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**STANDING COMMITTEE ON FINANCE  
(2015-16)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF PLANNING**

*[Action taken by the Government on the recommendations contained in Fourth Report of the Standing Committee on Finance on 'Demands for Grants (2014-15)']*

**NINETEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**September, 2015, Bhadrapada, 1937 (Saka)**

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**STANDING COMMITTEE ON FINANCE  
(2015-2016)**

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF PLANNING**

***[Action taken by the Government on the recommendations contained in Fourth Report of the Standing Committee on Finance on 'Demands for Grants (2014-15)']***

*Presented to Speaker on 07 October, 2015*

*Presented to Lok Sabha on \_\_\_\_\_, 2015*

*Laid in Rajya Sabha on \_\_\_\_\_, 2015*



**LOK SABHA SECRETARIAT  
NEW DELHI**

**September, 2015, Bhadrapada, 1937 (Saka)**

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\* Not appended in the cyclostyled copy

## **COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2015-16**

**Dr. Veerappa Moily - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri S.S. Ahluwalia
3. Shri Venkatesh Babu T.G.
4. Shri Sudip Bandyopadhyay
5. Shri Nishikant Dubey
6. Shri P.C. Gaddigoudar
7. Dr. Gopalakrishnan C.
8. Shri Shyama Charan Gupta
9. Shri Chandrakant B. Khaire
10. Shri Rattan Lal Kataria
11. Shri Bhartruhari Mahtab
12. Shri Prem Das Rai
13. Shri Rayapati Sambasiva Rao
14. Prof. Saugata Roy
15. Shri Jyotiraditya M. Scindia
16. Shri Gajendra Singh Sekhawat
17. Shri Gopal Shetty
18. Shri Anil Shirole
19. Shri Shivkumar Udasi
20. Dr. Kiritbhai Solanki
21. Dr. Kirit Somaiya

#### **RAJYA SABHA**

22. Shri Naresh Agrawal
23. Shri Naresh Gujral
24. Shri A. Navaneethakrishnan
25. Shri Satish Chandra Misra
26. Dr. Mahendra Prasad
27. Shri K.N. Balagopal
28. Shri C.M. Ramesh
29. Shri Ajay Sancheti
30. Shri Digvijaya Singh
31. Dr. Manmohan Singh

### **SECRETARIAT**

- |    |                              |   |                     |
|----|------------------------------|---|---------------------|
| 1. | Smt. Abha Singh Yaduvanshi,  | - | Joint Secretary     |
| 2. | Shri P.C. Tripathy           | - | Director            |
| 3. | Shri Ramkumar Suryanarayanan | - | Additional Director |
| 4. | Shri Tenzin Gyaltsen         | - | Committee Officer   |

## INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Nineteenth Report on action taken by Government on the Observations / Recommendations contained in the Fourth Report of the Committee (Sixteenth Lok Sabha) on “Demands for Grants (2014-15)” of the Ministry of Planning.

2. The Fourth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 22 December, 2014. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 13 March, 2015.

3. The Committee considered and adopted this Report at their sitting held on 10 September, 2015.

4. An analysis of the action taken by the Government on the recommendations contained in the Fourth Report of the Committee is given in the Appendix.

5. For facility of reference, the observations / recommendations of the Committee have been printed in bold in the body of the Report.

**NEW DELHI**  
**21 September, 2015**  
**30 Bhadrapada, 1937 (Saka)**

**DR. M. VEERAPPA MOILY,**  
**Chairperson,**  
**Standing Committee on Finance**

## CHAPTER – I

### REPORT

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their 4<sup>th</sup> Report (Sixteenth Lok Sabha) on Demands for Grants (2014-15) of the Ministry of Planning which was presented to Lok Sabha / Laid in Rajya Sabha on 22 December, 2014.

2. The Action Taken Notes have been received from the Government in respect of all the 5 recommendations contained in the Report, all of which have been accepted in principle by the Government. These have been analyzed and categorized as follows:

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

Recommendation Nos. 1, 2, 3,4 and 5

(Total 05)  
(Chapter- II)

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

Recommendation No. NIL

(Total NIL)  
(Chapter- III)

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

Recommendation No. NIL

(Total NIL)  
(Chapter -IV)

- (iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

Recommendation No. NIL

(Total - NIL)  
(Chapter- V)

