

FORTY-FOURTH REPORT
ESTIMATES COMMITTEE
(1986-87)

(EIGHTH LOK SABHA)

PLANNING COMMISSION

**SYSTEM AND PROCEDURE FOR APPRAISAL OF
PLAN SCHEMES**



Presented to Lok Sabha on 30 April, 1987

LOK SABHA SECRETARIAT
NEW DELHI

April, 1987/Vaisakha, 1909 (S)

Price : Rs. 5.00

CORRIGENDA

TO

Forty-fourth Report of the Estimates Committee (Eighth Lok Sabha) on the Planning Commission System and Procedure for appraisal of Plan Schemes.

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(1986-87)

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3. Shri J. C. Malhotra—*Senior Financial Committee Officer.*

INTRODUCTION

1. The Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Forty-Fourth Report on the Planning Commission—System and Procedure for Appraisal of Plan Schemes.

2. The Estimates Committee (1986-87) took the evidence of the representatives of the Planning Commission and Ministry of Programmes Implementation on 18th and 19th December, 1986. The Committee wish to express their thanks to the Secretary, Planning Commission and other officers of the Planning Commission and the Ministry of Programme Implementation for placing before them the material and information which they desired in connection with the examination of the subject and giving evidence before the Committee.

3. The Report was considered and adopted by the Estimates Committee (1986-87) on 27th April, 1987.

4. For facility of reference, the recommendations/observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix-VII to the Report.

NEW DELHI;
April 27, 1987
Vaisakha 7, 1909 (S)

CHANDRA TRIPATHI,
Chairman,
Estimates Committee.

CHAPTER I

PLAN PROCESS

A. Approach Paper

1.1 The Five Year Plan drafting process starts with the preparation of the Approach Paper which is the first stage in the formulation of a five year plan. It gives the policy directions, aims/objectives and strategy and broad magnitude of growth in major sectors.

1.2 In regard to the procedure and the mechanism evolved for laying down the basis on which the Approach Paper was prepared, the Planning Commission has stated in a note furnished to the Committee:—

“The work on the preparation of the Approach Paper is initiated under the direction of the full Planning Commission. The Divisions of the Planning Commission prepare status paper on the basis of the performance of the various sectors of the economy in the current plan, highlighting also the major problems/bottlenecks/issues and suggest alternative scenarios for consideration. These papers are discussed in the internal meetings of the Planning Commission. Besides, intensive discussions within the Planning Commission, a wide and varying cross-section of opinion in the country is consulted. For the preparation of the Approach Paper for the Seventh Plan those consulted included representative organisations of Industry, Commerce and Trade, the Panel of Economists advising the Planning Commission and academics, both individual and from institutions. Besides, the Members of Consultative Committee attached to the Ministry of Planning were also consulted. The Planning Commission also had the benefit of the advice tendered by the Economic Advisory Council and Economic Administration Reforms Commission. The document was also discussed by the Central Cabinet. Thus, the Approach Paper was formulated with active and full participation of a large cross section of society

and shades of opinion.....The actual drafting is finally done, by the Members of the Planning Commission who are experts in their respective field....After its approval, it is circulated to the various Ministries and forms the basis for their preparing and submitting schemes to the Planning Commission."

1.3 Giving out the details of the plan formulation and the constraints and complexities involved therein the Secretary Planning Commission, explained as under, during evidence:—

"The Planning process, in a mixed economy of the size of India with a federal democratic structure is bound to be highly flexible and at the same time quite complex. It is a technical work, because all the complex developmental issues, long-term and medium-term objectives, targets and strategies, constraints and diverse inter-relationship can be captured only by the use of a detailed inter-sectoral, inter-temporal analytical quantitative model. It also involves institutional process, because in this, apart from the Planning Commission, various Central and State Ministries, public sector undertakings, autonomous bodies and working groups are involved. Thus, while the Plan's overall resource allocation may look centralised, Planning Commission allocating the resources, subject to the approval of the National Development Council, the process operates really in a decentralised form. In fact, the decision making regarding the Plan structure ranges from grass root block level and public sector undertaking to the apex body, the National Development Council.

In India, we have what could be described as, planning by stages and planning by regions:—

- (i) Macro plan which lays down overall physical targets and financial outlays;
- (ii) Sectoral plan which lays down sectoral targets in physical and financial terms, maintaining inter-sectoral consistency;
- (iii) Project planning dealing with selection of projects within each sector for the achievement of the sectoral targets;

- (iv) State Plans with all sectors and resource matching; and finally
- (v) Meshing of these parts into the National Plan.

As we proceed from macro to micro planning, the process gets more and more complicated and the involvement of various agencies increases.

To ensure continuity in planning, the Five Year Plan is prepared against a long-term perspective, generally for 15 years. A long-term perspective, is particularly essential for planning of investments which take more than 5 years to yield output. Such a perspective is also necessary for assessing the need for new policy initiatives which will strengthen the process of structural change but whose impact can be felt only over a long period of time. Some of the social objectives such as removal of poverty, generation of employment, health and education for all etc. relate to the long-term perspective.

Taking into account the prevailing conditions in the economy, constraints and possibilities, the Five Year Plan sets out the more immediate objectives. At the time of the preparation of the Approach Paper, a broad view is taken of the feasible development profile, taking into account the likely availability of resources on the one hand and the projected final demand consistent with social objectives on the other. The alternative choice to be made between different combinations of medium-term and long-term objectives are considered carefully in this connection. The overall growth rate as well as the growth rates for major sectors are determined by using an inter-temporal inter-sectoral (input-output) consistency model. The supply options are explored and the technological possibilities taken into account with the help of different sub-models. The pattern of consumption is projected on the basis of a consumption sub-model, given the demographic trends and the objective of reduction in poverty. The quantitative model has been continuously updated and amended to suit the changed socio-economic conditions, availability of new data and to take advantage of the availability of improved modelling methodology.

The Approach Paper indicates the objectives, strategy, policies and programme thrusts for the Plan period. In preparing this Paper, consultations are also held with the Central Ministries, State Governments, Consultative Committee of Members

of Parliament, panel of economists, experts, industry and labour representatives and cross-section of the public. It is considered by the Cabinet and thereafter by the National Development Council (N.D.C.) After approval by the N.D.C., it is placed before the Parliament.

After approval of the Approach Paper by the National Development Council, the Planning Commission takes in hand the work of formulating the draft Five Year Plan. The reports of the working Groups also start coming in. A tentative view is taken in regard to the likely availability of financial resources and broad physical dimensions are established in regard to growth of agriculture and industry, growth of infrastructure, employment generation as also in the areas of 'public consumption', such as education, health, nutrition, housing, social welfare, minimum needs, and also in reduction of poverty. The internal consistency of the whole exercise is ensured through the use of appropriate models.

Having formed a tentative view of the physical and financial dimensions at sectoral level, the next task before the Planning Commission is to allocate the funds earmarked for each sector to different projects, schemes and programmes."

1.4 In regard to the system and procedure for involving people at the grass root level through various cooperative institutions like village Panchayats, Zila Parishads and other non-official bodies etc. in the preparation of the Approach Paper to the Plan and in the planning process, the Planning Commission has in a note stated:

"For the preparation of the Approach Paper and Five Year Plan, the Planning Commission holds a number of meetings to which people's representatives (Members of Parliament), representatives of trade unions, trade and industry, voluntary organisations, economists and academics are invited for a free and frank exchange of opinion and getting suggestions. These discussions are held right from the beginning of the Planning Process.

In the States, the work of plan formulation is carried out at the State headquarters, at the district level and at the block level. It is done with the assistance of DRDAs and block level advisory committees. In all these deli-

berations experience and the needs at the grass root level are taken into account. The Planning Commission attaches a lot of importance to the people's participation in various programmes. Strong Panchayati Raj Institutions are considered *sine qua non* for effective implementation of the anti-poverty programmes at the grass root level. The Approach paper as well as the Seventh Plan document has emphasised the need for strengthening and associating the Panchayati Raj Institutions in identifying and implementing projects for the benefit of the local people.

The association of various non-official bodies, eminent experts, academics, representatives of cooperative societies with various working Groups set up by the Planning Commission is yet another system for their active participation in the Planning process. The draft Seventh Five Year Plan was discussed with the various organisations representing trade, industry, social services, labour, agriculture, rural development etc. in the first week of July, 1985 (from July 1 to 4, 1985). The discussion with the Panel of Economists was held on July 5, 1985. The discussion with the members of the Parliamentary Consultative Committee attached to the Ministry of Planning was held on July 7, 1984. The representatives of the various voluntary organisations were invited to a conference in September, 1983 regarding improvement in the status of women. In July, 1984 a meeting was organised in the context of Anti-poverty and Minimum Needs programme to which representatives of various voluntary organisations were also invited. As a result of these discussions some distinct role for voluntary agencies were identified and concrete suggestions in respect of institutional mechanism for their larger involvement emerged."

Association of experts

1.5 The Committee desired to know whether any mechanism existed to ensure that the needs and aspirations of the people for whose benefit these schemes were formulated were adequately represented before the schemes were finalised. The Planning Commission has in a note stated:—

"All the schemes have to be in accordance with the objectives of the Five Year Plans determined by the National

Development Council and Parliament which are highest bodies in the country representing people's needs and aspirations."

1.6 Asked to state whether outside experts or peoples' representatives were associated at any of the stages between formulation of schemes and their ultimate approval, the Planning Commission has informed that:

"The schemes are formulated by the Ministries. These are generally scrutinised internally in different Divisions of the Planning Commission. However, there have been cases when outside experts have been consulted."

1.7 Giving specific instances where outside experts and representatives of the people were associated at any of the stages between formulation of schemes and their ultimate approval during the Seventh Plan period, in a note furnished by the Planning Commission, it has been stated that:

"The best and most effective forum for the association of experts in the planning process is the working group or sub-group set up by a working group... The experts are also associated with the plan at the stage of feasibility studies or preparation of detailed project reports (DPRs.) Sometimes the Planning Commission on its own takes the initiative of consulting experts before taking a final decision about the inclusion of a project in the plan. For example, the proposal for the modernisation of steel plants at Durgapur, Rourkela, and Burnpur were subjected to a detailed examination by Shri A.C. Banerjee, former Director (Technical), SAIL. His recommendations on the scope of the modernisation of each plant and the *inter se* priorities were taken into consideration while deciding the details for these plants. The sub-groups of the working groups on Science and Technology included people's representatives and beneficiary groups."

