

**THIRTY SEVENTH REPORT
STANDING COMMITTEE ON FINANCE
(2002)**

(THIRTEENTH LOK SABHA)

MINISTRY OF PLANNING

**DEMANDS FOR GRANTS
(2002-2003)**

*[Action taken by the Government on the recommendations contained in
the Twenty Ninth Report of the Standing Committee on Finance on
Demands for Grants (2002-2003) of the Ministry of Planning]*

*Presented to Lok Sabha on 19.12.2002
Laid in Rajya Sabha on 19.12.2002*



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2002/Agrahayana, 1924 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON FINANCE (2002)

Shri N. Janardhana Reddy—*Chairman*

MEMBERS

Lok Sabha

2. Shri Ramsinh Rathwa
3. Shri Rattan Lal Kataria
4. Shri Kirit Somaiya
5. Shri Kharabela Swain
6. Shri Raj Narain Passi
7. Shri S. Jaipal Reddy
8. Shri Ramesh Chennithala
9. Shri Kamal Nath
10. Shri Pravin Rashtrapal
11. Shri Sudarsana E.M. Natchiappan
12. Shri Rupchand Pal
13. Shri Varkala Radhakrishnan
14. Dr. Daggubati Ramaraidu
15. Shri Chada Suresh Reddy
16. Shri Prakash Paranjpe
17. Shri Raashid Alvi
18. Shri T.M. Selvaganapathi
19. Shri Trilochan Kanungo
20. Shri Sudip Bandyopadhyay
21. Shri Sharad Pawar
22. Shri Abdul Rashid Shaheen
23. Capt. Jai Narain Prasad Nishad
24. Shri Prabodh Panda
25. Shri Amir Alam Khan
- *26. Dr. M.V.V.S. Murthy
- **27. Shri Jyotiraditya Madhavrao Scindia
- ***28. Shri Surender Singh Barwala
- °29. Shri. Nagmani
- °°30. Smt. Renuka Chowdhury

* Nominated *w.e.f.* 18.1.2002

** Nominated *w.e.f.* 11.3.2002

*** Nominated *w.e.f.* 19.4.2002

° Nominated *w.e.f.* 5.7.2002

°° Nominated *w.e.f.* 2.9.2002

(iv)

Rajya Sabha

31. Dr. Manmohan Singh
32. Shri S.S. Ahluwalia
- *33. Shri Dina Nath Mishra
34. Shri Prameshwar Kumar Agarwalla
35. Dr. Biplab Dasgupta
36. Shri P. Prabhakar Reddy
37. Prof. M. Sankaralingam
- **38. Shri Raj Kumar Dhoot
39. Shri Palden Tsering Gyamtso
- 40. Shri Prithviraj Dajisaheb Chavan
- 41. Shri Praful Patel
- 42. Shri Murli Deora
- 43. Shri Prem Chand Gupta
- #44. Dr. T. Subbarami Reddy
45. Vacant

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*
5. Smt. Saroj Sharma - *Committee Officer*

* Nominated *vice* Shri Narendra Mohan *w.e.f.* 4.1.2002

• Nominated *w.e.f.* 8.4.2002

•• Nominated *w.e.f.* 8.4.2002

••• Nominated *w.e.f.* 10.4.2002

•• Nominated *w.e.f.* 22.4.2002

Nominated *w.e.f.* 22.4.2002

** Nominated *vice* Shri Sanjay Nirupam *w.e.f.* 8.5.2002

INTRODUCTION

I, the Chairman of the Standing Committee on Finance having been authorized by the Committee to submit the Report on their behalf present this Thirty Seventh Report on action taken by Government on the recommendations contained in the Twenty Ninth Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants (2002-2003) of the Ministry of Planning.

2. The Report was presented to Lok Sabha on 23 April, 2002 and laid in Rajya Sabha on 24 April, 2002. The Government furnished the written replies indicating action taken on all the recommendations on 24 July 2002. The draft action taken report was considered and adopted by the Committee at their sitting held on 17 December, 2002.

