

78

STANDING COMMITTEE ON FINANCE
(2013-14)

FIFTEENTH LOK SABHA

MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

*[Action taken by the Government on the recommendations contained in
Seventieth Report on Demands for Grants (2013-14) of the Ministry of
Statistics and Programme Implementation]*

SEVENTY EIGHTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

December, 2013/ Agrahayana, 1935 (Saka)

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MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

*[Action taken by the Government on the recommendations contained in
Seventieth Report on Demands for Grants (2013-14) of the Ministry of
Statistics and Programme Implementation]*

Presented to Hon'ble Speaker on 18 October, 2013

Presented to Lok Sabha on 09 December, 2013

Laid in Rajya Sabha on 09 December, 2013



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2013/ Agrahayana, 1935 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE.....	(iii)
INTRODUCTION	(iv)
CHAPTER I Report	1
*CHAPTER II Recommendations/observations which have been accepted by the Government	
*CHAPTER III Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies	
*CHAPTER IV Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee	
*CHAPTER V Recommendations/observations in respect of which final reply of the Government is still awaited	

ANNEXURE

Minutes of the sitting of the Committee held on 27 September, 2013.....

APPENDIX

Analysis of Action Taken by the Government on the recommendations
Contained in the Seventieth Report of the Standing Committee on Finance
on Demands for Grants (2013-14) of the Ministry of Statistics and
Programme Implementation

*** Not appended in the cyclostyled copy**

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2013-14)

Shri Yashwant Sinha - Chairman

MEMBERS

LOK SABHA

2. Shri Suwendu Adhikari
3. Dr. Baliram
4. Shri Sudip Bandyopadhyay
5. Shri Udayanraje Bhonsle
6. Shri Gurudas Dasgupta
7. Shri Nishikant Dubey
8. Shri Rahul Gandhi
9. Shri Deepender Singh Hooda
10. Shri Chandrakant Khaire
11. Shri Bhartruhari Mahtab
12. Dr. Chinta Mohan
13. Shri Sanjay Brijkishorlal Nirupam
14. Shri Prem Das Rai
15. Shri S.S. Ramasubbu
16. Adv. A. Sampath
17. Shri Thakur Anurag Singh
18. Shri Subodh Kant Sahai*
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
3. Shri Kulmohan Singh Arora - Under Secretary

* Nominated as Member of the Standing Committee on Finance w.e.f 16th September, 2013

INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Seventy Eighth Report on action taken by Government on the recommendations contained in the Seventieth Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2013-14) of the Ministry of Statistics and Programme Implementation

2. The Seventieth Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 22 April, 2013. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 15 July, 2013.

3. The Committee considered and adopted this report at their sitting held on 27 September, 2013.

4. An analysis of action taken by Government on the recommendations contained in the Seventieth 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;
27 September, 2013
05 Asvina, 1935 (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 Seventieth Report on the Demands for Grants (2013-14) of the Ministry of Statistics and Programme Implementation which was presented to Lok Sabha and laid in Rajya Sabha on 22 April, 2013.

2. The Report contained 9 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 and 6

Total: 5
(Chapter II)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Total: Nil
(Chapter III)
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:
Recommendation Nos. 3,7,8 and 9

Total: 4
(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.

Budgetary Allocation

(Recommendation Para No. 1)

5. The Committee recommended as under:

“The Committee note with concern the persistent underutilization of allocated Plan funds in the Ministry of Statistics and Programme Implementation (MOSPI) during the last three years. During the preceding three years the actual plan expenditure of the MOSPI was less than 50 percent of the allocated Budget of each year. The actual expenditure of MOSPI (excluding MPLADS) in 2010-11 was Rs. 114.03 crore as compared to Budget Estimates of Rs. 268.08 crore. In 2011-12 actual expenditure was Rs. 262.47 crore whereas BE was Rs. 600.00 crore. The expected expenditure in 2012-13 was about Rs. 340.00 crore whereas BE was Rs. 631.00 crore. Now for the year 2013-14, again the BE is Rs. 631.00 crore. The Committee are not convinced with the routine reply of the Ministry that the shortfall in the plan expenditure was on account of lesser expenditure under the Economic Census, Indian Statistical Strengthening Project (ISSP), postponement of Organisation of Economic Corporation and Development Conference and underutilization of allocated funds in NSSO etc., as gross under-utilisation has become a persistent feature. Such a trend only indicates that the funds allocated for plan side were not consistent with the capacity of the Ministry to spend the funds. The Committee are dismayed to note that repeated recommendations made by the Committee in their earlier reports for prudent and effective budgetary formulation went unheeded. The Committee are thus constrained to reiterate that the Ministry should devise an effective mechanism for identifying and overcoming the deficiencies in the existing system of budgetary planning for assessment of funds required and proper utilisation of allocated funds through prudent management of funds, close monitoring and timely implementation of plan schemes.”

