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STANDING COMMITTEE ON FINANCE
(2001)

THIRTEENTH LOK SABHA

**MINISTRY OF STATISTICS AND
PROGRAMME IMPLEMENTATION**

DEMANDS FOR GRANTS

(2002-2003)

THIRTY FIRST REPORT

*Presented to Lok Sabha on 23 April, 2002
Laid in Rajya Sabha on 24 April, 2002.*



LOK SABHA SECRETARIAT
NEW DELHI

April, 2002/Vaisakha, 1923(Saka)

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** Nominated w.e.f. 18.1.2002

*** Nominated w.e.f. 11.3.2002

@ Nominated w.e.f. 8.4.2002

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INTRODUCTION

I, the Chairman, Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Thirty First Report on Demands for Grants (2002-2003) of the Ministry of Statistics & Programme Implementation.

2. The Demands for Grants of the Ministry of Statistics & Programme Implementation were laid on the Table of the House on 22 March, 2002. 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 Statistics and Programme Implementation at their sitting held on 3 April, 2002 in connection with examination of the Demands for Grants (2002-2003) of the Ministry.

4. The Committee considered and adopted the draft Report at their sitting held on 22 April, 2002.

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

6. For facility of reference, the observations/recommendations of the Committee have been printed in thick type.

NEW DELHI;
22 April, 2002
2 Vaisakha, 1924(Saka)

(N. JANARDHANA REDDY)
Chairman,
Standing Committee on Finance

REPORT

Modernisation of Indian Statistical System

In the context of liberalization policies, transparency in administration and opening up of the economy, the need for the modernization of statistical system of India to become responsible to the requirements of the country and to meet the international commitments was felt and a series of regional meetings were held with the State Statistical Agencies during 1995 to achieve the following:-

- Improve the range of data sets presently available to meet the emerging needs;
- Upgrade the quality and flow of official data;
- Strengthen institutional capacity to gather, process and disseminate the data sets;
- Improve the match between the needs of those who use the data and the work of those who provide it;
- Introduce innovative methodologies and standardisations to produce official data of highest quality

2. The World Bank has indicated a loan assistance of US \$ 200 million for the implementation of the project over a period of 5 years.

3. During evidence, the Secretary, Ministry of Statistics & Programme Implementation stated as under :-

“During the year 2001-2002, the Ministry has made progress in different areas of activities. The National Statistical Commission, which was set up during January, 2000, has submitted its report in September, 2001 containing 623 recommendations related to Indian Statistical System in general and agricultural, industrial, trade, service sector, infrastructure sector, socio-economic, financial and external sector, price, corporate sector and national accounts statistics in particular. The report has been circulated to all the State Governments and concerned Ministries and Departments of the Government of India. The Cabinet taking note of the recommendations has directed for time bound implementation of the recommendations in its meeting held on 27th February, 2002.

“An Implementation Cell has been set up in the Ministry of Statistics and Programme Implementation. On the basis of the recommendations of the National Statistical Commission, the Plan Scheme “Modernisation of Statistical System in India” which was supposed to take off during 2001-2002, has been reformulated and forwarded to the World Bank through Department of Economic Affairs for approval. The 7th round, which is earmarked for the collection of data on economic and operational characteristics of unorganized enterprises in service sector has commenced on July, 2001 and is expected to be completed in June, 2002.

4. Asked about the present status of the Scheme, the Ministry of Statistics & Programme Implementation in a written reply stated as under:-

“A meeting was held with the World Bank Officials on 19th November, 2001 to discuss further preparations for the project. Based on the decision at the meeting a revised concept paper on the project has been prepared and forwarded to the World Bank through Department of Economic Affairs on 3rd January 2002 for their consideration. The matter is being pursued with the World Bank.

However irrespective of the outcome of the discussions with the World Bank, it has been decided to implement some of the components of the project to the extent possible through usual budgetary resources. Accordingly funds have been provided in the annual budget for 2002-03 for the following schemes:

- (i) Institutional Development & Capacity Building
- (ii) Improvement of National Accounts Statistics
- (iii) Strengthening of Field Operations of NSSO
- (iv) Development of Social, Environment & Price Statistics and
- (v) Strengthening of Data Processing, Storage and Dissemination capacity of Computer Centre.”

5. The implementation of the recommendations of the National Statistical Commission and the modernisation efforts will enhance the credibility and authenticity of data generated by the system through improvement of quality and timeliness, enhancement of data availability, use of standard concepts, definitions and methods and better coordination.”

6. The Committee regret to find that the scheme “Modernisation of Statistical System in India” which was first expected to take off in 2000-01 and then during 2001-02, has been reformulated and submitted to the World Bank through the Department of Economic Affairs for consideration. Even the recommendations of high profile National Statistical Commission report presented on 5.9.2001 are still to be implemented. Though some of the components like allocation of data on economic and operational characteristic of organized enterprises in service sector have been commissioned in July, 2001, yet a lot has to be done in respect of Institutional Development & Capacity Building, Improvement of National Accounts Statistics, strengthening of Field Operation of NSSO, Development of Social Environment & Price Statistics and Strengthening of Data Processing, Storage and Dissemination capacity of Computer Centre etc.

