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

SIXTEENTH LOK SABHA

**MINISTRY OF STATISTICS AND PROGRAMME
IMPLEMENTATION**

[Action taken by the Government on the recommendations contained in Fourteenth Report of the Standing Committee on Finance on 'Demands for Grants (2015-16)']

TWENTY-SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2015 / Agrahayana, 1937 (Saka)

TWENTY-SIXTH REPORT

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

(SIXTEENTH LOK SABHA)

**MINISTRY OF STATISTICS AND PROGRAMME
IMPLEMENTATION**

***[Action taken by the Government on the recommendations contained in Fourteenth
Report of the Standing Committee on Finance on 'Demands for Grants (2015-16)]***

Presented to Lok Sabha on 03 December, 2015

Laid in Rajya Sabha on 03 December, 2015



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2015 / Agrahayana, 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 |

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Twenty-sixth Report on action taken by Government on the Observations / Recommendations contained in the Fourteenth Report of the Committee (Sixteenth Lok Sabha) on “Demands for Grants (2015-16)” of the Ministry of Statistics and Programme Implementation.

2. The Fourteenth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 24 April, 2015. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 27 August, 2015.

3. The Committee considered and adopted this Report at their sitting held on 16 October, 2015.

4. An analysis of the action taken by the Government on the recommendations contained in the Fourteenth 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
01 December, 2015
10 Agrahayana, 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 Fourteenth Report (Sixteenth Lok Sabha) on Demands for Grants (2015-16) of the Ministry of Statistics and Programme Implementation which was presented to Lok Sabha / Laid in Rajya Sabha on 24 April, 2015.

2. The Action Taken Notes have been received from the Government in respect of all the Eight recommendations contained in the Report. The Government have noted and accepted in principle most of the recommendations of the Committee. These have been analyzed and categorized as follows:

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

Recommendation Nos. 1,2,3,4,5, 6 and 8

(Total: 7)
(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 Nos. 7

(Total : 1)
(Chapter -IV)

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

Recommendation Nos. NIL

(Total: NIL)
(Chapter- V)

3. The Committee desire that the replies to the observations/recommendations contained in Chapter-I may be furnished to them expeditiously.

4. The Committee will now deal with the action taken by the Government on their recommendations.

Recommendation (Para No. 1)

Budgetary Allocation

5. The Committee were surprised to note the spurt in budgetary allocations for certain Central Sector Schemes and Centrally Sponsored Schemes *Viz.* Capacity Development, Grant-in-Aid to ISI, Kolkata, Economic Census and India Statistical Strengthening Project/Support for Statistical Strengthening, despite gross under-utilization of funds during the Financial Year (2014-15). In fact, with regard to the Actual Expenditure under various Heads *vis-à-vis* the BE and RE, of the last few financial years, especially Plan funds in the Ministry, under-utilization has become a regular feature. In case of Basic Statistics for Local level Development and India Statistical Strengthening Project which have been merged together in 2014-15 and named a Support for Statistical Strengthening Project, the actual expenditure during 2013-14 was Rs 25.12 crore against the RE of Rs. 49.28 crore *i.e.* only 50% or so. During the year 2014-15 the BE was pegged at a very ambitious Rs. 100 crore. This was, however, drastically pruned down to Rs. 20 crore at RE stage. The actual expenditure during the first nine months of the fiscal has been a measely Rs. 10.11 lakh. The BE for 2015-16 has still been kept at Rs. 50 crore. Like-wise in case of Capacity Development, a Central Sector Scheme the BE (2013-14) of Rs. 123 crore was scaled down to Rs. 95.42 crore at RE stage and the actual was still far lower at Rs. 80 odd crore. The Government still preferred to go ahead with an enhanced BE of Rs. 153 crore. This was brought down to Rs. 105 crore at RE stage and the actuals upto 31 December, 2014 are only Rs. 59 crore. The BE for 2015-16 is Rs. 112.50 crore. The Grant in aid to ISI Kolkata was of the tune of Rs. 43 crore at BE stage in 2013-14. It was reduced to Rs. 40.3 crore at RE stage and the actual expenditure was Rs. 38.66 crore. During the year 2014-15 the BE was increased almost three times to Rs. 125 crore. It was drastically brought down by more than half to Rs. 58.5 crore at RE stage and the actuals

