

TWENTY SECOND REPORT  
STANDING COMMITTEE ON FINANCE  
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF STATISTICS AND  
PROGRAMME IMPLEMENTATION

DEMANDS FOR GRANTS  
(2001-2002)

*[Action taken by the Government on the recommendations contained in the Sixteenth Report (Thirteenth Lok Sabha) of the Standing Committee on Finance on Demands for Grants (2001-2002) of Ministry of Statistics and Programme Implementation]*

*Presented to Hon'ble Speaker on 28.12.2001*



LOK SABHA SECRETARIAT  
NEW DELHI

*December, 2001/Pausa, 1923 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE  
ON FINANCE (2001)

Shri Shivraj V. Patil — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Raashid Alvi
3. Shri Sudip Bandyopadhyay
- \*4. Shri Prabodh Panda
5. Smt. Renuka Chowdhury
6. Shri G. Putta Swamy Gowda
7. Shri Rattan Lal Kataria
8. Shri Brahmanand Mandal
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 Varkala Radhakrishnan
17. Shri Pravin Rashtrapal
18. Shri Ram Singh Rathwa
19. Shri S. Jaipal Reddy
20. Shri T.M. Selvaganpathi
21. Mohammad Shahabuddin
22. Shri C.N. Singh
23. Shri Kirit Somaiya
24. Shri Kodikunnil Suresh
25. Shri Kharebela Swain
26. Shri Narayan Dutt Tiwari
27. Vacant
28. Vacant
29. Vacant
30. Vacant

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\*Nominated *vice* Shri Ajoy Chakraborty to the Committee *w.e.f.* 23 July, 2001.

(iv)

*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. Keshwari
37. Shri Narendra Mohan
38. Shri Praful Patel
39. Shri P. Prabhakar Reddy
40. Shri N.K.P. Salve
41. Prof. M. Sankaralingam
42. Shri Amar Singh
43. Shri Ranjan Prasad Yadav
- \*44. Shri Solipeta Ramachandra Reddy
- \*\*45. Dr. Manmohan Singh

SECRETARIAT

1. Shri P.D.T. Achary — *Additional Secretary*
2. Dr. (Smt.) P.K. Sandhu — *Joint Secretary*
3. Shri R.K. Jain — *Deputy Secretary*
4. Shri S.B. Arora — *Under Secretary*

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

\*\*Nominated to the Committee *w.e.f.* 29 November, 2001.

## INTRODUCTION

1. I, the Chairman of the Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf present this Twenty-Second Report on action taken by Government on the recommendations contained in the Sixteenth Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Statistics and Programme Implementation.

2. The Sixteenth Report was presented to Lok Sabha/laid in Rajya Sabha on 24 April, 2001. The Government furnished the written replies indicating action taken on all the recommendations on 19 July, 2001. The draft action taken report was considered and adopted by the Committee at their sitting held on 27th December, 2001.

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

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

NEW DELHI;  
27 December, 2001  
6 Pausa, 1923 (Saka)

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

## CHAPTER I

### REPORT

1.1 The Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their Sixteenth Report (13th Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Statistics and Programme Implementation which was presented to Lok Sabha/laid in Rajya Sabha on 24, April, 2001.

1.2 The Report contained six recommendations. Action taken notes have been received from the Government in respect of all the recommendations contained in the Report. These have been analysed and categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Sl. Nos. 2, 3, 5 & 6

(Total 4)

(Chapter II)

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

Nil

(Chapter III)

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

Sl. Nos. 1, 4

(Total 2)

(Chapter IV)

- (iv) Recommendations/Observations in respect of which final reply of the Government is still awaited:

Nil

(Chapter V)

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

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

#### **Demand No. 72**

#### **Ministry of Statistics and Programme Implementation**

#### **Recommendation (Sl. No. 1, Para No. 6)**

#### **Modernisation of Statistical System in India**

1.5 The Committee had observed that the need for Modernisation of Statistical System in India was felt as far back as in 1995. They were, however, constrained to find that it took five years for the Government to prepare the scheme called 'Modernisation of Statistical System in India.' What was more distressing to the Committee was that the scheme which was proposed to be implemented with the assistance of the World Bank and was expected to start during 2000-2001, could not be taken up at all during the year as EFC was yet to clear it. The Committee had expressed their strong deprecation to the apathetic approach of the Government in launching an important scheme to Modernise the Statistical System in India to make responsive to the urgent requirements of the country. They, had therefore, recommended that the scheme should be implemented without any further delay.

