

FIRST REPORT
STANDING COMMITTEE ON FINANCE
(1999-2000)

(THIRTEENTH LOK SABHA)

MINISTRY OF PLANNING AND
PROGRAMME IMPLEMENTATION

DEMANDS FOR GRANTS
(1999-2000)

*Action taken by the Government on the recommendations contained in
the Nineteenth Report (Twelfth Lok Sabha) of the Standing Committee
on Finance on Demands for Grants (1999-2000) of Ministry of
Planning and Programme Implementation]*

Presented to Lok Sabha on 16 March, 2000

Laid in Rajya Sabha on 16 March, 2000



LOK SABHA SECRETARIAT
NEW DELHI

March, 2000/Phalguna, 1921 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE
(1999-2000)

Shri Shivraj V. Patil — *Chairman*

MEMBERS

Lok Sabha

2. Shri Raashid Alvi
3. Shri Sudip Bandyopadhyay
4. Shri Ajoy Chakraborty
5. Shri Rattan Lal Kataria
6. Shri Krishnamraju
7. Shri Brahmanand Mandal
8. Shri M.V. Chandrashekhara Murthy
9. Shri M.V.V.S. Murthy
10. Shri Kamal Nath
11. Shri Rupchand Pal
12. Shri M. Padmanabham
13. Shri Prakash Paranjpe
14. Shri Raj Narain Passi
15. Dr. Sanjay Paswan
16. Shri Annasaheb M.K. Patil
17. Shri Varkala Radhakrishnan
18. Shri Pravin Rashtupal
19. Shri Ram Singh Rathwa
20. Shri G. Ganga Reddy
21. Shri S. Jaipal Reddy
22. Shri T.M. Selvaganpathi
23. Mohammad Shahabuddin
24. Shri Ajit Singh

(iv)

25. Shri C.N. Singh
26. Shri Kirit Somaiya
27. Shri Kharabela Swain
28. Shri Narayan Dutt Tiwari
29. Shri Braja Kishore Tripathy
- *30. Smt. Renuka Chowdhury

Rajya Sabha

31. Dr. Manmohan Singh
32. Shri N.K.P. Salve
33. Shri Krishna Kumar Birla
34. Shri K. Rahman Khan
35. Shri Narendra Mohan
36. Shri M. Venkaiah Naidu
37. Shri Prafull Goradia
38. Dr. Biplab Dasgupta
39. Shri P. Prabhakar Reddy
40. Shri Ranjan Prasad Yadav
41. Prof. M. Sankaralingam
42. Shri Gurudas Das Gupta
43. Shri Amar Singh
44. Shri Vijay Darda
- **45. Shri Suresh A. Keswani

SECRETARIAT

- | | |
|---------------------------|-----------------------------|
| 1. Dr. A.K. Pandey | <i>Additional Secretary</i> |
| 2. Shri Harnam Singh | <i>Joint Secretary</i> |
| 3. Dr. (Smt.) P.K. Sandhu | <i>Director</i> |
| 4. Shri S.B. Arora | <i>Under Secretary</i> |

*Nominated *w.e.f.* 14 February, 2000

**Nominated *w.e.f.* 24 February, 2000

INTRODUCTION

I, the Chairman of the Standing Committee on Finance (1999-2000), having been authorised by the Committee to submit the Report on their behalf present this First Report on action taken by Government on the recommendations contained in the Nineteenth Report of the Committee (Twelfth Lok Sabha) on Demands for Grants (1999-2000) of the Ministry of Planning and Programme Implementation.

2. The Nineteenth Report was laid in Rajya Sabha/presented to Lok Sabha on 19 and 22 April, 1999 respectively. The Government furnished the replies indicating action taken on all the recommendations on 16 July and 27 October, 1999. The updated replies were furnished by the Government in 24 January and 10 February, 2000. The Draft Action Taken Report was considered and adopted by the Standing Committee on Finance at their sitting held on 28 February, 2000.

3. An analysis of action taken by Government on recommendations contained in the Nineteenth Report (Twelfth Lok Sabha) of the Committee is given in the Appendix.

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

NEW DELHI;
15 March, 2000
25 Phalgun, 1921 (Saka)

SHIVRAJ V. PATIL,
Chairman,
Standing Committee on Finance.

CHAPTER I

REPORT

1.1 This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations contained in their Nineteenth Report (Twelfth Lok Sabha) on Demands for Grants (1999-2000) of the Ministry of Planning and Programme Implementation which was presented to Lok Sabha on 22 April, 1999 and laid in Rajya Sabha on 19 April, 1999.

1.2 The Report contained eight 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:
Sl. No. 1, 2 &
(Total 3) (Chapter II)
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's replies:
Sl. No. 4, 6 & 7
(Total 3) (Chapter III)
- (iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee:
NIL (Chapter IV)
- (iv) Recommendations/observations in respect of which final replies of Government are still awaited:
Sl. No. 5 & 8
(Total 2) (Chapter V)

1.3 The Committee desire that replies in respect of the recommendations contained in Chapter V of the Report may be furnished to them expeditiously.

1.4 The Committee will now deal with the action taken by Government on some of their recommendations/observations:

Demand No. 66
Planning Commission
Human Development Report

Recommendation No. 5 (Para Nos. 30 & 31)

1.5 The Committee were distressed to note that even after more than 50 years of Independence, the country had not been able to bring out a National Human Development Report covering areas like Infant mortality, primary education, health and employment etc. The Committee were further pained to note that Planning Commission had not yet decided about the modality and time frame in that regard. The Committee were concerned to note that in pursuance of the Report prepared by Madhya Pradesh some more States had also shown interest in preparation of National Human Development Report and the Dy. Chairman, Planning Commission in meeting of the NDC had announced to prepare a human development report for the entire country in addition to allocating funds to State Governments.

The Committee keeping in view the vital importance of the Human Development Report, had desired that Planning Commission should take up the matter in the right earnest and prepare Report for the entire country on top priority without further delay.

1.6 In their action taken reply, the Ministry of Planning & Programme Implementation have stated as under:

"Planning Commission is actively supporting the states desirous of preparing their own State Human Development Reports (SHDRs). It has also initiated steps for preparation of the National Human Development Report (HDR) on a priority basis. In order to decide on the core parameters which should form the basis for construction of a National HDR, a workshop is being organised by the Planning Commission on the 30th July, 1999 with participation by selected representatives of the State Governments, some Central Government Departments, the UNDP and number of Experts working in this area.

For 1998-99, a provision of Rs. 2 crore as Additional Central Assistance (ACA) was made to support the State Governments for preparation of the State HDRs. Out of this, five State Governments have been given ACA funds totalling Rs. 1.10 crore. The States are Andhra Pradesh, Arunachal Pradesh, Assam, Punjab and Uttar Pradesh. An equivalent provision of Rs. 2 crore has also been made for the year 1999-2000 to help all the other States who have decided to prepare their State HDRs.

The UNDP which has a rich experience in preparation of the Global HDR have been approached by many State Governments for support in preparation of the State HDRs. The UNDP has been supportive of this endeavour by the States and has pledged \$ 500,000 over the next three years in consultation with the Planning Commission and the Department of Economic Affairs. The UNDP Project called "Capacity Building for preparation of State HDRs" is in an advanced stage of execution."

1.7 In their subsequent reply, the Ministry of Planning have stated as under:

"It is reiterated that we in Planning Commission are very keen to bring out a Report for the entire country that will show the status of human development in our country. While we are in the process of preparing an all-India Human Development Report, many of its components such as infant mortality, primary education, health, etc. primarily concern the State Governments. Therefore, we have been encouraging the State Governments to prepare State-level Human Development Reports. States like Karnataka and Madhya Pradesh have already come out with State Human Development Reports and many other States are in the process of preparing such Reports.

A Workshop on the Human Development Reports was jointly organised by Planning Commission and UNDP on 30-31 July 1999 which was attended by representatives of the Central and State Governments, UNDP and experts in the field. The Workshop was received very well and is expected to generate Human Development Reports from other States.

Planning Commission has made a provision of Rs. 2 crore for 1999-2000 towards Additional Central Assistance (ACA) to the States for the preparation of HDRs. The process for the preparation of the National HDR is being initiated."

1.8 From the reply the Committee find that hardly any progress has been made in bringing out a National Human Development Report except that a workshop on HDR was organised jointly by the Planning Commission and the UNDP in July, 1999 in order to decide on the core parameters which should form the basis of a National Development Report (HDR). However, no programmes, modalities, time frame etc. seem to have been formulated in the absence of which, the Committee apprehend, the announcement made by the Dy. Chairman, Planning Commission to bring out a National Human Development Report is likely to remain on paper only.

1.9 Reiterating their recommendation, the Committee expect the Planning Commission to formulate definite programmes, modalities, time frame etc. for bringing out an all India Human Development Report (HDR). They also expect that the Planning Commission will impress upon all the State Governments to realise the importance of such a report and to come forward and make use of the supportive financial assistance pledged by the UNDP in addition to the funds made available to them from Additional Central Assistance (ACA).

1.10 The Committee would like to be apprised of the progress made in this regard.

Demand No. 68

**Department of Programme Implementation Management
of Project under Implementation**

Sl. No. 8 (Para Nos. 56, 57 and 58)

1.11 The Committee were concerned to note that as on December, 1998 there were 428 projects on the monitor of the Department of Programme Implementation out of which 220 projects were running behind the schedule. The total anticipated cost of these 220 projects had increased from Rs. 79,547 crore to Rs. 97,314 which gave an escalation of Rs. 17,767 crore. They were pained to note that despite a number of corrective steps claimed to have been taken to contain time cost over-run in the projects, a large number of projects continued to suffer from the same old malady of cost escalation and delay in completion.

1.12 The Committee opined that had pre-sanction scrutiny and post-sanction appraisal of projects been carried out with due seriousness; the administrative Ministries/Departments had been forced to adhere to time and cost stipulations, and implementing authorities were made accountable for any lapse, most of the projects could have been completed as per schedule resulting thereby in savings of substantial amount.

1.13 Hence, the Committee recommended that the progress of all the ongoing projects might be reviewed and revised schedule for their completion might be drawn. The schedule so drawn, might be communicated to all the administrative Ministries/Departments for strict compliance.

1.14 The Committee desired to be apprised of the action taken and achievements made in that regard.

1.15 The action taken reply of the Ministry reads as under:

"The Ministry of Statistic & Programme Implementation had forwarded the recommendations made by the Committee to the Ministries/Departments concerned for implementation and taking due care at pre-sanction scrutiny and post-sanction appraisal of projects. They were also requested to devise mechanisms to adhere to the time and cost stipulations with proper accountability to complete the projects without time and cost overruns.

The replies received from the Ministries/Departments indicate that pre-sanction scrutiny and post sanction appraisal of the projects is carried out with due seriousness. The cost estimates and schedules are prepared and scrutinised by the appropriate agencies and approval of the competent authorities is taken, before obtaining the sanctions of the Ministries concerned. The post-sanction appraisal is regularly and closely done not only at the level of the project authorities, but by the concerned Ministries/Departments through their High Powered Committees, in addition to the reviews by the MOSPI.

The status and trends of the progress are also analysed and corrective/preventive measures taken to contain cost and time overruns, which normally occur due to various factors, such as, delay in land acquisition/necessary clearances, delay in tie-up of adequate funds and their sources, delay in finalisation of project drawings and delay in finalisation of contractual procedures.

The project authorities are aware of the responsibility for adhering to the time and cost stipulations, but due to some of the factors enumerated above, situations do arise, necessitating change of dates of commissioning of the projects, decisions about which are taken at the highest level of monitoring, (as may be the case) and with the approval of the competent authorities.

The Ministries/Departments have reviewed the progress of the on-going projects and revised their schedules of completion, wherever necessary."

The gists of the replies received from the Ministries/Departments concerned indicating the action taken by them on the above recommendations of the Committee, are given hereunder:

Department of Atomic Energy

The cost estimates and schedules are internally prepared and scrutinised by Directorates of Engineering, Projects, Finance and Strategic Planning & Management System before putting up the DPR to NPCIL Board. After approval of NPCIL Board, the Detailed Project Report (DPR) is scrutinised by the Department of Atomic Energy (DAE) and put up to the Atomic Energy Commission for approval. After obtaining approval of AEC, the DPR is put up to the Cabinet Committee on Economic Affairs for obtaining financial sanction for the project. The normal clearances, prior to consideration of the note by the CCEA, from other Ministries are taken, as per the procedure.

The post sanction appraisal of on-going projects is carried out periodically at various levels of project management. The status and trends are analysed and corrective/preventive measures are taken to contain cost and time over-run. The project progress and cost stipulations are reviewed on weekly/monthly/bimonthly/quarterly basis at appropriate levels.

The progress of the on-going projects has been reviewed and these are now in an advanced stage of completion. While the Kaiga 1 & 2 are expected to be completed by June, 2000, the RAPP is expected to reach criticality by July, 2000.