1.8 Asked about the steps taken for the decentralisation of Planning Process, the Planning Commission has in a note furnished to the Committee stated that:—

"The concept of decentralised planning virtually goes back to 1959 when the Community Development Program-

me was launched by the Government of India, motivated by the need and desire for decentralised economic development. As a part of this exercise the State Governments were requested in 1954 to prepare District and Village plans. Subsequently, in the late Fifties the Panchayati Raj Institutions came into being at the district and lower levels of administration to provide an institutional base for people's active participation and involvement in development. The Panchayati Raj Institutions thus set up became a State Subject under the Constitution and the States and Union Territories were free to design their structure, powers and functions keeping in view their local situations. Except the States of Meghalaya and Nagaland and the Union Territories of Lakshadweep and Mizoram all other States and the Union Territories in India had enacted laws for the establishment of Panchayati Raj Institutions. There are now over 2.17 lakh village (Gram) Panchayats in the country covering more than 96 per cent of about 5.8 lakh inhabited villages and 92 per cent of the rural population. Thus, on an average a village Panchayat covers 2 or 3 villages and a population of about 2,400. These Panchayats are essentially entrusted with all aspects of local administration and derive their income from land revenues and water rate, additional surcharge/Cess thereon as also various grants by the State Governments. According to an estimate made in 1982-83, the total tax revenue realised by Panchayati Raj Institutions was a mere 0.1 per cent of all States tax revenues and thus their resources are too meagre to enable them to discharge effectively their authorised functions. Besides, elections to these bodies have not been held regularly.

An important step towards decentralisation of the planning process from the National to the State level in a realistic sense was taken in the Fourth Five Year Plan (1969-74) when certain important departures both in the planning process and in the content of planning were introduced, particularly relating to the pattern of devolution of plan funds to the State level. Since then, the State Governments have been gradually building up their own machinery for planning at

the State level and improving their planning machinery down to the grass-root level of villages.

The Sixth Plan emphasised the objective of strengthening the Panchayati Raj Institutions in 'the process' of democratic decentralisation, devolving on them such functions which are capable of being planned and implemented at the respective levels and involving them in the planning and execution of various rural development programmes like the Integrated Rural Development Programme (IRDP), National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), District and Block-level Planning, the Minimum Needs Programme (MNP) etc. These objectives have not been uniformly and fully successful. However, it is noticed that wherever the Panchayati Raj Institutions have been actively involved, the implementation of rural development programmes has been decidedly better and the selection of beneficiaries and designing of schemes have been more satisfactory. Planning Commission has been impressing upon the States that various rural development programmes will be realistic and meaningful only if people's representatives are actively involved and associated in the local level planning, design, formulation and implementation of these programmes and the selection of beneficiaries in the anti-poverty and employment programmes such as IRDP, NREP, RLEGP etc. and that there is no better instrument to meet this need other than the Panchayati Raj Institutions.

With the launching of large-scale multisectoral, country-wide programmes of rural development aiming both at individual households and at the creation of assets in the rural areas the original concept of Community Development could be said to have been substantially restored. This would be further strengthened by the measures already taken or proposed to be taken to strengthen and rationalise the administration and delivery mechanism. For the purposes of the Seventh Plan Community Development and Panchayati Raj would have to be viewed in this context and would have to break free from the conventional methodology of including a large number of small schemes through minimal budget provisions. Community Deve-

lopment is to be viewed now more in the nature of a scheme for village development which would imply the planning and implementation of a number of residual activities at the village level which do not get covered in the normal sectoral plans and special programmes e.g. village path, drainage and sanitation. This in turn would have to be done on the basis of local, decentralised planning at the village and block levels for which block funds both in the nature of outright and incentive grants, would have to be placed at the disposal of Panchayati Raj and Community Development bodies rather than by forming sectoral plans for the villages at the State and National levels. This would imply a considerable degree of rationalisation in the drawing up of plans for Community Development and Panchayati Raj and substantial autonomy in their implementation. The Seventh Plan, thus, further emphasises the strengthening of Panchayati Raj Institutions, particularly at the village and block levels, with a view to ensuring their active involvement in the planning and implementation of the special programmes of rural development, particularly those concerned with poverty alleviation and the provision of minimum needs. A number of Committees and Study Groups have, during the last 10 years, reviewed the situations and made recommendations to strengthen the systems of decentralised planning.

The Ashok Mehta Committee which reviewed the situation in 1978 to recommend an institutional design for Panchayati Raj in the light of the developmental thrust and technical expertise required for planning and implementation of rural development programmes came to the conclusion that the inescapable compulsion was that the district be the first point for decentralisation under popular supervision below the state level in as much as the district has come to be recognised as a viable administrative unit at which the planning, coordination and resource allocation are feasible, technical expertise is available and high level of popular leadership can also emerge.

Two Working Groups were appointed by the Planning Commission viz., the Working Group on Block-level planning headed by Prof. M. L. Dantwala in November, 1977, and the Working Group on District Planning headed by Dr. C. H. Hanumantha Rao, former Member, Planning Commission in September, 1982. These Working Groups have

studied various aspects of decentralised planning at the district and the block-level and have made recommendations which are, by and large, similar. Both Working Groups have recommended that the basic decentralised planning function has to be done at district level. The Working Group on District Planning has, *inter alia*, recommended that:

- (i) For decentralised planning to make headway, institutional mechanism have to be made more broad-based with the active involvement of local representatives and endowed with a greater degree of autonomy in local decision making.
- (ii) The district plan should take into account, the regional affinities and should be informed by a regional perspective. It will be necessary to recognise the sub-regions within the district.
- (iii) The Panchayati Raj institutions and other local government institutions should play crucial role in the district planning process.
- (iv) For the formulation of the district plans the methodology should include, formulation of the objectives, compilation of data, preparation of profile, strategy and thrust, resource allocation, physical and financial composition, spatial dimension of the district plan as also relationship and links between the district plan and regional and State development plans.
- (v) The district plan should fit in the framework of the State Plan and the National Plan. The sectoral allocations as emerging from the various district plans in the States must add with the budgetary allocations made sector-wise at the State level.

The Committee to review the existing administrative arrangements for Rural Development and Poverty Alleviation Programmes, headed by Dr. G. V. K. Rao, former Member, Planning Commission (March, 1985) also went into the question of decentralised planning and has recommended *inter alia*, that:—

- (i) The Rural development should be the major component of district planning, though the District Plan should encompass the total activity of the district.
- (ii) The district should be the basic unit for policy planning and programme implementation. The Zila Parishad

should, therefore, become the principal body for management of all development programmes which can be handled at that level,

- (iii) Panchayati Raj institutions at the district level and below should be assigned important role in respect of planning, implementation and monitoring of rural development programmes.
- (iv) Some of the planning functions at the State level may have to be transferred to the district level for effective decentralised district planning.
- (v) In order to give some leeway and manoeuvrability in planning and decision-making, it is necessary to make some funds available at the disposal of the District Planning Body which are not tied to any departmental schemes and which may be used towards small schemes meant the local priorities, needs and aspirations of the local community.

The Deputy Chairman, Planning Commission has proposed to the Chief Ministers in March, 1986, the need for holding regional meetings as a part of the process of fostering a continuing dialogue between the Planning Commission and the States and one of the agenda items proposed for these meetings was on decentralised planning in the States. Most of the Chief Ministers from whom replies have been received, have, by and large, endorsed the recommendations of the Working Group on District Planning."

1.9 Clarifying further in regard to the decentralisation of the Planning procedure and formulations of a scheme, the Secretary Planning Commission during evidence stated:

"Decentralisation means certain kinds of decisions can be taken at other levels than the Centre here. In the Central sector, decentralisation of planning would mean that the public sector would be able to sanction their own schemes. The present situation is, that projects only beyond a certain amount come to the Public Investment Board; projects below that level go to the Expenditure Finance Committee; and projects even below that level, are finalised by the concerned authorities."

1.10 With regard to the association of Voluntary agencies in the planning process, the witness stated:

"... Before the 7th Plan, we had consultations with voluntary agencies. About 33 were invited, and 20 had come. They were the people working in the field at various places throughout the country. Regarding consultation with labour leaders, we had the trade unions, viz., Dock Workers Union, Textile Workers Union, AITUC, BMS, HMS, CITU, INTUC and others. When we got the Plan proposals from various Boards dealing with handlooms, handicrafts, khadi and village industries, agriculture sector and others, we found there were very active members from the cooperative movement. This is a matter of taking their views into account. The All India Panchayat Parishad is also there...."

1.11 The Committee enquired whether besides economists and experts, cooperative federations, Central Trade Union Organisations etc., were also consulted before the Approach Paper was projected. The Secretary, Planning Commission stated:

"I am told that the National Federation of Cooperative Sugar Factory, National Cooperative Spinning Mills Federation and number of other Cooperative Federations, were included in different working groups but not at the approach paper stage. At the approach paper stage there were only individual consultations..... But there is a very strong point of view that the grass-root view point is not adequately represented..... There is a recognition of the fact that something more is to be done in respect of the grass-root efforts....."

For the grass-root planning, at the block and district levels, there are committees in which MPs and MLAs are represented and their view points are taken into account, when they send proposals from that level to the State level, not only at the formulation stage but also at the implementation stage."

1.12 Supplementing further, the witness stated:

"There is as yet, no totally satisfactory arrangement for people's involvement and people's participation in the Planning process. In fact, we firmly believe that it is very necessary and it is vital really for such programmes as

education, family welfare etc. Now, in the family welfare if there is greater people's participation, our programmes would certainly be much better and the whole economy would benefit very much. . . . Local people should be encouraged to involve effectively in rural programmes and implementation. Panchayati Raj Institutions should be motivated and given all supports."

