

**FIFTEENTH REPORT**  
**STANDING COMMITTEE ON FINANCE**  
**(2001)**

**(THIRTEENTH LOK SABHA)**

**MINISTRY OF PLANNING**

**DEMANDS FOR GRANTS**  
**(2001-2002)**

*Presented to Lok Sabha on 24 April, 2001*  
*Laid in Rajya Sabha on 24 April, 2001*



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*April, 2001/Vaisakha, 1923 (Saka)*

## **CONTENTS**

### **COMPOSITION OF THE COMMITTEE**

**INTRODUCTION .....**

<b>Report</b>	<b>1</b>
<b>Statement of Conclusions/Recommendations .....</b>	<b>23</b>

### **APPENDICES**

<b>I. Minutes of the sitting of the Standing Committee held on 18 April, 2001 .....</b>	<b>32</b>
<b>II. Minutes of the sitting of the Standing Committee on Finance held on 23 April, 2001 .....</b>	<b>34</b>

**COMPOSITION OF STANDING COMMITTEE  
ON FINANCE  
(2001)**

**Shri Shivraj V. Patil      *Chairman***

**MEMBERS**

***Lok Sabha***

2. Shri Raashid Alvi
3. Shri Sudip Bandyopadhyay
4. Shri Ajoy Chakraborty
5. Smt. Renuka Chowdhury
6. Shri G. Putta Swamy Gowda
7. Shri Rattan Lal Kataria
8. Shri Brahmanand Mandal
9. Shri M. V. Chandrashekhara Murthy
10. Shri M. V. V. S. Murthy
11. Shri Kamal Nath
12. Shri Rupchand Pál
13. Shri M. Padmanabham
14. Shri Prakash Paranjpe
15. Shri Raj Narain Passi
16. Dr. Sanjay Paswan
17. Shri Annasaheb M. K. Patil
18. Shri Varkala Radhakrishnan
19. Shri Pravin Rashtrapal
20. Shri Ram Singh Rathwa
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 Kodikunnil Suresh
28. Shri Kharebela Swain
29. Shri Narayan Dutt Tiwari
30. Vacant

*Rajya Sabha*

31. Shri S.S. Ahluwalia
32. Shri Krishna Kumar Birla
33. Shri Vijay Darda
34. Dr. Biplab Dasgupta
35. Shri K. Rahman Khan
36. Shri Suresh A. Keshwani
37. Dr. Manmohan Singh
38. Shri Narendra Mohan
39. Shri Praful Patel
40. Shri P. Prabhakar Reddy
41. Shri N. K. P. Salve
42. Prof. M. Sankaralingam
43. Shri Amar Singh
44. Shri Ranjan Prasad Yadav
- \*45. Shri Solipeta Ramachandra Reddy

Secretariat

- |                            |                          |
|----------------------------|--------------------------|
| 1. Dr. (Smt.) P. K. Sandhu | <i>Joint Secretary</i>   |
| 2. Shri P. K. Grover       | <i>Deputy Secretary</i>  |
| 3. Shri S. B. Arora        | <i>Under Secretary</i>   |
| 4. Shri D. R. Shekhar      | <i>Executive Officer</i> |

---

\* Nominated to the Committee w.e.f. 9 April, 2001.

## INTRODUCTION

1. I, the Chairman, Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Fifteenth Report on Demands for Grants (2001-2002) of the Ministry of Planning.

2. The Demands for Grants of the Ministry of Planning were laid on the Table of the House on 20 March, 2001. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance are required to consider the Demands for Grants of the Ministries/Departments under its jurisdiction and make Reports on the same to both the Houses of Parliament.

3. The Committee took oral evidence of the representatives of the Ministry of Planning at their sitting held on 18 April, 2001 in connection with examination of the Demands for Grants (2001-2002) of the Ministry of Planning.

4. The Committee considered and adopted the Report at their sitting held on 23 April, 2001.

5. The Committee wish to express their thanks to the Officers of the Ministry of Planning for the co-operation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

NEW DELHI;  
23 April, 2001  
3 Vaisakha, 1923 (Saka)

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

## REPORT

Demand No. 63  
Ministry of Planning  
Major Head: 3451  
Minor Head : 00.101

National Commission on Population

(Plan)

Year	Budget Estimates	Revised Estimates	Actuals
2000-2001		59,00,000	
2001-2002	1,36,00,000		

1. The Government of India has formulated a National Population Policy (NPP) 2000 which envisages achievement of replacement level fertility by 2010. In order to effectively implement the Policy, a National Commission on Population, located in the Planning Commission has been constituted on 11 May, 2000 under the Chairmanship of the Prime Minister with Deputy Chairman; Planning Commission as the Vice-Chairman. Besides, a full time Member-Secretary, there are about 125 members and permanent invitees to the National Commission on Population which include all Chief Ministers of States and Union Territories, concerned Union Ministers, leaders of political parties, Members of Parliament, representatives of NGOs, media industry and trade, health professionals and public opinion makers.

The terms of reference of the Commission shall be as under:

- (i) To review, monitor and give directions for the implementation of the National Population Policy with a view to meeting the goals set out in the Policy.
- (ii) To promote synergy between demographic, educational environmental and developmental programmes so as to hasten population stabilisation.

- (iii) To promote inter-sectoral coordination in planning and implementation across Government agencies of the Central and State Governments, to involve the civil society and the private sector and to explore the possibilities of international cooperation in support of the goals set out in the Policy.
- (iv) To facilitate the development of a vigorous people's movement in support of this national effort.