The work of Tarapur Atomic Power Project 3 & 4, which sanctioned in January, 1991 at a total cost of Rs. 2427.51 crore, could not be started, as no funds could be allotted to the project. The cost estimates were revised to Rs. 6421 crores in December, 1997. The latest approved criticality dates for TAPP 3 & 4 are July, 2006 and October, 2005 respectively.

Ministry of Chemicals & Fertilizers

(A) Department of Fertilizers

There is only one major project, i.e., IFFCO's Kandla Phase-II DAP/NPK Expansion Project, which is under implementation. It is progressing as per schedule and is expected to be commissioned within schedule.

(B) Department of Chemicals & Petro-chemicals

There is only one project, namely, the Gandhar Petro-chemicals Project of IPCL which was sanctioned by the Government in March, 1992 with a total outlay of Rs. 3,485 crores. The Project was to be implemented by October, 1996. The Phase I of the project was completed and commissioned in March, 1997. The Phase II of the project is expected to be completed and commissioned in 1999-2000. The revised cost of the project is now Rs. 3,809 crores, against the original sanctioned cost of Rs. 3,485 crores.

The status of implementation of the project was reviewed by the Committees of Secretaries (COS) in the meeting held on 19.04.99. The COS concluded that the delays in the implementation of the project could be ascribed to a considerable extent to the changing profile of gas availability and delays in setting up of GAIL's LPG recovery plant which have forced IPCL to change the design for the Gas Cracker so that it can receive rich gas also.

Ministry of Civil Aviation

The procedure prescribed by the Government for scrutiny of the projects requiring approval of the Government is followed and due care is taken during the course of examination of such projects in the EFC, Pre-PIB and PIB meetings. As indicated above, the projects costing above Rs. 10 crores are monitored in the Ministry of Civil Aviation with a view to taking necessary corrective actions wherever time and cost overruns are anticipated during the course of execution of the projects.

In accordance with the instructions issued by the Ministry of Statistics and Programme Implementation, Nodal Officers have been appointed in respect of various projects costing more than Rs. 50 crores in the Civil Aviation Sector and the officers thus appointed are responsible for timely execution of the projects entrusted to them.

The major projects costing above Rs. 10 crores are monitored periodically on a bi-monthly basis in the Ministry of Civil Aviation and the target dates revised, taking into account the circumstances, wherever found necessary.

Ministry of Coal

The project proposals are considered initially by an Inter-Ministerial Group (IMG) consisting of members from Ministry of Finance, Ministry of Statistics and Programme Implementation, Ministry of Power, Department of Heavy Industries, Planning Commission, Ministry of Railways and Ministry of Environment and Forests before being processed for consideration by the PIB and thereafter for consideration and approval of the CCEA. Thus the proposals relating to coal projects, requiring Government sanction, are subjected to detailed and meticulous scrutiny for technical viability, financial soundness, executive mechanism, etc. at various levels.

The responsibility for implementation of sanctioned coal project lies with the coal companies. For Projects with cost and time overruns, the Revised Cost Estimates (RCE) are submitted by the coal companies and the question of fixation of responsibility for such cost and time overruns will now invariably be considered by the Standing Committee set up in this Ministry and its recommendation/report will form part of the Revised Cost Estimates of a project which will be referred to the CCEA for their consideration and approval of the project. Hence, persons responsible for cost and time overruns of projects will be made accountable for their lapses in the mechanism now evolved.

After a project is approved, it is regularly monitored by the coal company concerned under a well set-up project monitoring system/mechanism. At the administrative ministerial level too, projects costing Rs. 100 crores and above are reviewed by Adviser (Projects) and projects costing Rs. 500 crores and above are reviewed by Addl. Secretary (Coal) on a regular basis. Secretary (Coal) will also now be reviewing major coal projects on quarterly basis. However, depending upon various factors and difficulties encountered by the coal companies in implementation of the coal projects, situations do arise calling for advancing the date of commissioning of the projects. Such an exercise is undertaken by the coal companies at the time of formulation of annual action plan by the Ministry of Coal in association with the Planning Commission. Based on this exercise, anticipated dates of commissioning in respect of on-going projects are also drawn up and renewed efforts are made by the coal companies to adhere to the revised dates of commissioning.

Ministry of Finance (Department of Economic Affairs)

The on-going project of Mints modernisation at Mumbai, Calcutta and Hyderabad was to be completed by November, 1996 at a total revised cost estimates of Rs. 301.8205 crores against which expenditure incurred upto 31.08.99 is Rs. 248.1491 crores. The main reasons for slow project execution were — space constraints, delay on the part of the civil works execution agencies — M/s. Metallurgical and Engineering Consultants (India) Limited, Hindustan Steel Works Construction Limited, National Building Construction Corporation Limited, Central Public Works Department and U.P. Rashtriya Nirman Nigam.

The project has been reviewed regularly and it is expected that the project would be completed by March, 2000.

Ministry of Information & Broadcasting

Pre-sanction scrutiny and post sanction appraisal of various projects is being done at the highest level in the Directorate of Doordarshan and the Ministry of Information & Broadcasting.

Time and cost stipulations are being enforced to the extent possible.

As already stated, the progress of all on-going projects has been reviewed and their completion schedules revised.

Ministry of Petroleum and Natural Gas

An elaborate procedure, involving the Planning Commission, the Department of Expenditure, MOSPI and other appraising agencies, is in place for appraisal/scrutinizing the project proposals before Government accords investment approval. This includes consideration of the proposed by the Committee of the Pre-PIB, the PIB and the CCEA. This arrangement ensures quality as well as serious examination of a project proposal.

As regards post-sanction appraisal, implementation of the projects is regularly and closely monitored, apart from by the PSUs themselves, by this Ministry and the MOSPI, in addition to reviews by other agencies from time to time. In the case of revised cost estimates, the cases are again considered by the Pre-PIB, the PIB and the CCEA in addition to the scrutiny by the aforesaid Standing Committee.

The Standing Committee, which is already in place, looks into the cases of time and cost overruns with a view to fixing responsibility. In addition, all the project authorities are aware of the responsibility for keeping the time and cost within stipulations. For every project, there is a dedicated team, with a nodal officer, responsible for timely execution of projects. They are to account for any lapse in the matter.

Progress of on-going projects is reviewed by different agencies with a view to ensuring that projects are completed in time and also to help removing bottlenecks, if any. A new system for updation of project costs has also been introduced by the Government. The Financial Advisers have been made responsible for getting the project costs updated every year before the Annual Plan discussions are held by the Planning Commission.

Notwithstanding the above position, instructions have again been issued to the project authorities, to ensure avoidance of slippages in the implementation of the projects. The present system has been considered good enough for proper implementation of the projects.

Ministry of Power

An Empowered Committee has been set up under the chairmanship of Secretary (Power) to monitor the projects. This Committee has representatives drawn from the Central Electricity Authority, Planning Commission and also Ministry of Planning & Programme Implementation (now Ministry of Statistics & Programme Implementation).

In so far as project costing Rs. 100 crores or more are concerned, the projects are being very closely reviewed as directed by the Prime Minister's Office. The projects facing law and order problems in the North East and J&K are being reviewed separately.

The Ministry of Power has set up four Task Forces to monitor projects in thermal, hydel, systems and private sector. The objective of the Task Forces is to remove bottlenecks faced, if any. Several meetings of the Task Forces have taken place.

A Standing Committee has been set up under Special Secretary in the Ministry of Power for fixing responsibility for time and cost overruns of projects being implemented by the Central Public Sector Undertakings.

Monitoring mechanism in Central Electricity Authority and Ministry of Power has been streamlined and strengthened to oversee the progress of works and identifying critical bottlenecks and suggest remedial measures. A Project Measuring Cell (PMC) has been set up in the Ministry of Power since October, 1996 for externally aided ongoing projects.

The schedules of completion of the power projects are revised keeping in view the physical progress of the projects and the constraints involved.

Ministry of Railways (Railway Board)

Pre-sanction scrutiny and post sanction appraisal of projects is carried out with great seriousness. When proposals are received from Members of Parliament, State Governments and other Ministries, or when a proposal is considered worth exploring by the Ministry of Railways from traffic point of view, a reconnaissance/preliminary engineering-cum-traffic survey is carried out. The survey report is first

examined by all the technical departments of the Railways, and, once accepted by the General Manager, is sent to the Board. Thereafter, scrutiny by Works, Planning, Finance and Economic Cells is done and the report is put up to the Board for their consideration. The report is appraised by the Planning Commission and the report as well as the appraisal note of the Planning Commission are considered by the Expanded Board consisting of the members of the Railway Board and Secretaries of the Ministries of Finance, MOSPI and the Planning Commission. The project is then put up to the CCEA and is taken up only after their clearance.

As far as post-sanction appraisal is concerned, in the case of new line projects which form the bulk of Railway projects in terms of funds required for their completion, a final location survey is done to determine the alignments, and investigations and design of bridges and detailed identification of all the elements are done, which will form part of the cost. In other projects where determination of new alignment is not required, similar details are worked out in the detailed estimates which is subjected to detailed scrutiny first in the Zonal Railway and then wherever the cost is beyond the Railway's powers, in the Board's office.

Ministry of Steel & Mines

(a) Department of Steel

As per the directions of the CCEA, a Standing Committee has been constituted in the Department for fixing responsibility in case of Project cost and time over-run before sending any case to the CCEA for approval.

On the direction of Ministry of Statistics & Programme Implementation (MOSPI), the systems of Nodal officers has been introduced for projects costing Rs. 50 crores and above as a preventive measure and to hold the implementing agencies accountable for any lapse.

The quarterly periodic review of projects is also undertaken by PSUs and the first QPR was held on 22.07.99 and progress of all projects under implementation was reviewed.

Relevant instructions on project appraisal/sanction are followed for projects undertaken by SAIL & NMDC. All projects undertaken are generally well thought of, need based and after due provision for necessary finance.

Projects are reviewed in Quarterly Performance Review meetings taken at the level of Minister. Modernisation projects of SAIL are also separately reviewed by Secretary (Steel). In addition, the mega projects of this Department are included in the Central Sector projects which are reviewed by Secretary (Co-ordination) on the basis of inputs given by Ministry of Statistics & Programme Implementation (MOSPI).

The schedule of completion of projects are regularly updated and revised, as may be considered necessary keeping in view the relevant inputs.

(b) Department of Mines

A Task Force has been constituted under the Addl. Secretary and FA, Ministry of Steel and Mines with representatives of the PSUs under the Department, as members for the purpose of scrutiny and post sanction appraisal.

The on-going projects are reviewed from time to time and schedules revised wherever necessary. The Bharat Aluminium Company Ltd. (BALCO) has reported that there may be a delay upto four months in the completion schedule in respect of installation of their New Cold Rolling Mill at Korba. This is mainly due to delayed submission of complete GA drawings and foundation load data for New Cold Rolling Mill and Strip Casting Machine by FATA HUNTERS, Italy. This problem has now been sorted out, and the company has been advised to try and complete the Project by March, 2000, i.e., the original completion date. In the case of National Aluminium Company Ltd. (NALCO), both its projects, viz., (i) Expansion of Bauxite Mine and Alumina Refinery at Damanjodi, and (ii) Expansion of Captive Smelter and Captive Power Plant at Angul are progressing as per schedule.

Ministry of Surface Transport (MOST)

Road Sector

As per extant policy guidelines, the 1st phase of project involves land acquisition. Thereafter, removal of utility services, environmental clearance etc. are insisted. In case of any problem in post sanction delay, the matter is vigorously pursued with the respective Departments of the Central and State Governments and constantly monitored.

The Implementing Agencies are not empowered to incur any expenditure beyond permissible limits and works which are not commenced within one year of sanction are required to be de-sanctioned. This is being enforced through a system of critical work-wise review held thrice a year.

The system of monitoring is being made more efficient by encouraging project officers to undertake inspections of work sites and invite State PWDs for discussions. The critical work-wise review of projects goes into the schedules of projects and their completion. The necessary revision of target dates is also discussed in such reviews.

Shipping Sector

All the projects were scrutinised before these were sanctioned, after consultation with various agencies. The post-sanction appraisal of each project is carried out regularly (through monthly/quarterly reports).

The owner-enforced time and cost stipulations are included in the contract which is being signed between the owner and the shipyard. A clause has also been incorporated for charging of liquidated damages by the owner if the project is delayed beyond the contractual date of completion.

As stated above, the progress of on-going projects is being reviewed quarterly/half yearly by the Review Committee constituted by this Ministry for each project.

Port Sector

Projects which are to be funded through external aid are subjected to scrutiny and concurrence by funding agency, at every stage of the tendering process like formulation of tender documents, pre-qualification of bidders, evaluation of the bids and final award of contract.

The existing provisions of the Major Port Trusts Act, 1963 are somewhat restrictive to the freedom of Major Ports by prescribing prior sanction of the Central Government in many areas of port operations. This Ministry has initiated various measures to delegate more powers as a first step.

Port Trusts have been exempted from seeking first stage clearance from the Committee of PIB, where the investment is to be made by Private sector.