1.6 In their action taken reply, the Ministry of Statistics and Programme implementation stated:

"As directed by the Committee, efforts will be made to reformulate the project proposals based on recommendations of the National Statistical Commission, which are expected to be available by July, 2001, and initiate actions for approval and implementation."

1.7 It is clear from the reply that no serious efforts are being made by the Ministry to get the scheme "Modernisation of Statistical System in India" implemented at an early date. It is also evident from the fact that even the scheme, conceived in 1995 has not yet been formulated. The casual reply furnished by the Ministry is far from satisfactory. The delay has resulted not only in underutilization of the funds allocated for the scheme but the benefits to be derived from it have also remained untapped.

1.8 Deprecating the inordinate delay, the Committee urge upon the Government to get the scheme formulated and implemented without any further delay.

**Demand No. 72**

**Ministry of Statistics & Programme Implementation**

**Project Monitoring Division (PMD)**

**Recommendation (Sl. No. 4, Para Nos. 18, 19, 20 & 21)**

1.9 The Committee noted that the Project Monitoring Division (PMD) had been entrusted with the task of monitoring all the central projects costing Rs. 20 crore and above and also to examine causes of time and cost overrun for fixing responsibility. They were also informed that as on 31 March, 2001, 461 projects costing Rs. 20 crore and above, were on the monitor of the Ministry of Statistics and Programme Implementation. They were however distressed to note that the cost of these projects with respect to originally approved cost, had increased from Rs. 1,21,345 crore to Rs. 1,64,746 crore registering an increase of Rs. 43,401 crore (33.6%). The Committee were also pained to point out that despite repeated concern expressed by the Committee in their earlier reports, the position, instead of improving, had rather worsened further. The Committee were led to the inescapable conclusion that the monitoring and appraisal of projects were not being done vigorously by the Ministries concerned.

1.10 While expressing their deep anguish, the Committee had strongly recommended that the latest approved date of commissioning/ completion and cost of projects should be adhered to at least now and under no circumstances, these should be allowed to necessitate further revision. In the meantime factors leading to slippages in time schedule and cost escalation should be identified with a view to take remedial steps.

1.11 In their action taken reply, the Ministry of Statistics and Programme Implementation have *inter-alia* stated as under:—

“Observations of the Committee have been noted for further guidance and action for improvement. The observations of the Committee have been communicated to all concerned administrative Ministries/Departments with the request to strictly adhere to the approved dates of commissioning/completion and costs. The factors for time and cost overrun have been identified in respect of projects on the monitor of the Ministry of Statistics and Programme Implementation.”



The factors which cause delays and the number of projects affected by them as follows:

S.No.	Factors	No. of Projects
1.	Fund Constraints	48 (41 Railways, 3 Coal, 2 Surface Transport, 1 Steel and 1 Power)
2.	Land Problems	Non-forest land 37 (29 Railways, 5 Coal and 3 Power) Forest land 5 (2 Coal and 3 Railways)
3.	Delay in Civil works	41 (30 Railways, 4 I&B, 2 Urban Development, and 1 each in Finance, Power, Surface Transport, Telecommunications and Atomic Energy).
4.	Delay in Award of Contract	37 (16 Railways, 10 Surface Transport, 4 each in Civil Aviation and I&B and 1 each in Finance, Petroleum, and Urban Development)
5.	Slow Progress in works other than Civil Works	28 (12 Railways, 8 Surface Transport, 3 in Power and 1 each in Atomic Energy, Civil Aviation, Finance, Petroleum and Urban Development)
6.	Delay in Supply of Equipment	15 (7 Railways, 3 Coal, 3 I&B and 1 each in Petroleum, Surface Transport and Atomic Energy) (13 indigenous and 2 imported)

In addition, the following reasons have also been contributed to time and cost overruns:

**Reasons for Time Overruns:**

- (i) Lack of supporting infrastructure facilities,
- (ii) Delay in finalisation of detailed engineering, release of drawings and delay in availability of fronts,
- (iii) Changes in scope,

- (iv) Industrial relations and law & order problems
- (v) Delay and uncertainty in feedstock supply,
- (vi) Pre-commissioning teething troubles,
- (vii) Technology problems, and
- (viii) Geological surprises.