2. When asked about the formulation and implementation of the National Population Policy, the Ministry in their reply have stated as under:

"The National Population Policy was formulated by the Government of India during the year 2000. The salient features of the Policy are indicated in the document. The setting up of the National Commission on Population and the National Population Stabilisation Fund are measures the Government has taken for effective implementation of the Policy. The National Commission on Population has constituted some Working Groups and Advisory Groups for examining various issues having a bearing on population stabilisation. The findings/recommendations of these Groups will be considered by a meeting of the concerned Union Ministers. Consultation/discussion with the State Governments will also be held regarding the implementation of policies and programmes relating to population stabilisation. The next conference of the Commission will consider measures for effective implementation of policies and programmes relating to population stabilisation."

3. When asked about item-wise expenditure incurred out of the total budget of Rs. 59.00 lakh as per approved revised estimates, Ministry in their reply have furnished as under :

(Rs. in lakhs)

Sl. No.	Object Head	RE 2000-2001	Amount RE appropriated	Actual Exp.	Details/Reasons
1	2	3	4	5	6
1.	Salary	12.00	2.00	Nil	Staff for the NCP could be appointed on deputation basis only during March, 2001.
2.	Over Time Allowance	03.00	00.50	00.40	Expenditure on OTA paid to the staff provided by Planning Commission on loan basis for doing urgent work during meetings/conferences etc. organised by the NCP.
3.	Domestic Travel Expenses	05.00	10.00	06.50	Additional funds over and above RE were needed owing to various meetings/conferences held by the NCP.
4.	Foreign Travel Expenses	10.00	03.00	Nil	As the NCP was engaged in the work relating to the Advisory/Working Groups constituted for examining various issues having a bearing on population stabilisation no foreign visits could be organised for the



	2	3	4	5	6
					Members of the Commission/ Officers to study the population policies of other countries, attend seminars etc. during the year. Therefore, no expenditure is incurred out of the provision made for this purpose.
5.	Office Expenses	08.00	12.50	12.50	NCP being a new organisation which started working during 2000-2001, expenditure had to be incurred on purchase of office equipments, stationery, furniture and other items required for day-to-day use of the Commission and for meetings, conferences, discussions etc. held by the Commission.
6.	Publications	05.00	01.00	Nil	No expenditure incurred as within the limited time no publication could be brought out.
7.	Other Admn. Expenses	10.00	10.00	09.50	This relates to mainly expenditure incurred on hospitality arrangements during the meetings of the Advisory Groups/Working Groups/Task Force and conferences held by the Commission.

1	2	3	4	5	6
8.	Payments for Prof. & Special Services	03.00	15.00	Nil	This was intended to cover payments for professional & special services by engagement of consultants for special work/ assignments. However, as during the year 2000-01 no body was engaged for this purpose, no expenditure was incurred.
9.	Other Charges	03.00	05.00	04.60	Expenditure was incurred on civil electrical jobs carried out through CPWD and purchase of miscellaneous items for official use of the Commission.
<b>TotalM</b>		<b>59.00</b>	<b>59.00</b>	<b>33.50</b>	

4. The Committee note that the National Commission on Population (NCP) was set up on 11 May, 2000 under the Chairmanship of Prime Minister and Deputy Chairman, Planning Commission as Vice-Chairman alongwith 125 members and permanent invitees primarily to review, monitor and give directions for the implementation of the policies and programmes relating to population stabilization set out in the National Population Policy. An amount of Rs. 59 lakh was allocated to NCP during 2000-2001 at RE stage for meeting the expenditure under various Heads including Salary, Domestic/foreign Travel Expenses/ Payment for Professional and Special Services, Other Charges etc. "The Committee, however, regret to note that out of 59 lakh only 33.50 lakh could be utilized. The main reasons for under-utilisation was due to non appointment of staff for NCP and non engagement of consultants for special work/ assignment resulting in NIL expenditure under both these Heads. On other Heads also, there have been either under utilization or the amount remained completely un-utilized. All these have resulted in gross underutilization of funds meant for NCP as a whole.

5. The Committee are of the view that NCP being a newly constituted body empowered to monitor and give directions for the implementation of the National Population Policy, deserves serious attention of the Ministry to meet the goals set out in the Policy. They opine that unless the staff is appointed and professionals and consultants are engaged to give their expert advice, the goals set out in the policy will remain a distant reality. The Committee, therefore, desire that the staff required for the Commission may be appointed immediately and services of the experts may be utilized so that the National Commission on Population may be made functional.

6. The Committee, however, do not find any justification for such a large body of the NCP. They, therefore, desire the Government to consider keeping the number of membership of the NCP at the barest minimum.

**Demand No. 63**  
**Human Development Report**

7. Human development and improvement in quality of life are the ultimate objectives of all planning. This is to be achieved through policies and programmes aimed at promotion of both equity and excellence. Planning takes into account the resources required for human development and human resources available for carrying out the Plan.

8. The Standing Committee on Finance while considering the Demands for Grants (1999-2000) of the Ministry had recommended on Human Development Report as under:

“The Committee are distressed to note that even after more than 50 years of independence, the country has not been able to bring out a National Human Development Report to improve status of human development i.e. infant mortality, primary education, health and employment etc. The Committee are further pained to note that Planning Commission have yet to decide about the modality and time frame in this regard. Committee note that in pursuance of the Report prepared by Madhya Pradesh some more States have also shown interest in preparation of National Human Development Report and Dy. Chairman, Planning Commission in the recent meeting of the NDC has announced to prepare a human development Report for the entire country in addition to allocating funds to State Governments in this regard.

The Committee keeping in view the vital importance of the Human Development Report, desire 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.”

9. Again while considering Demands for Grants (2000-2001) of the Ministry the Committee had expressed displeasure over the delay in preparation of Human Development Report and reiterated its recommendation as under :

“Keeping in view the vital importance of Human Development Report, the Committee in their Nineteenth Report on Demands for Grants (1999-2000) had desired the Planning Commission to take up the matter in right earnest and prepare Human Development Report for the entire country without any further delay. They are however distressed to note that it was only in July, 1999 that the work relating to the preparation on Human

Development Report was initiated by convening a National Workshop on Key Concern and Core Indicators for National and States Human Development Reports.