1.13 The Plan drafting process starts with the preparation of the Approach Paper. The Approach Paper is the foundation on which the structure of the whole Five Year Plan is built. It, therefore, goes without saying that unless the Approach Paper is well conceived and prepared taking into consideration the policy directions, aims/objectives and strategy and broad magnitudes of growth in major sectors, for meeting fully the aspirations of the people, irreparable damage may be caused to future of our country. The Committee, therefore, emphasise that while preparing the Approach Paper peoples' representatives from all walks of life should be actively associated and their opinion given due weightage. In this connection, the Committee note that a number of Committees and Study Groups set by Government have during the last decade reviewed the Planning process and made series of recommendations to strengthen the system. However, the Committee are constrained to note the admission made during evidence of the Planning Secretary before the Committee that, "there is yet no totally satisfactory solution of this question of peoples' involvement and peoples' participation in the Planning process."

1.14 Besides peoples' participation in the preparation of the Approach Paper, the need for strengthening and involving the Panchayati Raj institutions in identifying and implementing projects cannot be undermined as it has been well established that whenever Panchayati Raj institutions have been actively involved, the implementation of various Rural Development Programmes has been decidedly better and the selection of beneficiaries and designing of schemes have been more satisfactory.

1.15 The Committee feel that active participation of the representatives of the Cooperative Federations is also of paramount importance at the initial stage of the formulation of the Plan. The Committee understand that a number of Cooperative Institutions were included in different Working Groups constituted for the Seventh Five Year Plan. However, there were only individual consultations at the Approach Paper stage. This negates the basic

requirement for the formulation of the Approach Paper with the active and full participation of a large cross-section of society representing various shades of opinion. The Planning Commission, therefore, will be well advised to prepare and issue comprehensive guidelines in regard to the participation of peoples' representatives in the Planning process from the initial stages itself so that the Approach Paper could be more broad-based and correctly reflect the aspirations of the people.

B. Working Groups

1.16 The Committee have been informed that working Groups are set up for reviewing the progress in the implementation of the current (on-going) Five Year Plan and making detailed recommendations for the next Five Year Plan in regard to programmes, policies, targets and outlays for the various sectors and sub-sectors. Members of the Working Groups are drawn from officials in the Planning Commission, Central Ministries/Departments, other institutions, State Governments and experts in the relevant fields. Secretary of the Ministry is usually Chairman of the Group. As many as 118 Working Groups and 4 Steering Groups were set up in connection with the Seventh Plan. These include a Group for the Study of Financial Resources and a Group for the Study of Potential as well as Instruments for Domestic Resources Mobilisation; the studies and assessment for these Groups constitute the basis for determining the likely availability of total resources for the Plan and, consequently, the Plan size.

1.17 The Working Groups are generally constituted about 1½ years to 2 years before the start of the Five Year Plan period.

1.18 The Committee wanted to know the role played by the Working Groups in scrutiny of the Plan Schemes. In a written note, submitted to the Committee, the Planning Commission has stated as follows:—

“The Working Groups do not scrutinise new Plan Schemes, since they are constituted with very broad terms of reference. They estimate short term and long term demand, production targets, and the investment required for achieving the need-based targets that they may suggest. They are also expected to review past performance and often make suggestions for the improvement of performance of on-going schemes. Basically, the broad approach adopted by the Working Group is to suggest a need-based

Sectoral/Sub-sectoral Plan and not a resource-based one. Usually, the Working Groups do not have idea of the resources available to the Sectors/Sub-sectors. The final decision is taken only after the sectoral outlays are available; the first priority is given to the essential continuing schemes; the new schemes are accommodated within the balance of resources available."

1.19 When the Committee enquired the utility of constituting the Working Groups, the Secretary Planning Commission stated during evidence:—

"In these groups, we get the best available talents in different fields and in this there is a tradition of cooperating with the Planning Commission. Every five years, they come they sit together, they discuss some of the on-going problems—national problems—which are before the country and I do not think Sir, we should discontinue this practice. We should form a forum, where we should thrash out all the problems.....It is a huge task. 4,500 recommendations were there relating to schemes alone. There another few thousand policy and general recommendations are there."

1.20 Asked whether a separate working group of the Planning Commission should be set up on permanent basis to keep a close watch on the implementation of the various schemes/projects, the Planning Commission has in a note stated:—

"Keeping a close watch on the implementation of various schemes is basically the job of the executing agencies and the respective administrative Ministries, with the Ministry of Programme Implementation playing a Facilitating-cum-coordinating role. Each sector has its own problems of implementation and respective Subject Divisions of the Planning Commission maintain close touch with the concerned Ministries and constantly review the implementation jointly with the concerned Ministries. Therefore, there is no need to have a separate permanent Working Group to keep a watch on implementation nor it may be feasible to have one agency to look into the diverse problems of all sectors and all types of projects and programmes."

1.21 The Committee desired to know whether the recommendations made by a Working Group were accepted in toto? If not, the reasons therefor and at what level the Plan Schemes were further

reviewed. In a written note, the Planning Commission has stated as follows:—

"The recommendations of the Working Groups cannot be accepted *in toto*.....The recommendations of the Working Groups are largely need-based, whereas the Planning Commission has to take into account not only the developmental needs but also inter-sectoral priorities and resource constraints. The recommendations of the Working Groups are evaluated in the Subject Divisions concerned. These evaluation reports are discussed in meetings of the Planning Commission with the Ministries concerned being associated with these in-depth discussions. The broad dimensions of each Ministry's Plan programme, its specific thrusts geared to Plan objectives, and related aspects are discussed, and each Ministry given an idea of the ceiling of Plan outlay available, within which it has to fit in its programme of action during the Plan.

The Plan schemes of the Ministry are reviewed depending upon the extent details have been worked out by the Ministry. Where details of new schemes are worked out by Ministries fully only subsequent to the communication of Plan outlays, they are scrutinised by the sectoral division concerned on receipt of a proposed new scheme, and submitted on file to the Member-in-charge and, if necessary, to the Deputy Chairman for a final view."

1.22 Asked what role the Working Groups precisely played if their recommendations were not to be accepted in the final analysis, the Planning Commission has in a written note stated:—

"Even if the recommendations of the Working Groups are not accepted *in toto*, the Working Groups have an important role to play. They make a number of recommendations covering the direction of growth and policy issues in social and economic sectors, investment required in the concerned sector as well as its linkages with inter-related sectors.... The recommendations of the Working Groups are assessed in the light of the resources position inter-sectoral priorities, sector-wise allocation of resources and harmonisation of the plans of inter-related sectors and thus constitute an essential input for plan formulation."

1.23 At the instance of the Committee, the Planning Commission has furnished a detailed statement in respect of Seventh Five Year

Plan indicating (i) the number of recommendations/schemes made by Working Groups (ii) the number of recommendations/schemes included in the Plan (iii) the number of recommendations/schemes included with modifications and (iv) the number of recommendations/schemes rejected. The requisite statement is at Appendix I.

1.24 The Committee enquired of the time taken in the Subject Division of the Planning Commission for analysing the Report of the Working Group and the proposals received from the Ministries/Departments. In reply the Planning Commission has stated:—

“The time taken in analysing the Reports of the Working Groups constitute in connection with the formulation of the Seventh Five Year Plan varied from sector to sector. The minimum time taken for such analysis was 10 days whereas in certain important sectors like Industry and Minerals, the time taken was four to six months.”

1.25 The Committee wanted to know whether the Working Groups could be entrusted with the job of suggesting resource based sectoral/sub-sectoral Plan in addition to need based sectoral/sub-sectoral Plan. The Planning Commission has stated:—

“One of the important Working Groups constituted was required to assess financial resources for the plan. As the work of all the Working Groups has to proceed simultaneously and the sectoral Working Groups cannot wait till the resource picture is finalised and the sectoral outlays determined, the sectoral Working Groups have to adopt a need based approach. The Financial Resources Working Group set up to work out the resource availability had constituted a number of sub-groups. Its deliberations took a long time to determine the resource position. The report of this Working Group was the last to come. Thus when the sectoral Working Groups are finalising their reports, they have neither the firm availability of resources nor sectoral break-up of the outlays. The sectoral Working Groups are, therefore, supposed to do independent work taking into account the existing situation and sectoral objectives for the ensuing plan and resources required for their sectors. Accordingly an indication of a pre-determined level of resource availability may curb a realistic and objective assessment of the needs of the particular sector.”

1.26 Asked as to why the working groups could not be furnished with information about the anticipated resources availability, in a written note the Planning Commission has stated:—

“The schemes received from the Ministry are not referred to the Working Groups for scrutiny. In most of the cases schemes are received after the finalisation of the Working Groups reports. In any case, in their deliberations the Working Groups are guided by Plan objectives and strategies, sectoral growth rates based on demand supply estimation and other relevant considerations..... It is not feasible to indicate sectoral outlays to the Working Groups for their deliberations.”

1.27 The Committee desired to know whether it was not necessary for these working groups to have an idea of resources, the Secretary Planning Commission stated during evidence:—

“Basically, the broad approach adopted by the Working Groups is to suggest need based programmes in their own sectors. The idea is that, we feel in some cases, there should be at least some forum where there should be a discussion in which the resource is not a constraint so that, let everybody talk and suggest which is the best possible thing required in that sector.

1.28 Supplementing further the witness stated:—

“Now the only problem is about the resources. The Committee made a very important point that these people should have an idea of resources. Then I would say that these things would have a limited value. Secondly, why they have no idea of resources. There are two problems. They are required to start work about 1½ to 2 years prior to the beginning of the Plan. So, there is always this problem but they are all practical men. They have some idea of resources on their own but they are not given any direction. They are not given any advice on the likely resources that may be available in the sector.”

1.29 The Committee desired to know about the composition, terms of reference, status of Members, honorarium etc. admissible to Members of each of the Working Groups constituted in connection with the formulation of Seventh Plan and total expenditure incurred

on each Working Group under various Heads. The Planning Commission has in a written note furnished the following information:—

“In all 118 working groups had been set up in connection with the preparation of the Seventh Plan. In addition, 4 steering Groups had also been set up to coordinate, guide, and advise the deliberations of the working groups for Agriculture, Education, Health and Science and Technology sectors.