during the first three quarters of 2014-15 have been a paltry Rs. 19.16 crore. In spite of this spending record the Grant in aid for 2015-16 has been again enhanced to Rs. 140 crore. In case of the Scheme 'Strengthening, Monitoring and Evaluation for Projects and Programmes a sum of Rs. 7 crore was allocated as BE in 2013-14. This was brought down to Rs. 6 crore at RE stage. Incidentally, the actual expenditure during the year was Rs. 3.17 crore only, which is hardly 50% of the RE figure. In spite of this gross under spending the BE for 2014-15 was pegged at Rs. 10 crore. This was almost halved to Rs. 5.1 crore at RE stage and the spending during the first three quarters of the relevant fiscal has been Rs. 86 lakh only. Mercifully, this scheme has been merged, with Plan Scheme 'Capacity Development' in the ongoing Fiscal. The Committee deprecated this continuous failure of the Ministry to fully utilise the budgetary funds year after year in strongest terms. It depicts poor budgetary planning on the part of the Ministry and is also reflective of the inefficiency of the mechanism purportedly evolved by them to prevent under-utilisation of the funds. Such a casual financial performance by the Ministry, whose primary responsibility is to monitor and report on large projects undertaken by various ministries/departments is not at all acceptable. The Committee, therefore, recommended them first put their own house in order before they can prevail upon other ministries/departments to meet time and cost deadlines of projects. The Committee expected remedial measures from the ongoing fiscal onwards.

As Members of Parliament have been asked to contribute towards certain Schemes announced by the Government from their MPLADS fund, the Committee recommend that it would be more useful if a separate fund/corpus is created in the concerned Ministry/Department itself on the lines of MPLADS fund, so that they can utilise the same for contributing towards Schemes, such as, Swachh Bharat Abhiyan, Adarsh Gram Yojana, Nirbhaya Centre-One Stop Centre for Women affected by Violence, etc.

6. The Ministry in their action taken reply stated as under :-

"With a view to fully utilize the Plan allocation under heads "Professional Services", "Information Technology", "major Works", "Advertisement & Publicity" etc. under Capacity Development scheme, timely actions are

being taken to get the requisite approvals. Expenditure is being monitored at the highest level. Efforts are being made to ensure that the funds are fully utilized.

Support for Statistical Strengthening

The India Statistical Strengthening Project (ISSP) which is now renamed as 'Support for Statistical Strengthening' (SSS) aims to strengthen the State Statistical Systems. To address certain implementation issues, a major review/revisiting exercise of the currently implementing States as a mid-course correction was undertaken which was completed in December 2014. Accordingly, allocations were communicated to the current as well as new States/UTs. MoUs have been signed with five states and three states have finalized their MoUs. Other interested states are also in the process of finalizing their MoUs. Considering the progress so far additional fund is required under this scheme for 2015-16.

Member of Parliament Local Area Development Scheme (MPLADS)

Under the MPLADS honourable MPs make the recommendations, and the implementation of the eligible works is undertaken by the District Authorities. The annual entitlement of each MP is currently Rs.5 crore. By the very nature of the Scheme, the recommendations on the part of the MPs are voluntary. There is no binding stipulation in the Guidelines on MPLADS for the MPs to contribute/commit funds in any particular area/arena. There is no proposal for creating any fund/corpus in this Ministry to enable MPs to recommend works in any particular area/arena. (This Ministry's role is limited to implementation of the MPLADS.)"

7. The Committee note that the expenditure under various heads related to Capacity Development Scheme (CDS) is being monitored at the highest level and efforts are being made to ensure that the funds are fully utilized. However, the Ministry is silent on the issue of Grant-in-aid to ISI, Kolkata which has been pegged at Rs. 140 crore in BE for 2015-16. This, despite the fact of under-utilization of allocations in previous fiscal. During the year 2014-15, the BE was increased almost three times to Rs. 125 crore from Rs. 43 crore at BE stage in 2013-14. In spite of the dismal spending record, Grant-in-aid for 2015-16 has again been enhanced to Rs. 140 crore for which the Ministry has not offered any elaboration vis-a-vis the estimated expenditure under various heads. The Committee desire to be apprised of the factual details in this regard.