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

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

NEW DELHI;
18 December, 2002
27 Agrahayana, 1924 (Saka)

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

HAPTER

REPORT

This Report of the Standing Committee on Finance deals with Action taken by Government on all the recommendations/observations contained in their Twenty Ninth Report (13th Lok Sabha) on Demands for Grants (2000-2001) of the Ministry of Planning which was presented to Lok Sabha on 23 April, 2002 and laid in Rajya Sabha on 24 April, 2002.

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

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

Sl. Nos. 1, 2, 3, 4, 5, 6, 8

(Chapter II)

(Total 7)

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

(Chapter III)

Nil

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

(Chapter IV)

Nil

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

Sl. No. 7

(Chapter V)

(Total

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

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

A. Tenth Five Year Plan

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

1.5 While going through the Approach Paper to Tenth Five Year Plan, the Committee had noted that the monitorable targets for Tenth Plan covering economic, social and environmental dimensions of human development presented a rosy picture. However the practicality of attainment of these targets were to be viewed against the backdrop of Ninth Plan scenario.

The Committee had found that overall performance of the economy had seriously suffered during the Ninth Plan. This was particularly due to dismal performance in primary sector and not so impressive performance in the secondary sector.

Against this backdrop, the Committee were seriously apprehensive of achieving the economic rate of growth of 8 per cent as envisaged in the Tenth Plan. They, therefore, were of the view that unless all concerted steps were taken with a view to identifying various constraints, the targets would be difficult to achieve. It was, therefore, necessary that the strategies as envisaged in the Plan should be followed vigorously and milestones fixed should be monitored strictly.

1.6 In their action taken reply, the Ministry of Planning had stated as under:

“The observations and advice of the Standing Committee are being taken note of while formulating the Tenth Plan strategies and activities to achieve the economic growth rate of 8 per cent as well as the monitorable targets set forth in the Approach Paper to the Tenth Plan which has been approved by the National Development Council. The Planning Commission has already put in place a system for undertaking Quarterly Performance Reviews (QPRs) of Central Government Ministries/Departments and State Governments’ plan schemes.”

1.7 The Committee appreciate that the Planning Commission has put in place a system for undertaking Quarterly Performance Reviews (QPRs) for Central Government Ministries/Departments and State

Government's Plan Schemes. They would, however, like to be apprised of the details of such reviews and the specific steps taken by the Government in pursuance thereof from time to time.

B. Shortfall in the Contribution of 'Own Funds of the States'

Recommendation (Sl. No. 7, Para No. 38)

1.8 The Committee observed that there had been a massive deterioration in the contribution of 'own funds of the States' which lead to worsening of the fiscal situation. They apprehended that if reckless borrowings were not kept in check, some States might be forced to declare financial emergency in the coming years.

Stressing upon the need for increasing the contribution of 'own funds of the States' the Committee were of the view that already faced with a limited resource base, the unbridled borrowings of State Governments had further compounded the fiscal problem of the States. The Committee took into account the measures enumerated by the Ministry in this regard and opined that the Planning Commission could play an important role in impressing upon States to observe fiscal prudence.

The Committee suggested that apart from rewarding the States by linking allocation of plan funds to fiscal performance of States, the Planning Commission should also advise on measures, required to be adopted for States specific problems. They hoped that the Planning Commission would raise this issue at the forum of National Development Council (NDC) which was the most representative body in the country.

1.9 In their action reply, the Government have stated as under:-

"The observations of the Committee have been noted for compliance."

1.10 The Committee note that though their observations have been noted for compliance, the Planning Commission has not apprised the Committee of the measures/steps taken or proposed to be taken for impressing upon the State Governments to keep restraint on the reckless borrowings as also to increase their contribution of 'own fund of the States' in order to check the deteriorating fiscal health of the States.