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

**A. Analysis of Demand for Grants (2014-15)**  
**Recommendation (Sl. No. 1)**

4. The Committee were concerned to note that the budgetary planning as well as the utilisation of funds were not a strong point of the Ministry which was mandated with planning at the National level. The Committee in their earlier Reports had pointed out time and again and expressed their displeasure on the Ministry's failure to properly streamline and plan the resources and to avoid such abrupt rise and fall in the allocation of monies. The repetitive and considerable back forthing in budgetary planning of public money showed that the efforts made by Ministry seemed to be ineffective to a great extent. The Committee felt that unless the Ministry themselves lead by example, they could not lay down a road map for the other ministries / departments in the context of their mandate. They therefore, desired that the Ministry should ponder about the shortcomings in their Budgetary Planning and Financial Management so that from this Fiscal onwards the shortcomings and under performance pointed in the above narrative became a thing of the past. The Committee had in their earlier Report commented time and again upon the Ministry's failure with regard to appropriate projection of fund requirements in formulating Budget Estimates for programme and schemes. The Committee, therefore, reiterated that a more objective and exacting system of budget planning and supervision be brought into the planning of resources and monies, while Ministry of Planning should lead other Ministries in this initiative.

5. The Ministry of Planning in their Action Taken Reply, on the issue and reasons for repetitive and considerable back forthing in budgetary planning of public money, have *inter alia* stated as under:-

"As per Union Finance Minister's announcement in the Budget 2013-14, an amount of Rs.5000 crore was budgeted in the Ministry of Planning's Demand for Grants, which was meant for new schemes to be proposed by other Ministries. Hence, the effective BE 2013-14 of Ministry of Planning is lower by Rs.5000 crore. The allocations to different Ministries/ Departments(out of this amount), were made for the new schemes in the first Supplementary Demands for Grants2013-14.

Thus, effectively the Planning Ministry's Budget trend during 2012-15 is as follows –

<b>Rs. crore</b>		
<u>2012-13 BE</u>	<u>2013-14 BE</u>	<u>2014-15 BE</u>
2100.00	3000.00	2515.00
<i>of which UIDAI</i>		
1758.00	2620.00	2039.64"

**6. The Committee note that asymmetrical allocation of monies has led to an unrealistic estimation and lack of proper perspective into the planning of grants over the years. The Ministry of Planning has stated that as per the Finance Minister's announcement in Union Budget 2013-14, Rs. 5000 crore is meant for new schemes proposed by other ministries. Consequently, the allocations have been transferred to line ministry's demands in the supplementary Budget in respect of new schemes pertaining to the respective ministries/departments. The Committee feel that the reply is elusive since the specified allocation does not refer to any particular ministry or scheme specifically and therefore, they urge upon the Government to clearly specify the amount to be distributed in a categorical way. The Committee also desire that a substantial amount of Rs. 5000 crore needs to be properly appropriated, so that it does not lead to any locking up of scarce funds, which leads to them being returned unutilized at a later stage.**

**B. Public Financial Management System (PFMS)**

**Recommendation (Sl. No. 1)**

7. Public Financial Management System; one of the very promising scheme of the Ministry was allocated a sum of Rs.130 crore as BE during 2012-13 which was drastically slashed down to Rs.69 crore at RE stage while the actual expenditure was almost one tenth of BE at Rs.14 crore or so. In the next Fiscal the BE was again pegged at Rs.161 crore which was more than halved to Rs.73.5 crore at RE stage while actual expenditure was Rs.60 crore only. In the ongoing Fiscal, a provision of almost Rs200



crore was made as BE, out of which not even 7% had been spent in the first 4 months, with the actual expenditure being Rs.13.60 crore.

8. On the issue of drastic slashing down of money under the Head No. 3475 of the scheme Public Financial Management System (PFMS), the Ministry of Planning, in their Action taken reply, have stated as under:-

"Public Financial Management System(PFMS) was started as a Pilot Project in March 2008 with the aim and objective of establishing an online system for tracking flow of funds under 04 selected Schemes (SSA, PMGSY, NREGA, NRHM) in 4 selected States(i.e Punjab, Bihar, M.P and Mizoram). The system evolved with time by having all the Plan Schemes under its purview for the purpose of tracking funds. Expansion of PFMS (erstwhile CPSMS) for tracking all fund releases from Government of India was announced by the Finance Minister in his budget speech 2012-13.

A DPR for the project was prepared for pan-India roll out of the scheme in the year 2011. The EFC approved the proposal in its meeting dated 19th September, 2012 and while approving the proposal rationalized the number of posts and recommended District Project Management Units be manned by outsourced personnel. Committee of Secretaries thereafter recommended the proposal for approval on 2nd August, 2013 and which was approved by the Cabinet on 12th December, 2013 at an expenditure of Rs.1080 Crore spread across the 12th Plan Period.