Necessary instructions have already been issued to Ports Chairmen to closely monitor the implementation of the projects and take all necessary steps/advance action to sort out the problems/bottlenecks to avoid delay in completion of the projects. Monitoring at the Ministry level is also being tightened.

Regular review of the ports functioning is undertaken at the level of Secretary in the Ports' Chairmen Conference. Recently, a Port-wise thorough review of ongoing projects was undertaken in the Ministry.

Department of Telecommunications

A task force has been set up for reviewing and updating of the contracts/bidding documents; and nodal officer for each project costing Rs. 50 crores and above has also been appointed for proper appraisal of the progress of the projects. There are only 4 projects where more than 60% gestation period has elapsed and expenditure incurred is less than 20% of the anticipated cost. However, none of these 4 projects is proposed to be dropped or shelved; rest two of these projects are likely to be completed shortly and remaining two in the next financial year.

Ministry of Urban Development

Progress of the projects has been reviewed from time to time at the highest level and in respect of the General Pool Residential Accommodation at Mallad (Mumbai). Estimates have been revised, and are awaiting the sanction of the competent authority. The General Pool Residential Project at Bangalore is likely to be completed this year. The Delhi Metro Rapid Transport System Project is proceeding as per the schedule.

The Department of Programme Implementation cannot absolve itself of the responsibility of monitoring central projects by merely forwarding the Committee's observations/recommendations to the concerned Ministries for taking remedial action. In fact, the Project Monitoring Division (PMD) of the Department of Programme Implementation is required to identify strengths and weakness in the entire system of project formulation, appraisal, implementation, monitoring, evaluation etc. as also to examine causes of time and cost over-run for fixing responsibility.

1.17 The Committee, therefore, reiterate their earlier recommendation and impress upon the Department of Programme Implementation to review all the ongoing projects running behind the schedule, examine reason for cost and time over-run, fix accountability, identify bottlenecks in the implementation and suggest remedial measures to be adopted by the administrative Ministries/project authorities.

1.18 The Committee may be informed of the action taken by Department of Programme Implementation.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para Nos. 7 & 8)

Grants for Labour and Employment Division (LEM) grant under the plan sanction of IAMR was for the purpose of building a new campus at Narela. Under Socio-Economic Research (SER) scheme grants-in-aid is provided to Universities, Research Institutions etc., for carrying out research in order to encourage an informed debate on social and economic development issues and role of planning. NIC is mainly providing Grants-in-Aid for (a) organisation of Workshops/Conferences/Exhibitions in the area of Information Technology; (b) Information Technology Development Programme; and (c) Regional Computer Centre, Calcutta.

Budget Allocation under this Head are as follows:

Grant-in-Aid (Plan)			
Year	Budget Estimates	Revised Estimates	Actuals
1995-96	23,26,00,000	12,16,00,000	3,39,73,000
1996-97	19,04,00,000	10,99,50,000	3,29,00,000
1997-98	9,98,00,000	22,47,00,000	20,42,98,000
1998-99	10,34,00,000	9,93,00,000	1,42,00,000 upto Feb., 1999
1999-2000	10,47,00,000		

Reply of the Government

Explaining reasons for variation either between Budget Estimates and Revised Estimates or between Revised Estimates and Actuals, the Ministry have stated as follows:

"SER The variation that exists now in 1998-99 either in Budget, Revised Estimates or Actuals is mainly on account of research studies and seminars not being completed in stipulated period, for which the provisions were made, due to problems encountered in data collection and need to investigate further because of suggestion made by Planning Commission on the draft of reports. To enable better monitoring the period of duration of a study has now been sharply reduced from about 2 years earlier to 6 to 12 months now.

NIC has been making provision on lump sum basis and then release Grants-in-Aid to the respective organisations after examining each proposal with reference to its relevance to Information Technology and National Informatics Centre. It is not possible to make precise budget provisions as proposals are processed as and when received. As Information Technology is a fast changing area, therefore, budget provision has to be made by taking into account sponsoring of more number of projects and which are more relevant to the requirement of NIC. Due to this, during the year, there can be marginally less or more expenditure.

With respect to Regional Computer Centre (RCC) even though budget provision during 1997-98 was made as the last year level, while releasing the fund, it was found that RCC, Calcutta has recovered from their technological obsolete nests in respect of Computer infrastructure and thereafter only Rs. 1,00,000 was granted to it as found essential.

Budget provision of Rs. 1 crore was made during the year 1996-97 for providing grants in aid to various autonomous and NGOs to implement the project in various districts. However, no expenditure could be incurred during implementation. NIC could not find appropriate organisation who could undertake the assignment. This mainly happened because the project needed high technological inputs by such organisations."

Recommendations/Observations of the Committee

The Committee regret to observe that there had always been substantial under utilisation of budgetary provisions under the head 'Grants-in-Aid' meant for Labour and Employment Division, Social Economic Research Schemes and National Informatics Centre. The reasons adduced in support of under utilisation which range from research studies and seminars not being completed in stipulated time to that of inability to identify and find appropriate organisations which were capable of undertaking the assignment on account of high technological inputs required, are far from satisfactory. What further dismays the Committee is the fact that even when the estimates were reduced drastically at revised estimates stage (except in 1997-98) the actual expenditure was still no where near the revised estimates. This is indicative of lack of farsightedness and prudent planning on the part of the Planning Commission. It also shows that no serious attempt was made either in projecting the demand or in making efforts towards its utilisation.

The Committee, therefore, take a strong exception to such a casual approach on the part of the Planning Commission and desire that the budgetary exercise should be undertaken with due seriousness so that the budget estimates and the revised estimates are made more realistically and the amount allocated does not remain underutilised.

Reply of the Government

Recommendation of the Committee for taking due care in future to make, as far as possible, realistic budget and revised estimates, and ensure that the amount allocated does not remain under utilised has been noted.

Funds under this head are being provided for the work on IAMR's Narela Campus, which *inter alia* depends on external factors such as approval by DDA and other authorities. In the year 1995-96, RE was made realistically and expenditure more or less tallied with RE. In 1996-97, the campus work could not take off as expected and provided

for in the BE. In 1997-98, BE, RE, expenditure remained the same. In 1998-99, in keeping with anticipated pace of work a higher BE was provided. However, the expected pace of work was not realised and RE was accordingly revised as indicated in the following table.

Grants in Aid to IAMR (Plan)

(Rs. in thousand)

Name of the Scheme	BE	RE	Expenditure during the year
Plan			
Grants in Aid to IAMR			
1995-96	40000	15000	13900
1996-97	40000	31200	
1997-98	40000	40000	40000
1998-99	71200	40000	40000

The allocations under the Socio Economic Research Scheme of the Planning Commission providing Grants-in-aid to Universities and Research Institutions for carrying out research studies and seminars in the last few years are indicated in the following table.

(Rs. in thousand)

Year	Budget Est.	Revised Est.	Actuals
1996-97	80000	13200	4355
1997-98	45000	30000	14065
1998-99	20000	16000	13376
1999-2000	15000		

It can be seen that the budget estimates have been substantially reduced in view of the realistic assumptions in formulating the estimates.

During 1996, Research Advisory Committee (RAC) was presided over by Dy. Chairman of Planning Commission and on account of change in Governments, there were three incumbents in the office of Dy. Chairman in that year. As a result, the under utilisation of budgetary provision for 1996-97 was mainly on account of the meetings of the Research Advisory Committee (RAC) being not held. At present, the Chairmanship of the Committee that is empowered to decide on the research proposals has been delegated from political level to official level. The duration of study has been reduced so that the studies can be completed in a short duration. A systematic procedure for obtaining compliance with the terms and conditions of the Scheme has also been initiated for improvement in the implementation of the scheme. The mechanism for monitoring progress of the studies has been strengthened in the Unit. In addition, the eligibility criteria for Grants-in-aid under the SER Scheme has been restricted so that the number of studies could be reduced.

NIC is mainly providing Grants-in-aid under the following schemes:

- (i) Grants-in-Aid for organising workshops/conferences/exhibitions in the area of Information Technology
- (ii) Information Technology Development Programme
- (iii) Regional Computer Centre

In the case of Grants-in-aid for workshops/conferences/exhibitions, NIC has been making a lumpsum provision to various organisations in the area of Information Technology after examining each proposal with reference to its relevance to the Information Technology and National Informatics Centre. On the basis of past experience, the budget provision from the year 1998-99 onwards has been reduced from Rs. 3 lakh to Rs. 2 lakh so that actual expenditure can be as near to the budget provision as possible.

In the case of Information Technology Development Programme, NIC has been making provision for sponsoring Information Technology Development projects at various specialised institutes and organisations. The provision is made on the basis of on-going projects and new *possible* projects going to be undertaken during the year. However, efforts are made to keep actual expenditure near to the budget provision.

In the case of Regional Computer Centre, the provision is made on selective basis for infrastructure support. At the time of actual release, the requirement is re-examined and grants-in-aid as per actual requirement is released.

The budget provision and actual expenditure for the above schemes for the year 1998-99 is as under:

(Rs. lakhs)

Name of Scheme	BE 1998-99	RE 1998-99	Actual 1998-99
1. Workshops/Conferences/ Exhibitions	2.00	2.00	2.15
2. Information Technology Development Programme	15.00	15.00	16.20
3. Regional Computer Centre	1.00	1.00	1.00
Total:	18.00	18.00	19.35

It can be seen from the above that the actual expenditure during the year 1998-99 is very much near the budget provision.

[Ministry of Planning and Programme Implementation — Planning
Commission F.No. 28/4/99—Parl., Dated 16.7.1999]

Recommendation (Sl. No. 2, Para Nos. 13, 14 & 8)

A consultancy Scheme on the basis of payment of Professional and Special Services is being operated in the Planning Commission in consultation with the Department of Personnel & Training and the Ministry of Finance. The main objective of this Scheme is to engage experts to utilise their expertise in different fields for studies entrusted to be accomplished within limited/specified periods and for specific plan studies of complex nature which are of current interest to Planning Commission and which can not ordinarily be undertaken by the Divisions of the Planning Commission.

The Agro-Climatic Regional Planning Project (ACRP) was initiated by the Planning Commission in mid 1988 to provide technical and scientific support to agriculture and allied sectors during the VIII Plan period. The Scheme is being continued during 9th Plan period also. The ACRP made a departure from the existing sectorial/schematic approach to agriculture planning by advocating an area based approach which gave explicit recognition to local resources, institution, delivery systems and socio-economic situations. This approach has attempted to resolve the apparent conflict between a resource based planning and a decentralised planning approach.

NIC has set up Centres in various Government departments, State Centres in the State Government Secretariats and District Informatics Centres in the Office of District Administration. The Computers installed there are connected through a satellite based network called NICNET. NIC also provides connectivity to various users through leased lines/data circuits and dial up telephones. NIC has hired satellite transponders for providing the network to the above users. Budget provision for payment of hire charges for transponders, data circuits and dial up telephones is made under this budget head.

Budget allocations under this head are as follows:

Year	Budget Estimates	Revised Estimates	(Plan) Actuals
1995-96	20,40,00,000	20,90,00,000	10,69,86,000
1996-97	15,82,00,000	13,03,00,000	8,30,75,000
1997-98	14,70,00,000	15,03,00,000	12,32,57,000
1998-99	26,23,00,000	23,76,00,000	12,69,58,031 upto Feb., 99
1999-2000	34,17,00,000		

Reply of the Government

When asked about the underutilisation of funds since 1995-96, the Planning Commission in their reply have stated as follows:—

“Underutilisation, under this head has been due to fewer studies undertaken than anticipated and also non-compliance of required formalities by the Institutions.”

The Committee desired to know the reasons for steep increase in the budgetary allocation during 1999-2000. In their written reply, the Planning Commission have stated as under:

“Steep increase in the budgetary allocations under this head is mainly on account of provision made by NIC for the year 1999-2000 to meet the increased requirement of various NIC users for using NICNET Services. To provide the increased services, NIC has to increase transponder capacity and dial up telephones and also capacity of the International gateway. NIC is also hiring an additional transponder on PANAM SAT to meet the requirement of the North-Eastern States as other satellites do not have their foot print there.”

Recommendations/Observations of the Committee

The Committee note that there has been underutilisation of funds since 1995-96 and particularly during 1995-96 and 1998-99. The underutilisation since 1995-96 has been explained on the ground that fewer studies were undertaken than anticipated and non-compliance of required formalities by the institutions. The Committee are not inclined to accept such an unexplicit reply from the Ministry.

The Committee are, however, of the opinion that underutilisation has taken place mainly due to the very fact that authorities did not properly conduct appraisal of the activities which could be taken up during the year. They, therefore, desire that explicit reasons for underutilisation over the years together with efforts made by the Planning Commission for ensuring optimum utilisation of funds may be furnished to them.

As regards steep rise in the budgetary allocations for the year 1999-2000, the Committee are given to understand that higher provisions have been made to meet the increased requirement of various NIC users including North-Eastern States for using NICNET Services. In view of the very fact that the amount allocated has remained underutilised for the past several years, the Committee are of the opinion that there is a need of exercise close watch on the expenditure with a view to minimise the gap between the Budgeted Estimates/Revised Estimates and the Actuals.