6. The Ministry in their action taken reply stated as under:-

“The Plan schemes of MoSPI are somewhat of different nature as in most of the cases, the Ministry has to depend on various state Governments and other Central Ministries /Departments to fully implement its Plan schemes. India Statistical Strengthening Project (ISSP), Economic Census, Basis Statistics of Local Level Development (BSLLD) are some of the Plan Schemes of the Ministry where there is heavy reliance upon the State Governments and other agencies which are predominantly responsible for the implementation. Under the aforesaid Plan Schemes of the MoSPI, the funds are given to the State Governments/ other agencies. It is the slow pace of utilization of funds by State Governments etc. that ultimately results in the under-utilization of Plan fund of MoSPI.

The Ministry has been consistently following up with the State Governments at various levels to ensure the utilization of plan funds. Within the Ministry we have put in place a two tier mechanism where the utilization of plan funds of various schemes are monitored on monthly basis by all the Divisional Heads and then it is being closely monitored on quarterly basis by the Secretary (S&PI). The observations of the Standing Committee on Finance have been noted for realistic assessment of future budget requirement and also for proper utilization of plan funds.”

7. The Committee are constrained to note that the Ministry have furnished a routine reply regarding under-utilisation of plan funds, just as their budget formulation itself, wherein they have kept their BE at the same level (i.e. Rs. 631 crore) since 2012-13 without any regard to actual expenditure. They have now sought to shift the onus on the state governments and hold them responsible for the slow pace of utilization of funds. The Committee are, however, of the view that it is the responsibility of the Ministry to follow-up and constantly monitor the utilisation of plan funds and implementation of related programmes at the state level. Thus the Ministry has to squarely assume responsibility in this regard, as these schemes have been formulated and funded by them. The Committee desire that the identification of States should be done, which are lagging behind in utilization of funds and that corrective steps be taken to identify

the problem areas and difficulties encountered by these States and apprise the Committee in this regard within 3 months from presentation of this Report.

Basic Statistics for Local Level Development (BSLLD) Scheme

(Recommendation Para No. 3)

8. The Committee recommended as under:

“The Committee note that for proper planning, monitoring and implementation of social sector programmes at local level and for making available basic statistics at village and panchayat level, ‘Basic Statistics for Local Level Development (BSLLD) Scheme’ was launched way back in 2008-09. This Centrally Sponsored Scheme is in operation in 30 States/UTs (51 district across the country) with the objective to ascertain the availability of data on about 250 indicators from various village records and to identify their sources. As pointed out in their earlier reports, the Committee are not happy with the persistent underutilization of budgetary allocation under this scheme. The Committee, therefore, desire that realistic projection of funds for the scheme should be made so as to achieve the intended objectives.”

9. The Ministry in their action taken reply submitted as under:-

“The recommendations of the Committee are noted for compliance.”

10. The Committee had observed that they were not happy with the persistent under utilisation of budgetary allocation under Basic Statistics for Local Level Development (BSLLD) Scheme and therefore desired that realistic projection of funds for the scheme should be made so as to achieve the intended objectives. In their response, the Ministry have simply stated that “the recommendations of the Committee are noted for compliance.” As this is not a satisfactory reply, particularly considering the large deficit in utilisation of funds amounting to just about half of the allocations year after year, the Committee

would like the Ministry to furnish comprehensive action taken replies indicating the specific action taken or proposed to be taken by them as per extant action taken procedures, which has been intimated to them while forwarding copy of the Committee's Report.