The matter regarding the preparation of Human Development Report was discussed at length by the Members in the Standing Committee on Finance and they were of the considered opinion that in the absence of such a report which provides important parameters relating to poverty, literacy, health, water, electricity, etc., the planning itself is likely to remain a futile exercise.

The Committee now desire that the Planning Commission shall prepare the much awaited National Human Development Report by the end of fiscal year 2000-2001 as already committed."

10. In their action taken reply, submitted to the Committee in December, 2000, Ministry have stated as under:

"The Planning Commission have undertaken the task of preparing National Human Development Report for India. The Report is expected to be completed by 31st March, 2001. A Project Team comprising of officers from different Divisions of Planning Commission has been constituted to undertake the preparation of the NHDR. The Steering Committee under the Chairmanship of Secretary, Planning Commission has been set up to oversee the preparation of NHDR. The Terms of Reference of the Committee are:

To provide guidance in terms of data and other information to the Project Team.

2. To consider and approve the draft and NHDR prepared and submitted by the Project Team."

11. When asked about the present status of National Human Development Report and commitment to complete it by the end of financial year 2000-2001, the Ministry in their reply furnished in March, 2001, have stated as under:

"The statistical Appendix as also most of the other statistical work and preliminary drafts of some of the proposed seven chapters have been completed. It is expected that the National Human Development Report (NHDR) would be completed by 30th June, 2001. The draft Report will be

discussed with a panel of experts in a workshop to be organised by the Planning Commission before the Report is submitted to the Government.

The delay in completing the Report within the financial year 2000-2001 has been primarily because of the time taken in putting together the State-level database on various social and economic indicators for the Report. This has, however, given us the opportunity to also incorporate the provisional Census data for 2001 released very recently by the Registrar General of India.

12. When asked about the parameters/norms used for collecting the statistical data from different parts of the country, the Ministry in their reply have stated as under:

“The data that has been collected for the NHDR is at State level for all the States and UTs and has been collected in terms of gender, population groups (*i.e.* SCs/STs) and rural-urban break-up, wherever available. The data has been collected for at least two points of time *i.e.* from among the years 1981 to 1983 and the years 1993 to 1994 to take advantage of the Census and the National Sample Survey data, which are available for these years. Wherever possible, the data has also been collected for the latest available year in the 1990.

In selecting the variables on which data has been collected, emphasis has been on using data from official sources and where available also from independent surveys and studies. Variables have been selected to cover individual and social attainments in the area of education; health; economic entitlements; and other social indicators such as those relating to civic amenities, including shelter, sanitation, access to electricity and connectivity; old age; child labour, and crime against women.”

13. When asked whether a uniform pattern has been adopted in preparation of Human Development Report, Ministry in their reply, have stated as unders:

“A uniform pattern for collecting data has been used for all sectors and States/regions with a view to facilitate comparability over time and across regions. In addition, the

Report is expected to present a methodology that could possibly provide a benchmark and guidelines for putting together social and economic indicators in a consistent framework at State and sub-State levels.”

14. When asked about the authenticity and credibility of data being used in preparation of Human Development Report, Ministry in their reply have stated as under:

“The data requirement of an exercise such as the NHDR is quite large both in terms of the quantum as also in terms of the coverage of variables from diverse sectors. The Report is basically relying on the data from the Census of India and from the various surveys conducted by the National Sample Survey Organisation. Both these organizations have established and acceptable procedures for collecting data and have a fair amount of credibility. In addition, the NHDR uses information from independent studies/surveys, wherever available, to provide a more representative picture of the ground situation so as to present a credible Report.”

15. The Committee have all along been emphasising the need for a National Human Development Report which may provide data on the state of poverty, literacy, health, water, electricity connectivity, shelter, employment etc., required as an Input for planning.

16. Though the Ministry of Planning, during consideration of Demands for Grants (2000-2001) in April, 2000 and again in their action taken reply submitted in December, 2000, had Stated that the HDR was expected to be ready by the end of fiscal year 2000-2001, the Committee are pained to find that the report is still at the drafting stage and the draft report is now expected to be ready only by June, 2001. They are not inclined to accept the reasons for delay which has been explained due to time taken in putting together the State level database on various social and economic indicators for the report. As the draft report after completion is to be discussed with a panel of experts in a workshop to be organised by Planning Commission before the report is submitted to the Government, the Committee apprehend that the submission of final report is likely to be delayed further. In the circumstances they conclude that no serious efforts are being made to complete the NHDR in a time bound manner.

**Demand No. 63**  
**Ninth Five Year Plan**

18. The Approach Paper to the Ninth Five Year Plan envisaged a base line growth scenario of 6.2 per cent per annum on the average for the Ninth Plan period. It was also indicated that an accelerated growth scenario of 7 per cent per annum was feasible provided certain policy decisions were adopted by the Centre and States. In its meeting held on January 16, 1997, the NDC approved the Approach Paper and directed the Planning Commission to formulate the Ninth Five Year Plan with a target growth rate of 7 per cent per annum. A Draft Ninth Five Year Plan was prepared by the Planning Commission on the basis of the approved Approach Paper. It was released to the public by the then Deputy Chairman, Planning Commission on 1.3.1998.

The Ninth Five Year Plan, as approved by National Development Council (NDC) on 19th February, 1999 targeted annual average growth rate of 6.5 percent for the economy as a whole and a growth rate of 3.9 per cent for agriculture sector.