In respect of Support for Statistical Strengthening (SSS), the Committee note the initiative of the Ministry viz. major review / revisiting exercise as a mid-course correction, which has been completed in December, 2014. The Committee desire that the process of finalizing MOUs with other interested States may be expedited. The Committee further desire that the Ministry should project realistic budgetary estimates followed by proper utilization of allocated funds through effective financial management and close monitoring so as to avoid surrendering of funds. As regards the Committee's suggestion for creating a separate fund /corpus on the lines of MPLADS, so that they can utilise the same for schemes such as Swachh Bharat Abhiyan etc., the Ministry has not befittingly responded in their reply. The Committee would, therefore, reiterate their earlier recommendation on this issue for its implementation in letter and spirit.

Recommendation (Para No. 2)

National Accounts Statistics

8. The Committee noted that the system of National Accounts Statistics (NAS) consists of a coherent, consistent and integrated set of macro-economic accounts - current and accumulation accounts, balance sheets and tables based on agreed concepts, definitions and accounting rules. The Committee also noted that the major use of the NAS is to assess how a country's economy is performing over time. However, the Committee were of the view that the new series of National Accounts with 2011-12 as the base year has raised more questions than answers. On the question of slow growth in production volumes regardless of whether value addition has increased or not, the Ministry in their written reply have done little to allay the concerns of the Committee. The reply of the Ministry regarding authenticity and credibility of the new series is also vague. The Ministry had stated that the new series of National Accounts is in accordance with the International standards and follows the best practices to the extent possible. However, the Committee were not convinced regarding the credibility of the figures which are showing a sudden jump in the growth rate of various sectors of the economy including GDP growth rate from 1 per cent to 1.5 per cent, Capital formation from -

3 per cent to +3 per cent etc, which seem to contradict anecdotal evidence. Further, taking into account the fact that the changes in the National Accounts have come about due to change in the base year from 2004-05 to 2011-12 and due to change in the system of accounting from cost to market price, the Committee are of the view that there should be a linear way of working out these variations rather than doing it at an interval of five years or more. The Committee, therefore, recommended the Ministry to examine the possibility of revising the National Accounts annually to pre-empt the kind of controversies and debates that are being generated right now.

9. The Ministry in their action taken reply stated as under:-

"The estimates of national accounts are revised on an annual basis by incorporating fresh and revised information that become available at the time of release. However, when the base year of national accounts is revised, apart from such updations, improvements are made in the coverage of activities/sectors, so that these portray the evolving economy accurately. In addition, the latest international guidelines and improved methodologies are adopted to make the accounts robust.

The framework of national accounts provides the linkages between production, consumption, income and investment. Therefore, GDP computations need to be based on the accounting information available with producing entities. In India, with a large informal sector, there is a large segment of the economy for which regular accounts information is not available, and their contribution can only be assessed from surveys on unincorporated enterprises conducted usually by NSSO with a five-year interval. With the estimates for the inter-survey period being dependent on alternate indicators, the adoption of the subsequent survey often results in a shift in the estimates.

During the current base year revision, these three reasons – improvement in the coverage of Corporate Sector, adoption of the latest international guidelines, SNA 2008, and the incorporation of the latest NSS Surveys on Unincorporated Enterprises- none of which could be left out of the purview of base year revision, resulted in a significant revision of the estimates. Since these reasons will feature in each of the base year revision, a situation like the one being observed cannot be pre-empted. It may be noted that base year revisions are often associated with significant changes/revisions in the estimates of national accounts even in the developed economies which have well-established data sources.