7. The Committee perceive that unless and until the Statistical System is modernized to the fullest extent, it will continue to supply outdated data to the Planning Commission and consequently process of planning can be based on wrong surmises. They, therefore, recommend that the work on this project be initiated and completed expeditiously.

Demand No. 74
Detailed Demand No. 12
Object Head-wise
Foreign Travel Expenses

(in thousands of Rs.)

Year	BE		RE		Actual	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1999-00	-	-	-	-	5,31	7,06
2000-01	95,00	18,63	15,50	9,75	3,45	7,31
2001-02	1,25,64	32,63	37,90	15,93	8.25 (Approx)	15.93 (Approx)
2002-03	1,47,00	57,00	-	-	-	-

8. The main reasons for under-utilisation of funds under 'Foreign Travel Expenses' during 2000-01 and 2001-02, as stated by the Ministry are:-

“Out of Rs. 95 lakh under Foreign Travel Expenses in BE 2000-01, Rs. 70 lakh was provided under the object head in the Plan Scheme “Modernisation of Statistical System in India”. Since the Plan Scheme could not take off during the year, the funds were surrendered at RE stage.

A provision of Rs. 10 lakh was made in both BE & RE 2000-01 under the object head in the Plan Scheme “Institutional Development and Capacity Building in Programme/Project Planning, Implementation, Monitoring and Performance Management of Infrastructure in Public & Private Sector” which was launched during the year 2000-01. Since the final agreement with the World Bank, the funding agency, was signed during October 2000, the money under the object head could be utilised to the extent of Rs. 2.74 lakh. An allocation of Rs. 5.5 lakh was made in RE 2000-01 under the Head in the Plan Scheme “Awards & Fellowships”. Only Rs. 0.71 lakh could be utilised during the year under the Head for sponsoring foreign travels for presenting papers at international conferences/workshops.”

Above are the primary reasons for underutilisation of plan funds under the object head “Foreign Travels” during 2000-01.

The major reasons for making budgetary allocation of Rs. 147 lakh (Plan) and Rs. 57 lakh (Non-Plan) during 2002-03 against actual expenditure of Rs. 3.45 lakh (Plan) and Rs. 7.31 lakh (Non-Plan) during 2000-01 are as follows :

- (a) It is expected that the Plan Scheme ‘Modernisation of Statistical System in India’ will take off during 2002-03. An amount of Rs. 100 lakh has been allocated under the object head “Foreign Travel” in the Plan Scheme. An amount of Rs. 20 lakh and Rs. 14 lakh have been allocated under the object head in the plan schemes “Institutional Development and Capacity Building (PI Wing)” and “Institutional Development and Capacity Building (CSO)” respectively resulting in increase in the Plan budget under the head, over the actuals during 2000-01.

- (b) During December 2001, Animal Welfare Division has been brought within the purview of the Ministry of Statistics & Programme Implementation. The requirement of the division has been taken care of in BE 2002-03. The requirement of Minister's office, which was not being met by this Ministry so far has also been taken into account for formulating the BE 2002-03. This has resulted in increase in Non-Plan budget for 2002-03 under the head."

9. The Committee are perturbed to note that the actuals under the head “Foreign Travel Expenses” were drastically below the reduced revised estimates particularly under the plan expenditure during the years 2000- 01 and 2001-02. The Committee are not inclined to accept the reasons adduced by the Ministry for such wide fluctuations. The Committee, therefore, desire that the budgetary provisions should not be based on mere conjectures but every effort must be made to make them realistic.

Demand No. 74
Detailed Demand No. 52
Object Head-wise
Machinery & Equipment

(in thousands of Rs.)

Year	BE	RE	Actual
1999-00	-	-	2,30,52
2000-01	54,75,00	4,47,00	3,61,24
2001-02	42,48,00	4,15,00	2,50,00 (approx)
2002-03	19,31,00	-	-

10. The Head "Machinery & Equipments" is meant for booking expenditure on machinery, equipment, apparatus etc. other than those required for the running of an office and special tools and plants acquired for specific works.

11. Funds were utilised to the extent actual purchases were made during the year. In some cases, because of late delivery, funds were not released and hence remained unutilised.

12. On being enquired as to why there was drastic reduction of estimates at RE stage compared to the estimates at BE stage, the Ministry in their written reply stated:-

"In BE 2000-01, an allocation of Rs. 50 crores was made under the Head in the Plan Scheme "Modernisation of Statistical System in India". However, the scheme could not start during the year resulting in surrender of funds at RE stage. Expecting that the scheme would take off during 2001-02, an allocation of Rs. 40 crores was made under the Head in the Plan Scheme during BE 2001-02. Since the Plan Scheme again could not take off, the funds were surrendered at the RE stage. This has resulted in significant differences between BE and RE as well as between actuals and BE."