The Committee expect that the Planning Commission will impress upon the State Governments to observe fiscal prudence. It is, however, essential that the allocation of plans funds are linked to the fiscal performance of the States.

The Committee would like to be apprised of the steps taken by the Government in this regard.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 01, Para No. 6)

2.1 The Committee note that the Tenth Plan envisages growth rate of 8 per cent. The monitorable targets for Tenth Plan covering economic, social and environmental dimensions of human development present a rosy picture. However the practicality of attainment of these targets is to be viewed against the backdrop of Ninth Plan scenario.

The Committee find that overall performance of the economy has seriously suffered during the Ninth Plan. This is particularly due to dismal performance in primary sectors and not so impressive performance in the secondary sector.

Against this backdrop, the Committee are seriously apprehensive of likely spurt in the economic growth rate to 8 per cent as envisaged in the Tenth Plan. They, therefore, are of the view that unless all concerted steps are taken with a view to identifying various constraints, the target is difficult to achieve. It is, therefore, necessary that the strategies as envisaged in the Plan should be followed vigorously and milestones fixed should be monitored strictly.

Reply of the Government

2.2 The observations and advice of the Standing Committee are being taken note of while formulating the Tenth Plan strategies and activities to achieve the economic growth rate of 8 per cent as well as the monitorable targets set forth in the Approach Paper to the Tenth Plan which has been approved by the National Development Council. The Planning Commission has already put in place a system for undertaking Quarterly Performance Reviews (QPRs) of Central Government Ministries/Departments and State Government's plan schemes.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

Comments of the Committee

(Please see Para 7 of Chapter I of the Report)

Recommendation (Sl. No. 02, Para No. 12)

2.3 The Committee are concerned to note that there has been a fall in both domestic savings and real investment during the Ninth Five Year Plan and are of the view that unless steps are taken in the right earnest to step up these, the projected 8 per cent growth as envisaged under the Tenth Five Year Plan does not seem to be feasible. Multiprolonged strategies such as increasing Gross tax to GDP ratio, enhanced public investment in key sectors such as infrastructure, rural development & agriculture, coupled with fiscal prudence and judicious use of resources is called for, which are of paramount importance. Besides, as rightly suggested by the Planning Commission there is need for good quality of governance without which the required results are difficult to be achieved.

Since the task is a daunting one; the cooperation as well as sincere efforts by the entire machinery of the Government is essentially required. The Committee, therefore, desire that all Ministries/ Departments/Organizations must work in liaison with each other towards achieving the goals/targets enunciated under the 10th Plan. The Planning Commission should also assess the results achieved and make an appraisal regarding the end use of the money allocated under different plans before making any fresh allocations.

Reply of the Government

2.4 The concern and advice of the Standing Committee is being taken note of while we are formulating the Tenth Plan. It is our endeavour to ensure that all Ministries/Departments/Organizations work in harmony with each other in order to achieve the goals & targets of the Tenth Plan.

Besides a mid-term appraisal of the Tenth Plan which will be conducted half way through the Tenth Plan, the Planning Commission will evaluate/have evaluated selected plan initiatives in order to ensure efficient and timely utilization of funds for development. Planning Commission is also increasing allocations under performance based schemes like Accelerated Irrigation Benefit Programme (AIBP),

Accelerated Power Development and Reforms Programme (APDRP), Development Reform Facility (DRF), the Urban Incentive Scheme, etc.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

Recommendation (Sl. No. 3 Para No. 17)

2.5 The Committee note that action regarding preparation of State Development Reports for thirteen states was taken up during 2000-01 and 2001-02. The Committee further note with satisfaction that in order to ensure preparation of relevant and quality State Development Reports, Core Committees with Members, Planning Commission as Chairman, State Plan Adviser concerned, Planning Secretary of States and Reputed consultants as members are constituted to coordinate preparation of State Development Reports.