The Committee, therefore, desire that expenditure pattern may be watched carefully and revised accordingly at RE stage so as to minimise the gap between RE and Actuals.

Reply of the Government

Recommendation of the Committee has been noted for taking due care to minimise, as far as possible, the gap between RE and Actuals in future.

Budgetary provision for the Consultancy Scheme under this head has been made marginally high with a view to have the option of using Consultants with requisite expertise, from outside, to strengthen the inputs in the planning process. The fees payable is decided keeping in view the background and expertise of the Consultants to be engaged under the Scheme. While it cannot be anticipated as to how much expenditure will actually be incurred, the budget provision is worked out on the basis of maximum fee permissible under the Scheme. To achieve realistic budgeting, an internal exercise has been initiated to identify the areas to which the Consultancy can be restricted and strict monitoring on the trend of expenditure w.r.t. periodic expenditure projections is being undertaken to identify the savings, in time. The expenditure figures are revised at R.E. stage after taking overall appraisal of the activities and trend of expenditure.

Underutilisation of funds on Special Studies sponsored by Agro-Clamatic Regional Planning (ACRP) Unit financed out of this head was on account of sponsoring being restricted only to the studies having utility for the States in planning for agriculture development based on ACRP concept and because the response from States for such studies was less than anticipated. In addition, utmost economy was exercised in entrusting studies carried out through various agencies, thereby effecting large savings.

NIC has been making provision under the budget head 'Professional Services' for meeting expenditure relating to hiring of satellite transponder, international gateway for E-mail and Internet services, data circuits and dial-up telephones for accessing NICNET by user departments. It has been providing NICNET support to Central Government Departments, State Government Departments and District Administrations in the country. The Information Technology is changing very fast and, therefore, NIC has to make available the latest services on NICNET on a continuing basis.

NIC is already offering E-mail, Internet, File Transfer, National and International Data Base Access, Web based services, Video conferencing etc. The budget provision is made on the basis of estimated services that are going to be provided during the year. However, during the course of the year when user requirement increases, NIC has to make arrangements to meet the increased demand for these services. During the year 1998-99, against budget provision of Rs. 20.50 crore, the actual expenditure was Rs. 21.81 crore which had to be made for increasing capacity of international gateway for increased Internet services. Keeping in view increased requirement for NICNET services, a higher provision of Rs. 30.88 Crore has been made during the year 1999-2000. However, the actual expenditure will depend on the basis of actual services to be provided during the year.

[Ministry of Planning and Programme Implementation — Planning Commission F.No. 28/4/99—Parl., Dated 16.7.1999]

Recommendation (Sl. No. 3, Para Nos. 19 & 20)

Recommendations/Observations of the Committee

Institutionalisation of Agro-climatic Regional Planning (ACRP) component under the Project emphasise on creation of awareness of the concept among administrators, planners, development workers at State, district and down below levels. Assistance from Planning Commission is given to State Governments and agencies nominated by the State Governments for organising trainings, seminars, field visit and other related activities. The institutionalisation of ACRP concept of planning is under implementation in 12 States. The ultimate goal of this exercise is to initiate the planning and development of agriculture at District and down below level by preparation of the district and block level plans on ACRP concept.

Budget allocations and Actuals under the head since 1995-96 are as follows:

(Rs. in Lakhs)			
Year	Budget Estimates	Revised Estimates	Actuals
1995-96	127.00	75.00	54.60
1996-97	75.00	50.00	7.66
1997-98	75.00	50.00	32.099
1998-99	75.00	80.677	9.00
1999-2000	90.00		

Reply of the Government

When asked about the reasons for variation either between BE and RE or between RE and Actuals since 1995-96, the Planning Commission replied as follows:

“Variations between budget estimates, revised estimates and actual expenditure under the component of Institutionalisation of ACRP approach have been due to the fact that the funds released during earlier years could not be utilised by the States. Since all the State Governments have assured completion of on-going programme by 1996-97 higher provision of BE was kept. However, funds could not be released in full as the State could not complete the activities envisaged under the programme. Again during the programme by some more States particularly the North-Eastern States Rajasthan, Andhra Pradesh and Madhya Pradesh in addition to 12 States, where the programme implementation suffered as most the States could not submit or finalise the Action Plans.”

Recommendations/Observations of the Committee

The Committee take a serious note of the fact that there had all along been gross underutilisation of funds since 1995-96 and more particularly during 1996-97 and 1998-99 inspite of the fact that the allocations were reduced drastically at RE stage during all these years (except during the year 1998-99). They are at a loss to understand as to when the actuals in 1998-99 were only to the tune of Rs. 9 lakhs, why the amount was at all revised upwards to an astonishing figure Rs. 80.677 lakhs at RE stage and again higher allocations at Rs. 90 lakhs have been made for the current year, *i.e.*, 1999-2000. Such large scale variations in the budget estimates, revised estimates and the actuals leave the Committee with the impression that neither actual requirement of funds is being assessed with due seriousness nor appraisal of ongoing activities is being undertaken before projecting the demand.

The Committee, therefore, recommend that the budgetary exercise should be undertaken keeping in view the actual requirement for which the close appraisal of the ongoing scheme is very essential. They hope that in future at least due care will be taken to make realistic estimates.

Reply of the Government

Recommendation of the Committee has been noted for taking due care in future to make realistic estimate as far as possible.

Expenditure during 1995-96 and 1996-97 was less as compared to the BE as States had unspent balance from previous years releases which was revalidated for completion of activities under the programme. During 1998-99, higher provision of BE/RE was kept considering the implementation of programme by some more States, in addition to 12 States where programme was already being implemented. However, funds could not be utilized, as envisaged, as most of the States could not finalize their plans. For 1999-2000, higher BE has been kept considering the fund requirement by the States for completion of the activities already approved under the programme and additional requirement of funds for initiating the work in North-Eastern and other States.

[Ministry of Planning and Programme Implementation — Planning Commission F.No. 28/4/99—Parl., Dated 16.7.1999]

CHAPTER III

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

Recommendation (Sl. No. 4, Para No. 26)

NIC has been providing NICNET support to large number of users from Central Government, State Governments, District Administrations and other Government bodies since 1985-86. Over the years, the traffic on NICNET had been increasing exponentially. To cope with the increasing load NIC initiated upgradation on NICNET. During the year 1994-95 the expenditure was incurred mainly for installing Video Conferencing on NICNET, XPADs in the districts, EMAIL Servers and installations of Routers for providing NICNET connectivity to large no. of users, and upgradation of NICNET with KU-BAND based overlay Network. This upgradation continued during 1995-96 and 1996-97. Besides to meet increased requirement of computerisation, NIC upgraded computers with latest technology and provided large number of terminals.

The Standing Committee on Finance in their Second Report on Demands for Grants (1998-99) had desired that:

"Gross Root Inputs Districts (GRID) Programme which has so far been made operational in two districts *viz.* Mysore and Faridabad should also be extended to other districts of the country."

Reply of the Government

When asked about the progress made in extending NIC connectivity to block levels, the Special Secretary, NIC, during evidence stated as under:

"Based on last year's deliberations, a recommendation was made by this august body that the GRID programme, so far operational in Faridabad, should be extended to other parts of the country. We are very glad to inform you that we have

made technology break through. Last year I mentioned that we would need money of the order of Rs. 265 crore in order to cover all the development blocks. Now, we have developed certain technologies — we have borrowed technology and developed over that — and we have developed all the software required for it. The State of Kerala was taken as a model. I am glad to inform that we have reduced the cost from that level to Rs. 50 crore. It is a very major reduction and it is possible because of technology. Sir, the National Task Force on Information Technology and Software Development has also enabled us to do so.”

He, however, added:

“What happened was that we found that the information technology is not percolating down to the Tehsil level and block level. We examined the problem as to why it is not percolating down. We found that there were two-three major reasons. One is the Department of Telecommunication’s connectivity. If you dial from the Development Blocks to any of the NIC centres then you have to pay like STD charges. So, we insisted that the entire situation has to be changed and it should be made a local call as long as it is covered within one particular electronic exchange. Once that was done immediately about 12 States and in another four to six months time virtually all the States would be covered. From the Development Block it is possible to link the District Centres now in Kerala. We have taken a few districts and we have covered all the Development Blocks. The connectivity at this kind of a low cost has been achieved. Now, we will be extending it to all the States. There is only one small problem. Sir, being in the Planning Commission, as part of the Planning Commission had said that they should have the same level as last year. So we cannot claim anything extra. This time we projected Rs. 10 crore extra. But then, that could not be given. So, there can be a slight delay in the implementation. However, the cost have come down from Rs. 265 to Rs. 50 crore.”

With regard to other problems being faced in transmitting the information and maintenance of computers, the Special Secretary, NIC deposed as follows:

"Power is a very major problem. However, even if power is available let us say for two hours or three hours a day, the kind of information that will be there at the block level can be transmitted to the district level in time. So, the problem of power can be solved for the time being. Whenever it is available during the time, we can do it. However, we are having the problem of maintaining the computers. We are not in a position to give annual contracts for maintenance throughout the country. People are refusing to go to the grassroot level and this is a very major problem that we are facing. So, we have to increase the cost because they say that there are travelling costs and so many other expenses are involved there. In other words, the cost of maintenance at the grassroot level is much more than that of maintaining computers in metropolitan areas and urban areas. I think this is one important point which we have to keep in view. But a number of State Governments have told us that they will bear this cost. They have requested us to just put a linkage and give them complete connectivity to the Development Blocks. For example, Andhra Pradesh, Orissa and many other States have said that they would bear the cost. We are trying to get Rs. 50 crore. If we get Rs. 50 crore now, in 12 months' time we will give connectivity for the whole country. If we phase it out, let us say to three years, then we will be able to do it in the next three years. But the entire technology exists today. What is required is the kind of investment that is needed at the moment. If that is there, it can be done now.

One possibility is that Rs. 50 crore has been separately put in the plan implementation of the IT task force recommendation that has been set aside in the Planning Commission Budget. Now if a part of this could be earmarked for this particular project, that would be helpful. In this connection, the Hon. Committee had made a strong recommendation last year and now the Hon. Member has mentioned this once again. So even if Rs. 10 crore could be given for this project, we will start the process in the States which have already shown willingness to put this. They will take the complete responsibility for maintenance and so on."

When asked about the steep rise in budget estimates under the head of Grants-in-Aid from Rs. 13,45,00,000 (budget estimates) in 1998-99 to Rs. 63,58,00,000 Planning Commission in their reply has stated as follow:

"The actual Budget Estimates for the years 1998-99 and 1999-2000 are as follows:

1998-99	Rs. 10,34,00,000
1999-2000	Rs. 10,47,00,000

The figure of Rs. 63,58,00,000 for the year 1999-2000 includes a provision of Rs. 50 crore for the new scheme of Information Technology."

Recommendations/Observations of the Committee

The Committee note that in pursuance of their earlier recommendation to extend Grass Roots Inputs Districts (GRID) Programme to all the Districts of the country, steps have already been initiated by NIC in this direction. They are, however, distressed to find that it has not been made possible to provide connectivity at all the States. Financial constraints are reported to be the main hurdle coming in the way of implementation of the programme. Keeping in view the vital importance of the Information Technology in the present times and also the fact that NIC has been able to make a technology break through by developing the required software and has appreciably reduced the cost from Rs. 265 crore to Rs. 50 crore only, the Committee desire that the progress of the work should not be allowed to suffer on account of fund constraints. They, therefore, desire that the Planning Commission may consider allocating at least a sum of Rs. 10 crores to NIC out of Rs. 50 crore which has been separately earmarked for the new scheme of Information Technology in the current Budget.

Reply of the Government

NIC has already sent proposal for making available Rs. 10 crore to NIC out of Rs. 50 crore provided in the Planning Commission budget for the Information Technology Programme. The funds provided under

this are meant for 'Development of IT and Promotion of IT in the Government and Allied Sectors'. As per initial formulation, the various activities envisaged to be covered are:

- (i) Generation of necessary awareness on the subject and opportunities opening up in this area.
- (ii) Building up necessary infrastructure and capacities — both hardware and software.
- (iii) Building and up-gradation of professional skills.
- (iv) Innovation of IT development/application.
- (v) Professional consultancy services in the area.

The detailed guidelines and procedures for allocation of funds under the scheme are to be finalised and approved. The proposals from various Ministries/Departments (including NIC) and allied agencies for allocation of funds would be considered keeping in view the inter-sectoral priorities once the scheme has been finalised.