13. The Committee are surprised to find that though the budget estimates were reduced from Rs. 54.75 crore to Rs. 4.47 crore in 2000-01 and from Rs. 42.48 crore to Rs. 4.15 crore in 2001-02 at RE stage the actuals were still far below the revised estimates. The main reasons for drastic reduction in estimates is stated to be non-starting of the Plan Scheme “Modernisation of Statistical System in India.”

14. The Committee were earlier informed while considering the Demands for Grants (2001-02) that the above scheme was yet to be approved by EFC of the Ministry of Finance. The Committee are unable to understand why huge allocations were made for such a scheme which was yet to be approved. They do not appreciate such a casual approach in formulating the budget estimates. The Committee, therefore, desire that budgetary exercise should be undertaken with utmost care and due seriousness so that gap between BE, RE and Actuals is minimised.

Demand No. 74
Detailed Demand No. 20
Object Head-wise
Other Admn. Expenses

(in thousands of Rs.)

Year	BE		RE		Actual	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1999-00	-	-	-	-	63,92	31,60
2000-01	1,08,36	41,95	1,05,09	42,74	51,26	43,13
2001-02	90,46	44,36	61,35	63,41	55.17 (Approx)	60.52 (Approx)
2002-03	24,18,85	63,62	-	-	-	-

15. The Head “Other Administrative Expenses” is meant for booking expenditure on Departmental canteens, hospitality/entertainment, gifts, conducted tours, conferences/seminars/workshops/training programmes etc.

16. Higher level allocations under the Head at BE stage during the year 2000-01 were made due to the following factors :

- (a) Increased number of training programmes and workshops were proposed under the Plan Schemes ‘Sponsoring/conducting training programs” and “Institutional development and capacity building in programme/project planning, implementation, monitoring and performance management of infrastructure in public and private sector” and for Annual Survey of Industries.
- (b) In view of the National Training Policy, higher importance was given to Human Resource Development through trainings and seminars.

17. The many-fold increase in the Budget estimates (Plan) of 2002-03 over the allocations in the previous years is primarily due to the fact that :-

- (a) an allocation of Rs. 20.60 crores has been made under the head in the Plan Scheme “Modernisation of Statistical System in India” against an allocation of Rs. 2.13 lakh during BE 2001-02.
- (b) A scheme “Institutional Development and Capacity Building’ with an outlay of Rs. 2.84 crores under the head has been proposed to be launched by amalgamating some of the earlier schemes of the 9th Plan of the Central Statistical Organisation.
- (c) The Scheme “Development of Social, Environment and Price Statistics” with the aim of holding a number of

seminars/workshops/conferences has an allocation of Rs. 19.50 lakh under the Head in BE 2002-03.

- (d) The Plan Scheme “Institutional Development and Capacity Building (PI Wing)” with the objective of spreading the knowledge of Project Management has an allocation of Rs. 20 lakh under the Head in BE 2002-03. Under the Scheme, it is intended to hold/sponsor a number of seminars/workshops/conferences for spread of knowledge in Project Management.
- (e) The increased allocation under the Head (Non-Plan) is due to the fact that the budgetary requirement of the newly created Animal Welfare Division and the requirement of the Office of the Minister of State have been taken into account while formulating the budget for BE 2002-03.

18. The National Statistical Commission in their recommendations under the head ‘Human Resource Development, Training’ vide paras 11.109-11.113 have suggested the following recommendations:

- (a) Training and deployment should be linked. The Cadre Management system should be suitably streamlined for this purpose.
- (b) The Annual Training Calendar should be announced in advance.
- (c) The content of the Junior and Senior Certificate Courses in Statistics should be reorganized into smaller modules and offered on a large scale to the supporting statistical personnel (both from the Central and State Governments) who need training at this level. The training also should be decentralized and organized by State Directorates of Economic and Statistics. The Ministry of Statistics and Programme Implementation should organize Training of Trainers Sessions for this programme.
- (d) In order to achieve closer collaboration between academicians and professionals, a suitable system should be developed to enable teachers and researchers from academic institutions to work in the Ministry of Statistics and Programme Implementation, Government of India and vice-versa.

19. The Commission further recommends that a high-level committee should be set up by the Government of India to evolve a long-term plan for assessing and effectively meeting the training needs for the Central and State Statistical Systems, consistent with what would be expected from the system. The said committee should also be required to examine in this connection whether a Staff Training Institute is

necessary and feasible, or, whether the need could be met through cooperation with existing organizations. Such a Committee could comprise as its members, amongst others, the Director of the Indian Statistical Institute as also be envisaged National Statistician besides eminent statisticians with proven academic and professional credentials.