Collection and dissemination of reliable and credible statistics

(Recommendation Para No. 6)

11. The Committee recommended as under:

“The Committee are dismayed to note the growing concern, in particular, the views coming from the Planning Commission and Ministry of Finance about the deficiencies with respect to credibility, timeliness and adequacy of statistics available at present. The Committee feel that the major thrust of the Ministry of Statistics and Programme Implementation during the 12th Five Plan should be towards reforming the administrative and technical structure of Indian Statistical System and upgrading its capacity. The Committee desire that the Ministry should put in place Data Validation Mechanism checks at various levels in order to improve data quality and obviate the release/occurrence of faulty data/statistics.”

12. The Ministry in their action taken reply submitted as under:-

“It is informed that data validation checks are already a part of the procedures followed in this Division for the compilation of National Accounts and the Consumer Price Indices. However, often the estimates of National Accounts undergo revision due to revision in the data received from source agencies. Therefore, it needs to be ensured that the data received from the source agencies, is duly validated, which is only possible if there is a well-augmented Statistical Division in each of these source agencies. Some of the agencies which supply data for this Division, but do not have an established Statistical Division are -

1. Department of Shipping
2. Department of Financial Services
3. Railway Board, M/o Railways
4. Department of Public Enterprises
5. Department of Heavy Industries
6. Department of Power
7. Department of Revenue

Further, there is a need to set up a Division in the Department of Economic Affairs so that the National Accounts data which is used for various economic policy purposes may be optimally and effectively utilized.

To take care of concerns raised, Ministry is taking several steps. However, the most important step for reforming administrative and technical structure of Indian Statistical System is to carry out the cadre review of the service by suitably equipping all relevant Ministries/Departments with statistical personnel at appropriate level. Ministry has already initiated the proposal of next comprehensive Cadre Review of Indian Statistical Service.

The cadre review will ensure establishing of statistical division in above Ministries/Departments and it is expected that the quality of data furnished by these Ministries/ Department will improve.”

13. While appreciating the administrative measures taken by the Ministry to strengthen the statistical cadre, the Committee would reiterate that Data Validation Mechanism should be put in place at various levels in order to improve data quality and reliability. In this connection, the setting up of a Division in the Department of Economic Affairs as well as establishing Statistical Divisions in all the other important Departments which have been enumerated in the action taken replies of the Ministry, along with cadre review of the Statistical Services should be expedited. This will help to ensure better implementation of programmes and projects and effective monitoring thereof.

Shortage of Manpower

(Recommendation Para No. 7)

14. The Committee recommended as under:

“In their Outcome Budget 2013-14 the Ministry of Statistics and Programme Implementation has stated that shortage of manpower in Statistics Wing of the Ministry may affect the quality of data collected. The

implementation of the prestigious scheme of 'India Statistical Strengthening Project' will also depend upon the availability of qualified manpower. The Committee are of the view that shortage of manpower cannot always be an alibi for non-performance in this era of IT and its applications. Since the shortage of manpower in Statistics Wing of the Ministry is a perennial problem, it could be overcome by qualitative and optimum utilisation of available manpower and by outsourcing the work of conducting survey, collection of data etc. which would be a practical solution as well. The Committee, therefore, recommend that the Ministry should explore the feasibility of outsourcing the work of conducting of survey, collection of data etc. so as to overcome the persistent shortage of manpower. Simultaneously, the Ministry should continue to recruit requisite manpower for their Statistics Wing."