10. The Committee observe that regular accounts information is not available for large segment of the economy i.e. large informal sector. Presently, the assessment of their contribution is being made once in five years, which is too long a period in this era of macro-economic dynamics. The Committee feel the need to overcome this lacuna in estimation / assessment of contribution of the informal sector. The Committee, therefore, reiterate their recommendation to examine the possibility of revising the National Accounts annually.

Recommendation (Para No. 4)

Shortage of Manpower

11. The Committee noted with deep concern the perennial shortage of manpower in the Ministry, especially in the senior and junior statistical office cadres, whereas on 1st March, 2015, 1086 vacancies exist, which is roughly around 30 per cent of the total strength. Such a depleted strength in statistical cadres can only give rise to an apprehension that it could seriously impact upon the reliability and credibility of data collected. The Committee were also dismayed to note that the process of recruitment to certain vacancies which started in the year 2012 is still to be completed. The Committee, therefore, recommended the Ministry to pursue the matter of recruitment with Staff Selection Commission (SSC) vigorously so that the vacancies can be filled within this financial year. With regard to shortage of manpower in Field Operations Division (FOD) in NSSO, the Committee, recommended the Ministry to undertake a review of the service conditions of the Subordinate Statistical Service cadre with a view to stop its attrition. Such a review will help in attracting suitable candidates to the Division. Considering such unduly high number of vacancies, the Committee would take this opportunity to recommend to the Government to ponder over recruiting field-based staff on a mission mode basis through the concerned Ministry or Directorate on their own without approaching the SSC, as the latter has obviously failed to provide necessary human resource to the Ministry even after considerable lapse of time. Such a mission mode approach for recruiting field staff will provide the much

needed element of flexibility in the recruitment process to tide over the present human resource crunch.

12. The Ministry in their action taken reply stated as under:-

"The manpower shortage in Subordinate Statistical Service and position as on 01.05.2015 was as under:

Sl. No.	Grade	Sanctioned	In Position	Vacant
1	Sr. Statistical Officer	1756	1552	204
2	Jr. Statistical Officer	2195	1299	896

- (i) In the Common Graduate level Examination (CGLE) 2012, 700 vacancies were confirmed to SSC. However, only 432 dossiers were received from SSC in 2013 and after completion of pre appointment formalities, 431 appointment orders were issued.
- (ii) 597 vacancies of JSO were reported to SSC against CGLE- 2013. However, 510 Dossiers have been received so far in SSS from SSC till date out of the recommended candidates and pre-appointment formalities (i.e. police verification, willingness and medical etc.) are under process.
- (iii) Further, 381 vacancies of JSO have been reported to SSC for CGLE- 2014. Final result is still awaited.
- (iv) Apart from above, 1454 Junior Statistical Officer (JSO) [GP of Rs.4200] have been promoted as Senior Statistical Officer (SSO) [GP of Rs.4600] vide this Ministry order dated 16th April 2015. Further, around 250 Junior Statistical Officer of SSS are also likely to be considered for regular promotion as Senior Statistical Officer (SSO) by December 2015 subject to eligibility conditions prescribed in the RRs of SSS.
- (v) It is stated that due to difficult nature of data collection work and lower grade pay in comparison to other Central Group 'B' Services, Candidates are not much inclined to join the service. Ministry of Finance was requested to upgrade the Grade Pay of J.S.O's from Rs.4200 to Rs.4600 at par with Assistants of CSS and Inspector of Central Excise, Customs and Income Tax but the same was not agreed to. However, Ministry of Statistics and Programme Implementation had taken up the issue with PMO/Cabinet Secretariat for up gradation of Grade Pay of SSS incumbent so that suitable number of candidates are recruited and retained in the Service.

13. The Committee acknowledge the efforts undertaken by the Ministry to overcome the shortage of manpower at various levels. However, despite

these efforts, much is desired to overcome the perennial shortage of manpower in the Ministry. The Committee strongly feel that cadre review (upgradation of Grade Pay of SSS) in the Subordinate Statistical Service is the need of the hour to stop attrition and attract suitable candidates to tide over the present human resource crunch, particularly at the field level. They also desire that field based recruitment of staff should be undertaken by the Ministry in mission mode under intimation to the Committee.