**Reasons for Cost Overruns:**

- (i) Time overruns,
- (ii) Changes in rates of foreign exchange and statutory duties,
- (iii) High cost of environmental safeguards and rehabilitation measures,
- (iv) Higher cost of land acquisition,
- (v) Change in the scope of the project,
- (vi) Higher prices being quoted by the bidders in certain areas,
- (vii) Under-estimation of original cost, and
- (viii) General price rise.

The steps taken to arrest the cost escalations and to ensure timely completion of these projects are as follows:

- (i) Review of projects on monthly as well as quarterly basis by Government;
- (ii) indepth critical review of the progress by the Project Authorities and the administrative Ministries and follow up with the State Governments (for acquisition of land and provision of infrastructure facilities like water and power, ensuring law & order at project sites, etc.) consultants and other concerned agencies to minimise delays;
- (iii) setting up of an Empowered Committee in the concerned administrative Ministries for resolution of problems;
- (iv) bringing modifications in the Land Acquisition Act and Rehabilitation Packages;

- (v) inter-ministerial coordination for resolving problems of inter-ministerial nature;
- (vi) making available matching funds to complete the projects in the advanced stages of implementation along with the revised completion schedule; and
- (vii) reviews by the Minister-in-Charge, the Prime Minister's Office and the Cabinet Secretariat.

In order to bring accountability in the execution of projects, Standing Committee have been set up in all the concerned Ministries/ Departments, for projects costing Rs. 50 crores and above, which have reported time & cost overruns. These Committee are headed by Additional Secretary or Joint Secretary of the concerned Ministry with representatives from Planning Commission, Department of Expenditure and Ministry of Statistics & Programme Implementation. The Standing Committees set up as per the guidelines of the Planning Commission issued in August, 1998, have the mandate to go into the details of time and cost overrun and to identify the respective responsibility areas and to suggest remedial action. The reports of the Standing Committees form part of the revised cost estimates of projects which have time and cost overruns and the same are submitted, along with the note for consideration of the Cabinet Committee on Economic Affairs. Identification of agencies/individuals responsible for such time and cost overruns forms part of the action taken report of the concerned Ministry/Department on the recommendations of the Standing Committee."

**1.12 The Committee are not satisfied with the replies furnished by the Government. They are constrained to note that similar stereotyped replies are being furnished by the Ministry year after year. Despite all the tall claims made the projects continue to suffer on account of the same set of reasons. The Committee are confident that if the projects are monitored closely at each stage of execution with due seriousness both time and cost overruns can be drastically brought down.**

**1.13 The Committee therefore reiterate that concerted steps be taken by each Ministry with a view to ensuring that the projects under execution are completed on schedule and various problems faced are sorted out expeditiously so that the cost escalation also gets arrested.**

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Demand No. 72**

##### **Recommendation (Sl. No. 2, Para No. 8)**

##### **Salaries**

2.1 The Committee were informed that an outlay (BE) of Rs. 22.49 crore was estimated in 2000-2001 under the Head 'Salaries' primarily meant for the new scheme 'Modernisation of Statistical System in India' which was stated to be manpower intensive. As the scheme could not be started in 2000-2001 the outlay was scaled down drastically to Rs. 5.93 crore at RE stage and anticipated actuals of Rs. 4.90 crore were still below even the reduced estimates. The Committee were however, surprised to find that the Budget Estimates for the year 2001-2002 had again been increased sharply at Rs. 27.20 crore expecting that the scheme which is pending with EFC for approval, may take off. The Committee were of the view that making such a huge allocation for the salaries of the personnel when the scheme itself has not been approved was nothing but a poor budgetary exercise. The Committee desired the Ministry to be more prudent in preparation of Budget Estimates and Revised Estimates.

