chapter II)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:  
Recommendation No. 3  

Total: 1  
(Chapter III)
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:  

Total: Nil  
(Chapter IV)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:  

Total : Nil  
(Chapter V)

3. The Committee desire that specific replies to the comments contained in Chapter I of this Report should be furnished to them expeditiously, in any case not later than three months of the presentation of this Report.

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

### **National Statistical Commission (Sl.no. 3)**

#### **5. The Committee recommended as under:**

“The Committee understand that the appointment of a part-time Chairman and four part-time Members to constitute the National Statistical Commission (NSC) apart from the Secretary, Planning Commission as an ex-officio member and the Chief Statistician of India as Secretary to the Commission, was made on the basis of the recommendation of Rangarajan Commission. NSC which is yet to get a statutory status has now taken over the role of the Governing Council of NSSO. As a result, a host of tasks have been pending with the NSC including formulation of standards in respect of methodology for collection of core statistics and taking up the role of the Governing Council of the NSSO, implementation of the recommendations of the Rangaranjan Committee etc. In view of the tasks and responsibilities the NSC has to shoulder, the Committee are of the opinion that the NSC with part-time Chairman and part-time Members may not be able to deliver the desired outcome in the long run. With a view to providing the NSC with firmer footing to enable it to carry out its responsibility without any hindrance, the Committee would recommend the Ministry to review the decision to have part-time Chairman and Part-time Members for the NSC. They should also take appropriate measures for implementation of the Committee’s earlier recommendation for conferring statutory status upon NSC without any further delay.”

**6. The Ministry of Statistics and Programme Implementation in their Action taken reply stated as under:**

“The Committee appointed by the National Statistics Commission under the chairmanship of Prof. N.R. MadhavaMenon to look into legislative measures on statistical matters has submitted its report to the Commission on 27<sup>th</sup> October 2011. The Commission in its 45<sup>th</sup> meeting held on 29<sup>th</sup>& 30<sup>th</sup> October 2011 appreciated and adopted the report of the Menon Committee. The report of the Menon Committee along with the recommendations of the Commission thereof was received in this Ministry on 9<sup>th</sup> November 2011, with a request to take urgent steps to implement the recommendations. The Committee has strongly recommended that the National Statistical Commission shall not retain the concept of a part-time Chairperson and part-time Members and that the Commission should consist of a chairperson and not less than four Members, all full-time. The recommendations have been processed in this Ministry and a draft National Statistical Commission Bill has *inter alia* been circulated on 22<sup>nd</sup> December 2011 to Central Ministries/Departments and to States/UTs for their comments. The draft Bill is under the examination of the Government on the basis of views and suggestions received.”

**7. The Committee had desired in their earlier Report that the National Statistical Commission, which is presently being manned by part-time Chairman and Members, needs to be strengthened and made a statutory full-time body for this purpose. The Madhav Menon Expert Committee, constituted by the Ministry to look into legislative matters on statistical matters, had also earlier suggested making this a permanent body. The Committee would now expect the Ministry to speed up the consultative process with regard the draft Bill on this subject and bring forth the legislation before Parliament without further delay.**



## **Project – Time and Cost overruns (Sl.no. 5)**

### **8. The Committee recommended as under:**

The Committee note that the Implementation Wing of the Ministry of Statistics and Programme Implementation is monitoring 11 key infrastructure sectors as well as Central Sector Projects in 16 Sectors costing more than Rs. 150 crore. From the reply furnished by the Ministry, the Committee note that out of 561 projects on the monitor of the Ministry of Statistics and Programme Implementation, 258 projects i.e. 45.97 % have overruns in respect of either time or cost or both. The Committee further note that two organizations, namely Railways and NHAI have been particularly lax in furnishing timely information on projects to Ministry of Programme Implementation. While deprecating these two organizations for their non- compliance, the Committee would like the Ministry of Statistics and Programme Implementation to take up this matter for intervention at the highest level. The Ministry of Statistics and Programme Implementation should devise better ways of coordinating and monitoring with line Ministries for timely reporting of project delays including time/cost overruns.