These working groups differ in composition, terms of reference, status of members etc. It will, therefore, be difficult to give a single note covering all the points.

The Working Groups consist of officials as well as non-officials. For the participation in working groups they are paid TA/DAs only. No honorarium is paid to any one. The official members are paid TAs/DAs by their respective organisations (Ministeries/Depts/Public Sector undertakings etc.) As no separate account is kept of TA/DA paid officials for participation in the working groups, it is not possible to give expenditure on this account. TA/DAs to non-official members are paid by the Planning Commission or by the Departments/Ministeries concerned. The particulars of expenditure on TAs/DAs to non-officials paid by the Planning Commission are given in Appendix II.

1.30 The Committee wanted to know the names and number of various Working Groups set up in connection with the Seventh Plan. In a written note the Planning Commission has furnished the requisite details which are given in Appendix III.

1.31 The Committee have been informed that the Working Groups are set up by the Planning Commission as a first step towards formulation of the next five year plan. These groups are assigned the onerous responsibility to review the progress in the implementation of the current (on-going) Five Year Plan and making detailed recommendations for the next Five Year Plan in regard to programmes, policies, targets and outlays for the various sectors and sub-sectors. The Committee note that as many as 118 Working Groups and 4 Steering Groups drawing membership from the elite of the country were set up in connection with the formulation of the Seventh Five Year Plan. The Committee, however, find that in the final analysis majority of the recommendations made by these Working Groups cannot be taken note of an fully

utilised at the time of finalisation of the Plan for want of resources. It is evident from the fact that almost 19 per cent of the recommendations made by the Working Groups in connection with the Seventh Five Year Plan were outright rejected and a very large number of other recommendations could not be made use of as ultimately the size of the Plan had to be pruned in accordance with the availability of resources. The Committee can well imagine the element of frustration that might have been caused among members of various Working Groups knowing that a lot of time and energy put in by eminent personalities and the intelligentsia manning these Working Groups ultimately became futile and the expenditure incurred thereon was infructuous. The Committee, therefore, consider that such a situation cannot be avoided in the present system as the Working Groups at the time of their constitution have hardly any idea in regard to the availability of the resources for various sectors/sub-sectors in regard to which they are expected to deliberate and give their considered opinion. The Committee are of the view that unless the Working Groups are made aware of the resources availability position when they start the work, their recommendations can hardly serve the real purpose for which they are appointed. They, therefore, opine that the appointment of Working Group on Financial Resources should precede the appointment of other Working Groups so that this Group could give a rough idea to the other Working Groups about the estimates of the likely resources available for their respective spheres to enable these Working Groups to confine themselves within the framework of the overall resources position.

1.32 The Committee also find that in the vast multitude of the Working Groups constituted for the Seventh Plan a number of different Groups dealt with allied or similar subjects e.g., Vocational training and Vocational training for women; Elementary education, Secondary education, University education and Audit education etc. The Committee feel that the number of Working Groups to be set up for the future Five Year Plans should be reduced and subjects of allied nature remitted to one Working Group which may make recommendations covering all the aspects involved. This, the Committee are sure, will result in huge saving of public expenditure besides avoiding various Groups giving similar or in some cases conflicting recommendations on allied subjects.

C. Plan Schemes

1.33 The Committee have been informed that the Planning Commission wrote to the different Ministries/Departments in September.

1984 to indicate outlay for the new schemes proposed to be included in the Seventh Five Year Plan and in the First Year of the Five Year Plan (1985-86). The Ministry/Department concerned were required, *inter alia*, to indicate a clear prioritisation classified under three sub-headings:—

- (a) those "vital" for achieving the Seventh Plan's basic priorities and objectives;
- (b) secondly those "essential" for maintaining the tempo of development both in this plan and the next; and
- (c) thirdly, those which may be "desirable" but which could be considered only after the other two previous categories have been considered and funded adequately.

1.34 For firming up the numbers of new programmes/schemes and projects that can be accommodated in the Plan within the resources available, Advisers of the major sectoral Divisions also write to the Ministries/Departments concerned to give details of the Plan schemes for indepth analysis. The Ministries/Departments are required to indicate the total cost of the scheme or project, objectives/output expected, gestation period, etc. In reply, the Ministries/Departments submit information depending on the extent of studies and investigations already carried out. Where studies and investigations have been carried out and/or feasibility reports have been prepared, they are able to give project descriptions in somewhat greater detail. In respect of proposals or schemes which are at an early stage of formulation, they can give only an approximate idea of the estimated capital and other costs, likely output or plan targets sought to be realised, etc. Wherever necessary in-depth discussions take place under the Chairmanship of the Adviser concerned for the Sector/Sub-sector, where representatives of the Ministry/Department concerned, Ministry of Finance (Plan Finance), etc., are also invited.

1.35 In respect of the programmes/schemes/projects of the Central Ministries, the sectoral Division concerned with the subject scrutinises the schemes received from the Ministries in the sectoral areas.

Classification

1.36 The Committee wanted to know the number of schemes received, scrutinised and finally included in the Seventh Five Year Plan under the heads 'Vital', 'Essential' and 'Desirable'. The Planning Commission has stated that it was for the first time that the Planning Commission had asked the Ministries/Departments to indicate prioritisation for new starts under the three sub-heads, namely "Vital"

"Essential" and "Desirable". However, the Departments/Ministries did not submit their proposals for new starts under these three separate sub-heads, apparently for the reason that while inviting proposals the Planning Commission had made it clear that after providing for continuing schemes only limited resources would be available for new starts in the areas related to the Seventh Plan's basic priorities and objectives and all the projects of this category were classified as "vital".

1.37 As regards non-submission of schemes by the Ministries/Departments under the requisite sub-heads namely, 'Vital', 'Essential' and 'Desirable', the Secretary, Planning Commission, during evidence, stated:—

"Planning Commission asks all the Ministries to classify schemes in the fashion... viz. 'vital', 'essential', 'desirable'. In the replies received, we find that no Ministry has made this kind of distinction. So, it really remained on paper. We had asked them to do it, so that we could see which programmes were more important than others from the Ministry's point of view, but the Ministries did not specify these distinctions."

Investigations of Schemes and Guidelines

1.38 The Committee enquired whether the Ministries were required to carry on studies and investigations in depth and prepare the feasibility reports before they submitted their schemes to the Planning Commission. In reply, the Planning Commission has submitted in a note:—

"The Ministries/Departments are not required to carry out indepth studies and investigations and prepare feasibility reports before submitting their proposals to the Planning Commission for inclusion in the Five Year Plan. Such a procedure would not be feasible for the following reasons:—

- (i) Preparation of a feasibility report is a very time and resource consuming exercise. It is, therefore, not practicable to prepare feasibility reports for a very large number of schemes which could be considered for inclusion. feasibility reports are required to be prepared for investment decisions;
- (ii) Even if feasibility reports are made available to the Planning Commission, it may not be possible to appraise all of them within the time available for the formulation

of the Five Year Plan. Appraisal involves a number of other agencies, such as, Ministry of Environment and Forests, Department of Economic Affairs, Plan Finance, etc.;

- (iii) There could be considerable time-lag between the inclusion of schemes and final investment decision in regard thereto. Therefore, premature preparation of feasibility reports, which would become out of date, would result in infructuous work."

1.39 Enquired as to how in the absence of feasibility report, the viability of a scheme was determined before its inclusion in the Plan, the Secretary, Planning Commission stated:—

"There are several stages. But two stages follow one another closely. One is sectoral planning. We have got steel sector in the Five Plan. We have an idea about steel. We think about production and outlays in the on-going projects. Some new projects have to come up. There are projects which have been under consideration for a long time from the previous plan period. Sometimes, there are detailed project reports. During the Sixth Plan, it might have come up to the Public Investment Board. During the earlier period, they were not sanctioned for want of funds. Some of them are ready and viable. They are taken up. Even if it is known that a project is a good project, the report might not yet be ready. Before this plan period, we knew that there was a shortage of petroleum products. The refineries are required at Karnal and Mangalore. There may be a shortage of petroleum products. We say these are good plan projects requiring provision but we do not immediately insist upon a feasibility report because it means a considerable amount of effort by way of pre-feasibility studies. Feasibility report is not the first document drawn up for larger projects. Prefeasibility study is done about the processes involved, equipment required and rough estimates are made. On that basis, there is an idea of whether this project should be included in the Plan.... Inclusion in the plan is not investment decision. We made it clear. The project is then formulated in greater detail and when it is ready and resources are in sight, the Project is brought to Public Investment Board and it is taken up. This is how we do it. Although feasibility study is not there but still there is a fairly good idea. For a large part of the plan, it is continuing.

1.40 Explaining further, the Secretary, Planning Commission stated:—

"At the time of investment decision, there is a feasibility report. In many cases, there is a detailed project report before the investment decision is made, but at the time of the inclusion in the Plan, very often there are only project outlines."

1.41 Supplementing the witness stated:—

"What happens is that all the projects we do not have to start at the beginning of the plan, but in case of some projects where resources are available for the five year period, implementation commences later and there are projects which are taken up in the fourth year only. Therefore, there is time available for the preparation of the feasibility report."

1.42 When the Committee asked for the norms followed for clearance of projects in the backward areas and whether there were separate norms or backward areas, the Secretary, Planning Commission stated:—

"Balanced regional development is one of the old slogans. I do not say that we have achieved great success. But there has been some sort of an attempt all the time that we should have preferential schemes for backward areas. Policies are there and subsidies are available in backward areas. Industries are being set up in the backward areas. Certain transport subsidies are given to backward areas in North-East and Jammu & Kashmir. Raw materials required for industries are given. In infrastructure we do have a classification for sanction of railway projects on socio-economic considerations and certain amount of weightage is given on social and economic considerations taking the potential of the area and the raw materials which are available into account and opening up of the area and things like that. The only problem is, very visible results are not there... If a large number of such schemes are sanctioned on social and economic grounds, funds being limited, the progress of each of these schemes would be somewhat limited... We had sanctioned really a number of small schemes based on socio-economic considerations. We feel that they should be completed first and then we consider other things. A large number of schemes were sanctioned with limited outlays. The progress is rather slow. Both for roads and for railways, there

is a criterion for sanctioning new lines and new roads on socio-economic consideration. I must admit that the bulk of the investment does go for programmes like track renewal, electrification, doubling of the tracks, improvement of communications, acquisition of rolling stock and things like that which will be of limited value for the backward areas, but there is an attempt to make."