19. The Committee while considering Demands for Grants 2000-2001 expressed its concern over the downward revision of growth rate from 7% to 6.5% had commented in their Fifth Report as under:

“The Committee are also constrained to note that due to the abnormal delay in getting the Ninth Plan approved the growth target had to be revised downwards from 7% to 6.5%. During the evidence, the Secretary was candid enough to admit that in order to achieve even the growth rate of 6.5%, the percentage of the growth during the remaining two years will have to be 7.4%. He has also expressed an apprehension that since three vital years of the Plan have already passed during which the GDP has grown by 5%, 6.8% and 5.9% only, it may be difficult even to achieve a growth rate of 6.5%. In view of the fact that valuable time has already



been lost, concerted efforts need to be made at all levels to achieve atleast the revised targets now fixed in the Ninth Five Year Plan."

20. In their action taken reply on growth rate, the Ministry of Planning have stated as under:

"The Ninth Plan has projected an average growth rate of 6.5 per cent per annum in GDP as against the growth rate of 7 per cent envisaged in the Approach Paper approved by the NDC. The scaling down of the target was necessitated by the changes in the national as well as global economic situation. In the first two years of the Plan, there was a slow down in the growth rate of Indian economy, a sharp decline in the export growth, a significant revenue shortfall and significant deterioration in the State Government's finances. Taking these developments into account, it was decided to recommend to the NDC that the growth target be scaled down to 6.5 per cent per annum. Implicit in this target is an average growth rate of more than 7 per cent over the last three years (1999-2000) of the Ninth Plan. In this regard, the primary objectives of the MTA of the Ninth Plan has been to assess the possibility of reaching the targets of the Ninth Plan, identify the areas of significant shortfall and the reasons therefor, so as to arrive at a basis for evolving appropriate Policy Package/Plan Strategies for mid-term corrections in the implementation of the plan."

21. In a written reply to a question on Demands for Grants 2001-2002 about average growth rate during the first four years of the Ninth Five Year Plan, Ministry of Planning submitted as under:

"The average growth rate during the first four years of the Ninth Plan as per the latest available estimates released by the CSO is 5.95 per cent.

## Demand No. 63

**Grants to Non-Governmental Organisations (NGOs)**

24. The Socio Economic Research Unit of Planning Commission implements the schemes of grants-in-aid to Universities/Institutions for research on planning and development.

A Group of Advisers headed by Member-Secretary, at present Secretary, Planning Commission, has been constituted for the purpose of considering the research proposals, seminars, institutional development and publication of research work (Proposal for the Corpus Funds, etc. for the purpose of the institutional development will not be considered in the Ninth Plan. Commitments made by Planning Commission in the Eighth Plan will be fulfilled). The Group of Advisers meet at an interval of 3 to 4 months or as and when required, for considering the research proposals/ seminars received from various institutions.

25. When asked about the activities for which grants-in-aid are generally given, the Ministry, in a written reply have stated as under:

“Grants-in-aid is generally given for the following types of activities as per Para-3.2 of the Guidelines.

Research studies including subsidy, if any, for publication of the findings of such research study,  
Seminars/Workshops, and  
Institution Development.

As per Para 3.3 of the Guidelines, Proposals for Corpus Funds, etc. for the purpose of institution development will not be considered in the 9<sup>th</sup> Plan. Commitments made by Planning Commission in the 8<sup>th</sup> Plan period will be fulfilled.

The first two activities under Para 3.2 are eligible for grants-in-aid under the Scheme of Socio Economic Research Unit in the Ninth Plan period.”

26. On being enquired whether any monitoring and appraisal of the activities undertaken by the NGOs for which grants are given by the Planning Commission is being done, the Ministry in a note submitted to the Committee have stated :

“No monitoring and appraisal of the activities undertaken by the NGOs is done. However, the grants-in-aid are provided for specific research studies/seminars etc. and periodical monitoring is being done so that Planning Commission receives the desired results *i.e.* in the form of final reports of study, proceedings of the seminars etc. along with Utilisation Certificate.”

27. Asked whether any discrepancy in the utilisation of funds were ever noticed and any action for discrepancy taken, the Ministry, in their reply have stated as under:

“No discrepancy has been noticed and hence no action was required to be taken.”

28. The Committee while considering Demands for Grants (2000-2001) on Grants-in-aid to NGOs had *inter-alia* expressed their anxiety over the mushroom growth of NGOs in the recent past and apprehended that many of them might not be genuine entities. This stand of the Committee was corroborated from the experience of CAPART which had spent money through thousands of NGOs, some of whom were later found to be bogus.

29. The Committee are concerned to note that despite the mushroom growth of NGOs in the recent past and even after finding cases of bogus and ingenuine NGOs, no monitoring and appraisal of activities undertaken by them is being done by the Ministry, except receiving the final reports of the studies, proceedings of seminars etc. and utilisation certificates. The Committee are unable to understand how in the absence of such monitoring or appraisal of the studies/activities undertaken by NGOs, the Ministry could come to the conclusion that no discrepancy in the utilisation of funds had been noticed. The Committee, therefore, do not appreciate the casual and irresponsible manner in which the Ministry of Planning is handling the work relating to the Grants to NGOs.

30. In view of the above, the Committee strongly recommend that after making judicious selection of NGOs for grants, monitoring and appraisal of their activities must be done. If at any point of time misutilisation of funds by any of the NGOs/Voluntary Organisations is found, no further grant be sanctioned to them and such NGOs/Voluntary Organisations should be debarred for grants in future.

### Project Appraisal and Management Division

31. As a part of techno-economic appraisal, PAMD appraises Central Sector schemes/projects costing Rs. 15 crore and above, and prepares Appraisal Notes in consultation with the Subject Division of the Planning Commission, before these are considered by the Public Investment Board (CPIB), depending upon the nature and size of the proposal. The Division has started appraisal of proposals of the Ministry of Railways costing Rs. 50 crore and above from 1995-96.