20. The Committee are distressed to find that higher allocations are being made under the head 'Other Admn. Expenses' just to surrender either at RE stage or at the close of the financial year.

21. They find that the funds were under-utilised because the Ministry could not take up training programmes, seminars and workshops due to the unexplained reasons. The Committee note that though training and holding of seminars has widely been stressed by the National Statistical Commission in their report submitted on 5.9.2001, yet it is surprising that funds allocated for this purpose have ultimately remained underutilised.

22. The Committee have time and again stressed the need for financial prudence in the projection of demands. They, therefore, desire that estimates should be close to the actuals.

Demand No. : 74
Major Head : 2553
Minor Head : 00.101

MP Local Area Development Scheme

(in thousands of Rs.)
Plan

Year	BE	RE	Actual
2000-01	-	-	20,80,00,00
2001-02	15,80,00,00	17,30,00,00	-
2002-03	15,80,00,00	-	-

23. Under the Member of Parliament Local Area Development Scheme (MPLADS) each MP has a choice to suggest works to the tune of Rs. 2 crore per year to the head of the district who shall implement them by following the established procedures of the State Government concerned subject to the MPLADS guidelines. The works recommended shall be developmental in nature based on locally felt needs. Funds provided under the Scheme cannot be used for incurring revenue expenditure. The Ministry in their written notes have stated about the initiative to Streamline the Scheme which are as under:-

- (i) The existing instructions to sanction all the works recommended by the MPs to the extent of their entitlement of MPLADS funds, without waiting for receipt of funds from the Ministry and to send expenditure report in the prescribed format, so that funds can be released by the Ministry to fullest extent, were reiterated to all DCs, with a view to speed up the implementation of works recommended by the MPs and improve utilization of funds.
- (ii) All the State Governments were requested to issue suitable instructions to all DCs/DMs on the following:
 - (a) To quickly process the works recommended by the MPs and accord administrative and financial sanction within 45 days.
 - (b) To issue instructions to all concerned that the amount released under MPLADS, is quickly spent for the purpose for which it was sanctioned.
 - (c) To furnish monthly expenditure reports in the required format for expeditious release of funds by the Ministry.

(d) To have an effective monitoring system at the State/UT level sanctioned quickly and that amount released, under MPLADS, is being spent for the purpose for which it was sanctioned.

24. One of the salient features of the scheme is that “the District heads should furnish monitoring reports to the MPs and the Ministry of Statistics and Programme Implementation”

25. Use of MPLADS funds has been allowed towards contribution of State Governments in centrally sponsored schemes. Such contribution from MPLADS funds for CSS will be applicable only for those works which are covered under the MPLAD Scheme and subject to compliance of guidelines in MPLADS.

26. During the evidence the Secretary informed the Committee that there are two committees – MPLADS Committee of Lok Sabha and MPLADS Committee of Rajya Sabha – which meet at regular intervals and they issue the guidelines. They deliberate and send the recommendations. These two Committees actually determine all the parameters of the programme and type of schemes that can be taken up and the type of schemes that cannot be taken up.

27. Asked about the role of implementation agency i.e. State Government vis-à-vis the monitoring agency i.e. Central Government (Department of Programme Implementation), the Secretary, Ministry of Statistics & Programme Implementation, during his evidence, submitted:-

“There is a monitoring system. The Collector, of course, is the implementing agency. The schemes are given by the hon. M.Ps. If the schemes are within the guidelines the Collector has no choice but to accept the schemes. If some scheme is not within the guidelines then a reference is made to the Ministry and the Ministry in turn places it before the MPLADS Committee of the Lok Sabha or Rajya Sabha as the case may be, for relaxation of the guidelines if it is felt that the scheme should be implemented.

So, a Collector cannot act in an arbitrary way. He cannot refuse to accept a scheme if it is within the written guidelines which are available with him. The Collector submits a monthly report to us showing up to date position of schemes, sanctioned amount still with him and all the details come. But Collector is not the final authority. He is also being supervised by his own superiors i.e. the Planning and Development Secretary in most of the States and Rural Secretary in some of the States, who also take review meetings at regular intervals. In fact, as per our guidelines, the Chief Secretary himself is to take two review meetings in a year. From the Ministry, our senior officers are visiting the State Capitals and sometimes, we organize regional meetings of the few neighbouring States to discuss at length about the guidelines, whether they have been implemented properly and this entire project and evaluation etc. All these things are done. Of course, there are shortcomings.

Some of the suggestions which have come from the hon. Members, we will note them for future and place it before appropriate forum.”

28. He added :

“We keep getting specific cases and we ask for a report from the State authorities and we try to meet those queries. Now, all has not come to a grinding halt. In fact, the implementation has improved in the recent years and months. Now, the overall utilization as of today under MPLAD Scheme is 74 per cent, which is quite satisfactory compared to what it was earlier. Now, considering, as you rightly referred to, the magnitude of the work and the size of the country and the fact that this scheme is being implemented in all the districts of the country and all the constituencies in the country, naturally, there will be some problems here and there, but all these are attended to whenever they are brought to our notice.”