After the augmentation of the scheme and its approval by the Government, there was a need to create infrastructure for positioning of manpower at different levels in different locations by setting up of SPMUs, DPMUs, headed by a CPMU (Central Project Monitoring Unit).The creation of posts which was expected during the FY 2012-13 could not materialize, though the meeting of the EFC was held on 19/09/2012. The BE proposed during 2012-13 and onwards, was estimated in anticipation, that scheme as proposed in DPR will be approved by the Government and subsequently sufficient budget will be required for setting up of CPMUs, SPMUs and DPMUs but approval of the Cabinet for creation of 23 SA and above posts which was awaited at the end of FY 2012-13, could be actually received in December 2013. Hence the estimated budget projected for the FY 2012-13 and subsequent years could not be expended as per the plan. Though the CPMU is now set up with whatever available resources, approval for creation of 451 posts below SAG level is still awaited from the Department of Expenditure, Ministry of Finance. The variation in projected budget and actual expenditure during the years 2012-13, 2013-14 and 2014-15 is owing to the fact that a few

SAG level posts have been filled pending the formal approval from Department of Expenditure for below SAG level posts. Because of this, entire project management structure of Centre, States and Districts could not be set up as per the recommendations of the DPR. In this regard, the erstwhile Planning Commission has sent several reminders to the Department of Expenditure, Ministry of Finance."

**9. The Committee feel constrained to note that the reply with regard to the Public Financial Management System (PFMS) is not upto mark on the reasons for drastic slashing down of monies from Rs. 130 crore (BE 2012-13) to Rs. 69 crore (RE) stage, while the actual expenditure was reduced to almost one tenth of BE at Rs. 14 crore or so. A similar provisioning has been made in next fiscal and consequently only 7% of Rs. 200 crore (previous fiscal) had been spent, which amounted to a mere Rs. 13.60 crore. The above instance, though not comprehensive, point a very unpromising picture of the Budgetary Planning and Financial Performances of the Ministry of Planning, which is entrusted with the principal task of planning for the nation. This particular malaise has rendered the entire structure of centre, states and districts with respect to the whole project management directionless, consequently leading to variation in projected budget and actual expenditure during the years 2012-13, 2013-14 and 2014-15. The Committee, therefore, once again emphasise the need for taking corrective steps for overcoming the infirmities afflicting the scheme.**

**C. Unique Identification Authority of India (UIDAI)**

**(Recommendation Sl. No. 4)**

10. The Committee at the outset expressed their discontentment over the handling of various contentious points related to UIDAI and specifically upon the issue of National Identification Authority of India Bill, 2010. The Committee in their several forerunning Reports had indicated serious objections on the operation and implementation of Aadhar without proper legislative approval.

The Committee had very specifically in their Forty-second Report on the 'National Identification Authority of India Bill, 2010' given their observations on number of issues

and conveyed their unacceptability of the respective Bill in its present form and had urged the Government to reconsider and review the scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament.

11. As regards, the allocation of a sum of Rs. 1437.14 crore in the Demands for Grants (2014-15) under two Heads of 'Aadhar Enabled Applications' and 'Professional Services' in the Budget Estimates for UIDAI, Ministry of Planning, in their Action taken reply have stated as follows:-

"The provision of Rs.1437.14 crore in the Budget Estimates (2014-15) for UIDAI is the total allocation under the Revenue Major Head 3454. The stand of the Government on the observations/recommendations made by the Standing Committee and official amendments to the Bill was approved by the Government on 08.10.2013, pursuant to which the Notice for introduction of the Bill along with the official amendments was moved in the Rajya Sabha during the Winter Session,2013. However, the Bill could not be taken up for discussion and passing."

12. On the issue of a similar scheme of National Population Register (NPR) under the aegis of Ministry of Home Affairs, coming in contention with the UIDAI scheme and its consequent repercussions, the Ministry of Planning in their Action taken reply have stated as under:

"As on 20th January,2015, 74.46 crore Aadhaar have been generated. The target of universal enrolment has been advanced to June, 2015.

An Inter-Ministerial Coordination Committee (IMCC) had been constituted by the Office of the Registrar General of India, Ministry of Home Affairs on 13<sup>th</sup> May, 2010 to coordinate the matters arising from the interface between the NPR and UID. Subsequently, a meeting of Cabinet Committee on UIDAI (CC-UIDAI) was held on 27.01.2012, in which bifurcation was done for the coverage of enrolments areas between UIDAI and RGI.