1.43 Asked whether all the projects included in the Plan were implemented, the Secretary, Planning Commission stated that some projects were postponed. There were cases in which later those projects were not implemented. The Secretary further stated that although they were mentioned in the Plan, they had not been implemented. There were a number of such cases.

1.44 Asked whether any guidelines had been laid down for the scrutiny of schemes for inclusion in the Plan, the Planning Commission has stated:

"The broad guidelines for the scrutiny of schemes for inclusion in the Plan are objectives and strategy of the plan, the demand/supply projections, the likely socio-economic benefits, backward and forward linkages, availability of resources for the sector/sub-sector etc."

Time element

1.45 The Planning Commission has furnished the following note in regard to time lag between the receipt of Plan Schemes from various Ministries, their scrutiny and approval:—

"The scrutiny of Plan schemes for inclusion in the Five Year Plans is part of the planning process. The Plan proposals are invited from the Ministries/Departments in advance of the beginning of a new Five Year Plan. For the Seventh Five Year Plan, the Working Groups were set up in the second quarter of 1983-84, while Ministries were addressed to send their Seventh Plan proposals in September, 1984.

It is difficult to give a precise idea of the time spent on the scrutiny of a particular scheme for inclusion in the Plan. It depends on the completeness of the data and essential studies and investigations needed to assess a scheme, and after meeting the techno-economic requirements, it is

viewed against the Plan priorities' as well as the Plan objectives and strategies, the needs (spelt out by the Working Groups) and the resources likely to be available."

1.46 When enquired about the maximum and minimum time taken in the scrutiny of some of the schemes for inclusion in the Seventh Five Year Plan, the Planning Commission had intimated that the time taken in the scrutiny of the schemes for inclusion in the Seventh Plan varied from scheme to scheme depending upon the nature, content and thrust of the scheme. Generally, it took from 3 to 9 months.

1.47 Asked whether the Planning Commission had any suggestion to make in regard to reduction of time lag between the receipt of the schemes from various Ministries for their inclusion in the Plan and their scrutiny and approval, the Planning Commission has stated:

"The time taken in the scrutiny of schemes for inclusion in the Five Year Plan has been reasonable and no specific measures are required to reduce the time-lag between the receipt of schemes from various Ministries and their inclusion in the Five Year Plans."

1.48 In a subsequent note furnished to the Committee, the Planning Commission has made the following suggestions for reduction of time-lag between inclusion of a scheme in the Plan and the decision about final investment:

"The most significant step taken by the Government to expedite early decision is to delegate financial powers. In August, 1986, the delegated financial powers of the public sector enterprises were revised as follows:

Gross Block*	Power to sanction expenditure without prior approval of the Government
Less than Rs. 100 Crores	Rs. 5 crores
Between Rs. 100 Crores and Rs. 200 Crore	Rs. 10 crores
Above Rs. 200 crores	Rs. 20 crores.

*The term 'Gross Block' should be treated as fixed assets and capital work in progress as shown in the last published Balance Sheet.

The delegated powers are subject to the condition that the Board of Directors of the public enterprises do not incur capital expenditure on schemes not included in their capital budget approved by the Government. As a step towards further delegation of powers to the Steel Authority of India Ltd. (SAIL) and Department of Steel, the Government has decided that clearance may be given by the Department of Steel for replacement and renewals of assets above Rs. 50 crores and additions and new investments above Rs. 20 crores upto a value of Rs. 100 crores.

The financial powers of the Standing Committees of Ministries/Departments have been raised to Rs. 5 crores.

The objective has to be reduction of time lag between initiation of process for investment decision and final investment decision. A number of suggestions could be considered to streamline the procedure. The time lag could be reduced by improving the quality of feasibility studies, expeditious clearances (like environmental) needed before the final investment decision."

1.49. Explaining about the present time lag between the inclusion of a Scheme in the Plan and decision about final investment in that, the Planning Commission has stated as follows:—

"The inclusion of a scheme/project or programme in the Five Year Plan does not amount to investment decision. This is taken by the Board of Directors of the public sector undertakings|Deptt.|Ministry or Cabinet depending on the size of investment. It is difficult to give general answer covering all plan schemes/projects regarding time lag. It may, however, be noted that considering projected demands|supply gaps, resource constraints, inter-sectoral linkages and studies and investigations needed, investment decisions on new projects are spread over the plan period."

Liaison with the Ministries

1.50. The Committee desired to know whether any liaison and coordination was maintained with the Ministry concerned for scrutiny and approval of the Plan Schemes. The Planning Commission has stated:—

"The Planning Commission maintains full liaison and coordination with the Ministries concerned for scrutiny and ap-

proval of all Plan schemes. This is done through meetings and correspondences, as required. In depth discussions take place on major new schemes before they can be considered for inclusion in the Plan. Where adequate details about a Plan Scheme/project are not available at the Five Year Plan formulation stage, these are often posed on file or at the Annual Plan stage after such details are available. These proposals are discussed in depth with the Ministries before the Planning Commission takes a view."

1.51 The Committee are unhappy to find that the Ministries etc. did not classify the schemes submitted by them to the Planning Commission under the heads 'vital', 'essential' and 'desirable', as directed by the Planning Commission and instead classified all these schemes as 'vital'. The Committee feel that the apprehension with the Ministries must have been that if they classified these schemes under heads other than vital also, such schemes might never see the light of the day due to resources constraint. The Committee need hardly point out that if all the schemes received in the Planning Commission are classified as 'vital', lot of time and energy is bound to be spent on pruning these schemes and deciding which of them were really vital. The Committee would, therefore, urge the Planning Commission to issue guidelines to the Ministries, etc. in unambiguous terms about the criteria which should be followed for classification of the schemes before the work on the formulation of a Plan is initiated. The Ministry should also be required to indicate the inter se priority of the schemes submitted by them.

1.52 The Committee find that the Ministries/Departments are not required to carry out indepth studies and investigations and prepare feasibility reports before submission of schemes to the Planning Commission for inclusion in the Five Year Plan. The Committee do not agree that viability of a scheme can be determined without a feasibility report before its inclusion in the plan. This gets confirmed from the deposition made by the Secretary, Planning Commission before the Committee that there were a number of projects which were included in the Plan but were either subsequently postponed or not implemented at all. While a detailed feasibility report, in technical sense, may not be insisted upon, the Committee feel that such report in broader outlines with a view to enabling the Planning Commission to evaluate its viability should be available to the Planning Commission before considering the scheme for inclusion in the Five Year Plan.

1.53 The Committee consider that the time lag between inclusion of a scheme in the Plan and decision about final investment is too large and there is an imperative need to reduce the same. The Committee agree with the Planning Commission that this time-lag could be reduced by improving the quality of feasibility studies and expeditious clearances needed before the final investment decision. The Committee would, therefore, like the Planning Commission to streamline the procedure and initiate necessary corrective measures in the matter.

1.54 The Committee understand that the Planning Commission had sanctioned a number of small schemes based on socio-economic considerations with limited outlays. The Committee are, however, pained to learn that due to paucity of funds the progress of such schemes had been limited and the desired results had not been achieved. While appreciating the objective of sanctioning schemes on socio-economic considerations the feasibility of proper funding for completion of such schemes in time cannot be overlooked as benefits of such schemes can percolate to those sections of the society for whom these are intended only when the schemes get completed. The Committee recommend that while sanctioning such schemes inter se priority should be determined with reference to viability and proper funding so as to ensure that the projects taken in hand get completed in time and undue loss to the public exchequer on account of delay and cost escalation is avoided in the long run.

D. Selection and Implementation of Plan Schemes

Inter-se priority of Plan Schemes

1.55 Explaining the Criteria adopted for according *inter-se* priority to Plan Schemes, the Planning Commission has stated that in regard to inclusion of schemes, essential on-going/continuing schemes get precedence over new schemes. In the context of the Seventh Plan, among the schemes in the industrial sector first priority has been given to the continuing essential schemes, and thereafter to schemes for (a) replacement and renewals, (b) modernisation and removal of bottlenecks leading to better capacity utilisation, (c) upgradation of technology and improvement of product quality, (d) introduction of high technology, (e) strengthening of technological base. In the case of projects in industry, power and transport sectors, the most important criteria applied are, wherever the necessary information is available, (i) economic returns, (ii) gestation period,

(iii) whether the project is at a new location or expansion, (iv) whether it involves modernisation and (v) whether it facilitates entry into high technology area. In the case of these projects, broad details such as investment costs, likely rates of returns, their relative position in the order of priorities, etc., are furnished at the stage of their inclusion in the Plan, if a project report cannot be given. It is, however, possible that there may not be sufficient time to go into these proposals even where the relevant information is available and, therefore, a tentative provision is made subject to the Planning Commission being convinced of the need of the project. Later, when a regular Project Report is presented, it is examined by the Project Appraisal Division and its implementation depends on the approval of the Public Investment Board and Cabinet.

1.56 With respect to schemes in the area of education, family planning, health and social welfare, etc., decisions to include new schemes may be taken on the basis of criteria like their consistency with Plan priorities, objectives and strategies and possibility of accommodating them within the tentative sectoral outlay ceiling after providing for all essential on-going programmes/schemes/ projects.

1.57 The Committee desired to know the methodology laid down for fixing the *inter-se* priority for the implementation of various schemes in case the number of schemes approved for inclusion in the Plan and investment to be made therein was much more than the actual availability of resources. The Planning Commission has stated:—

“In the formulation of a Five Year Plan, schemes are included keeping in view the availability of resources. The Five Year Plan is implemented through the mechanism of Annual Plans which are prepared in the light of emerging situation and the estimated availability of resources during each annual plan period. While fixing the *inter-se* priority for the implementation of various schemes, continuing schemes are given higher priority than the new schemes to be taken up.”