29. On the question of Stamp duty, the representative stated:-

“Stamp duty which has created some problems was actually on the advice of the Law Ministry that it was felt that an agreement should be signed between the beneficiary organization and the district administration about the durable assets which will be created for a particular organization, that the asset cannot be sold away and cannot be transferred and things like that. Law Ministry has said that unless you have an agreement on stamp paper, it will not be binding or it will have no sanctity. So, there has been some delay in sorting out this problem because stamp duty has to be borne either by the State Government or under the MPLADS or by the beneficiary organization but none of the three parties have agreed to bear the expenses.

30. Attention of the Ministry was drawn to C&AG Reports wherein it has pointed out certain irregularities in the implementation of the MPLAD Scheme. In his submission, the Secretary, Ministry of Statistics & Programme Implementation stated as under:-

“We have started getting responses about audit paragraphs in which C&AG has pointed out certain irregularities in the implementation of the scheme.”

31. Since the employment generation was the need of the day, it was enquired whether the scheme could be made more employment oriented. In his reply during oral evidence, the Secretary stated:-

“The scheme as of today is aimed at creating durable assets based on local and felt needs of the people. If the scheme is to be durable, it can also not be employment oriented, but in the process of creating durable assets, some employment is also generated. I think, it should continue to aim at creating durable assets based on the felt community needs and not aim at generating too much of employment.”

32. The Committee note that the works under the MP Local Area Development Scheme (MPLADS) suggested by the MPs, are implemented by the heads of the districts following the established procedures of the State Governments concerned subject to MPLADS guidelines. The heads of the districts submit monthly reports showing upto date position of schemes. At the State Government level, the Secretary, planning & Development or the Secretary, Rural Development also supervises/reviews the progress of the works. Review meetings are also taken by the Chief Secretary of a State Government twice in a year. The officials of the Ministry of the Statistics & Programme Implementation visit State Capitals and organise regional meetings to evaluate the entire scheme.

33. For the works not covered within the guidelines, the matter is placed before the MPLADS Committee through the Ministry of Statistics & Programme Implementation for consideration.

34. On the face of it, the system seems to be flawless. However, the practical aspect of its implementation has also to be viewed wherein it has been a general complaint from all quarters that the head of a district, at times, not only behaves in an arbitrary way but also does not furnish the monitoring reports to MPs. The above view has also been upheld by the Ministry when it admitted that considering the magnitude of the work and size of the country, naturally there would be some problems here and there. A number of discrepancies which have already been pointed out by C&AG in their Reports bears ample testimony to various flaws and weaknesses which are prevalent in its implementation.

35. In view of the above, the Committee are of the opinion that there is an urgent need to review the implementing part of the MPLAD Scheme in order to make it more effective and transparent which could ensure that money given from MPLAD Scheme is actually spent on the works/projects recommended by the Member of Parliament.

36. The Committee expect that the Government would take up the matter with MPLAD Committees of Lok Sabha and Rajya Sabha.

Central Statistical Organisation – Economic Census

37. The Central Statistical Organisation is responsible for coordination of statistical activities in the country, and evolving and maintaining statistical standards. Its activities include National Income Accounting; conduct of Annual Survey of Industries, Economic Censuses and its follow up surveys, compilation of Index of Industrial Production, as well as Consumer Price Indices for Urban Non-Manual Employees, Human Development Statistics, Gender Statistics, imparting training in Official Statistics, Five Year Plan work relating to Development of Statistics in the States and Union Territories; dissemination of statistical information, work relating to trade, energy, construction, and environment statistics, revision of National Industrial Classification, etc.

38. The Plan and State Statistics Unit coordinates statistical activities of the CSO and provides liaison with Central Government Departments, State Governments and other Statistical Agencies. It provides secretarial assistance to the National Advisory Board on Statistics (NABS), an apex body set up by the Government of India to provide an overall perspective for statistical development and for suggesting priority areas. The NABS is being reconstituted to include prominent experts for securing valuable inputs required to strengthen the entire statistical system.

39. In fulfilling its coordinating role, the CSO also participates in the inter-departmental meetings of the Working Groups, Technical Advisory Committee, Standing Committee set up by the Central Ministries/Departments in subject areas of their concern with a view to ensuring adoption of statistical standards on a uniform basis, minimizing duplication of efforts and for promoting upgradation of quality and timeliness of data. It also participates in the meetings of the high level statistical coordination committees of the State Governments, which review activities related to statistical data generation and dissemination within respective states.