The Government decided that in States where UIDAI had made good progress or where States/UT Governments had given commitment for Aadhaar enrolments and were planning to integrate with various services delivery applications, Aadhaar enrolments through non-RGI Registrars move at full speed and that in these States/UTs, RGI would minimize the duplication of capture of biometrics to the extent possible and start its camps after a major portion of the UIDAI work has been completed. Accordingly, certain States have been specified where

UIDAI can collect data. As on date, UIDAI has been allocated 24 States/UTs for Aadhaar enrolment whereas, the remaining 12 States / UTs are covered by NPR Process. It has also been decided that the NPR enrolment will continue as envisaged, but, if in the course of enrolment, a person indicates that he/she is already enrolled for Aadhaar, the biometric data will not be captured by NPR. Instead the Aadhaar number/enrolment number will be recorded in NPR and biometric data already collected by the UIDAI will be given to the NPR. Further, as per CC-UIDAI decision in the event of any discrepancy between the National Population Registrar (NPR) and the UIDAI database, NPR data will prevail. Where data and biometrics have been captured first by the RGI for the NPR, the UIDAI will accept the same.

The UIDAI and Office of RGI have since been working in close co-ordination as per above decisions, which rules out the possibility of any overlapping. The Aadhaar is meant to serve as proof of identity of the residents. It does not confer any right to nationality, citizenship etc. "

13. In the context of the Government urgently addressing the issue of legislative approval and various other concerns pointed out by the Committee, the Ministry, in their Action taken reply as follows:

"The Government has taken a decision to universalize the Aadhar enrolments and to utilize Aadhar for several service delivery initiatives. Accordingly, urgent steps and initiatives are underway that may include prioritizing legislative measures as considered appropriate."

**14. The Committee are surprised at the Ministry of Planning's lack of clarity on their earlier recommendations to address the key issues identified and pointed out by them with regard to UIDAI. Since UIDAI absorbs a significant amount of budget provision of Ministry of Planning, the Committee would expect the government to urgently address the key issues relating to UIDAI particularly in the light of the recent Supreme Court Judgment.**

**NEW DELHI  
21 September, 2015  
30 Bhadrapada, 1937 (Saka)**

**DR. M. VEERAPPA MOILY,  
Chairperson,  
Standing Committee on Finance**

## **Minutes of the First sitting of the Standing Committee on Finance**

**The Committee sat on Thursday, the 10 September, 2015 from 1100 hrs. to 1245 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.**

### **PRESENT**

**Dr. M. Veerappa Moily - Chairperson**

#### **LOK SABHA**

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Nishikant Dubey
5. Shri Shyama Charan Gupta
6. Shri Rattan Lal Kataria
7. Shri Bhartruhari Mahtab
8. Prof. Saugata Roy
9. Shri Jyotiraditya M. Scindia
10. Shri Gajendra Singh Sekhawat
11. Shri Gopal Shetty
12. Shri Anil Shirole
13. Shri Kiritbhai Solanki
14. Dr. Kirit Somaiya
15. Shri Shivkumar Udasi

#### **RAJYA SABHA**

16. Shri Naresh Agrawal
17. Shri K.N. Balagopal
18. Shri Naresh Gujral
19. Shri Satish Chandra Misra
20. Dr. Mahendra Prasad
21. Shri C. M. Ramesh
22. Shri Ajay Sancheti
23. Dr. Manmohan Singh

#### **SECRETARIAT**

- |    |                              |   |                     |
|----|------------------------------|---|---------------------|
| 1. | Smt. Abha Singh              | - | Joint Secretary     |
| 2. | Shri P.C. Tripathy           | - | Director            |
| 3. | Shri Ramkumar Suryanarayanan | - | Additional Director |

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee. The Committee then took up the following draft Reports for consideration and adoption :

- (i) Draft Report on Action Taken by the Government on the recommendations contained in the Fourth Report of the Committee on Finance on Demands for Grants (2014-15) of the Ministry of Planning.
- (ii) Draft Report on the Subject - 'Planning Process - A Review'.
- (iii) Draft Report on the Subject - 'Efficacy of Regulation of Collective Investment Schemes, Chit Funds, etc.

3. After some deliberations, the Committee adopted the reports with minor modifications and authorised the Chairperson to finalise and present the same to the Hon'ble Speaker, Lok Sabha / Parliament.

4. XX XX XX XX XX

***The Committee then adjourned.***

## APPENDIX

(Vide Para 4 of the Introduction)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FOURTH OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2014-15) OF THE MINISTRY OF PLANNING

		Total	% of total
(i)	Total number of Recommendations	05	
(ii)	Recommendations/Observations which have been accepted by the Government (vide Recommendation Nos.1,2,3,4 &5)	05	100%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	Nil	0.00%
(v)	Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	0.00%