The Committee are of the view that such development reports provide valuable information regarding progress made, prevalent vulnerabilities and prospects for development etc. Moreover, the information and data in the State Development Reports can be very useful for the Planning Commission in formulating policies and programmes for whole of the country. The Committee therefore desire that the preparation of such State Development Reports should be initiated for each and every state in a time bound manner.

Reply of the Government

2.6 Acting on the recommendation, Planning Commission has decided that State Development Reports (SDRs) would be prepared for 12 more States/UTs — 6 during the current year 2002-03 and 6 during 2003-04. States for which SDRs are proposed to be prepared during 2002-03 are Andhra Pradesh, Goa, Karnataka, Kerala, Maharashtra and Tripura and States/UTs for which SDRs are proposed to be prepared during 2003-04 are Haryana, Gujarat, Manipur, Sikkim and UTs of Andaman & Nicobar Islands and Pondicherry.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

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

2.7 The Committee observe that under the head "Payment for Professional and Special Services" the services of outside experts including the retired government officials are engaged by the Planning Commission for undertaking specific studies of complex nature which are of current interest to the Commission. The Committee also note that a more realistic provision of funds can be made only during RE stage on account of factors beyond the control of the Planning Commission.

However, the Committee are surprised to find that the actual expenditure are much lower in comparison to the allocations made at RE stage. This shows that projections even at RE stage are still from reality. The Committee, therefore, desire that more practical and rational approach should be adopted while projecting demands so that the variations at least between RE and Actuals should be minimized.

Reply of the Government

2.8 The observation of the Standing Committee on Finance to the effect that more practical and rational approach should be adopted while projecting demands so that the variations between RE and Actuals could be minimized has been noted by the Planning Commission for compliance, in future.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

Recommendation (Sl. No. 5, Para No. 25)

2.9 The Committee note that there are wide variations between Budgetary Estimates, Revised Estimates and Actuals under the Head Grants-in-aid. The reasons for shortfall in actuals during 1998-99 under Plan is stated to be due to non-utilization of funds by IAMR and Socio-Economic Research Unit. The actuals of 1999-2000 does not include NIC's actuals. The Committee desire that utmost care must be taken to avoid variations in BE, RE and Actuals.

The Committee recommend that while providing Grants-in-aid the Planning Commission should make appraisals and subsequent allocation of funds should be made thereafter. They should also obtain utilization certificate from the concerned institutions. Moreover, the Committee reiterate that there should be judicious selection of institutions for providing Grants-in-aid.

The Committee note that UNDP project has been operationalized since July 1999. But the assistance from UNDP has not been utilized in time due to delay in preparation of State HDRs. The Committee, therefore emphasis that there should be timely utilization of funds under UNDP assistance to complete preparation of State HDRs.

Reply of the Government

2.10 The suggestion of Standing Committee on Finance that utmost care must be taken to avoid variations in BE, RE and actuals has been noted/accepted for compliance.

It has been decided, with the approval of Secretary, Planning Commission that after careful selection of NGOs/VOs, the officers of the SER Division/subject matter Division will, on a random basis, visit the grantee organizations in order to monitor the progress of the studies and the activities of the organizations and submit brief appraisal report with a view to ensuring proper utilization of funds. Planning Commission ensures that U.C. are received from the Institutions.

The Committees' recommendation that there should be judicious selection of institutions for providing grant in aid has been noted for compliance.

The institutes/NGOs are requested to furnish the research studies already undertaken during the last five years for Central Ministries/ Departments along with copies of one or two study reports which are reviewed in the Planning Commission to assess the quality of work. The institutes are requested to furnish information about the registration, audited statement of accounts, the faculty members and bio-data of the Project Director. The recommended proposals are processed and considered by a Committee of the Group of Advisers headed by Secretary, Planning Commission.