40. In the 'Staff Papers' of October, 2001, Vol.2, No.2 brought out by the Ministry of Statistics & Programme Implementation, Industrial Statistics Wing, Central Statistical Organisation, Calcutta, it has been stated that a plan scheme 'Economic Census' was formulated during 1994-95 and submitted to the Government. But in spite of utmost effort it took more than two & half years to get the scheme cleared and economic census could ultimately be launched during 1998. The frame generated from

economic census data, could thus be made available only in the year 2000 i.e. after a gap of 2 years. Thus, the very purpose of making the fresh frame available at an interval of five years got lost.

41. When asked about the reasons for delay in getting the scheme cleared, the Ministry, in a written reply, submitted as follows:-

“The fourth Economic Census was planned for complete enumeration of all enterprises engaged in various economic activities (except crop production and plantation) in rural and urban areas of the country. It was planned as a centrally sponsored scheme with 100% fund assistance to States/UTs. A Plan Proposal for conducting the Fourth Economic Census was initiated in the year 1994-95. Chronological details of formulation of the scheme, conduct of census and release of results are as under:-

1. Coceptualisation of the Plan Scheme on conduct of fourth Economic Census and, discussion with State/UT Governments for finalizing the modalities undertaken in 1994-95.
2. A Plan proposal with an outlay of Rs.27.12 Crore was prepared for conduct of census in 1995-96. However due to inadequate preparations Economic Census could not be launched and only token provision of Rs.1 Crore was made available in 1995-96.
3. A Technical Advisory Group (TAG) and three Working Groups were set up to sort out the issues relating to concept, definitions, procedure to be adopted in data collection, finalisation of schedules/Instruction Sets and Tabulation Plan, etc. The Groups gave their recommendations in April 1996.
4. The Planning Commission was approached to provide requisite fund under the Scheme spreading over four years time. The Planning Commission expressed its inability to provide requisite funds in the year 1996-97, the last year of the 8th Five Year Plan and suggested to approach user Departments/Private Institutions for funding the scheme.
5. Taking in to account the cost estimates as agreed by States/UTs Govts. and the recommendations of TAG and Working Groups, a reformulated draft EFC Memorandum with total outlay of Rs.55.93 crores was prepared and circulated to the user Deptts in July, 1996 for their comments.
6. Incorporating the comments from user Ministries/Deptts. and Planning Commission, the EFC Memo was revised and sent to Ministry of Finance on 3.10.1996. The EFC finally cleared the proposal on 21.04.1997.
7. As the total outlay of the scheme was Rs.55.93 Crore (more than Rs.50 Crore), it was submitted for approval of Cabinet on Economic Affairs

(CCEA) on 11.08.1997. However, as required by Cabinet Sectt., the proposal was resubmitted to them on 22.10.1997 after approval of Ministry of Finance.

8. The proposal was finally approved by CCEA on 1.11.1997 and the funds were released to State/UTs on 18.11.1997 for conduct of field work.
9. The field work for the fourth Economic Census was finally carried out by State/UT during March 1998 to May 1999.
10. Data Processing involved several steps. After the field work of data collection the work relating to coding and scrutiny was carried out. Thereafter the data entry, data processing and tabulation were undertaken. All this was done by all the States except Orissa which was done at Computer Centre of the Ministry of Statistics & Programme Implementation. All State/UTs results were examined at CSO for final release by States/UTs and all-India results by CSO.
11. As per the Plan Scheme approved by CCEA on 1.11.1997, the entire operation of the Economic Census including processing of data and release of report was to be completed by April, 2001. The entire job was completed in stipulated time. Provisional Results at the State as well as all-India level (except Andhra Pradesh and West Bengal) were released in June 1999. The frame of enterprises based on Economic Census was finally ready and made available to NSSO for use in the year 2000. The final results at all-India level were also prepared within the targeted time frame.

42. When asked about the areas covered in the Economic Census, the Secretary, Ministry of Statistics & Programme Implementation stated during oral evidence:-

“Economic census is only the account of the economic activities in terms of enterprise, their number, their employment and their activities. This is very important for conducting the sample survey. It does not cover all.”

43. Asked whether it covers national resources and wealth of the country, the representatives during his submission stated as under:-

“You are talking about the natural resource account which is not a part of the Economic Census. Once we have a natural resource account, all your questions will be answered. That actually is a big thing which we are addressing ourselves. It is not ready at the moment but we are moving in that direction.

44. One of the recommendations of the National Statistical Commission reads as under:-

“The pilot project on Natural Resource Accounting in Goa initiated by the Ministry of Statistics and Programme Implementation (MoS&PI) should be

replicated in 2 or 3 major States for developing a suitable methodology before extending it at the all-India level for developing integrated environment an economic accounts.”