1.58 Asked to state whether due to constraints of actual availability of resources some schemes were altogether shelved, the Planning Commission has stated that “It is possible that in the process due to resource constraint or techno-economic considerations some projects are shelved.” When the Committee enquired

about the details of schemes so shelved during each of the last three Five Year Plans, the Planning Commission stated:--

"It is difficult at this stage to identify all the schemes which were shelved during the last three five year plans for want of resources alone."

1.59 Asked whether in the above situation the project was shelved after starting or was not started at all, the Secretary, Planning Commission stated:—

"By shelving, we mean that we do not start the project at all. Some preliminary action like preparation of a project report might have been taken up or some such thing. These projects are not started at all."

1.60 When the Committee asked regarding the criteria adopted by the Planning Commission to drop a project, the Secretary Planning Commission during evidence stated:—

".....Very often it is lack of resources..... If we have plenty of resources, even marginally viable projects can also be taken up. As we have limited resources, unless the scheme is very attractive we do not take it up. But some schemes have been dropped purely on technical grounds as well, on their being totally unviable or may be because some new technology has come in."

1.61 The Committee referred to the statement made by the Planning Commission that while fixing the *inter se* priority for the implementation of various schemes, continuing schemes were given higher priority than the new schemes to be taken up and enquired whether this position had not undergone a change, in view of the recent decision to go in for 'Zero Based Budgeting' and whether each scheme would now be revised, analysed and its future progress would depend on its getting priority. The Secretary, Planning Commission, during evidence, stated:—

"This 'Zero based Budgeting' is being taken up by each and every Ministry. The idea is that everything is examined *de novo*. Suppose, if it is not taken up what would be the impact. But by and large, plan schemes and plan projects which have been sanctioned after due scrutiny and on which certain amount of expenditure has already been made, will pass the tests. So, that is why, we are

continuing to give higher priority to projects which are to be completed in 1987-88, 1988-89, 1989-90. I have just completed the annual plan exercise with the Central Ministries. Now this is one of the principles; which we follow. What are the Ministries which will be involved? What are the schemes which are about to be completed immediately, so that we start getting the benefits. So, we provide the maximum amount of money for them, and see what is left thereafter. But there are certain old, continuing schemes, about which there are doubts. They are examined e.g. whether that particular scheme would be useful, if continued in that particular shape.

But these are not the type of projects in relation to which the question of new projects vs. old ones arises. More than 99 per cent of the cases will be such where the ongoing projects would be given priority. Having spent some money on them, we would like to continue them.

1.62 The following note has been furnished by the Planning Commission on Zero Based Budgeting as applicable to Plan Scheme with particular reference to Seventh Five Year Plan:—

“Zero Base Budgeting (ZBB) requires identification and sharpening of objectives; examination of various alternative; ways of achieving those objectives; selecting the best alternative; prioritisation of objectives and programmes; switching of resources from programmes with lower priority to those with higher priority; and, identification and elimination of programmes which have outlived their utility.

In ZBB, a Ministry/Department or an Organisation is required to justify not only the new proposals and the funds therefor but also the ongoing activities and the funds for them. In other words, provisions for existing programmes are also required to be justified in the budget rather than adding them in the budget as a matter of routine. As such, under the ZBB approach, the existing programmes will not be treated as immutable but will be examined afresh as to their continued utility and effectiveness thereby freeing resources for new programmes.

ZBB is, thus, intended to help both in the judicious allocation of scarce resources at the national level, and in deriving optimum benefits out of the resources thus allocated. The objective is not just to cut expenditure, but to make public expenditure programmes more effective by a more purposive allocation of resources to various programmes.

The Finance Ministry has issued instruction for the introduction of the system of zero base budgeting in different Ministries of the Central Government. The system is being introduced gradually. It is still in initial stage."

New Schemes

1.63 The Committee have been informed that broadly speaking, the new schemes are taken to meet the Plan objectives, strategies and targets, medium terms and/or long terms, techno-economic feasibility, inter-sectoral linkages etc. In the industrial sectors, priority is given to schemes for replacement and renewals, modernisation and removal of bottlenecks leading to better capacity utilisation, upgradation/ introduction of high grade technology etc. New projects in industrial sectors are included considering economies of scales, make vs buy options etc. In the sectors of education, health and family welfare, social welfare etc. the criteria for including schemes include plan priorities, objectives and strategies strengthening the existing system etc. In all cases the availability of funds is a crucial factor and decision to include a new project is made in consultation with the Ministry/Public Sector undertaking. In some cases, for example in the case of the ONGC projects, the detailed allocation of funds to new schemes is left to the organisation itself.

1.64 Percentages of resources left after allotment of funds to continuing schemes in the Seventh Plan in different sectors are indicated in the statement enclosed. (Appendix IV)

1.65 Explaining the various factors which made the selection of schemes complicated the Secretary, Planning Commission during evidence, stated:

"A number of factors, beyond the control of the Planning Commission, make the task of selection of schemes quite complicated and at the same time often unsatisfactory. These factors are—

- (i) The number of proposals received for consideration would run into several thousand. These come from 234 Central public sector undertakings numerous autonomous bodies

and field formations of the Ministries (like ICAR, UGC, etc.) nearly fifty Departments of the Government of India besides from State Governments and Union Territories. These projects are of different sizes. The cost estimates of single project range from few thousand rupees to several hundred or even several thousand crores.

- (ii) The task would be easier if all the proposals are in the form of concrete projects with definite estimates of cost and gestation so that all of them could be analysed and ranked in order of viability and decision taken. In the real world situations, new projects to be taken up during the next 5 years come in different forms and shapes. They could be in concrete form with all the details of cost and time or could be in a conceptual form with bare description. The target is sought to be achieved with definite project or with programmes details of which are left to be worked out in due course by the implementing agency. There may be uncertainties about the time phasing of the projects.
- (iii) The quality of proposals depends largely on the capability of project planning in hundreds of public sector undertakings and field organisations. It is well known that the development of this capability has not kept pace with the growth of the plan size. It is also true that even if they want they cannot give very precise details of all the proposals to be taken up during the plan period at the time of the plan formulation. Despite all the constraints, the Planning Commission to finalise the Plan after a series of discussions with the Ministries/Public Sector Undertakings/autonomous bodies etc. The quantitative models are rerun to ensure inter-sectoral and inter-temporal consistency. It is an iterative process till final consistency is achieved.

However, in view of the constraints and uncertainties the process of in-course correction continues throughout the Plan period. The Ministries/public sector undertakings keep finalising the schemes, firming up cost estimates and making adjustments on various socio-economic and technical considerations. In the process many schemes included are dropped/deferred, new schemes are added, and cost estimates undergo changes. They do discuss their proposals afresh at the time of Annual Plan discussions, mid-term review and even otherwise. The Ministries/

Departments and public undertakings, etc. are able to make many changes under their delegated powers in which the involvement of Planning Commission is minimal.

The Planning Commission thus may not have a complete list of all the schemes many of which are small in size and are often clubbed together and presented in form of programmes.

The slow implementation of several projects, again due to factors largely beyond the control of the Planning Commission, also adds to the uncertainties necessitating further adjustments in the allocation of resources.

To sum up, there is need to appreciate that given the constraints and uncertainties which are beyond the control of the Planning Commission fully worked out and comprehensive planning of all the schemes to be taken up during the next 5 years not attempted."

1.66. Asked that in case feasibility reports had been asked for, the stage of dropping some schemes would not have arisen because of there being unviable schemes, the Secretary Planning Commission stated:—

"We are trying to develop a system whereby we can always have a shelf of projects available, so that we can have a wider choice at the time of plan formulation."

1.67. The Committee referred to the note furnished by the Planning Commission stating therein that with respect to schemes in the area of education, family planning, health and social welfare etc. decision to include new schemes might be taken on the basis of criteria like their consistency with Plan priorities, objectives and strategies and possibilities of accommodating them within the tentative sectoral outlay ceiling after providing for all essential ongoing programmes, schemes/projects. The Committee enquired whether the procedure for inclusion of schemes relating to the above sector in the Plan was different from the one followed in the case of Schemes pertaining to remaining area the Planning Commission stated that the procedure was broadly the same for all sectors. However the criteria for inclusion of schemes in the social services sector might be different since considerations, such as economies of scale, demand/supply scenerio, make vs. buy option etc. would have much lesser relevance in these areas. Asked to state whether the distinction was

on account of the fact that the schemes relating to these sectors were given low priority, the Planning Commission clarified that the schemes in these sectors were in no way accorded lower priority. In fact the percentage step up for social services in the Seventh Plan was 109.12 per cent compared to the overall step up of 84.62 per cent.

Continuing Schemes

1.68 Asked to elaborate the statement that the first priority was given to the essential continuing schemes, the Planning Commission has in a note stated:

"There has been a tendency to take up a large number of new schemes in every Five Year Plan, with the result that the limited resources are distributed very thinly over a large number of schemes. In certain sectors, the schemes started as early as during the Third and Fourth Five Year Plans are yet to be brought to completion. It was, therefore, thought desirable to consolidate the benefits through completion of the schemes started in the earlier plans and to take up new schemes for implementation only to a limited extent necessary to achieve the objectives and priorities laid down in the Seventh Plan. It was in this context that it was stated that the first priority shall be to the essential continuing schemes."

1.69 Asked to state whether there were any such schemes which were started but latter on not covered under this category and dropped, the Planning Commission has stated:

"No essential continuing schemes of the Sixth Plan has been dropped while formulating the Seventh Plan."