32. As regards appraisal notes and outer limit for submission of such notes, the Ministry of Planning in a note submitted to the Committee, furnished the following information :

“Planning Commission with a view to cut down delays (in case of PIB clearance including inadequacies of the project proposal, time taken to issue the comments from the PAMD, etc.) and ensure PIB/EFC decisions within 4 to 6 weeks on receipt of PIB/EFC Memo from the Departments/Ministries has decided as under:

- (a) PAMD would act as management advisor to the PIB/EFC and after the receipt of PIB/EFC Memo it would not call for additional information or seek clarification. Based on the information given in the PIB/EFC Memo, appraisal will be done and management advice tendered to PIB/EFC. Where necessary, in important case, a meeting of the concerned officials may be called by Adviser (PAMD) to seek clarifications.
- (b) In order to ensure that the appraisal carried out by the PAMD is comprehensive and meaningful it is the duty of the project authorities/administrative ministries to submit only such proposals which are complete in all respects. However, in case where PIB/EFC Memo does not contain relevant information, PAMD will identify such gaps and indicate PAMD's inability to give management advice on these issues.
- (c) The outer limit for giving management advice by the PAMD has been fixed at 4 weeks from the date of receipt of PIB/EFC Memo. In case management advice from PAMD is not received

within 4 weeks time, PIB/EFC meeting could be fixed and their views obtained during the meeting.

In case there are special circumstance requiring EFC Meeting to be held earlier than 4 weeks from the issue of EFC Memo, the Ministry concerned should get in touch with the PAMD before fixing the date of the Meeting.

This procedure was conveyed to all the ministries/departments *vide* D.O. No. 14015/2/97-PAMD, dated 23.09.1997.

This stipulation of 4 weeks time limit had been made effective in Sep. 1997, Oct. 1997 till June 1999, all the proposals received in PAMD were examined and appraisal Notes issued within the stipulated time period of 4 weeks. The pendency position is reviewed every week and at the end of the month a report of proposals/pending appraisals, beyond 4 weeks time limit, as on the last day of the, preceding month is prepared and submitted every month as Monthly Progress Report. During the period Oct., 1997 till Feb., 2001, 650 proposals were examined and appraisal notes issued. Of these, only 49 proposals were delayed beyond 4 weeks time. This has happened mainly because of bunching of proposals sent by the Ministries/Departments in big lots and shortage of staff in the Division, preoccupation of Sectoral Divisions with other work of urgent nature, extremely complicated nature of the projects (particularly where linked projects are involved), integrated operations involving other units/undertakings.

33. However, during the period since July, 1999 to March 2000, there had been some project proposals (varying between 5 and 12 nos.), pending appraisal, beyond the stipulated 4 weeks time. During the period April to Dec. 2000, the pendency position had come down drastically to 1-3 proposals.

"It may be mentioned here that as indicated in our D.O. No. 1405/2/97PAMD, dated 23.09.1997, the Ministries/Departments are free to fix the EFC/PIB Meeting after the expiry of 4 weeks limit. During this period (July, 1999-Dec. 2000), there was no occasion when the EFC/PIB Meeting

could not be held for want of appraisal note from PAMD. It may be said that the process of appraisal has not affected the overall processing of these proposals for an investment decision by PIB/EFC."

34. The Committee note that outer limit of time for giving management advice by the Project Appraisal and Management Division (PAMD) of the Ministry of Planning has been fixed at 4 weeks since September, 1997. They also note that during the period from October, 1997 to February, 2001, 650 proposals were received by PAMD for appraisal notes out of which submission of appraisal notes were delayed in 49 cases. They also find that appraisal notes on all the proposals received between October, 1997 and June, 1999 were issued within the stipulated period of 4 weeks. It would thus appear that cases of delay in issue of appraisal notes took place during the period from July, 1999 to February, 2001.

35. The reasons for delay as enumerated by the Ministry were stated to be bunching of proposals sent by the Ministries/Departments in big lots, shortage of staff in the division, pre-occupation of Sectoral Divisions with other work of urgent nature, extremely complicated nature of the projects (particularly where linked projects are involved) and integrated operations involving other units/undertakings.

36. The Committee are not inclined to accept the reasons for delay adduced by the Ministry because, in their view, PMD is supposed to be well equipped to deal with all kinds of proposals. They, therefore, express their displeasure over the delay in submission of appraisal notes and emphasise that the Ministry of Planning should adhere to the stipulated period of 4 weeks for submission of appraisal notes. Nevertheless, they would suggest that Ministries/Departments should be advised to send their proposals to PAMD as and when they are ready instead of sending them in big lots.

### Planning in the Liberalised Economy

37. Over the last 50 years of its setting up, Planning Commission has been engaged in undertaking investment planning of the economy by focussing primarily on its planning and allocation functions involving distribution of plan funds between the Central sector plan and Central assistance to State plans as also across the Ministries/Departments in the Central sector. Intrinsic to this exercise is the process of plan formulation both five year and the Annual Plans – their review, monitoring and the requisite follow-up.

38. Asked what are the merits and demerits of liberalised economy where economy is driven by the market forces, Ministry in their reply have stated as under:–

“The Principal merit of a liberalised economy which is driven by market forces is that it encourages greater efficiency through competition. It also has the merit of allowing full play to the entrepreneurial spirits of the people and thereby unleashes their productive potential. The principal demerit of such an economy is that there are certain situations in which the market fails to perform its role. Activities which have strong externalities are usually prone to such market failure. Examples are goods and services which are in the nature of public goods such as certain forms of infrastructure, environmental and ecological variables, certain kinds of social services such as primary education and primary health. In addition, certain socio-economic groups and regions of the country may not be able to effectively integrate in market processes because of historical disadvantages. Such activities, groups and regions need to be addressed through public action.”