45. The Committee are pained to note that the proposal for conducting the Fourth Economic Census which was planned in 1994-95 could actually be initiated in 1998-99. What is more distressing to note is that the census was limited only to the economic activities in terms of number of enterprises, their activities and employment. There is no information available on natural resource account through which the assessment could be made about the actual natural resources/wealth available in the country. In the absence of such a vital information the entire process of planning becomes futile. Though the Committee note that a pilot project on Natural Resource Accounting has been initiated in Goa, yet they strongly recommend that the project should be started for the whole of the country after developing a suitable methodology. The project should include all sorts of natural resources including their availability in the Exclusive Economic Zone (EEZ).

Project Monitoring Division (PMD)

46. Project Monitoring Division (PMD) monitors all Central sector projects of the Government costing Rs. 20 crore and above and review the impact of Accelerated Irrigation Benefit Programme. This division has also been charged with the responsibility of monitoring major infrastructure projects in private/joint sector. This Division makes appraisal of the Projects from the point of view of the state of preparedness, examines causes of time and cost overrun of the projects and identifies the bottlenecks in their implementation, thereby playing an important role as coordinator and facilitator. Evaluation of completion reports and carrying out systems studies also fall within its purview. Sometimes, this Division is called upon to examine the causes of time and cost overrun in specific projects for fixing responsibility. Through its studies and evaluation reports the Division has contributed in identifying strengths and weaknesses in the entire system of projects formulation, appraisal, implementation, monitoring and evaluation. Besides the constraints of resources, the other serious weaknesses identified by the Division are: incomplete feasibility study, delays in land acquisition, delays in the tie up of technology, delays in preparation of engineering design and drawing etc. It has been observed that pace of implementation of many projects could be improved by better management, as is shown by some projects in PSUs which have been implemented within the gestation period. In the light of experiences gained in different sectors of the economy, this Division has been suggesting various remedial measures required to be adopted by the administrative Ministries and the Project Authorities. The importance of project management has been analysed by the Ministry from time to time. One of the important contributions of the Division has been to bring about improvement in the system of project management.

47. Of the 466 projects which were on the monitor of PMD as on 1.4.2001, 216 were delayed with respect to the original schedule.

48. A two tier system of monitoring has been adopted. While all projects are monitored on a quarterly basis, the Major projects costing between Rs.100 crores and Rs.1000 crores and Mega projects costing over Rs.1000 crores are monitored on a monthly basis through Flash Report System. The project records are fully computerised.

49. Asked about the role of the PMD in the implementation of the projects, the Secretary, Ministry of Statistics & Programme Implementation submitted :-

“Sir we are involved from the very inception, from the stage of preparation of the detailed project report right up to the completion of the project. As you have already pointed out, we monitor all projects. We are kept in the picture. As you have already mentioned, all Central projects worth Rs. 20 crore and above are being monitored by us. The monitoring is done at various levels including the Standing Committee of Secretaries in which Secretary (Statistics) is also a member. This Committee meets regularly under the Chairmanship of the Cabinet Secretary and reviews the projects identified by the Ministry. We identify a particular number of projects which may be worth Rs. 20 crore and above. These days, we mostly identify projects worth Rs. 100 crore and above, and we list out 100 projects.”

50. The Committee desired to know whether they verify the projects physically, the representative stated:-

“It is not possible to verify it physically on the spot to see how the project is doing. We do the verification with the Ministry or Department concerned. In a way, it is an exchange of data which is available on paper.

51. It was informed to the Committee during evidence that out of 7000 employees, there were only five engineers.

52. It has also been mentioned in the annual report (2001-02) of the Ministry that they have not been able to start regular monitoring due to lack of staff. In the meanwhile, the MOSPI has taken up the development of Software for processing of data and generating Management Report in respect of private/joint sector projects costing Rs. 100 crores to facilitate regular review by the Cabinet Secretariat and the Prime Minister’s Office. It is also contemplated to expand the scope of monitoring in future to incorporate other key sectors of economy

53. The Committee desired to know the progress made regarding online computerization of monitoring system. In their reply, Ministry furnished the following information :-

“The On-line Computerised Monitoring System (OCMS) for projects is presently under implementation after the appointment of Consultant in middle of December, 2001. The OCMS implementation was delayed by 6 months due to long procedure for approval by the world Bank. The development of system for OCMS is now in advanced stage. The procurement of hardware and software is in progress. The OCMS is expected to be launched by July, 2002.

54. Asked about the number of projects dropped/freeze during the last 5 years, the Ministry of Statistics & Programme Implementation in a written reply furnished the following information :-

“As on 1.3.2002, 31 projects were dropped in the last five years due to their transfer to private sector, non-viability, replacement with new

technology/options or on foreclosure at a lower capacity. Details of these 31 projects are given in Annexure I. The total expenditure on these projects at the time of dropping was Rs. 963.05 crore.

As on 1.3.2002, 33 projects have been frozen in the last five years due to shortage of funds, geominig/technological, and land acquisition problems and on non-viability considerations. The details of such projects are given in the Annexure XI of the Annual Report. The total expenditure incurred on these projects at time of freezing was Rs. 100.25 crores.”