15. The Ministry in their action taken reply submitted as under:-

"With respect to shortage of manpower in Subordinate Statistical Service, it is informed that M/o Statistics & Programme Implementation have taken necessary action to minimise the number of vacancies. As on 1st May, 2013 there are 156 Vacancies in Statistical Investigators Gr. I and 838 vacancies in Statistical Investigator Grade II. After approval of revised Recruitment Rules all vacant posts in Statistical Investigator Grade-I will also be filled up by granting promotions to S.I Gr.II. Besides, 496 posts in Statistical Investigator Grade-II were filled up by direct recruitment through Staff Selection Commission during 2012-13 and for the year 2013-14 it is proposed to recruit 456 candidates recommended by SSC through Combined Graduate Level Examination 2012 as against intimated vacancies of 712. Further about 550 vacancies against CGLE 2013 are being conveyed to SSC against CGLE 2013 and hopefully this will arrest the issue of shortage of manpower. The Ministry of Statistics and Programme Implementation is also taking up all the steps to reduce the rate of attrition in S.I Gr.II. One of the reasons for higher rate of attrition has been lower grade pay in SSS and the matter was taken up with Cabinet Secretariat through a COS note for granting higher grade pay to SSS functionaries and presently the matter is under consideration of DOPT. By adhering to Strategic Action Plan 2012-15, M/o Statistics & Programme Implementation shall overcome the problem of manpower shortage in the next few years."

16. The Committee regret to note that the Ministry has not yet taken effective steps to overcome shortage of manpower. Therefore, the Committee

would like to recommend that energetic steps may be taken by the Ministry to overcome this constraint within a period of one year.

Infrastructure and Project Monitoring

(Recommendation Para No. 8 and 9)

17. The Committee recommended as under:

“The Committee note that the Infrastructure and Project Monitoring Division of the Ministry of Statistics and Programme Implementation monitors the implementation of Central Sector Project costing more than Rs. 150 crore in 16 sectors. It is supposed to act as an independent monitor for time and cost overruns in the implementation of projects and flag the slow/wayward projects for corrective action. The Committee note that as on 1st January, 2013, there were 566 projects on the monitor of the Ministry. Of these, it is a matter of great concern that as many as 103 projects have reported delay of more than 47 months. Total original cost of these 103 projects was Rs. 82,877.93 crore which is now anticipated to be a whopping Rs. 1,52,928.14 crore, leading to massive cost overruns of 84.53%. The Committee also note that with a view to minimize time and cost overruns in Central Sector Projects, the Central Sector Projects Coordinating Committees (CSPCCs) headed by the Chief Secretary of the respective State have been constituted in 18 States on the advice of the Ministry of Statistics and Programme Implementation. The Committee desire that the Ministry should impress upon the remaining States to constitute CSPCCs so as to clear the bottlenecks at the earliest. Since a special report is brought out by the Ministry on monthly basis on projects costing Rs. 1000 crore and above for the information of the Prime Minister’s Office, the Committee also desire that the Government should constitute a High Powered Committee to resolve the issue of minimizing time and cost overruns in the Central Sector Projects costing Rs. 1000 crore and above particularly the projects of Coal, Power, Railways, and NHAI, where delays seem to be endemic ranging between 47 months to 235 months. The Committee may be apprised of the action taken in this regard.”

18. The Ministry in their action taken reply submitted as under:-

“The States where Central Sector Projects Coordination Committees (CSPCCs) have not yet been constituted have been apprised of the

observations made by the Standing Committee on Finance and requested to take appropriate action for constituting CSPCCs.

A Cabinet Committee on Investment (CCI) has been recently constituted in December 2012 to review and monitor the implementation of major projects which are delayed beyond stipulated time-frames, including issues affecting grant of clearances/approvals. To assist the CCI in its functions, a Committee of Secretaries (COS) has also been formed, comprising of Secretaries of concerned Ministries and having Secretary MoS&PI as one of its members. It is therefore felt that a separate High Powered Committee to monitor time & cost overruns, as recommended by the Standing Committee on Finance, might not be required.”

19. As already observed by the Committee as on 1 January, 2013, more than 18% of the projects under the monitoring mechanism of the Ministry have recorded an average delay of nearly 4 years, which has correspondingly led to a staggering cost overrun of about 85%. In the light of this glaring fact, the Committee hope that pending issues on project approvals, sanctions etc. will be expedited. The Committee also desire that the formation of Central Sector Projects Coordination Committees (CSPCCs) in the concerned states should also be done without any delay.