39. When asked whether in the context of changing economic scenario there is a need for restructuring the Planning Commission and its role and functioning, the Ministry, in their reply have stated as under:

“Until recently the principal function of the Planning Commission has been to undertake investment planning for

the country whereby it determines the optimal structure of the growth of the economy and allocates resources accordingly. In a market driven economy this role continues to be relevant but of lesser importance than earlier. The principal function of planning in such a situation is most strategic in the sense that vulnerabilities are identified and suitable policy measures developed to address these vulnerabilities. Therefore the role has to shift from investment allocations towards devising suitable policy interventions. The process of restructuring the Planning Commission in order to meet its evolving role and functions is under way.”

40. Supplementing the above, the Ministry, in a written reply, submitted as under:-

“In the face of changing domestic economic policy regime and an equally fast paced integration of the economy with the emerging global order, investment planning is no more the only, or the more predominant, or even the most effective instrument of pursuing development. In fact, the role of State and hence of planning has to move from a direct intervention in economic activity in general and the production process in particular, to facilitating creation of an environment that encourages individual initiative and reaches out by providing opportunity to all. Planning has to, therefore, go beyond undertaking mere budgetary allocations, between the competing sectors and regions, for that alone would not be enough, and move towards ensuring policy harmonisation over time and across space. This requires the Planning Commission to strengthen its role as a ‘Think Tank’ – a repository of expert knowledge.”

41. It was apprehended that there is a feeling of alienation among the poor, because new economic policies are being perceived as benefiting mainly the rich and the privileged. Moreover, the aggressive projection of globalisation and marketisation 2000 without giving equal prominence to the strategy for poverty alleviation seems to have sent wrong signals to the common people.



On the above apprehension, the Ministry of Planning, in a note submitted to the Committee, stated :-

“Indian plans have consistently focused on improving the quality of life of the common people. All proposed measures and policies are guided by this cardinal principal. The process of globalisation and marketisation are meant essentially to create conditions whereby the people can realise their full productive potential and can become the arbiters of their full destiny. Nevertheless, poverty alleviation programmes play an important role in our plans because of the recognition that some socio-economic groups and particular regions of the country may not be able to take advantage of the opportunities created by the market. Such direct intervention for poverty alleviation should be closely targeted at these vulnerable groups and regions in order to achieve the maximum impact.”

42. The Committee were informed by the Secretary, Ministry of Planning during evidence held on 18 April, 2001 that most of the State Governments were gradually falling into a debt trap and had to resort to heavy borrowings resulting into large deficits. He also stated that one of the reasons for this was that they were unable to mobilise their own resources and the State Corporations had to borrow huge amounts at high rates of interest.

43. The Committee are informed that the Planning Commission since its inception has been engaged in undertaking investment planning of the economy by focusing primarily on its planning and allocation functions involving distribution of plan funds between the Central sector plan and Central assistance to State plans as also across the Ministries/Departments in the central sector. It has now been contended by Government that in the changing domestic economic policy regime, investment planning is no more the only or the most effective instrument of pursuing development. The Committee are given to understand that the process of globalisation and marketisation are meant to create conditions whereby the

people can realise their full productive potential and thereby become the arbiters of their destiny. In the changed scenario, the process of restructuring of Planning Commission is stated to be underway.

44. The Committee are of the view that since the process of liberalisation has been on for the last ten years, the restructuring of the Planning Commission to meet the emerging challenges should have been taken up much earlier. They desire that this should now be done expeditiously. However, they wish to emphasise that in the process, eradication of poverty and improvement in the quality of life of the masses which has been one of the basic objectives of Planning in India should not be lost sight of. It is also important to bear in mind that though liberalised economy might encourage greater private investment and competition, the development of infrastructure and social welfare services should continue to be given due priority by the Government.

45. The Committee are also deeply shocked to find that most of the State Governments are gradually falling into a debt trap and have to resort to heavy borrowings resulting into large deficits. One of the reasons for this is stated to have been that they are unable to mobilise their own resources and the State Corporations have to borrow huge amounts at high rates of interest. The Committee view this situation very seriously and desire that the matter should be placed before the National Development Council and States should be persuaded to maintain strict fiscal discipline.

NEW DELHI;  
23 April, 2001  
3 Vaisakha, 1923 (Saka)

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

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF  
THE STANDING COMMITTEE ON FINANCE IN  
THE FIFTEENTH REPORT (2001-2002)**

Sl. No.	Para No.	Ministry/Department concerned	Conclusion/Recommendation
	2	3	4
1.	4-6	Ministry of Planning	The Committee note that the National Commission on Population (NCP) was set up on 11 May, 2000 under the Chairmanship of Prime Minister and Deputy Chairman, Planning Commission as Vice-Chairman alongwith 125 members and permanent invitees primarily to review, monitor and give directions for the implementation of the policies and programmes relating to population stabilization set out in the National Population Policy. An amount of Rs. 59 lakh was allocated to NCP during 2000-2001 at RE stage for meeting the expenditure under various Heads including Salary, Domestic/Foreign Travel Expenses/ Payment for Professional and Special Services, Other Charges etc. The Committee, however, regret to note that out of 59 lakh only 33.50 lakh could be utilized. The main reasons for under-utilisation was due to nonappointment of staff for NCP and non engagement of consultants for special work/ assignment resulting in NIL

2

4

expenditure under both these Heads. On other Heads also, there have been either underutilization or the amount remained completely un-utilized. All these have resulted in gross underutilization of funds meant for NCP as a whole.

The Committee are of the view that NCP being a newly constituted body empowered to monitor and give directions for the implementation of the National Population Policy, deserves serious attention of the Ministry to meet the goals set out in the Policy. They opine that unless the staff is appointed and professionals and consultants are engaged to give their expert advice, the goals set out in the policy will remain a distant reality. The Committee, therefore, desire that the staff required for the Commission may be appointed immediately and services of the experts may be utilized so that the National Commission on Population may be made functional.