55. When enquired whether all essential project activities were completed before the projects were sanctioned. In their written reply, the Ministry stated as under:-

“The projects which were sanctioned earlier were highly dependent on the data supplied by Geological Survey of India. However in the recent years the detailed investigations are being carried out in more detail. Although geological problems have been reduced but the exceptional problems of geological surprises cannot be ruled out particularly in hydro projects where it is not possible to survey the entire length of a tunnel. In case of coal projects geological surprises such as incidence of gas and water at the time of actual mining cannot be totally eliminated. Due to the incidence of gas and water exceptional case of technology failure is also experienced.

In order to minimise geological surprises the following action has been initiated :

- (i) In case of hydro projects, 3 stage clearance has been introduced to have detailed survey and investigations over and above the report of Geological Survey of India and preparation of Detailed Project Report.
- (ii) Strict appraisal of the projects in all stages of approval.”

56. It has been stated in Annual Report (2001-2002) that out of 28 projects which account for 86% of the total cost overrun, 7 projects had since been completed and 2 more are expected to be completed by March, 2002. Asked to furnish the present status of the remaining projects, the Ministry of Statistics & Programme Implementation furnished the following information :-

“28 projects were identified on the basis of their contribution to the overall cost overrun in the projects on the monitor of the MOSPI arranged in descending order. Out of 28 projects, identified in 2000-2001, 7 projects were completed and dropped. The current list of 28 projects which account for cost overrun 96% of the total overrun. The statement showing date of approval/sanction, original date of commissioning, original/revised/revised cost and expenditure till date, reasons for delay etc. is given in the Annexure II and reasons for delay in sequence of the project in Annexure II is given in Annexure II A.”

The suggestions made by Project Monitoring Division to complete these projects as per their revised schedule are as follows :-

- (i) Focussed attention through close monitoring, site visits and problem solving approach and
- (ii) Review at higher levels at regular intervals to ensure availability of adequate funds and timely solution of problems.

57. The institution of Standing Committees to review the time and cost overruns in projects and to fix responsibility therefor has been made more effective by introducing a system of furnishing an action taken report on the recommendations of these Committees with proposals for Revised Cost Estimates submitted for approval of the PIB/Cabinet Committee on Economic Affairs (CCEA).

58. In a written reply, it has however been informed to the Committee that the institution of Standing Committee has been effective in a limited way in improving project implementation due to various limitations such as:-

- a) The members face difficulty in getting detailed information in some projects as there is lot of resistance in providing requisite information to the members (such as sequence of events, evaluation and placement of orders, etc.)
- b) The members are unable to visit the sites to appreciate the ground realities due to time and other constraints
- c) There is a continuous pressure on the Standing Committee to finalise reports as the submission of the reports of the Standing Committees along with the PIB notes is one of the requirements for processing the approval of the revised cost estimates.
- d) Some of the projects suffered time and cost overrun are fairly old projects. The project authorities find it difficult to collect all the information that may help the Committee while identifying the responsibility for the specific delays.

It has not been possible for most of the Standing Committees to fix responsibility on individuals. The only exceptions were in one or two cases in which Committees were able to spend more time to cover the detailed information provided by the project enterprises/project authorities. The

specific cases in which responsibilities were fixed and action was taken by the concerned agencies.

59. The Committee note that the Project Monitoring Division (PMD) of the Ministry of Statistics & Programme Implementation is involved right from the inception of the Central Sector Projects and monitors all projects costing Rs. 20 crore and above on monthly/quarterly basis. They further note that the Standing Committees have also been constituted to review the time and cost overrun of the projects. The Committee, however, regret to point out that in spite of the fact that the PMD is involved right from the inception of the projects, a large number of projects have been delayed resulting in huge cost overrun. More so, a number of projects involving crores of rupees have either been frozen or dropped due to poor appraisal or non-viability of the projects thus putting extra burden on the exchequer. The Committee express their displeasure over this state of affairs.

60. As far as monitoring is concerned, the committee express their deep anguish over the fact that though the Ministry are entrusted with the task of close monitoring, they have restricted themselves to the exchange of data with the concerned Ministries. No physical monitoring is being done which has been explained on the ground of non-availability of technical staff. The Committee fail to understand as to how the PMD of the Department of Programme Implementation monitors the projects without any physical verification by the technical staff.

61. The Committee, however, note that On-line Computerised Monitoring System has been initiated which is likely to be launched in July, 2002. They recommend that since it has already been delayed by 6 months, the same should not be delayed further.

62. They also recommend that there is a need to strengthen the technical expertise which is available with the Ministry so as to enable them to discharge the functions entrusted to them efficiently and more effectively.

NEW DELHI;
22 April, 2002
2 Vaisakha, 1924(Saka)

(N. JANARDHANA REDDY)
Chairman,
Standing Committee on Finance