Recommendation (Para No. 7)

National Statistical Commission

14. The Committee noted that the National Statistical Commission (NSC) was set up in the Ministry through a resolution of Government of India on 1st June, 2005, to evolve strategies for improving the statistical system of the Country. The Committee were of the considered view that conferring statutory backing to NSC will *inter-alia* ensure independence of the official statistical system and restore public trust in statistics. The Committee were however, unhappy to note that almost four years have passed since the Committee recommended the Ministry to expedite the process of conferring statutory status to NSC, there has been no forward movement on the issue. The matter is still shuttling between the Ministry of Statistics and Programme Implementation and Ministry of Law and Justice and the fresh pre-legislative consultation process is still to be initiated. The Committee were of the view that both the Ministry of Statistics and Programme Implementation and Ministry of Law and Justice are responsible for this inordinate delay. The amount of time taken by both the Ministries to decide on the scope of pre-legislative process on the Bill is not acceptable at all. The Committee, therefore, recommended the Ministry to resolve the issues involved and immediately start the pre-legislative consultation process, so that the Bill can be introduced in Parliament without further delay in Monsoon Session 2015.

15. The Ministry in their action taken reply stated as under :

"Proposal to initiate pre-legislative consultation process is still under examination.

16. The Committee are dismayed to note that even though more than four years have elapsed since they recommended the Ministry to expedite the process of conferring statutory status to NSC, the Ministry has not been able to even start the pre-legislative consultation process in this regard. The Committee disapprove the non-serious and lackadaisical approach of the Ministry to well considered recommendation of the Committee concerning such a vital and significant issue. The Committee reiterate their earlier recommendation to resolve the pending issues and immediately start the pre-legislative consultation process, so that the Bill can be introduced in Parliament without any further delay.

NEW DELHI
01 December, 2015
10 Agrahayana, 1937 (Saka)

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

Minutes of the Fourth sitting of the Committee on Finance

The Committee sat on Friday, the 16 October, 2015 from 1100 hrs. to 1300 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 Venkatesh Babu T.G.
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Shri Shyama Charan Gupta
7. Shri Chandrakant B. Khaire
8. Shri Rattan Lal Kataria
9. Shri Prem Das Rai
10. Prof. Saugata Roy
11. Shri Gopal Shetty
12. Dr. Kiritbhai Solanki
13. Dr. Kirit Somaiya
14. Shri Shivkumar Udasi

RAJYA SABHA

15. Shri Naresh Gujral
16. Shri Satish Chandra Misra
17. Dr. Mahendra Prasad
18. Shri C.M. Ramesh
19. Shri Ajay Sancheti
20. Shri Digvijay Singh
21. Dr. Manmohan Singh

SECRETARIAT

- | | | |
|---------------------------------|---|---------------------|
| 1. Smt. Abha Singh | - | Joint Secretary |
| 2. Shri P.C. Tripathy | - | Director |
| 3. Shri Ramkumar Suryanarayanan | - | Additional Director |
| 4. Shri Kulmohan Singh Arora | - | Deputy Secretary |

PART I

(1100 hrs. to 1200 hrs.)

2. XX XX XX XX

PART II

(1220 hrs. to 1300 hrs.)

3. XX XX XX XX

Thereafter, the Committee 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 13th Report on Demands for Grants (2015-16) of the Ministry of Corporate Affairs
 - ii. Draft Report on Action taken by the Government on the recommendations contained in the 14th Report on Demands for Grants (2015-16) of the Ministry of Statistics and Programme Implementation.
4. After some deliberations, the Committee adopted the above draft Reports without any modification and authorised the Chairperson to finalise them and present these Reports to Parliament.

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 FOURTEENTH REPORT OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2015-16) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

	Total	% of total
(i) Total number of Recommendations	08	
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendation Nos.1,2,3,4,5,6 & 8)	07	87.5%
(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 (vide Recommendation at Sl. Nos. 7)	01	12.5%
(v) Recommendations/Observations in respect of which final reply of the Government are still awaited	NIL	0.00%