The Committee, however, do not find any justification for such a large body of the NCP. They, therefore, desire the Government to consider keeping the number of membership of the NCP at the barest minimum.

2. 15-17 Ministry of Planning The Committee have all along been emphasising the need for

2	3	4
		<p>a National Human Development Report which may provide data on the state of poverty, literacy, health, water, electricity connectivity, shelter, employment etc. required as an input for planning.</p>
		<p>Though the Ministry of Planning, during consideration of Demands for Grants (2000-2001) in April, 2000 and again in their action taken reply submitted in December, 2000, had stated that the HDR was expected to be ready by the end of fiscal year 2000-2001, the Committee are pained to find that the report is still at the drafting stage and the draft report is now expected to be ready only by June, 2001. They are not inclined to accept the reasons for delay which has been explained due to time taken in putting together the state level database on various social and economic indicators for the report. As the draft report after completion is to be discussed with a panel of experts in a workshop to be organised by Planning Commission before the report is submitted to the Government, the Committee apprehend that the submission of final report is likely to be delayed further. In the circumstances they</p>

2	3	4
		<p>conclude that no serious efforts are being made to complete the NHDR in a time bound manner.</p>
		<p>Deprecating the inordinate delay in preparing the National Human Development Report (NHDR), the Committee now expect the Ministry of Planning to atleast adhere to the new time frame fixed by themselves and prepare the draft report by June, 2001. The draft report may be discussed with the panel of experts immediately thereafter and the final report may be submitted to the Government by the end of July, 2001.</p>
3	22, 23 Ministry of Planning	<p>The Committee are pained to note that the annual average growth rate during the first four years of the Ninth Plan as per latest available estimates released by the Central Statistical Organisation (CSO) is only 5.95 percent as against already downwardly revised growth rate of 6.5%, projected in the final plan document approved by NDC. The Committee are given to understand that main slippage has taken place in the first year of the Plan (1997-98) when growth rate was only 4.8 percent. The Committee express their apprehension that since during the first four years, there have been slippages in the average growth rate, it might not be possible to achieve the target of 6.5%.</p>

2	3	4
		<p>The Committee would like to know the circumstances which led to significant shortfall in achieving the targets and the corrective measures taken/proposed to be taken to accelerate the growth rate, they also strongly urge that while evolving the plan strategies and fixing the targets, realistic approach should be adopted so that the need to scale down the targets could be avoided.</p>
4.	29, 30 Ministry of Planning	<p>The Committee are concerned to note that despite the mushroom growth of NGOs in the recent past and even after finding cases of bogus and ingenuine NGOs, no monitoring and appraisal of activities undertaken by them is being done by the Ministry, except receiving the final reports of the studies, proceedings of seminars etc. and utilisation certificates. The Committee are unable to understand how in the absence of such monitoring or appraisal of the studies/activities undertaken by NGOs, the Ministry could come to the conclusion that no discrepancy in the utilisation of funds had been noticed. The Committee, therefore, do not appreciate the casual and irresponsible manner in which the Ministry of Planning is handling the work relating to the Grants to NGOs.</p> <p>In view of the above, the Committee strongly</p>

2	3	4
		<p>recommend that after making judicious selection of NGOs for grants, monitoring and appraisal of their activities must be done. If at any point of time misutilisation of funds by any of the NGOs/Voluntary Organisations is found, no further grant be sanctioned to them and such NGOs/Voluntary Organisations should be debarred for grants in future.</p>
5.	34-36 Ministry of Planning	<p>The Committee note that outer limit of time for giving management advice by the Project Appraisal and Management Division (PAMD) of the Ministry of Planning has been fixed at 4 weeks since September, 1997. They also note that during the period from October, 1997 to February, 2001, 650 proposals were received by PAMD for appraisal notes out of which submission of appraisal notes were delayed in 49 cases. They also find that appraisal notes on all the proposals received between October, 1997 and June, 1999 were issued within the stipulated period of 4 weeks. It would thus appear that cases of delay in issue of appraisal notes took place during the period from July, 1999 to February, 2001.</p> <p>The reasons for delay as enumerated by the Ministry were stated to be bunching of proposals sent by the</p>



2	3	4
		<p>Ministries/Departments in big lots, shortage of staff in the division, pre-occupation of Sectoral Divisions with other work of urgent nature, extremely complicated nature of the projects (particularly where linked projects are involved) and integrated operations involving other units/undertakings.</p>
		<p>The Committee are not inclined to accept the reasons for delay adduced by the Ministry because, in their view, PMD is supposed to be well equipped to deal with all kinds of proposals. They, therefore, express their displeasure over the delay in submission of appraisal notes and emphasise that the Ministry of Planning should adhere to the stipulated period of 4 weeks for submission of appraisal notes. Nevertheless, they would suggest that Ministries/Departments should be advised to send their proposals to PAMD as and when they are ready instead of sending them in big lots.</p>
6.	43-45 Ministry of Planning	<p>The Committee are informed that the Planning Commission since its inception has been engaged in undertaking investment planning of the economy by focusing primarily on its planning and allocation functions involving distribution of plan funds between the central sector plan and central assistance to state plans as also across the</p>

---

**2****3****4**

---

Ministries /Departments in the central sector. It has now been contended by Government that in the changing domestic economic policy regime, investment planning is no more the only or the most effective instrument of pursuing development. The Committee are given to understand that the process of globalisation and marketisation are meant to create conditions whereby the people can realise their full productive potential and thereby become the arbiters of their destiny. In the changed scenario, the process of restructuring of Planning Commission is stated to be underway.

The Committee are of the view that since the process of liberalisation has been on for the last ten years, the restructuring of the Planning Commission to meet the emerging challenges should have been taken up much earlier. They desire that this should now be done expeditiously. However, they wish to emphasise that in the process, eradication of poverty and improvement in the quality of life of the masses which has been one of the basic objectives of Planning in India should not be lost sight of. It is also important to bear in mind that though liberalised economy might encourage greater private investment and competition, the development

---

---

**2****3****4**

---

of infrastructure and social welfare services should continue to be given due priority by the Government.