##### **Reply of the Government**

2.2 The budgetary allocation was an enabling provision for seeking approval and it was expected that proposal would be approved during 2000-2001. The recommendation of the Committee is, however, noted.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

**Demand No. 72**

**Recommendation (Sl. No. 3, Para No. 11)**

2.3 The Committee were constrained to note that there has been gross under utilisation of the allocated funds (Plan and Non-Plan) during 1999-2000 by the Ministry. The Committee were dismayed to note that out of allocated (Plan) of Rs. 85 lakh during 2000-2001 only Rs. 3.30 lakh could be utilised. One of the reasons advanced by the Ministry was that the new plan scheme 'Modernisation of Statistical System in India' scheduled to take off during the year 2000-2001 could not start as the same was pending with EFC. The Committee were not inclined to accept the reply of the Ministry. The Committee failed to appreciate the necessity to block a substantial amount at BE (Plan) during 2000-2001 for a scheme which is yet to be cleared by EFC, when the same could have been more meaningfully utilised under some other head. The showed that Ministry had not been able to push forward its schemes as envisaged. The Committee, therefore, desired that budgetary exercise should be undertaken with due seriousness so that estimates were made more realistic. The actual utilisation should be as near the Budgetary allocation as possible.

**Reply of the Government**

2.4 The budgetary allocation was an enabling provision for seeking approval and it was expected that the proposal would be approved during 2000-2001. The recommendation of the Committee is, however, noted.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

**Demand No. 72**

**Recommendation (Sl. No. 3, Para No. 12)**

2.5 The Committee found that the outlays have again been increased sharply at Rs. 95.64 lakh (Plan) for 2001-2002 expecting that the scheme would commence during the year. They were of the view that in such a case where the scheme was pending for approval for a considerable time only a token amount could be allocated at BE stage which could be revised later at RE stage as per the status of the scheme.

### **Reply of the Government**

2.6 Since the scheme 'Modernisation of Statistical System in India' is expected to be commenced in 2001-2002 the provision has been made. The comments of the Committee are noted.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

### **Demand No. 72**

#### **Recommendation (Sl. No. 5, Para No. 25 & 26)**

2.7 The Committee note that the Infrastructure Monitoring Division (IMD) of the Ministry of Statistics and Programme Implementation (PI Wing) has been entrusted with the task of monitoring the performance of 11 key infrastructure sectors *viz.* Power, Coal, Steel, Railways, Telecommunications, Ports, Fertilizers, Cement, Petroleum & Natural Gas, Roads and Civil Aviation with a view to identifying the bottlenecks coming in the way of growth and suggesting improvement in a more objective manner.

The Committee, however, regret to point out that the Infrastructure Monitoring Division has failed in its objective of suggesting ways for effecting improvements in the performance of the key infrastructure sectors. Instead the Division is just bringing to the notice of the concerned Ministries the shortfalls in achieving the targets and requesting them to take appropriate measures to improve the performance. The Committee, therefore, urge the Ministry of Statistics and Programme Implementation not to content itself with just pointing out the shortfalls but also give concrete suggestions to bring about improvement in the performance of the infrastructure sectors.

### **Reply of the Government**

2.8 The infrastructure Monitoring Division (IMD) of the Ministry of Statistics & Programme Implementation (PI Wing) has been bringing out Monthly Performance Review and Capsule Report on the performance of 11 infrastructure sectors every month. In addition to bringing to the notice of the concerned Ministries the shortfalls in achieving the targets, wherever possible concrete suggestions are given to bring about improvement in the performance of infrastructure sectors. Concerned Secretaries are also requested separately for achieving requisite growth-rate and improvement in respect of their sectors. However, the suggestions made by the Standing Committee are noted for compliance.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

## **Demand No. 72**

### **Recommendation (Sl. No. 6, Para No. 30, 31)**

#### **Central Statistical Organisation**

##### **Payment of Professional Services**

2.9 The Committee note that a screening body-Standing Research Advisory Committee of the Central Statistical Organisation has been set up to screen and recommend such research proposals received from Institution/NGOs etc. which have direct bearings on the development of official statistics, methodologies, analysis, processing etc. Selection is made from amongst those Institutions/NGOs who fulfil any of the conditions set out in the guidelines prescribed in this regard.