In order to ensure full utilization of the allocation of funds (BE Provision) for UNDP project on State HDRs for 2002-03, a detailed work plan is being prepared at present in consultation with the Human Development Resource Centre (HDRC) of the UNDP.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

Recommendation (Sl. No. 6, Para No. 32)

2.11 The Committee do endorse the role of NGOs/VOs in implementation of various social welfare schemes at the grass root level. The main advantage of NGOs is their capacity to interact directly with needy groups. Therefore they can effectively deliver goods to fulfill the desired ends.

The Committee note with satisfaction the report of the Steering Committee on voluntary sector and suggest enforcement of these recommendations scrupulously. They also recommend that there is need to frame a proper selection criteria for identifying the relevant NGOs only and eliminate the bogus ones. This is of particular importance to render efficient utilization of funds through NGOs.

One of the important steps to improve performance of NGOs is to ensure their proper monitoring and evaluation. The Committee recommend that a system should be evolved to monitor the performance of NGOs. The release of funds to NGOs may be made conditional upon satisfactory performance at subsequent stages. The Committee do recommend that partnership between VOs and PRIs be strengthened in accordance with the suggestion of the Steering Committee on Voluntary Sector.

Reply of the Government

2.12 The Planning Commission convened an All India Conference on the Role of Voluntary Sector in National Development on 20th April 2002, which was inaugurated by the Hon'ble Prime Minister. The Conference was attended by about 150 VOs, Cabinet Ministers, Chief Ministers, senior officers of the Central and State Governments. In the Theme Paper for the Conference and Compendium on partnerships between Government & Voluntary Sector circulated to the participants, the aforesaid role of the VOs/NGOs was adequately stressed.

The Report of the Steering Committee on Voluntary Sector for Tenth Plan was distributed as part of the Agenda in the All India Conference on the Role of Voluntary Sector in National Development and the need for implementing its recommendations was highlighted.

The proper monitoring & evaluation of performance of NGOs is already linked to fund release as well as project sanction in a number of Departments. In the All India Conference on the Role of Voluntary Sector in National Development, there was a consensus regarding the need to incorporate proper monitoring & evaluation in the sanctioning and financing process. Further action rests with the concerned Department and State Governments.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

Recommendation (Sl. No. 8 Para No. 44)

2.13 The Committee note with concern that no serious effort has been made to provide jobs to one crore people every year except that a task force was constituted that has given certain recommendations on the issue and the Special Group constituted thereafter is examining those recommendations. In their opinion, the constitution of such Committee and Special Groups will not help solve the yawning unemployment problem in the country.

The Committee suggests that the agricultural and industrial development must be viewed as a core element of the plan. There should be rapid growth of those sectors which are most likely to create high quality employment opportunities to the rural poor including agricultural labour. Also there is an urgent need to increase public investment in agriculture especially in irrigation and water management to provide adequate work opportunities for the growing labour force.

Reply of the Government

2.14 The Special Group on Targeting 10 million employment opportunities per year over the 10th Five Year Plan was constituted by the Planning Commission in November, 2001. The Special Group had six meetings so far where all the Secretaries of Major Ministries/

Departments, academicians, practitioners attended and deliberated upon the ways to create 10 million jobs per year over the 10th Five Year Plan. The Special Group has found that with adequate outlays in the 10th Plan, it is feasible to create 50 million jobs in the 10th Five Year Plan Period. The report of the Special Group has been submitted to the Planning Commission on 28th May, 2002.

The Special Group identified sectors and sub-sectors in the economy, which could be given more stress to generate additional employment over and above the employment generated from the growth process itself. These sectors are agriculture and allied, small and medium industries, information technology, education and health etc. The Special Group recommended rapid growth of those sectors which are most likely to create high quality employment opportunities to the rural poor including agricultural labour. The need to increase public investment in agriculture, irrigation and water management to provide adequate work opportunities for the growing labour force has also been emphasized by the Special Group.

Agriculture development strategy is based on policy for food security, food production including oilseeds, sugar, fruits, vegetables, milk, meat, egg and fish besides foodgrains, rice, wheat, coarse cereals, pulses, etc. Specific programmes for increasing production are being implemented by the DAC, ICAR and Department of Animal Husbandry.