### **9. The Ministry of Statistics and Programme Implementation in their Action taken reply stated as under:**

"The observations of the Standing Committee on Finance in its 54<sup>th</sup> Report are being conveyed to the Ministry of Railways from the level of the Hon'ble Minister. Also, the issues of non- reporting of dates of commissioning, misreporting of expenditure, inordinate delays in Railways Projects and the status of action initiated by the Railways in prioritizing Railways projects as suggested by this Ministry have also been taken up. The Ministry of Railways is being further requested to ensure that the representatives of the Ministry is invariably invited ( as is done by the other Ministries) in the review meeting of the Railways and a Nodal Officer be designated to coordinate with this Ministry on issues pertaining to monitoring of ongoing projects. The non-furnishing of the reply on the earlier

observations of the Standing Committee in its 36<sup>th</sup> Report have been pointed out in the letter to the Ministry of Railways.

2. Similarly, along with the observations of the Standing Committee on Finance, the issues of non-reporting by NHAI of details of project/reasons for delay, anomalies in the expenditures reported, are being taken up the Ministry of Road Transport and Highways from the level of Hon'ble Minister. They are also being requested to ensure the involvement of Ministry of Statistics and Programme Implementation in reviews of NHAI Projects and also to designate a Nodal Officer in the Ministry to coordinate with MOSPI on monitoring of ongoing projects.

3. In addition to the above, the Hon'ble Minister of State (IC) of Statistics and Programme Implementation has recently taken a review of NHAI projects of Odisha and the projects of East Coast Railways, in Odisha. The Hon'ble Minister proposes to review the status of implementation of projects in other states also.”

**10. The Committee note that Ministry of Statistics and Programme Implementation has taken some follow-up action in respect of their recommendation for taking appropriate measures to address time/cost overruns in project implementation in general and in particular the laxity showed by Railways and NHAI in furnishing timely information on projects to the Ministry of Statistics and Programme Implementation. The Committee would now expect the Ministry to persist in their efforts to squarely address the issue of time/cost overruns of project implementation and also work on devising better systemic ways of coordinating and regular monitoring with line Ministries for timely reporting of project delays including time/cost overruns.**

## **Collection of Statistics – Index of Industrial Production (IIP) ( Sl.no. 7)**

### **11. The Committee recommended as under:**

“ Steps have been taken from time to time to improve the collection of vital economic statistics in the country. However, the Committee are constrained to note that even today this leaves much to be desired. A recent instance was the IIP data for January 2012 which was revised from 6.8 percent to 1.1 per cent. This raises serious questions about the reliability of the data offered by the Ministry. A similar instance has occurred in India’s trade data when the April – October, 2011 export figures were reduced by \$ 8.8 billion. The Committee are seriously concerned at this flaw which projects not only the Government but the entire country in a poor light. The Committee would like an independent inquiry to be conducted in data errors of such magnitude and the report made available to the Committee within three months.”

### **12. The Ministry of Statistics and Programme Implementation in their Action taken reply stated as under:**

“In its 49<sup>th</sup> meeting held during 30 April-1<sup>st</sup> May 2012, National Statistical Commission (NSC) took note of the above directions and recommended that “an expert may be appointed by the MOSPI to look into the issue from the records and process in the concerned offices and submit a report”. In compliance of the aforesaid directions, Dr. R.B. Barman (Retd. Executive Director of RBI) has been appointed on 18.05.2012 to conduct the said inquiry and submit his report by 29<sup>th</sup> June 2012.”

### **13. The Report of the Independent Inquiry on Data Errors in IIP and Expert (headed by Dr. R.B. Barman, Retd. Exe. Director, RBI) submitted on 29 June, 2012 sated/observed as under:**

“The official explanation for this (IIP) is the wrong reporting of sugar production for January, 2012 of 134.08 lakh tones, which was corrected to 58.09 lakh tones at the time of the first revision..... The data clearly show that the production of mistakenly reported 134.08 lakh tones of sugar in January 2012 was completely out of alignment with the past production. How could it happen without being detected by ESD, CSO responsible for compilation and dissemination of the index? It is because CSO undertakes checking of data for detection of outliers based on per cent variation, as mentioned earlier...the method of checking the data for detection of possible errors, being followed by CSO for a long time, was found to be hopelessly inadequate for detecting such an impossible event.”