However, it is surprising to see that there is also a provision whereby the Secretary, Ministry of Statistics and Programme Implementation or the Director General, Central Statistical Organisation can also decide about financial assistance to an institution/eminent academicians/researchers associated with the institutions who may not otherwise fulfil any of the eligibility criteria mentioned in the guidelines. The Committee do not appreciate this provision and recommend that financial assistance for research studies should be given only to those institutions/NGOs/individuals who fulfil conditions set out in the guidelines and who have been cleared by the screening body set up for the purpose.

#### **Reply of the Government**

2.10 As per the recommendation made by the Committee in para 31 of the report, the clause 4.2 (vi) of guidelines on page no. 2 authorising the secretary or the DG (CSO) to approve an institution/eminent academician/researcher, not fulfilling the eligibility criteria for funding, has been deleted.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001—B&F dated 18-7-2001]

**CHAPTER III**

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

**· — NIL —**



## CHAPTER IV

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

#### Demand No. 72

#### Recommendation (Sl. No. 1, Para No. 6)

4.1 The Committee observe that the need for modernisation of Statistical System in India was felt as far back as in 1995. They regret to note that it took five years for Government to prepare the scheme called 'Modernisation of Statistical System in India'. What is more distressing is that the scheme which is proposed to be implemented with the assistance of the World Bank and was expected to start during 2000-2001, could not be taken up at all during the year as EFC is yet to clear it. The Committee strongly deprecate the apathetic approach of the Government in launching an important scheme which is aimed at Modernisation of Statistical System in India so that the same could be made responsive to the requirements of the country. They, therefore, recommend that the scheme should be implemented without any further delay.

#### Reply of the Government

4.2 As directed by the Committee, efforts will be made to reformulate the project proposals based on recommendations of the National Statistical Commission, which are expected to be available by July, 2001, and initiate actions for approval and implementation.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001—B&F dated 18-7-2001]

**Demand No. 72**

**Recommendation (Sl. No. 4, Para No. 18)**

**Project Monitoring Division**

4.3 The Committee note that the Project Monitoring Division (PMD) has been entrusted with the task of monitoring all the central projects costing Rs. 20 crore and above and also to examine causes of time and cost overrun for fixing responsibility. As on 31 March, 2001, 461 projects costing Rs. 20 crore and above, were on the monitor of the Ministry of Statistics and Programme Implementation. They are however distressed to note that the cost of these projects with respect to originally approved cost, has increased from Rs. 1,21,345 crore to Rs. 1,64,746 crore registering an increase of Rs. 43,401 crore (33.6%). With respect to the latest approved cost, it has escalated from Rs. 1,42,609 crore to Rs. 1,64,746 crore showing an increase of Rs. 22,137 crore (15.15%).

**Reply of the Government**

4.4 Observations of the Committee have been noted for further guidance and action for improvement in the existing system of project planning, implementation and monitoring to control cost and time overruns in ongoing projects.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

**Demand No. 72**

**Recommendation (Sl. No. 4, Para No. 19)**

4.5 The Committee are at pain to point out that despite repeated concern expressed by the Committee in their earlier reports, the position instead of improving has rather worsened further and the escalation is increasing with the passage of each year. This is despite the tall claims made by the Ministry that there are independent Standing Committees working in each of the Ministries except the Railways for monitoring the projects costing Rs. 50 crore and above.

### **Reply of the Government**

4.6 Observations of the Committee have been noted for further guidance and action for improvement.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

**Demand No. 72**

#### **Recommendation (Sl. No. 4, Para No. 20)**

4.7 From the foregoing, the Committee are led to the inescapable conclusion that the monitoring and appraisal of projects is not being done vigorously by the Ministries concerned resulting in huge time and cost overruns.