Thrust is being given to projects on Watershed Development, On-farm Water Management, Agri-clinics, National Insurance and Capital Subsidiary for Storages Market network information, etc.

Efforts are being made within the overall available resources to increase investment in agriculture.

The Approach Paper to the Tenth Plan has stressed upon development and growth of the industrial sector. It has indicated that the industrial sector will have to grow at over 10% per annum to achieve the Tenth Plan target of 8% growth of GDP. This represents a major acceleration from its past performance; the sector grew at only about 7% in the Eighth and Ninth Plan period taken together. Besides, this acceleration has to take place in an environment which will significantly be different from the past. The Tenth Plan would be focusing on creating an industrial development environment in which private sector companies, including erstwhile public sector companies

can become efficient and competitive. The Approach Paper of the Tenth Plan accords high priority to identify efficiency enhancing policies both at the macro-level and also at the sectoral level. The first generation of reforms concentrated on reforms in the industrial economy. The Approach Paper adds that growth strategy of the Tenth Plan must ensure rapid growth of these sectors which are most likely to create high quality employment opportunities and deal with policy constraints which discourage growth of employment. Particular attention needs to be paid to the policy environment influencing a wide range of service sectors which have a large employment potential. These include sectors such as construction, tourism, transport, SSI, modern retailing, IT enabled services and a range of the other new services which need to be promoted through supportive policies.

Small-scale Industries

Small scale industry has a vital role to play in the process of industrialization providing a vehicle for entrepreneurship to flourish and a valuable entry point for new entrepreneurs who can start small and then grow by. Small scale industries are also vehicles for achieving a broader regional spread or industry. Since SSIs are generally more employment intensive per unit of capital than large scale industry they are also a source of much needed employment. Khadi and Village Industries also have an important role to play, especially in promoting non-farm employment in rural areas. Approach Paper indicates that the Tenth Plan must ensure that policies towards the small scale sector are supportive. Liberalization of controls at the State-level can help in this process. Equally important is the need to ensure that adequate credit is made available to SSI units. A proactive policy encouraging banks to meet the needs of SSI, while maintaining all necessary banking diligence in credit appraisal is very necessary. Procedures for credit approval and disbursement in the public sector banks need to be modernized to ensure quick response. Taking into consideration, the employment potential at the village and small industries sector during the Tenth Plan period enhanced outlays would be provided to the Ministries of Small-scale Industries, Agro and Rural Industries, Textile (VSI sector) and Food Processing Industries.

As per the Constitution of India, Water is a State subject. Thus the planning, investigation, funding, implementation, operation and maintenance of irrigation projects is done by the State Govts. themselves are per their own priorities. Allocations for the irrigation sector are

thus done by the State Govts. themselves. The Central assistance to States decided by the Planning Commission is in the form of block loans and grants and is not tied to any sector or project.

The Govt. of India has, however, been advocating to the States to complete on-going projects first before taking up new projects and thus avoiding thin spreading of resources. The Working Group on Major & Medium Projects for the Tenth Five Year Plan set up by the Planning Commission has strongly recommended completion of Pre-Fifth and Fifth Plan projects on priority and prioritization of projects on the lines suggested by the National Commission for Integrated Water Resources Development.

With a view to assist the State to complete irrigation projects in an advanced stage of completion and create bulk potential, the Govt. of India has in 1996-97 launched the Accelerated Irrigation Benefits Programme. Till March, 2002, Rs. 8480 crores loan assistance has been released to the State Govts. under AIBP for 150 major & medium projects and 2450 M.L. schemes. This has enabled completion of 20 projects and a potential of about 1.092 m.ha. has been reported created under the programme. The Central Govt. has also introduced a fast track component under AIBP envisaging 100% loan assistance for projects which can be completed in two working seasons. 13 major/medium projects are included in the programme. The Central Govt. has also liberalized the terms of AIBP loan for States which agree to introduce reforms in the water sector. With these measures, it is expected that employment opportunities in the agriculture sector, both during project construction as also in the operation stage in the form of on-farm employment, will improve.