[Ministry of Planning and Programme Implementation — Planning Commission F.No. 28/4/99—Parl., Dated 16.7.1999]

Recommendation (Sl. No. 6, Para Nos. 37, 38 & 39)

The Committee note that a provision of Rs. 5593 lakhs had been made for conducting the Fourth Economic Census during the period 1997-2000. The scheme envisages organisation of complete enumeration of all enterprises engaged in economic activities in rural and urban areas of country covering both agricultural and non-agricultural sectors of the economy with a view to providing basic information on location type of activity nature of operation employment, etc. of enterprises. The year-wise allocations have been Rs. 4500 lakhs for 1997-98, Rs. 1022 lakhs for 1998-99 and Rs. 300 lakhs for 1999-2000 which comes to Rs. 5800 lakhs so far as against Rs. 5593 lakhs envisaged at the time when the scheme was formulated. As the activities like fieldwork, scrutiny and coding data entry etc. are being undertaken by State Governments an amount of Rs. 4201 lakhs has been released to them out of which 70% has to be given to field staff as honorarium.

The Committee are pained to note that despite the fact that the field work of Fourth Economic Census was expected to be completed by May, 1998, the same has yet not been completed in some of the States including Andhra Pradesh. Unwillingness of teachers as well as adverse weather conditions are stated to be the main reasons for non-completion of the field work. No reasons however, have been mentioned on account of which the teachers have refused to undertake the work. The Committee are, however, not inclined to accept such flimsy reasons and are of the considered view that had serious efforts been made, it would not have been difficult to identify the willing workers particularly in view of the fact that there continues to be unemployment and under employment among the educated youth of our country. The Committee have also been informed that the activities like fieldwork, scrutiny and coding, data entry and validation and processing are expected to be completed fully by all the States by November, 1999. The Committee, therefore, desire that all efforts must be made to get the work completed as per the revised schedule after which the Central Statistical Organisation which is responsible for overall coordination may consolidate and finalise the All India report by April, 2001 as already proposed. The Committee would like to be apprised of the progress achieved from time to time.

The Committee also note that as against a sum of Rs 5593 lakhs envisaged at the time the scheme was formulated, a sum of Rs. 5800 lakhs already stands allocated during the Year 1997-98, 1998-99 and 1999-2000. As the scheme is likely to be completed by April, 2001. The Committee apprehend that some more funds may also have to be allocated during the next financial year. Expressing their displeasure over the delay involved in conducting the Census as well as the fact that an amount of Rs. 207 lakhs has already been allocated in excess of the amount which was originally earmarked, the Committee desire that earnest efforts be made with a view to ensuring that the entire work pertaining to the census is completed within the stipulated time frame so that further increase in the expenditure could be avoided and the country could be benefited with the latest data. Further, since the amount of expenditure incurred so far on this account has not been intimated to the Committee, they desire that an upto-date expenditure statement (item-wise and year-wise) indicating grants released to the States (state-wise) may also be furnished to them within a period of one month.

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Reply of the Government

The Plan Scheme of Fourth Economic Census has been approved with the total outlay of Rs. 5593 lakh for operation during November 1997 to April 2001. During the first year (*i.e.* 1997-98) of its operation, an allocation of Rs. 4500 lakh was made. However, due to 5% cut imposed by the Ministry of Finance, the scheme during 1997-98 was to be operated at a cost not exceeding Rs. 4272 lakh.

The amount provided to States/UTs as grant-in-aid during 1997-98 included a large component (70%) of honorarium to be paid to enumerators for undertaking field work. The States/UTs could not incur much expenditure during the first year as the start of the fieldwork was delayed due to General Lok Sabha elections, 1998. The unspent amount of the funds provided during 1997-98 were revalidated for use during 1998-99.

The expenditure incurred by States/UTs on the scheme was monitored regularly and on assessing funds remaining with the States/UTs it was decided to release only Rs. 374.06 lakh during 1998-99 out of the allocation of Rs. 1022 lakh for the year.

The field work in all the States/UTs including Andhra Pradesh has already been completed. In the State of Andhra Pradesh, field work of Fourth Economic Census was started late from July 1998 due to reluctance of teachers to undertake field work of Economic Census. It has been reported that the teacher's union expressed their strong protest at the use of teachers' services for non-teaching activities other than for election and population census work as it results in reduction in the standard of school education. Besides, at the time of conducting field work of Economic Census, counseling for transfer of teachers was in progress and they were engaged in distribution of rice and books to the students etc. However, after detailed discussion with the teachers' unions, they agreed to participate in the Economic Census work.

It may be mentioned here that similar problem was faced by the several other States/UTs in engaging the primary workers for the Economic Census work. In this connection, State Governments expressed that in the absence of any statutory back up like Census Act for conduct of Population Census, they were handicapped in many ways. Absence of statutory backing for EC was strongly felt by most of the DESs at various stages work and has caused a major setback in soliciting cooperation of other departments particularly, in arranging for the large number of enumerators and supervisors.

At the Central level the progress of the Economic Census work in the State of Andhra Pradesh was monitored vigorously from the highest level. A member of the Monitoring Committee on the Fourth Economic Census of this Department visited Andhra Pradesh with a view to expedite the progress of field work of Economic Census. The issue was also brought to the notice of Chief Minister, Andhra Pradesh twice by the Minister of State for Planning and Programme Implementation through his letters which were not even replied to.

The progress of post field activities were reviewed in a meeting held in July 1999 wherein all the States/UTs except Maharashtra, Karnataka, Orissa and West Bengal assured that work of Economic Census will be completed as per schedule. On the basis of subsequent review a proposal for continuance of the scheme in 9 States was put to the Ministry of Finance. However, posts created/filled under the scheme in four States *viz.* Andhra Pradesh, Maharashtra, Karnataka and West Bengal only were allowed to be continued upto February 2000. The posts created/filled under the scheme in all other States/UTs were discontinued from 1.12.99. However, all State Governments were advised to complete the entire work latest by February 2000.

Upto the end of December 1999, 24 States/UTs have already completed data entry and validation work out of which 14 States/UTs have completed tabulation work as well. Remaining States are on various stages of data entry/validation. The States/UTs which have completed the tabulation of data, are in the process of drafting the State level report. After validated data files are received from all the States at ECD Hqrs., tabulation for generation of all India report will commence.

In effect only an amount of Rs. 4703.27 lakh has been utilized for the scheme upto 1998-99. During the current year *i.e.* 1999-2000, an allocation of Rs. 300 lakh has been made for the scheme out of which only Rs. 276 lakh is proposed to be utilised. The grants-in-aid for the States/UTs would be Rs. 234 lakh. For the year 2000-2001 and 2001-2002 proposed outlays are Rs. 82 lakhs and Rs. 10 lakhs respectively. A statement indicating item-wise and year-wise funds allocated/released and expenditure incurred is given in Annexure I. The details of grants-in-aid released to States/UTs along with expenditure incurred is given in Annexure II.

[Ministry of Statistics and Programme Implementation
Communication No. G-20017/4/99-B&F, Dated 24th January, 2000]

PLAN SCHEME—FOURTH ECONOMIC CENSUS

Statement showing year-wise allocation of funds, Grants-in-aid to States/UTs and exp. Incurred.

TOTAL PLAN OUTLAY: Rs. 55.93 Crore (Rs. in Lakhs)

Year	BE	RE	States	Funds released			Grand Total (Col. 6+7)	Actual exp. Incurred		
				UTs	States+UTs	Central		States/UTs	Central	Total
1997-98	4275.00	4275	4099.49	98.2	4197.69	74.38	4272.07	527.00	74.38	601.38
1998-99	1022.00	844.45	372.02	9.06	381.08	82.94	464.02	3120.25	82.93	3203.18
1999-2000	300.00	276.00	197.54	24.42	221.96	42.00	263.96	315.61		
Proposed outlay										
2000-2001	82.00**									
2001-2002	10.00**									

*Includes expenditure met from revalidated funds of 1997-98 & 1998-99.

**There is no provision for Grants-in-aid.

Actual expenditure based on available reports.

(for 7 States/UTs upto December 1999, for 13 upto November 1999, 12 upto September 1999)

FOURTH ECONOMIC CENSUS

Statement showing year-wise release of Grants-in-aid to States/UTs and expenditure incurred

S.No.	States/UT	Funds released during 1997-98	Exp. during 1997-98	Funds released during 1998-99	Exp. during 1998-99	Funds released during 1999-2000	Exp. in 1999-2000
1	2	3	4	5	6	7	8
States (Major Head 3601)							
1.	Andhra Pradesh	35012940	0	0	31967021	1429000	1215293
2.	Arunachal Pradesh	1126920	848446	458707	746455	672000	538468
3.	Assam	10933760	0	984816	945003	571000	8334511
4.	Bihar	37779170	0	4270313	37341500	1132000	0

1	2	3	4	5	6	7	8
5.	Goa	1176050	25925	630448	1595286	717000	439917
6.	Gujarat	18776780	17431033	3729420	3258477	0	1427000
7.	Haryana	7751690	543446	0	6175310	1129000	944517
8.	H.P.	3423340	2458287	449192	1067124	691000	424270
9.	J&K	4984500	1290500	184700	2699500	869000	986200
10.	Karnataka	20329890	1824055	156300	14996350	697000	1535946
11.	Kerala	13676610	62195	3195441	14340132	534000	971637
12.	Madhya Pradesh	37974010	9697000	0	17568000	0	2019000
13.	Maharashtra	38221570	5715000	1835318	29786000	2156000	2832000
14.	Manipur	1697360	1509719	238525	150898	199000	281693

1	2	3	4	5	6	7	8
15.	Meghalaya	1785150	1536300	132133	328796	368000	240101
16.	Mizoram	843920	843920	359000	156930	150000	82705
17.	Nagaland	1203060	0	252492	1202552	362000	40000
18.	Orissa	14458210	1775372	0	4592361	1718000	1073298
19.	Punjab	9724990	1536804	1062760	6720786	1104000	1149470
20.	Rajasthan	24863420	1097000	3114398	20420490	1213000	1179250
21.	Sikkim	560620	0	369456	930076	445000	383472
22.	Tamil Nadu	27382580	0	2268000	16856280	1342000	2662192
23.	Tripura	2259710	1159816	3707	829310	223000	142068
24.	U.P.	63507570	1615141	11744948	61892429	250000	0

1	2	3	4	5	6	7	8
25.	West Bengal	30495610	1567121	1761896	28581392	1783000	1246155
	Sub Total	409949430	52537080	37201970	3015148458	19754000	30149163
UT's Without Legislature (Major Head 3454)							
26.	A&N Islands	504760	19639	30105	396015	490000	149394
27.	Chandigarh	657590	32187	0	279924	0	12143
28.	Dadra & Nagar Haveli	287900	0	163797	290243	369000	325928
29.	Daman & Diu	0	0	421152	0	505000	299170
30.	Lakshadweep	405340	0	86548	406922	436000	257643
	Sub Total	1855590	51826	701602	1373104	1800000	1044278

1	2	3	4	5	6	7	8
UT's with Legislature (Major Head 3602)							
31.	Delhi	7299760	0	0	4891869	250000	0
32.	Pondicherry	664330	110856	204430	611500	392000	367350
Sub Total		7964090	110856	204430	5503369	642000	367350
Grand Total		419769110	52699762	38108002	312024931	22196000	31560791

Recommendation (Sl. No. 7, Para Nos. 48, 49 & 50)

The Committee note that the guidelines on the MPLAD Scheme have been revised a number of times with a view to ensure effective implementation and close monitoring of the scheme. They are, however, distressed to point out that despite clear guidelines and repeated recommendations made by them from time to time, District Collectors who are the main Implementing Authorities continue to violate the guidelines with impunity. As already admitted by the Secretary, Department of Programme implementation the problem seems to be more serious particularly in the North-Eastern States. Despite the claims made regarding streamlining and monitoring of the Scheme, by the Department, the Committee continue to receive a large number of complaints from MPs pertaining to either delay or non release of delay in release of funds. Complaints have also been received to the effect that though the guidelines provide that the Head of the District should furnish Monitoring Report once in two months to the concerned MPs and hold meetings involving MPs once in a year these guidelines are being implemented more in breach than in practice. As per the guidelines, Department of Programme implementation, which is the nodal agency for monitoring the scheme, is also required to issue instructions to all the Planning and implementing Agencies at the district level and send copies of the same to the MPs at their Constituencies as well as Delhi addresses. Though it has been claimed by the Department that the instructions are issued from time to time yet the fact remains that these are hardly received by the MPs.

The Committee, therefore, are of the considered opinion that much still needs to be done so far as monitoring and implementation of the Scheme is concerned. Not only there is a need to fix responsibility on the Authorities for showing laxity in strictly following the guidelines, but the Department of Programme Implementation also needs to gear up and devise suitable and effective mechanism for close monitoring of the scheme. With a view to ensure expeditious completion of the sanctioned projects, time limit should also be fixed within which the projects have to be completed and punitive action be taken against the defaulting agencies.