14. On the issue of erroneous reporting of India’s export data for April-October, 2011 which were revised downward by \$8.8 billion, the R.B. Barman Inquiry Report further observed/stated:

“The error creeping in the export data was due to erroneous inclusion of transactions, more than once, that went into compilation of these data by DGCI&S. This went undetected for quite some time because the validation checks these data were subjected did not provide for such a check as possibility of such multiple records of same transactions was not anticipated earlier.....Customs authority replaced ICS 1.0 with ICES 1.5 and started migrating to the new system for transaction processing on exports and imports..... It appears that Customs authority depended more on gradual shift to new system and the experience of DGCI&S on data validation checks to detect problems, which did not work in the final reckoning.

.....The main cause of error in exports figures is multiple counting of transactions. This went on for a long time and its detection eluded DGCI&S till a meeting took place in October 2012 involving both sides. As mentioned earlier, data duplication occurred at the stage of generation of Dumps by Customs for DTR after shifting to ICES 1.5. The problem was sorted out by adding new data field and introducing validation check for uniquely indentifying transactions.”

**15. The Committee note that the Independent Inquiry on Data Errors on IIP, headed by Dr. R.B. Barman, has been appointed as a result of the Committee’s recommendation for ‘an independent inquiry’ into data errors on IIP. The Committee, further note that the R.B. Barman Inquiry report has pointed out how**

and where the lapses occurred on IIP data as well as India's export data for April-October 2011 which were revised downward by \$8 billion. From the inquiry report, the Committee understand that errors occurred in the economic statistics data due to 'mistaken' reporting and multiple counting of transactions which were undetected for a considerable period of time. The Committee regret to note that the errors in data could have been easily avoided had there been even a modicum of seriousness on the part of the concerned officials/departments dealing with such data. The Committee would, therefore, urge the Ministry to initiate the necessary follow-up action on the Barman Inquiry findings and pursue the task of data collection and dissemination with due care and seriousness so that such lapses do not recur.

16. Furthermore, the Committee note with dismay, news reports pointing out that the CSO carried out revisions on their website with regard to GDP growth figures for 2008 and 2009 without even issuing as much as a press release. The Committee while disapproving of such arbitrariness and lack of transparency, would like the Ministry to explain the position in the matter within 15 days of the presentation of the Report.

New Delhi;  
4 December, 2012  
13 Agrahayana, 1934 (Saka)

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

## **MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2012-13)**

The Committee sat on Thursday, the 29<sup>th</sup> November, 2012 from 1530 hrs to 1730 hrs.

### **PRESENT**

**Shri Yashwant Sinha – Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Dr. Baliram
3. Shri Rahul Gandhi
4. Shri Deepender Singh Hooda
5. Shri Bhartruhari Mahtab
6. Shri Sanjay Brijkishorlal Nirupam
7. Shri Prem Das Rai
8. Shri S.S. Ramasubbu
9. Shri Thakur Anurag Singh
10. Dr. M. Thambidurai
11. Shri Shivkumar Udasi

#### **RAJYA SABHA**

12. Shri Piyush Goyal
13. Dr. Mahendra Prasad
14. Shri Praveen Rashtrapal

#### **SECRETARIAT**

1. Shri A. K. Singh – Joint Secretary
2. Shri Ramkumar Suryanarayanan – Additional Director
3. Shri Sanjay Sethi – Under 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 Fifty First Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);

- (ii) Draft Report on action taken by the Government on the recommendations contained in the Fifty Second Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Finance (Department of Revenue);
- (iii) Draft Report on action taken by the Government on the recommendations contained in the Fifty Third Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning;
- (iv) Draft Report on action taken by the Government on the recommendations contained in the Fifty Fourth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation; and
- (v) Draft Report on action taken by the Government on the recommendations contained in the Fifty Fifth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports at Sl.no. (iv) without any modification and those at Sl.nos. (i), (ii), (iii) and (v) with modifications. The Committee also authorized the Chairman to present all the Reports to Parliament in the current session.

The Committee adjourned at 1730 hours.

**APPENDIX**  
(*Vide* Para 4 of the Introduction)

**ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIFTY FOURTH  
REPORT OF THE STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2012-  
2013) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATIONS**

	Total	% of Total
(i) Total number of Recommendations	7	
(ii) Recommendations/observations which have been accepted by the Government ( <i>Vide</i> Recommendations at Sl. Nos. 1, 2, 4, 5, 6,7, 8,10, 11 and 12)	6	85.72
(iii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies ( <i>Vide</i> Recommendations at Sl. No. 3)	1	14.28
(iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee	NIL	0.00
(v) Recommendation/observation in respect of which final reply of the Government is still awaited	NIL	0.00