### **Reply of the Government**

4.8 Observations of the Committee have been noted for further guidance and action for improvement. Observations of the Committee have also been brought to the notice of the concerned Administrative Ministries with the request to carry out strict appraisal and monitoring of projects at their end to contain the time and cost overruns.

[Ministry of Statistics and Programme Implementation  
F.No. G-20017/2/2001-B&F dated 18-7-2001]

**Demand No. 72**

#### **Recommendation (Sl. No. 4, Para No. 21)**

4.9 While expressing their deep anguish, the Committee strongly recommend that the latest approved date of commissioning/completion and cost of projects should be adhered to at least now and under no circumstances, these should be allowed to necessitate further revision. In the meantime factors leading to slippages in time schedule and cost escalation should be identified with a view to take remedial steps.

### Reply of the Government

4.10 The observations of the Committee have been communicated to all concerned administrative Ministries/Departments with the request to strictly adhere to the approved dates of commissioning/completion and costs. The factors for time and cost overrun have been identified in respect of projects on the monitor of the Ministry of Statistics and Programme Implementation.

The factors which cause delays and the number of projects affected by them are as follows:—

S.No.	Factors	No. of Projects
1.	Fund Constraints	48 (41 Railways, 3 Coal, 2 Surface Transport, 1 Steel and 1 Power)
2.	Land Problems	Non-forest land 37 (29 Railways, 5 Coal and 3 Power) Forest land 5 (2 Coal and 3 Railways)
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4.	Delay in Award of Contract	37 (16 Railways, 10 Surface Transport, 4 each in Civil Aviation and I&B and 1 each in Finance, Petroleum, and Urban Development)
5.	Slow Progress in works other than Civil Works	28 (12 Railways, 8 Surface Transport, 3 in Power and 1 each in Atomic Energy, Civil Aviation, Finance, Petroleum and Urban Development)
6.	Delay in Supply of Equipment	15 (7 Railways, 3 Coal, 3 I&B and 1 each in Petroleum, Surface Transport and Atomic Energy) (13 indigenous and 2 imported)

In addition, the following reasons have also been contributed to time and cost overruns:—

**Reasons for Time Overruns:**

- (i) Lack of supporting infrastructure facilities,
- (ii) Delay in finalisation of detailed engineering, release of drawings and delay in availability of fronts,
- (iii) Changes in scope,
- (iv) Industrial relations and law & order problems,
- (v) Delay and uncertainty in feedstock supply,
- (vi) Pre-commissioning teething troubles,
- (vii) Technology problems, and
- (viii) Geological surprises.

**Reasons for Cost Overruns:**

- (i) Time overruns,
- (ii) Changes in rates of foreign exchange and statutory duties,
- (iii) High cost of environmental safeguards and rehabilitation measures,
- (iv) Higher cost of land acquisition,
- (v) Change in the scope of the project,
- (vi) Higher prices being quoted by the bidders in certain areas,
- (vii) Under-estimation of original cost, and
- (viii) General price rise.

The Steps taken to arrest the cost escalations and to ensure timely completion of these projects are as follows:—

- (i) review of projects on monthly as well as quarterly basis by the Government;
- (ii) indepth critical review of the progress by the Project Authorities and the administrative Ministries and follow up with the State Governments (for acquisition of land and provision of infrastructure facilities like water and power, ensuring law & order at project sites, etc.) consultants and other concerned agencies to minimise delays;

- (iii) setting up of an Empowered Committee in the concerned administrative Ministries for resolution of problems;
- (iv) bringing modifications in the Land Acquisition Act and Rehabilitation Packages;
- (v) inter-ministerial coordination for resolving problems of inter-ministerial nature;
- (vi) making available matching funds to complete the projects in the advanced stages of implementation alongwith the revised completion schedule; and
- (vii) reviews by the Minister-in-charge, the Prime Minister's Office and the Cabinet Secretariat.