1.70 The Committee desired that a note about schemes/projects dropped and those which had not been dropped but work stagnating for lack of funds during the Sixth Plan, showing allocations made for each of such schemes and expenditure incurred thereon and the reasons for dropping them or not allocating funds for them might be furnished. The following note has been furnished by the Planning Commission:

"It is true that several projects included in the plan are subsequently dropped or deferred and several projects stagnated much beyond the original gestation period. But this situation is not necessarily due to resource constraint. A number of factors contribute to the situation

and it is difficult to segregate the factors in all cases. The projects could stagnate due to technical factors not anticipated at the time of investment decision. For example, Sudamdih and Monidih underground projects, originally sanctioned in 1962 and 1963, have not been able to reach the targetted capacity so far due to difficult geo-mining conditions. The Salal Hydro electric project, originally taken up in 1970, could not make much progress till 1978 due to the dispute over technical and design features. The work in right earnest started only in 1978 when the project transferred to the NHPC. Similarly, several projects are included in the plan without adequate studies and investigations. Such proposals are not backed by feasibility studies and are subsequently deferred. Only in a few cases it may be possible to identify that the discontinuation or stagnation is due to resource constraint.

An illustrative list is furnished. (Appendix V)

1.71 Asked to give specific causes of cost over run and delay in implementation of projects, the Ministry of Programme Implementation has in a subsequent note stated:—

“264 projects at the beginning of the year 1986-87 were under implementation, of these, 134 projects were delayed with reference to original time schedule. Their break-up in the 13 sector is outlined below:

Sector	Total No. of projects	No. of projects delayed w.r.t. original schedule
1	2	3
Power	28	20
Petroleum & Natural Gas	33	19
Coal	66	35
Steel	13	13
Mines	8	8
Fertilizer	10	4
Paper/Cement Automobiles etc. (Deptt. of Enterprises)	7	6
Railways	62	18

1	2	3
Surface Transport (Port/Shipping) (Highway projects)	18	7
Civil Aviation	6	2
Telecommunication	6	1
Atomic Energy	5	2
Chemicals & Petro-Chemicals	7	4
	<u>264</u>	<u>134</u>

The anticipated capital cost of the 134 delayed projects has escalated from the original approved cost of Rs. 26,802 to Rs. 43,890 crores approximately, i.e. as much as 64 per cent as on 31-3-86. It may be observed that the escalation in case of delayed projects is considerably higher than the others.

The following table gives a sectoral analysis of the cost and time overruns:

Sector	Original cost (Rs. crores)	Anticipated cost of the project (Rs. crores)	Average cost overruns (%)	Extent of cost overrun w.r.t. original cost (%)	Extent of time overrun w.r.t. original Schedule
Power	9954	13744	38.0	0.929	0-93 months
Petroleum & Natural Gas	8165	8750	7.0	0.172	0-64 months
Coal	5620	7988	42.0	18.2753	0-204 months
Steel	5578	13636	144.0	18.6229	6-131 months
Mines	1559	2793	79	18.2.94	4-23 months
Fertiliser	2108	3061	45.2	0.493	0-119 months
Paper/Cement/Auto-mobile etc. (DFE)	884	1474	66.7	0.146	0-67 months
Railways	3082	5280	71.3	0.495	0-144 months
Surface Transport (Port, Shipping Highway projects)	1646	1580	(-) 3.9	0.38.2	0-32 months
Civil Aviation	2087	2138	2.44	0.302	0-39 months
Telecommunication	318	374	17.6	0.18.7	0-25 months
Atomic Energy	1287	2053	60.0	0.141	0-65 months
Chemicals & Petro-chemicals	1515	1577	4.09	0.58	0-14 months
Total (264 projects)	43803	64448	47%	0.929%	0-20 months

As a result of our analysis of the monitoring report received from the project Authorities and Ministries/Departments the various reasons of time and cost over run have been identified in different stages of the project. They are given below:

State in Project Cycle	Some causes of time and cost overrun
(a) Pre-investment and project preparation	<ul style="list-style-type: none"> (i) Delay in acquisition of land including Forest Clearance and Environment Clearance. (ii) Lack of infrastructure facilities. (iii) Tie up of the important inputs necessary for construction and operations (after commissioning).
(b) Investment decision	<p>Inadequate project preparation including under estimation, resulting in subsequent change of scope of projects and addition of new facilities in post approval implementation stage, through series of Revised Cost Estimates.</p>
(c) Technology and Detailed Engineering	<ul style="list-style-type: none"> (i) Poor selection of consultants. (ii) Delay in finalisation of detailed engineering, lack of information and load data, causing delayed release of drawings to vendors/equipment suppliers. (iii) Delay on the part of the Consultants.
(d) Tendering and Ordering	<ul style="list-style-type: none"> (i) Delay in preparation of tenders and placement of orders. (ii) Poor selection of vendors/suppliers/contractors. (iii) Delay in DGTD/Import Licence/foreign exchange releases/other clearance. (iv) Delay in supply of critical equipments.
(e) Construction and site Management	<ul style="list-style-type: none"> (i) Delay in mobilisation by contractors. (ii) Delay in construction by and inefficient working of contractors. (iii) Delay in completion of inter-linked facilities by other agencies. (iv) Industrial relations problem. (v) Inadequate supply of inputs like steel cement, equipments and other open market items.
(f) Commissioning	<ul style="list-style-type: none"> (i) Delay in availability of re-ordered material/replacements. (ii) Failures of parts. (iii) Change in design. (iv) Non-availability of commissioning experts from indigenous and sources abroad.

State in Project Cycle	Some causes of time and cost overrun
(g) Overall Project Implementation Covering engineering-tendering-ordering-construction-commissioning	<p>(v) Poor mobilisation by the trunking/commissioning contractor;</p> <p>(vi) Teething problems due to poor testing and malfunctioning of equipments due to poor installations.</p> <p>Organisational weaknesses in project management including non-availability of managerial talent, of a high order, lack of continuity, inadequate delegation and lack of incentives for completion of projects in time and within costs."</p>

1.72 Asked to state whether any responsibility had been fixed for delay in implementation of Plan Schemes resulting in cost escalation, the Secretary, Planning Commission stated during evidence that:

"I may inform that the Cabinet Secretary and the Finance Ministry have issued circulars on cost and time over-runs. These are secret circulars. The responsibility is to be fixed. In most of the cases, it is perhaps beyond the control of the officers. But, in some cases, there might have been lacuna on the part of some functionaries and delayed action or something else. But we are not concerned with it. It is for the Ministry to take up...

The instructions are that whenever there are time and cost over-runs, the matter has to go up to Ministry of Finance for sanction along with the proposals for fixation of responsibility. International prices may go up and if the project could not be taken up because of delay total costs go up in the meantime. It can happen that for some reason contracts were not signed, some officials just delayed it and in that case the officers will be responsible. At that stage, whenever any revised cost estimate is brought up or there is too much time-gap, then the Ministries are supposed to indicate the reasons and the people responsible."

1.73 The Committee can well imagine that the selection of projects for the Plan from the vast multitude of proposals received from Ministries/Departments, Public Undertakings, numerous bodies and field formations would be a stupendous task fraught with uncertainty in view of hazy and indistinct vision in regard to the availability of resources. The Committee are not happy to be informed that all proposals do not come in the form of concrete

projects with definite estimates of cost and gestation, making the selection process complicated, complex and often unsatisfactory. The Committee feel that fault in most cases must have been with Ministries etc., in sending vague proposals and with the Planning Commission in accepting the same. The Committee recommend that sifting process should be a task basically assigned to the concerned Ministries etc., who should forward only such proposals to the Planning Commission as fulfil the guidelines of the Planning Commission making clear that only concrete projects as would fall within the aims and objectives of the Plan and have been sufficiently and properly studied and evaluated should be forwarded to them for inclusion in the Plan. Once the projects are accepted and included in the Plan it should be the responsibility of the Planning Commission to ensure that they are taken to the logical conclusion of completion in time and without resource constraints.

1.74 The Committee are unhappy to find that a number of projects/schemes had to be dropped or allowed to stagnate during the Sixth Plan after spending several crores of rupees on the basis of evaluation studies e.g. Functional Literacy for Adult Woman after spending Rs. 16.75 crores or due to resource constraints e.g. Sakri-Hasanpur and Rampur—now Haldwani Railway lines after spending Rs. 8.56 crores. The Committee feel that if it becomes unavoidable to include some projects on the basis of expediency which have not been properly gone into, the Planning Commission should get them processed in their own technical division and include them after going into the techno-economic aspect and viability of the project.

1.75 The Committee are unhappy to note that out of 264 projects which were under implementation at the beginning of the year 1986-87, 134 were delayed with reference to original time schedule. The anticipated capital cost of these delayed projects has escalated from the original approved cost of Rs. 26,802 crores to Rs. 43,890 crores approximately i.e., by as much as 64 per cent as on 31-3-1986. The steep escalation in the cost has not only caused heavy losses to the public exchequer but has also given a severe setback to the need for completion of various essential projects in time. The Planning Commission has been able to locate a number of reasons for the delay and cost over-runs like inadequate project preparation, poor selection of consultants, delay on the part of consultants, delay in preparation of tenders and placement of orders and last but not the least organisational weaknesses in project management including non-availability managerial talent of high order. The Committee, therefore, recommend that the Planning Commission should make

all out efforts by taking up the matter with concerned agencies for the removal of causes responsible for delay and cost over-runs to ensure completion of projects on time and they should impress upon them to exercise constant vigil for identifying factors causing delay, fix responsibility and take requisite remedial measures expeditiously.

CHAPTER II

PLAN RESOURCES AND OUTLAYS

Plan Resources

2.1 The Committee have been informed that while the Planning Commission has no direct role in raising resources as such, it certainly has a consultative/advisory role. Before each Five Year Plan is finalised the Working Group on Resources (which is chaired by the Planning Commission's representative) goes into detail as to how the resources for the Plan outlays are to be raised. All aspects are thoroughly examined e.g. taxation (both Centre and States), internal resources of public sector units and departmental undertakings, market borrowings, draft on public sector financial institutions, etc. This exercise is carried out in consultation with the Ministry of Finance, Reserve Bank of India, Bureau of Public Enterprises and the public Financial Institutions. The role of the Planning Commission is thus concerned mainly with the assessment of aggregate resources which could be mobilised, including the components through which resources could be mopped up.