20. Further, on Infrastructure and Project Monitoring, the Committee recommended as under:

“The Committee believe that there would be several projects less than Rs. 150 crore entailing time and cost overruns and thus in order to effectively monitor and ensure timely implementation of all such projects, the Committee recommend that the monitoring ambit of the Ministry needs to be widened so as to cover even those projects country-wide costing Rs. 20 crore and above, which they are stated to have been monitoring earlier. In this context, the Committee further recommend that the Ministry of Statistics and Programme Implementation should also be mandated to compile/prepare a comprehensive report on the status of various infrastructure projects across the country including those implemented by

State Governments and place the same through the Planning Commission before the National Development Council (NDC) for a complete overview.”

21. The Ministry in their action taken reply submitted as under:-

“After due consideration, in the year 2010 it was decided to raise the limit to monitor the Central Sector Infrastructure Projects from ` 20 crore to ` 150 crore. On the one hand, this brought the number of projects on the monitor of the Ministry to manageable levels and, on the other hand, this ensured more attention towards the comparatively larger projects, within the available resources. The limit of ` 150 crore is felt to be appropriate for the present.

State sector projects are implemented by the State Governments, and fall in the domain of the State Governments and not of the Central Government. This Ministry monitors Central Sector Infrastructure Projects costing `150 crore or more on time and cost overruns on the basis of information provided/fed by the concerned project implementing agencies on the Online Computerised Monitoring System (OCMS) of the Ministry .It might not be readily feasible, within the available resources, to obtain information in alike manner in respect of state sector projects from all the various project implementing agencies spread across all the states in the country.”

22. The Committee had suggested that there would be several projects of less than Rs. 150 crore entailing time and cost overruns, which would require to be monitored by the Ministry. The Committee are not convinced with the reply of the Ministry that in the year 2010 it was decided to raise the limit to monitor the Central Sector Infrastructure Projects from Rs. 20 crore to 150 crore, so as to bring the number of projects on the monitor of the Ministry to manageable level. Considering that a huge chunk of the developmental programmes fall in the sub Rs. 150 crore bracket involving huge volume of funds, the Committee would suggest that at least projects of Rs. 50 crore and above should be overseen and monitored by the Ministry of Statistics and Programme Implementation, as this Ministry has been created specifically for this purpose with the mandate to

monitor implementation of Central sector programmes. Further, the Ministry should also compile information on State sector projects, so that a comprehensive national view on development projects as a whole emerges.

New Delhi;
27 September, 2013
05 Asvina, 1935 (Saka)

YASHWANT SINHA
Chairman,
Standing Committee on Finance.

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON FINANCE (2013-14)

The Committee sat on Friday, the 27th September, 2013 from 1100 hrs to 1310 hrs.

PRESENT

Shri Yashwant Sinha – Chairman

MEMBERS

LOK SABHA

2. Dr. Baliram
3. Shri Gurudas Dasgupta
4. Shri Nishikant Dubey
5. Shri Deepender Singh Hooda
6. Shri Chandrakant Khaire
7. Dr. Chinta Mohan
8. Shri S.S. Ramasubbu
9. Adv. A. Sampath
10. Shri Subodh Kant Sahai
11. Dr. M. Thambidurai
12. Shri Shivkumar Udasi

RAJYA SABHA

13. Shri Naresh Agrawal
14. Dr. Mahendra Prasad
15. Shri P. Rajeeve
16. Shri Praveen Rashtrapal
17. Dr. Yogendra P. Trivedi

SECRETARIAT

- | | | |
|---------------------------------|---|---------------------|
| 1. Shri A.K. Singh | – | Joint Secretary |
| 2. Shri Ramkumar Suryanarayanan | – | Additional Director |
| 3. Shri Sanjay Sethi | – | Deputy Secretary |
| 4. Shri Kulmohan Singh Arora | – | Under Secretary |

2. At the outset, the Chairman welcomed Shri Subodh Kant Sahai and congratulated him on his nomination to the Committee for the year 2013-14. The Committee thereafter took up the following draft Reports for consideration and adoption :-

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SEVENTIETH REPORT OF THE STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2013-2014) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

	Total	% of Total
(i) Total number of Recommendations	09	
(ii) Recommendations/observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1,2, 4,5 and 6)	05	55.55
(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 Sl. Nos. 3,7, 8 and 9)	04	44.45
(v) Recommendation/observation in respect of which final reply of the Government is still awaited	NIL	0.00