The Committee are also deeply shocked to find that most of the State Governments are gradually failing into a debt trap and have to resort to heavy borrowings resulting into large deficits. One of the reasons for this is stated to have been that they are unable to mobilise their own resources and the State Corporations have to borrow huge amounts at high rates of interest. The Committee view this situation very seriously and desire that the matter should be placed before the National Development Council and States should be persuaded to maintain smtrict fiscal discipline.

---

**MINUTES OF THE NINTH SITTING OF STANDING  
COMMITTEE ON FINANCE**

The Committee sat on Wednesday, 18 April, 2001 from 1500 to 1700 hours.

**PRESENT**

Shri Shivraj V. Patil —*Chairman*

**MEMBERS**

*Lok Sabha*

2. Shri G. Putta Swamy Gowda
3. Shri Rattan Lal Kataria
4. Shri Kamal Nath
5. Shri Prakash Paranjpe
6. Dr. Sanjay Paswan
7. Shri Varkala Radhakrishnan
8. Shri C.N. Singh
9. Shri Kirit Somaiya
10. Shri Kharabela Swain
11. Shri Narayan Dutt Tiwari

*Rajya Sabha*

12. Shri Krishna Kumar Birla
13. Shri K. Rahman Khan
14. Shri Narendra Mohan
15. Shri Praful Patel
16. Shri Amar Singh
17. Shri Solipeta Ramachandra Reddy

**SECRETARIAT**

- |                           |                         |
|---------------------------|-------------------------|
| 1. Dr. (Smt.) P.K. Sandhu | <i>Joint Secretary</i>  |
| 2. Shri P.K. Grover       | <i>Deputy Secretary</i> |
| 3. Shri S.B. Arora        | <i>Under Secretary</i>  |

## WITNESSES

## Ministry of Planning

- Dr. N.C. Saxena, Secretary
2. Sh. M.D. Asthana, Pr. Adviser
  3. Sh. R.P. Sinha, Pr. Adviser
  4. Sh. P.K. Mohanty, Pr. Adviser
  5. Smt. Krishna Singh, Member Secretary (NCP)
  6. Dr.(Smt.) Rohini Nayyar, Adviser (RD)
  7. Smt. Firoza Mehrotra, Adviser (PC&Admn.)
  8. Sh. Shailendra Sharma, Adviser (LEM)
  9. Dr. Pronab Sen, Adviser (PP)
  10. Dr. Ahmed Masood, Adviser (PAMD)
  11. Sh. S.P. Pal, Adviser (PEO)
  12. Sh. R.S. Prasad, JS & FA

2. At the outset, the Chairman welcomed the representatives of Ministry of Planning to the sitting of the Committee and invited their attention to the provisions contained in Direction 55 of the Directions by the Speaker.

3. The Committee then took oral evidence of representatives of Ministry of Planning on Demands for Grants (2001-2002) of the Ministry of Planning and matters relating to the Ninth Five Year Plan (1997-2002).

4. The evidence was concluded.

5. A verbatim record of proceedings has been kept.

*The witnesses then withdrew.*

*Committee then adjourned.*

**MINUTES OF THE TENTH SITTING OF STANDING  
COMMITTEE ON FINANCE**

The Committee sat on Tuesday, 23 April, 2001 from 1500 to 1700 hours.

**PRESENT**

Shri Shivraj V. Patil —*Chairman*

**MEMBERS**

*Lok Sabha*

2. Smt. Renuka Chowdhury
3. Shri Brahmanand Mandal
4. Shri Kamal Nath
5. Shri Prakash Paranjpe
6. Dr. Sanjay Paswan
7. Shri Annasaheb M.K. Patil
8. Shri S. Jaipal Reddy
9. Shri C.N. Singh
10. Shri Kirit Somaiya
11. Shri Kharabela Swain

*Rajya Sabha*

12. Shri Krishna Kumar Birla
13. Shri K. Rahman Khan
14. Shri Suresh A. Keswani
15. Dr. Manmohan Singh
16. Shri N.K.P. Salve
17. Shri Amar Singh
18. Shri Solipeta Ramachandra Reddy

**SECRETARIAT**

- |                        |                           |
|------------------------|---------------------------|
| Dr. (Smt.) P.K. Sandhu | <i>Joint Secretary</i>    |
| 2. Shri P.K. Grover    | <i>Deputy Secretary</i>   |
| 3. Shri S.B. Arora     | <i>Under Secretary</i>    |
| 4. Shri N.S. Hooda     | <i>Assistant Director</i> |

2. At the outset Chairman welcomed the Members to the sitting of the Committee. Then the Committee took up for consideration and adoption of the following draft reports on Demands for Grants (2001-2002) of (I) Ministry of Finance (Departments of Economic Affairs & Expenditure), (II) Ministry of Finance (Department of Revenue), (III) Ministry of Planning, (IV) Ministry of Statistics and Programme Implementation, and (V) Department of Disinvestment.

3.       \*\*\*       \*\*\*       \*\*\*       \*\*\*  
 4.       \*\*\*       \*\*\*       \*\*\*       \*\*\*  
           \*\*\*       \*\*\*       \*\*\*       \*\*\*

6. Then the Committee took up for consideration the draft report on the Demands for Grants (2001-2002) of the Ministry of Planning and adopted the same without any modification.

7.       \*\*\*       \*\*\*       \*\*\*       \*\*\*

8. The Committee authorised the Chairman to finalise the draft Report in the light of modifications as also to make verbal and other consequential changes arising out of the factual verification and present the same to both the Houses of Parliament.

*Committee then adjourned.*