Reply of the Government

As regards the violation of the guidelines by the District Collectors (DCs), it is stated that all the DCs have already been advised at the level of Secretary (S&PI) *vide* D.O. Letter No. C/15/98-MPLADS Dated 24.3.1999 to adhere strictly to the provisions of the guidelines. In the said communication the DCs have also been advised to hold detailed bimonthly meetings with their MPs and apprise them not only of funds position but the position in respect of sanction of projects and the progress of implementation. DCs have also been advised to make available to MPs, the statements on regular basis every month. A copy of the said letter dated 24.3.1999 is at Annexure I. However, the present recommendations/observations of the Committee about not observing the various provisions of the guidelines on MPLADS by the DCs, non-receipt of the monitoring reports by the MPs from the DCs which are required to be sent once in two months, fixing of responsibility on the concerned authorities for showing laxity in strictly following the guidelines have been brought to the notice of all the Chief Secretaries of State and all Administrators of the UTs. They have been requested to issue instructions to the Commissioners and District Collectors to strictly follow the guidelines and to ensure that the works are sanctioned expeditiously and a time limit is incorporated in the work orders invariably for completion of works by the implementing agencies. It has also been requested that the DCs and the implementing agencies may be instructed to scrupulously follow the provisions contained in para 5.1 to 5.5 of the guidelines about monitoring. It has also been requested that the Heads of the Districts and implementing agencies may be warned of consequences in the event of their failure to comply with the various provisions of the guidelines and to take suitable action against the concerned erring officials under the relevant disciplinary rules. A copy of the letter dated 17.6.1999 is placed on Annexure II. In a separate communication, all the District Collectors have been advised to specifically stipulate a time limit for the implementing agencies to complete the given work in specific time frame depending upon the nature of the work and to take strict action against the implementing agencies if they fail to adhere to the time limit. Fixing up a uniform time limit by the Department for completion of all the projects under MPLADS by the implementing agencies is practically not possible because of various types of works being undertaken under the scheme requiring different time frame. A copy of the letter to DCs about time limit is at Annexure III.

[Ministry of Planning and Programme Implementation (Department of Statistics & Programme Implementation) Communication No. C/7/99-MPLADS, Dated 17.6.1999]

PROFORMA

Recommendation of the Committee

The Committee are also pained to note that although a period of one year is going to elapse, yet no action has been taken on their recommendation regarding conducting a sample survey on the efficacy of the Scheme. The Committee desire that no further time should be lost on this account and the sample survey as already recommended by be undertaken and completed expeditiously under intimation to them. They also recommend that in view of the fact that the limit of Rs. one crore per Member of Parliament per year has now been enhanced to Rs. two crore, the Department of Programme Implementation may consider enhancing the limit pertaining to release of first instalment which is presently Rs. 50 lakhs to Rs. one crore.

Reply of the Government

As regards conducting sample survey as recommended by the Committee, it is stated that the MPLADS funds could not be used for getting the scheme evaluated. Therefore, this Department had taken up the matter with the Planning Commission for provision of requisite funds for conducting the same.

Earlier the Planning Commission had not agreed to make provision for funds for this purpose but has recently advised the Department to spend a sum of Rs. 50 lakhs out of MPLADS Budget provision for the year 1999-2000. Planning Commission have conveyed that the required additional funds of Rs. 50 lacs can be provided at RE stage. In the meantime, it has been felt that before exploring the possibility of having evaluation studies conducted from a reputed outside organisations, it might be useful to have evaluation conducted through Programme Evaluation Organisation (P.E.O.) for which the Planning Commission has agreed to. The P.E.O. has already started working on the proposal to evaluate the scheme.

As regards the SFC's recommendations to enhance the limit of instalments of MPLADS funds from Rs. 50 lakhs to Rs. 1 crore, it is stated that we have carefully examined the matter and decided with the approval of the MOS (P&PI) that the present system of releasing of funds at the rate of Rs. 50 lacs per instalment should will continue.

[Ministry of Planning and Programme Implementation (Department of Statistics & Programme Implementation) Communication
No. C/26/98-MPLADS, Dated 17.6.1999]



R.N. BANERJI

TEL : 3746725

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ANNEXURE I

D.O. NO. C/15/98-MPLADS

**MEMBER OF PARLIAMENT LOCAL AREA
DEVELOPMENT SCHEME**

**SECRETARY
GOVERNMENT OF INDIA
DEPARTMENT OF PROGRAMME IMPLEMENTATION
SARDAR PATEL BHAVAN, NEW DELHI-110001**

FAX: 011-373-2067 TELEX: 3163195 - MPIIN

TELEGRAM : 'PROGIMP' New Delhi

March 24, 1999

Dear District Collector,

Please take a reference of my letter of even number dated February 18, 1999 through which I had communicated to you the decision of the Government to increase the allocation of each MP from Rs. one crore to Rs. two crores per year from the year 1998-99 itself. Through this letter, I had also conveyed to you the decision of the Government that the interest accrued so far on the funds kept in the nationalized banks can also be used for the same purpose for which the funds were allocated to the MPs; and in the case of any unsanctioned/unspent balance of a retiring Rajya Sabha MP, the amount to be equally distributed amongst the newly elected Rajya Sabha Members.

2. I am hereby requesting you:

- (i) to ensure that those of the MPs, who are eligible for the release of this additional amount of Rs. one crore in your District, you should sanction the projects and ask for the third instalment of Rs. 50 lakhs to be released if the balance of the first two instalments of 1998-99 has gone below Rs. 50 lakhs;
- (ii) you should also ensure that you hold detailed bimonthly meetings with your MPs and apprise them not only of the funds position but the position in respect of sanction of projects and the progress of implementation. These statements should also be made available to MPs on regular basis every month;

- (iii) The position of funds remaining in balance as well as the amount of interest etc., should also be made available to the MPs on regular basis;
 - (iv) while sanctioning and implementing the project recommended by the MP, you should at all times adhere strictly to the provisions of the guidelines and should ensure that a time limit is fixed not only for the sanction of projects but also for their expeditious implementation by the concerned implementing agency.
3. The Union Minister of State for Planning & Programme Implementation has also written to all MPs on similar lines to ensure that there is no lack of interaction or gap in communication between the District Collectors, implementing agencies and the concerned MPs (copy enclosed). It is of utmost importance that you maintain very intense and constant interaction and information sharing with the MPs to ensure the successful implementation of the MPLAD Scheme.
4. Kindly acknowledge the receipt of this letter and take action accordingly.

Regards,

Yours sincerely,

Sd/-
(N.R. Banerji)



RAM NAIK

D.O. No. C/15/98-MPLADS

**Minister of State for Railways,
Parliamentary Affairs,
Planning & Programme Implementation
Government of India
New Delhi-110001**

23rd March, 1999

Dear Colleague,

You are well aware that the allocation for each Member of Parliament for the MPLADS has been raised from Rs. 1 crore to Rs. 2 crores per year as per the decision taken by the Government on 23rd of December, 1998. In this connection, allocation would be available from the financial year 1998-99 itself. I had also addressed a letter to you on 31st January, 1999.

2. I would, therefore, like to request you to immediately interact with your District Collector and depending on the utilisation of the second instalment released in 1998-99, you may like to give further projects so that this additional amount could be utilised. The funds allocated for the MPLADS are non-lapsable and whatever amounts remain in balance in the year 1998-99, would be carried-over to the next financial year.

3. In order to facilitate your co-ordination with the District Collector, a letter written by my Secretary to all the District Collectors is also enclosed for your ready reference. I am confident

that if the directions given in the letter of Secretary (Programme Implementation) are followed and if you also kindly spare sometime from your busy schedule in insisting on regular interaction with the District Collector, the various schemes under the MPLADS could be implemented quickly and effectively, which would benefit a large number of people.

With regards,

Yours sincerely,

Sd/-
(RAM NAIK)

Encl: as above

To

All Members of Parliament of Lok Sabha and Rajya Sabha.

Delhi Office: Railways: 245 Rail Bhavan, Raisina Road, New Delhi-110 001 Tel: 011-338 23 23, 338 44 13 Fax: 011-338 50 25

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ANNEXURE II

**MEMBER OF PARLIAMENT LOCAL AREA
DEVELOPMENT SCHEME**



GOVERNMENT OF INDIA
DEPARTMENT OF PROGRAMME IMPLEMENTATION
SARDAR PATEL BHAVAN, NEW DELHI-110001
FAX: 3364197, 3732138
E-Mail: mpi@X400.nicgw.nic.in

No. C/26/98-MPLADS

17th June, 1999

To

**The Chief Secretaries/
Administrators of all States/UT's**

**Subject: Observations/recommendations contained in 16th and 19th
report of the Standing Committee of Finance on MPLADS.**

Sir,

**The undersigned is directed to convey that the Standing Committee
on Finance (Twelfth Lok Sabha) has made the following observations/
recommendations:**

- (i) The SCF is receiving a large number of complaints from
MPs for not observing the various provisions of the
guidelines on MPLADS by the District Collectors (DCs) who
continue to violate the guidelines with impunity. Complaints
are being received about delay or non-release or delay in
release of funds to implementing agencies.**
- (ii) The SCF is receiving complaints from MPs about non-receipt
of monitoring reports from the DCs which are required to
be sent once in two months to the MPs. The guidelines
stipulate holding of annual meetings involving Heads of
Districts and MPs, which are not being held by the DCs.**
- (iii) While stressing the need for effective monitoring and smooth
implementation of the scheme, the Committee has directed
that responsibility may be fixed on the concerned authorities
for showing laxity in strictly following the guidelines.**

2. In this connection, it is stated that SFC in their second report on Demands for Grants (1998-99) had given directions for effective monitoring of MPLADS and this Department had forwarded to you the extracts of the recommendations/observations of the SCF *vide* our letter of even number dated 17.8.1998 and requested you to issue instructions to all the Commissioners and District Collectors of all the States and UTs to ensure proper monitoring and implementation of the scheme as per procedure outlined in the guidelines. In view of the present recommendations/observations, it is requested that you may issue instructions to the Commissioners and District Collectors to strictly follow the guidelines and that they should ensure that works are sanctioned expeditiously and a time limit is incorporated in the work orders invariably for completion of works by the implementing agencies. The DCs and the implementing agencies may be instructed to scrupulously follow the provisions contained in the para 5.1 to para 5.5 of the guidelines on the MPLADS. The heads of the districts and implementing agencies may be warned of consequences in the event of their failure to comply with the various provisions of the guidelines and suitable action may be taken against the concerned erring officials under the relevant disciplinary rules.

Yours faithfully,

SD/-

(S.S. KEMWAL)

Deputy Secretary to the Govt. of India.

ANNEXURE III

MEMBER OF PARLIAMENT LOCAL AREA
DEVELOPMENT SCHEME



GOVERNMENT OF INDIA
DEPARTMENT OF PROGRAMME IMPLEMENTATION
SARDAR PATEL BHAVAN, NEW DELHI-110001
FAX: 3364197, 3732138
E-Mail: mpi@X400.nicgw.nic.in

No. C/89/96-MPLADS/Vol. II

Dated 10.02.1999

To

The all DCs/DMs

Subject: Stipulating time limit to the Implementing Agencies for implementation of works under Member of Parliament Local Area Development Scheme (MPLADS).

Sir,

It has been brought to the notice of this Department by various MPs that implementation of works under the MPLAD Scheme is inordinately delayed by the implementing agencies, resulting various problems such as escalation in project cost, delayed pace of utilisation of funds and development. The matter has been considered and it has been felt that it may not be possible to stipulate a standard time limit in the guidelines, to complete the work, because of different nature of works involved. However, it has been decided that the District Collectors may stipulate a time limit for the implementing agencies to complete the given work in a specific time frame, depending up on the nature of work and to take strict action against the implementing agencies, if they fail to adhere to the time limit.

2. Therefore, it is requested that such stipulation of time limits for completion of work depending upon the merit of each case may be made in the work order(s) being issued. Clause for suitable action against the implementing agency in the event of their failure to complete the work within the stipulated time frame could also be stipulated in the work order, as per established procedure.

Yours faithfully,

Sd/-
(DR. N.K. SAHU)
Deputy Adviser (MPLADS)

Copy to:—

All the Chief Secretaries of States/UTs.

Sd/-
(Dr. N.K. Sahu)
Deputy Adviser (MPLADS)

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CHAPTER IV

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

—NIL—

CHAPTER V

RECOMMENDATION/OBSERVATION IN RESPECT OF WHICH FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED

Recommendation (Sl. Nos. 5 to 8)

(Total-2)

**Demand No. 66
Planning Commission
Human Development Report**

Recommendation No. 5 (Para Nos. 30 & 31)

1.5 The Committee were distressed to note that even after more than 50 years of Independence, the country had not been able to bring out a National Human Development Report covering areas like Infant mortality, primary education, health and employment etc. The Committee were further pained to note that Planning Commission had not yet decided about the modality and time frame in that regard. Committee were concerned to note that in pursuance of the Report prepared by Madhya Pradesh some more States had also shown interest in preparation of National Human Development Report and the Dy. Chairman, Planning Commission in a meeting of the NDC had announced to prepare a human development report for the entire country in addition to allocating funds to State Governments.

The Committee keeping the view the vital importance of the Human Development Report, had desired that Planning Commission should take up the matter in the right earnest and prepare Report for the entire country on top priority without further delay.