In order to bring accountability in the execution of projects, Standing Committee have been set up in all the concerned Ministries/ Departments, for projects costing Rs. 50 crores and above, which have reported time & cost overruns. These Committees are headed by Additional Secretary or Joint Secretary of the concerned Ministry with representatives from Planning Commission, Department of Expenditure and Ministry of Statistics & Programme Implementation. The Standing Committees set up as per the guidelines of the Planning Commission issued in August, 1998, have the mandate to go into the details of time and cost overrun and to identify the respective responsibility areas and to suggest remedial action. The reports of the Standing Committees form part of the revised cost estimates of projects which have time and cost overruns and the same are submitted, along with the note for consideration of the Cabinet Committee on Economic Affairs. Identification of agencies/individuals responsible for such time and cost overruns forms part of the action taken report of the concerned Ministry/Department on the recommendations of the Standing Committee.

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[Ministry of Statistics and Programme Implementation  
FNo. C-20017/2/2001-R&F dated 18-7-2001]

**CHAPTER V**

**RECOMMENDATION/OBSERVATION IN RESPECT OF WHICH  
FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

— NIL —

New Delhi;  
27 December, 2001  
6 Pausa, 1923 (Saka).

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

MINUTES OF THE THIRTIETH SITTING OF  
STANDING COMMITTEE ON FINANCE

The Committee sat on Thursday, 27 December, 2001 from 1500 hrs.  
to 1700 hrs.

PRESENT

Shri Shivraj V. Patil — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Raashid Alvi
3. Smt. Renuka Chowdhury
4. Shri Rattan Lal Kataria
5. Shri M.V.V.S. Murthy
6. Shri Raj Narain Passi
7. Shri Varkala Radhakrishnan
8. Shri S. Jaipal Reddy
9. Shri Kirit Somaiya
10. Shri Kharebela Swain
11. Shri Narayan Dutt Tiwari

*Rajya Sabha*

12. Shri S.S. Ahluwalia
13. Shri K. Rahman Khan
14. Shri Suresh A. Keshwani
15. Shri Narendra Mohan
16. Shri Vijay Darda
17. Shri Solipeta Ramachandra Reddy

SECRETARIAT

1. Shri P.D.T. Achary — *Additional Secretary*
2. Dr. (Smt.) P.K. Sandhu — *Joint Secretary*
3. Shri R.K. Jain — *Deputy Secretary*
4. Shri S.B. Arora — *Under Secretary*



2. At the outset Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the following draft Action Taken Reports and adopted the same without any amendments:—

- |       |   |     |     |
|-------|---|-----|-----|
| (i)   | ***   | *** | *** |
| (ii)  | ***   | *** | *** |
| (iii) | Action Taken Report on Demands for Grants (2001-02) of the Ministry of Statistics and Programme Implementation. |     |     |
| (iv)  | ***   | *** | *** |
| (v)   | ***   | *** | *** |
| 3.    | ***   | *** | *** |

4. Keeping in view the fact that the House was not in Session and there was no prospects of the Session being commenced before the end of the term of the Committee *i.e.* 31st December, 2001, the Committee authorised the Chairman to present the above mentioned Action Taken Reports to the Hon'ble Speaker, under Direction 71A of the Directions by the Speaker, Lok Sabha. The Committee also desired that Hon'ble Speaker might be requested to order for the printing and publication/circulation of these reports under Rule 280 of the "Rules of Procedure and Conduct of Business in Lok Sabha."

*The Committee then adjourned.*

## APPENDIX

[Vide Para 3 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON  
THE RECOMMENDATIONS CONTAINED IN THE SIXTEENTH  
REPORT OF THE STANDING COMMITTEE ON FINANCE  
(THIRTEENTH LOK SABHA) ON DEMANDS FOR GRANTS  
(2001-2002) OF THE MINISTRY OF STATISTICS AND  
PROGRAMME IMPLEMENTATION

	Total	% of Total
(i) Total number of recommendations	6	
(ii) Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 2, 3, 5 and 6)	4	66.64
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Vide Recommendations at Sl. No. Nil)	0	00.00
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendation at Sl. Nos. 1 & 4)	2	33.22
(v) Recommendations/Observations in respect of which final reply of the Government is still awaited (Vide Recommendation at Sl. No. Nil)	0	00.00