The Centrally Sponsored Command Area Development Programme is also being restructured in the Tenth Plan to provide for Participatory Irrigation Management. Due to additional potential utilization under the programme because of bridging of gap, employment opportunities in agricultural sector are further expected to improve.

The Planning Commission has noted the valuable suggestions of the Committee. It will be suitably reflected in the Tenth Plan.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

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**

—NIL—

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 7, Para No. 38)

The Committee note with serious concern, the sharp deterioration in the contribution of 'own funds' of the State. Already faced with a limited resource base, the unbridled expansion of borrowings of State Governments has further compounded the fiscal problem of the States. The Committee take into account the measures stated by the Ministry in this regard. The Planning Commission can play an important role in impressing upon States to observe fiscal prudence.

The Committee desire that the Planning Commission play an effective role. Apart from rewarding the states by linking allocation of plan funds to fiscal performance of States, the Planning Commission should also advise on measures, required to be adopted for State specific problems. The Planning Commission can raise this issue at the forum of National Development Council (NDC) which is the most representative body in the country.

Reply of the Government

The observations of the Committee have been noted for compliance.

[Planning Commission O.M. No. H-11018/3/2002-Admn. IV,
Dated 17.07.2002]

Comments of the Committee

(Please see Para 1.10 of Chapter I of the Report)

NEW DELHI;
18 December, 2002
27 Agrahayana, 1924 (Saka)

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

MINUTES OF THE TWENTY THIRD SITTING OF STANDING
COMMITTEE ON FINANCE

The Committee sat on Tuesday, 17 December, 2002 from 1500 hours
to 1600 hours.

PRESENT

Shri. N. Janardhana Reddy — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ramsinh Rathwa
3. Shri Rattan Lal Kataria
4. Shri Pravin Rashtrapal
5. Shri Sudarsana E.M. Natchiappan
6. Shri Rupchand Pal
7. Dr. Daggubati Ramanaidu
8. Shri Abdul Rashid Shaheen
9. Capt. Jai Narain Prasad Nishad
10. Shri Prabodh Panda
11. Smt. Renuka Chowdhury

Rajya Sabha

12. Dr. Manmohan Singh
13. Shri Dina Nath Mishra
14. Shri Parmeshwar Kumar Agarwalla
15. Prof. M. Sankaralingam
16. Shri Raj Kumar Dhoot
17. Shri Palden Tsering Gyamtso
18. Shri Prithviraj Dajisaheb Chavan
19. Shri Murli Deora
20. Dr. T. Subbarami 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.

3. ** ** ** **

4. ** **

5. The Committee, thereafter, took up the following draft action taken reports for consideration and adopted the same without any modification/amendment:—

(i) **

(ii) ** ** ** **

(iii) draft action taken report on the Recommendations contained in the Twenty Ninth Report (13th Lok Sabha) of the Standing Committee on Finance on Demands for Grants (2002-2003) of the Ministry of Planning.

(iv)

(v) ** ** ** **

6. The Committee then authorised the Chairman to finalise the Reports in the light of the amendments suggested and also to make verbal and other consequential changes and present the reports to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX

(Vide Para 3 of the Introduction)

**ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE TWENTY NINTH
REPORT OF THE STANDING COMMITTEE ON FINANCE
(THIRTEENTH LOK SABHA) ON DEMANDS FOR GRANTS
(2002-2003) OF THE MINISTRY OF PLANNING**

	Total	% of Total
(i) Total number of recommendations	8	
(ii) Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1, 2, 3, 4, 5, 6 & 8)	7	87.5
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Nil)	NIL	00.00
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Nil)	NIL	00.00
(v) Recommendation/Observation in respect of which final reply of the Government is still awaited (Vide Recommendations at Sl. No. 7)	1	12.5