1.6 In their action taken reply, the Ministry of Planning & Programme Implementation have stated as under:

“Planning Commission is actively supporting the states desirous of preparing their own State Human Development Reports (SHDRs). It has also initiated steps for preparation of the National Human Development Report (HDR) on a priority basis. In order

to decide on the core parameters which should form the basis for construction of a National HDR, a workshop is being organised by the Planning Commission on the 30th July, 1999 with participation by selected representatives of the State Governments, some Central Government Departments, the UNDP and number of Experts working in this area.

For 1998-99, a provision of Rs. 2 crore as Additional Central Assistance (ACA) was made to support the State Governments for preparation of the State HDRs. Out of this, five State Governments have been given ACA funds totalling Rs. 1.10 crore. The States are Andhra Pradesh, Arunachal Pradesh, Assam, Punjab and Uttar Pradesh. An equivalent provision of Rs. 2 crore has also been made for the year 1999-2000 to help all the other States who have decided to prepare their State HDRs.

The UNDP which has a rich experience in preparation of the Global HDR have been approached by many State Governments for support in preparation of the State HDRs. The UNDP has been supportive of this endeavour by the States and has pledged \$ 500,000 over the next three years in consultation with the Planning Commission and the Department of Economic Affairs. The UNDP Project called "Capacity Building for preparation of State HDRs" is in an advanced stage of execution."

1.7 In their subsequent reply, the Ministry of Planning have stated as under:

"it is reiterated that we in Planning Commission are very keen to bring out a Report for the entire country that will show the status of human development in our country. While we are in the process of preparing an all-India Human Development Report, many of its components such as infant mortality, primary education, health, etc. primarily concern the State Governments. Therefore, we have been encouraging the State Governments to prepare State-level Human Development Reports. States like Karnataka and Madhya Pradesh have already come out with State Human Development Reports and many other States are in the process of preparing such Reports.

A Workshop on the Human Development Reports was jointly organised by Planning Commission and UNDP on 30-31 July 1999 which was attended by representatives of the Central and State Governments, UNDP and experts in the field. The Workshop was received very well and is expected to generate Human Development Reports from other States.

Planning Commission has made a provision of Rs. 2 crore for 1999-2000 towards Additional Central Assistance (ACA) to the States for the preparation of HDRs. The process for the preparation of the National HDR is being initiated."

1.8 From the reply the Committee find that hardly any progress has been made in bringing out a National Human Development Report except that a workshop on HDR was organised jointly by the Planning Commission and the UNDP in July, 1999 in order to decide on the core parameters which should form the basis of a National Development Report (HDR). However, no programmes, modalities, time frame etc. seem to have been formulated in the absence of which, the Committee apprehend, the announcement made by the Dy. Chairman, Planning Commission to bring out a National human Development Report is likely to remain on paper only.

1.9 Reiterating their recommendation, the Committee expect the Planning Commission to formulate definite programmes, modalities, time frame etc. for bringing out an all India Human Development Report (HDR). They also expect that the Planning Commission will impress upon all the state Governments to realise the importance of such a report and to come forward and make use of the supportive financial assistance pledged by the UNDP in addition to the funds made available to them from Additional Central Assistance (ACA).

1.10 The Committee would like to be apprised of the progress made in this regard.

Demand No. 68

**Department of Programme Implementation Management
of Project under Implementation**

Sl. No. 8 (Para Nos. 56, 57 and 58)

1.11 The Committee were concerned to note that as on December, 1998 there were 428 projects on the monitor of the Department of Programme Implementation out of which 220 projects were running behind the schedule. The total anticipated cost of these 220 projects had increased from Rs. 79,547 crore to Rs 97,314 which gave an escalation of Rs. 17,767 crore. They were pained to note that despite a number of corrective steps claimed to have been taken to contain time cost over-run in the projects, a large number of projects continued to suffer from the same old malady of cost escalation and delay in completion.

1.12 The Committee opined that had pre-sanction scrutiny and post-sanction appraisal of projects been carried out with due seriousness; the administrative Ministries/Departments had been forced to adhere to time and cost stipulations, and implementing authorities were made accountable for any lapse, most of the projects could have been completed as per schedule resulting thereby in savings of substantial amount.

1.13 Hence, the Committee recommended that the progress of all the ongoing projects might be reviewed and revised schedule for their completion might be drawn. The schedule so drawn, might be communicated to all the administrative Ministries/Departments for strict compliance.

1.14 The Committee desired to be apprised of the action taken and achievements made in that regard.

, 1.15 The action taken reply of the Ministry reads as under:

“The Ministry of Statistic & Programme Implementation had forwarded the recommendations made by the Committee to the Ministries/Departments concerned for implementation and taking due care at pre-sanction scrutiny and post-sanction appraisal of projects. They were also requested to devise mechanisms to adhere to the time and cost stipulations with proper accountability to complete the projects without time and cost overruns.

The replies received from the Ministries/Departments indicate that pre-sanction scrutiny and post-sanction appraisal of the projects is carried out with due seriousness. The cost estimates and schedules are prepared and scrutinised by the appropriate agencies and approval of the competent authorities is taken, before obtaining the sanctions of the Ministries concerned. The post-sanction appraisal is regularly and closely done not only at the level of the project authorities, but by the concerned Ministries/Departments through their High Powered Committees, in addition to the reviews by the MOSPI.

The status and trends of the progress are also analysed and corrective/preventive measures taken to contain cost and time overruns, which normally occur due to various factors, such as, delay in land acquisition/necessary clearances, delay in tie-up of adequate funds and their sources, delay in finalisation of project drawings and delay in finalisation of contractual procedures.

The project authorities are aware of the responsibility for adhering to the time and cost stipulations, but due to some of the factors enumerated above, situations do arise, necessitating change of dates of commissioning of the projects, decisions about which are taken at the highest level of monitoring, (as may be the case) and with the approval of the competent authorities.

The Ministries/Departments have reviewed the progress of the on-going projects and revised their schedules of completion, wherever necessary.

The gists of the replies received from the Ministries/Departments concerned indicating the action taken by them on the above recommendations of the Committee, are given hereunder:—

Department of Atomic Energy

The cost estimates and schedules are internally prepared and scrutinised by Directorates of Engineering, Projects, Finance and Strategic Planning & Management System before putting up the DPR to NPCIL Board. After approval of NPCIL Board, the Detailed Project Report (DPR) is scrutinised by the Department of Atomic Energy

(DAE) and put up to the Atomic Energy Commission for approval. After obtaining approval of AEC, the DPR is put up to the Cabinet Committee on Economic Affairs for obtaining financial sanction for the project. The normal clearances, prior to consideration of the note by the CCEA, from other Ministries are taken, as per the procedure.

The post-sanction appraisal of on-going projects is carried out periodically at various levels of project management. The status and trends are analysed and corrective/preventive measures are taken to contain cost and time over-run. The project progress and cost stipulations are reviewed on weekly/monthly/bimonthly/quarterly basis at appropriate levels.

The progress of the on-going projects has been reviewed and these are now in an advanced stage of completion. While the Kaiga 1 & 2 are expected to be completed by June, 2000, the RAPP is expected to reach criticality by July, 2000.

The work of Tarapur Atomic Power Project 3 & 4 which was sanctioned in January 1991 at a total cost of Rs. 2427.51 crore, could not be started, as no funds could be allotted to the project. The cost estimates were revised to Rs. 6421 crores in December, 1997. The latest approved criticality dates for TAPP 3 & 4 are July, 2006 and October, 2005 respectively.

Ministry of Chemicals & Fertilizers

(a) Department of Fertilizers

There is only one major project, *i.e.*, IFFCO's Kandla Phase-II DAP/NPK Expansion Project, which is under implementation. It is progressing as per schedule and is expected to be commissioned within schedule.

(b) Department of Chemicals & Petro-chemicals

There is only one project, namely, the Gandhar Petro-chemicals Project of IPCL which was sanctioned by the Government in March, 1992 with a total outlay of Rs. 3,485 crores. The Project was to be implemented by October, 1996. The Phase I of the project was completed and commissioned in March, 1997. The Phase II of the

project is expected to be completed and commissioned in 1999-2000. The revised cost of the project is now Rs. 3,809/- crores, against the original sanctioned cost of Rs. 3,485/- crores.

The status of implementation of the project was reviewed by the Committees of Secretaries (CoS) in the meeting held on 19.04.99. The CoS concluded that the delays in the implementation of the project could be ascribed to a considerable extent to the changing profile of gas availability and delays in setting up of GAIL's LPG recovery plant which have forced IPCL to change the design for the Gas Cracker so that it can receive rich gas also.

Ministry of Civil Aviation

The procedure prescribed by the Government for scrutiny of the projects requiring approval of the Government is followed and due care is taken during the course of examination of such projects in the EFC, Pre-PIB and PIB meetings. As indicated above, the projects costing above Rs. 10 crores are monitored in the Ministry of Civil Aviation with a view to taking necessary corrective actions wherever time and cost overruns are anticipated during the course of execution of the projects.

In accordance with the instructions issued by The Ministry of Statistics and Programme Implementation. Nodal Officers have been appointed in respect of various projects costing more than Rs. 50 crores in the Civil Aviation Sector and the officers thus appointed are responsible for timely execution of the projects entrusted to them.

The major projects costing above Rs. 10 crores are monitored periodically on a bimonthly basis in the Ministry of Civil Aviation and the target dates revised, taking into account the circumstances, wherever found necessary.

Ministry of Coal

The project proposals are considered initially by an Inter-Ministerial Group (IMG) consisting of members from Ministry of Finance, Ministry of Statistics and Programme Implementation, Ministry of Power, Department of Heavy Industries, Planning Commission, Ministry of

Railways and Ministry of Environment and Forests before being processed for consideration by the PIB and thereafter for consideration and approval of the CCEA. Thus the proposals relating to coal projects, requiring Government sanction, are subjected to detailed and meticulous scrutiny for technical viability, financial soundness, executive mechanism, etc. at various levels.

The responsibility for implementation of sanctioned coal projects lies with the coal companies. For Projects with cost and time overruns, the Revised Cost Estimates (RCE) are submitted by the coal companies and the question of fixation of responsibility for such cost and time overruns will now invariably be considered by the Standing Committee set up in this Ministry and its recommendation/report will form part of the Revised Cost Estimates of a project which will be referred to the CCEA for their consideration and approval of the project. Hence, persons responsible for cost and time overruns of projects will be made accountable for their lapses in the mechanism now evolved.

After a project is approved, it is regularly monitored by the coal company concerned under a well set-up project monitoring system/mechanism. At the administrative/ministerial level too, projects costing Rs. 100 crores and above are reviewed by Adviser (Projects) and projects costing Rs. 500 crores and above are reviewed by Addl. Secretary (Coal) on a regular basis. Secretary (Coal) will also now be reviewing major coal projects on quarterly basis. However, depending upon various factors and difficulties encountered by the coal companies in implementation of the coal projects, situations do arise calling for advancing the date of commissioning of the projects. Such an exercise is undertaken by the coal companies at the time of formulation of annual action plan by the Ministry of Coal in association with the Planning Commission. Based on this exercise, anticipated dates of commissioning in respect of on-going projects are also drawn up and renewed efforts are made by the coal companies to adhere to the revised dates of commissioning.

Ministry of Finance (Department of Economic Affairs)

The on-going project of Mints modernisation at Mumbai, Calcutta and Hyderabad was to be completed by November, 1996 at a total revised cost estimates of Rs. 301.8205 crores against which expenditure incurred upto 31.08.1999 is Rs. 248.1491 crores. The main reasons for slow project execution were — space constraints, delay on the part of

the civil works execution agencies — M/s. Metallurgical and Engineering Consultants (India) Limited, Hindustan Steel Works Construction Limited, National Building Construction Corporation Limited, Central Public Works Department and U.P. Rashtriya Nirman Nigam.

The project has been reviewed regularly and it is expected that the project would be completed by March, 2000.

Ministry of Information & Broadcasting

Pre-sanction scrutiny and post-sanction appraisal of various projects is being done at the highest level in the Directorate of Doordarshan and the Ministry of Information & Broadcasting.

Time and cost stipulations are being enforced to the extent possible.

As already stated, the progress of all on-going projects has been reviewed and their completion schedules revised.

Ministry of Petroleum and Natural Gas

An elaborate procedure, involving the Planning Commission, the Department of Expenditure, MOSPI and other appraising agencies, is in place for appraisal/scrutinizing the project proposals before Government accords investment approval. This includes consideration of the proposed by the Committee of the Pre-PIB, the PIB and the CCEA. This arrangement ensures quality as well as serious examination of a project proposal.

As regards post-sanction appraisal implementation of the projects is regularly and closely monitored, apart from by the PSUs themselves, by this Ministry and the MOSPI, in addition to reviews by other agencies from time to time. In the case of revised cost estimates, the cases are again considered by the Pre-PIB, the PIB and the CCEA in addition to the scrutiny by the aforesaid Standing Committee.

The Standing Committee, which is already in place, looks into the cases of time and cost overruns with a view to fixing responsibility. In addition, all the project authorities are aware of the responsibility for keeping the time and cost within stipulations. For every project, there is a dedicated team, with a nodal officer, responsible for timely execution of projects. They are to account for any lapse in the matter.

Progress of on-going projects is reviewed by different agencies with a view to ensuring that projects are completed in time and also to help removing bottlenecks, if any. A new system for updation of project costs has also been introduced by the Government. The Financial Adviser have been made responsible for getting the project costs updated every year before the Annual Plan discussions are held by the Planning Commission.

Notwithstanding the above position, instructions have again been issued to the project authorities, to ensure avoidance of slippages in the implementation of the projects. The present system has been considered good enough for proper implementation of the projects.

Ministry of Power

An Empowered Committee has been set up under the Chairmanship of Secretary (Power) to monitor the projects. This Committee has representatives drawn from the Central Electricity Authority, Planning Commission and also Ministry of Planning & Programme Implementation (now Ministry of Statistics & Programme Implementation).

In so far as projects costing Rs. 100 crores or more are concerned, the projects are being very closely reviewed as directed by the Prime Minister's Office. The projects facing law and order problems in the North East and J&K are being reviewed separately.

The Ministry of Power has set up four Task Forces to monitor projects in thermal, hydel, systems and private sector. The objective of the Task Forces is to remove bottlenecks faced, if any. Several meetings of the Task Forces have taken place.

A Standing Committee has been set up under Special Secretary in the Ministry of Power for fixing responsibility for time and cost overruns of projects being implemented by the Central Public Sector Undertakings.

Monitoring mechanism in Central Electricity Authority and Ministry of Power has been streamlined and strengthened to oversee the progress of works and identifying critical bottlenecks and suggest remedial measures. A Project Measuring Cell (PMC) has been set up in the Ministry of Power since October, 1996 for externally aided on-going projects.

The schedules of completion of the power projects are revised keeping in view the physical progress of the projects and the constraints involved.

Ministry of Railways (Railway Board)

Pre-sanction scrutiny and post-sanction appraisal of projects is carried out with great seriousness. When proposals are received from Members of Parliament, State Governments and other Ministries, or when a proposal is considered worth exploring by the Ministry of Railways from traffic point of view, a reconnaissance/preliminary engineering-cum-traffic survey is carried out. The survey report is first examined by all the technical departments of the Railways and, once accepted by the General Manager, is sent to the Board. Thereafter, scrutiny by Works, Planning, Finance and Economic Cells is done and the report is put up to the Board for their consideration. The report is appraised by the Planning Commission and the report as well as the appraisal note of the Planning Commission are considered by the Expanded Board consisting of the members of the Railway Board and Secretaries of the Ministries of Finance, MOSPI, and the Planning Commission. The project is then put up to the CCEA and is taken up only after their clearance.

As far as post-sanction appraisal is concerned, in the case of new line projects which form the bulk of Railway projects in terms of funds required for their completion, a final location survey is done to determine the alignments, and investigations and design of bridges and detailed identification of all the elements are done, which will form part of the cost. In other projects where determination of new alignment is not required, similar details are worked out in the detailed estimates which is subjected to detailed scrutiny first in the Zonal Railway and then wherever the cost is beyond the Railway's powers, in the Board's office.

Ministry of Steel & Mines

(a) Department of Steel

As per the directions of the CCEA, a Standing Committee has been constituted in the Department for fixing responsibility in case of Project cost and time over-run before sending any case to the CCEA for approval.

On the direction of Ministry of Statistics & Programme Implementation (MOSPI), the systems of Nodal officers has been introduced for projects costing Rs. 50 crores and above as a preventive measure and to hold the implementing agencies accountable for any lapse.

The quarterly periodic review of projects is also undertaken by PSUs and the first QPR was held on 22.07.99 and progress of all projects under implementation was reviewed.

Relevant instructions on project appraisal/sanction are followed for projects undertaken by SAIL & NMDC. All projects undertaken are generally well thought of, need based and after due provision for necessary finance.

Projects are reviewed in Quarterly Performance Review meetings taken at the level of Minister. Modernisation projects of SAIL are also separately reviewed by Secretary (Steel). In addition, the mega projects of this Department are included in the Central Sector projects which are reviewed by Secretary (Co-ordination) on basis of inputs given by Ministry of Statistics & Programme Implementation (MOSPI).

The schedule of completion of projects are regularly updated and revised, as may be considered necessary keeping in view the relevant inputs.

(b) Departments of Mines

A Task Force has been constituted under the Addl. Secretary and FA, Ministry of Steel and Mines with representations of the PSUs under the Department, as members for the purpose of scrutiny and post-sanction appraisal.

The on-going projects are reviewed from time to time and schedules revised wherever necessary. The Bharat Aluminium Company Ltd. (BALCO) has reported that there may be a delay upto four months in the completion schedule in respect of installation of their New Cold Rolling Mill at Korba. This is mainly due to delayed submission of complete GA drawings and foundation load data for New Cold Rolling

Mill and Strip Casting Machine by FATA HUNTERS, Italy. This problem has now been sorted out, and the company has been advised to try and complete the Project by March, 2000, *i.e.* the original completion date. In the case of National Aluminium Company Ltd. (NALCO), both its projects, viz., (i) Expansion of Bauxite Mine and Alumina Refinery at Damanjodi, and (ii) Expansion of Capital Smelter and Capital Power Plant at Angul are progressing as per schedule.

Ministry of Surface Transport (MOST)

Road Sector

As per extant policy guidelines, the 1st phase of project involves land acquisition. Thereafter, removal of utility services, environmental clearance etc. are insisted. In case of any problem in post sanction delay, the matter is vigorously pursued with the respective Departments of the Central and State Governments and constantly monitored.

The implementing Agencies are not empowered to incur any expenditure beyond permissible limits and works which are not commenced within one year of sanction are required to be de-sanctioned. This is being enforced through a system of critical work-wise review held thrice a year.

The system of monitoring is being made more efficient by encouraging project officers to undertake inspections of work sites and invite State PWDs for discussions. The critical work-wise review of projects goes into the schedules of projects and their completion. The necessary revision of target dates is also discussed in such reviews.

Shipping Sector

All the projects were scrutinised before these were sanctioned, after consultation with various agencies. The post-sanction appraisal of each project is carried out regularly (through monthly/quarterly reports).

The owner-enforced time and cost stipulations are included in the contract which is being signed between the owner and the shipyard. A Clause has also been incorporated for charging of liquidated damages by the owner if the project is delayed beyond the contractual date of completion.

As stated above, the progress of on-going projects is being reviewed quarterly/half yearly by the Review Committee constituted by this Ministry for each project.

Port Sector

Projects which are to be funded through external aid are subjected to scrutiny and concurrence by funding agency, at every stage of the tendering process like formulation of tender documents, pre-qualification of bidders, evaluation of the bids and final award of contract.

The existing provisions of the Major Port Trusts Act, 1963 are somewhat restrictive to the freedom of Major Ports by prescribing prior sanction of the Central Government in many areas of port operations. This Ministry has initiated various measures to delegate more powers as a first step.

Port Trusts have been exempted from seeking first stage clearance from the Committee of PIB, where the investment is to be made by Private sector.

Necessary instructions have already been issued to Ports Chairmen to closely monitor the implementation of the projects and take all necessary steps/advance action to sort out the problems/bottlenecks to avoid delay in completion of the projects. Monitoring at the Ministry level is also being tightened.

Regular review of the ports functioning is undertaken at the level of Secretary in the Ports' Chairmen Conference. Recently, a Port-wise through review of ongoing projects was undertaken in the Ministry.

Department of Telecommunications

A task force has been set up for reviewing and updating of the contracts/bidding documents; and nodal officer for each project costing Rs. 50 crores and above has also been appointed for proper appraisal of the progress of the projects. There are only 4 projects where more than 60% gestation period has elapsed and expenditure incurred is less than 20% of the anticipated cost. However, none of these 4 projects is proposed to be Dropped or shelved; rest two of these projects are likely to be completed shortly and remaining two in the next financial year.

Ministry of Urban Development

Progress of the projects has been reviewed from time to time at the highest level and in respect of the General Pool Residential Accommodation at Mallad (Mumbai). Estimates have been revised, and are awaiting the sanction of the competent authority. The General Pool Residential Project at Bangalore is likely to be completed this year. The Delhi Metro Rapid Transport System Project is proceeding as per the schedule.

Recommendation of the Committee

The Department of Programme Implementation cannot absolve itself of the responsibility of monitoring central projects by merely forwarding the Committee's observations/recommendations to the concerned Ministries for taking remedial action. In fact, the Project Monitoring Division (PMD) of the Department of Programme Implementation is required to identify strengths and weaknesses in the entire system of project formulation, appraisal, implementation, monitoring, evaluation etc. as also to examine causes of time and cost over-run for fixing responsibility.

The Committee, therefore, reiterate their earlier recommendation and impress upon the Department of Programme Implementation to review all the ongoing projects running behind the schedule, examine reason for cost and time over-run, fix accountability, identify bottlenecks in the implementation and suggest remedial measures to be adopted by the administrative Ministries/project authorities.

The Committee may be informed of the action taken by Department of Programme Implementation.

NEW DELHI;
15 March, 2000

25 Phalguna, 1921 (Saka)

SHIVRAJ V. PATIL,
Chairman,
Standing Committee on Finance.

MINUTES OF THE FOURTH SITTING OF STANDING
COMMITTEE ON FINANCE (1999-2000)

The Committee sat on Monday, 28 February, 2000 from 1500 hrs.
to 1545 hrs.

PRESENT

Shri Shivraj V. Patil — *Chairman*

MEMBERS

Lok Sabha

2. Shri Raashid Alvi
3. Shri Sudip Bandyopadhyay
4. Shri Ajoy Chakraborty
5. Shri Kamal Nath
6. Shri Rupchand Pal
7. Shri Varkala Radhakrishnan
8. Shri Ajit Singh
9. Shri C.N. Singh
10. Shri Kirit Somaiya
11. Shri Kharabela Swain
12. Shri Braja Kishore Tripathy
13. Smt. Renuka Chowdhury

Rajya Sabha

14. Shri N.K.P. Salve
15. Shri Amar Singh

SECRETARIAT

1. Shri A.K. Pandey — *Additional Secretary.*
2. Shri S.B. Arora — *Under Secretary*

2. At the outset, the Chairman welcomed the members and requested them to take up for consideration the draft Action Taken Reports on the recommendations contained in the 19th, 20th and 21st reports of the Standing Committee on Finance (1998-99) on Demands for Grants (1999-2000) of (i) Ministry of Planning and Programme Implementation (ii) Ministry of Finance (Department of Economic Affairs & Expenditure) and (iii) Ministry of Finance (Department of Revenue) respectively.

3. The Committee after deliberations decided to take oral evidence of representatives of (i) Ministry of Planning in respect of action taken reply to the Committee's recommendation at Sl. No. 5 on Human Development Report (ii) Ministry of Statistics and Programme Implementation and other relevant Ministries in respect of recommendation at Sl. No. 8 on time and cost overrun in completion of the Mega Projects (iii) Ministry of Finance (Department of Economic Affairs & Expenditure) on action taken reply to the Committee's recommendation on priority sector lending by private sector banks and (iv) Ministry of Finance (Department of Revenue) on action taken reply on the committee's recommendation on shortfall in revenue collections by the Department of Revenue for seeking further clarifications as they were not satisfied with the replies furnished by the concerned Ministries/Departments.

4. In view of the above decision, the classification of the action taken replies to the above said recommendations is required to be changed from "Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee" to "Recommendations/Observations in respect of which final replies of the Government are still awaited." The Committee then adopted all the above mentioned three draft Action Taken Reports without any other modifications/amendments. Thereafter, the Committee authorised the Chairman to present the Action Taken Reports to both Houses of Parliament.

5. Thereafter, the Chairman, informed the Committee that the following topics were selected for an in-depth examination by the Committee:

1. Time and cost overruns in the completion of Mega projects.
2. Financial Institutions—Objectives, Performance and Future prospects.
3. Issues contained in the 'Report on Currency and Finance—1998-99'.
4. Rationalisation of tax structure.
5. Relevance of planning in the Liberalised Economy.

The Committee then adjourned.

APPENDIX

[Vide Para 3 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE NINETEENTH
REPORT OF THE STANDING COMMITTEE ON FINANCE
(TWELFTH LOK SABHA) ON DEMANDS FOR GRANTS
(1999-2000) OF THE MINISTRY OF PLANNING
AND PROGRAMME IMPLEMENTATION

	Total	% of Total
(i) Total number of recommendations	8	
(ii) Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1, 2 and 3)	3	37.5
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Vide Recommendations at Sl. Nos. 4, 6 and 7)	3	37.5
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide recommendation at Sl. Nos. NIL)	Nil	0.00
(v) Recommendations/Observations in respect of which final reply of the Government is still awaited (Vide Recommendation at Sl. Nos. 5 and 8)	2	25.0