2.2 The Planning Commission is not directly involved in raising resources from the external sources such as foreign aid/loans/assistance. It estimates the net inflow of aid, etc. from abroad during a Plan period on the basis of the balance of payments projections. Though the Planning Commission is not involved in actual negotiations for external aid/loans, etc. which is the responsibility of the Ministry of Finance, the Commission's advice on various aspects enables the Government to pose important projects for foreign assistance.

2.3 Asked in what manner and at what stage the Planning Commission was consulted or their advice sought in the matter of arising resources, the Planning Commission in a note furnished to the Committee has stated:—

“At the time of the formulation of Five Year Plan, the Planning Commission sets up a broad based Working Group for study of financial resources and preparation of resources estimate for financing the ensuing Plan. Based on the recommendations of the Working Group resource

estimation is done by the Planning Commission for the Plan as a whole before it is finalised. This exercise includes assessment of the likely order of additional resources to be mobilised. Broad areas and manner in which resources are to be mobilised are also considered by the Planning Commission. However, the actual raising of resources in so far as the Central and State Governments are concerned is essentially an annual budgetary function. In addition to budgetary resources, however, extra budgetary resources are also required to be raised for financing the plan and the Planning Commission is consulted in regard to their mobilisation as well."

24. Enquired about the machinery and expertise that existed in the Planning Commission for forecasting resources, the Planning Commission has stated:—

"There is a Member in the Planning Commission who is expert in the field of Public Finance. He looks after the Financial Resources Division which has an Adviser, six Senior Research Officers and five Research Officers supported by four investigational staff. These Officers have considerable experience in the field of economics, budgetary analysis and forecasting of resources."

25. Asked to state at what stage the resource estimation for the plan is made. The Planning Commission has replied:—

"The overall resource estimation is done before finalising the size of the Five Year Plan. However, the sources which could be tapped for raising funds for the plan are amenable only to broad identification at the stage of finalising the size of the plan."

26. With regard to the role played by the Planning Commission in raising the resources for Plan Schemes, the Secretary, Planning Commission, during evidence, stated:—

"Now the other point was about the resources. There is no doubt about it that for the Annual Plans as I said—I did not say for the Five Year Plan—there are no working groups with the Central Ministry of Finance because their Budget process itself is an exercise in which they bring out what resource are available. But it does not mean that Planning Commission does not do justice to its functions.

One of our functions is to make an estimate of resources. In fact in the resolution setting up the Planning Commission, one of the tasks assigned to the Planning Commission was to assess the resources available for developmental purposes. We do make an assessment of the resources. We do send out estimates to the Finance Ministry. There are discussions with them for the Five Year period. There are working groups, not only for the domestic resources, financial resources, but also for the foreign exchange, balance of payment. There are also working groups which go into the matter of resources with each State Government. There is a resources working group. These resource estimates are made there. They are made for a Five Year period. They are made annually for plan outlays. This is a joint exercise which is a most important exercise of the Planning Commission. But, again I would say that the things are not absolutely clear cut black and white, because situations change and different influences come in. But when we being an actual Five Year Plan period, a large amount of our resources are preempted by continuing schemes."

Plan Outlays

2.7 The Committee have been informed that after examination of the proposals of the Ministry and the indepth discussion by Deputy Chairman, Planning Commission and members with the departments concerned, the final programme thrusts and overall sectoral outlays are decided. The first priority is given to the essential continuing schemes. In respect of new schemes, priority is given to those where sufficient studies and investigations have been carried out to establish the need as well as feasibility. If resources permit, lump sum provision is sometimes made for these new schemes which require further studies and investigation.

2.8 The sectoral outlays for a Five Year Plan are tentatively worked out in the light of anticipated resources availability, demand-supply considerations and broad Plan objectives and strategies. The entire process of determination of sectoral outlays, prioritisation and inclusion of different schemes within the sectoral outlay is iterative; several rounds of internal or external consultations are gone into before sectoral outlays and the lists of programmes/schemes/projects to be included in the Plan can be finalised.

2.9 After finalisation of the outlays for Sector/sub-sector in these meetings, Ministries/Department concerned are requested in writing to re-submit their final list of Plan proposals, keeping in view the

considerations mentioned above, and this is usually done in consultation with the Divisions of the Planning Commission.

2.10 It can thus be seen that the whole process is a very complex one requiring several levels (and rounds) of inter-action, before a reasonably clear picture can emerge of the totality of the Plan, and within it the Sectoral/Sub-sectoral outlays and programmes.

2.11 It has been stated that the Planning Commission maintains full liaison and coordination with the Ministries concerned for scrutiny and approval of all the Plan Schemes. The Committee enquired whether it was a fact that even where the schemes had been accepted and outlay approved by the Planning Commission, the Planning Commission slashed down the outlay on many schemes with the result that the implementation of these schemes became difficult for the Ministries and ultimately the whole approach towards implementation of these schemes became half-hearted.

In reply the Planning Commission has stated:

"The outlays once approved by the Planning Commission are not '*Suo Moto*' slashed by it subsequently. As far as possible the effort of the Planning Commission is to ensure adequate funding of projects included in the Plan so that these are implemented in an optimum time-frame. However, in the democratic functioning of our system, it can and does happen at times that legitimate competing claims arise on limited resources and the overall public interest requires inclusion of some projects with inadequate outlays rather than their total exclusion."

2.12 The Committee desired to know the details about the amount allocated, released and spent on various new schemes included in the Sixth Five Year Plan after its finalisation and publication. In a subsequent note the Planning Commission has stated:—

"Since the funds are released either by the Ministry concerned (in case project needs budgetary support) or are raised by the undertaking internally or from various other sources like financial institutions/banks, it is not possible for the Planning Commission to give an idea of the actual release in all cases."

2.13 The Committee pointed out that it had been experienced that after schemes had been prepared and finalised the funds were released to them when a major part of the five year plan was over with the result that a large portion of the funds remained unutilised. The Committee enquired about the measures taken to ensure that the

funds were released in time for various schemes/projects. Explaining the position the Secretary, Planning Commission stated:—

“This position varies from project to project and scheme to scheme. If you are talking of say, central assistance released for centrally sponsored schemes in States and whether it is released in the remaining part of the year or later during the year, then I would say that you are right. Sometimes, there is delay in releasing funds. And that creates some problems. Part of it is true because some of the Ministries do delay the release of funds. So far as these projects are concerned, for the five-year period, what happens is that the actual allocation has to depend upon the resources available annually. It is the annual exercise. Although we do try to optimise and see that the projects implementation of which has been taken up, are founded to the extent required, sometimes, it is possible due to increase in non-plan expenditure, there may be instances where the period has been prolonged. Suppose, a steel plant is included in the five-year plan and let us say, we have to spend Rs. 2000 crores on that. It is not possible to release the money right from the first year of the plan. So, there is some kind of a matching of the annual resources plus five-year business.”

2.14 It was pointed out that it had come to Committee's notice that the money was made available for modernisation of N.T.C. Mills in the last year of Plan with the result the bulk of funds remained unutilised. The N.T.C. had contended that had the money been given to them in first and second year of the Plan they would have utilised that money and modernised the Plant. The Secretary, Planning Commission stated:

“... there is an annual Plan exercise, and it is possible that in the earlier years of the Sixth Plan there might have been some delays, some funds might not have been available and there may be delay in releasing funds to these textile mills or the NTC and the textile mills might not have themselves sent the proposals, fully worked out proposals for this and so on. It is not possible to give any answer to this one, without the proper details. By and large this question does not arise.”

2.15 Clarifying the position further the Secretary, Planning Commission during evidence stated:

"There are two things. One is planning and the other is budget discipline. Both things are to be done together. Funds are released from year to year depending upon whatever is available in the budget. We discuss it with the Finance Ministry, find out how much money is available, they say that so many crores of rupees are available. And then we discuss with the various Ministries and we allocate money. At the time of allocation of money we do take into account the progress of projects, the requirements of the projects to be implemented and release the money accordingly. But very often it happens that the total number of schemes require more funds—why very often, always it has happened that the requirement of funds of the schemes which have been taken up is more than the resources which are available. One thing you can say, that it is bad planning, because you should have seen to it that you do not sanction more than what can be fully funded. But there are so many uncertainties in this matter. The project costs go up. The scope of some projects gets changed. Then the resources position alters. The non-Plan expenditure goes up and things of this kind happen. Therefore, perfect matching does not take place. And in this respect, I must say that there has been a considerable improvement over the years and the provision of funds to projects now is much better than what it was in the past. I can cite the example of fertiliser projects. Now the fertiliser projects are taking something like three years to complete. A project in the late sixties or Seventies, used to take five to seven years. One of the reasons for delay is that we are not able to regulate the release of funds. There is need for much better planning for release of funds in the case of these projects. Some projects which used to take 10 years, we used to sanction them, thinking that we will provide funds. Now, there is an improvement in this respect. I can not say that we are able to fund each and every one of our projects one hundred per cent, but the optimum period in which they should be implemented is ensured, and the problems in this regard have been mostly overcome. That is all I can say."

2.16 When the Committee enquired whether the Planning Commission ensured that the money released for various schemes was actually utilised for the implementation of those schemes, the Secretary, Planning Commission during evidence stated:—

"So far as Central Ministries are concerned, there is no difficulty like that because the Finance Ministry keeps a track of that. We release the funds and next year we do check up. During the year there are reviews to see that the funds are utilised for the purpose for which they have been given. There might have been some isolated cases where funds might have been utilised for some other purpose. If there are diversions, that is done with the permission of the Planning Commission and the Finance Ministry."

2.17 The Committee find that in the matter of release of funds priority is accorded to continuing Schemes leading to a predominantly large amount of resources being pre-empted by such Scheme at the beginning of Five Year Plan period. This in the opinion of the Committee leads to a situation whereby a number of new schemes, however, useful and public oriented these might be, fail to find a berth in the Plan. The Committee are of the opinion that the Planning Commission should work out modalities whereby a suitable fixed percentage of the funds are earmarked, for important and essential new schemes instead of having a lumpsum provision in respect of most of the new schemes as at present. The Committee are of the opinion that inter se priority within the new schemes should also be clearly earmarked so that it is always the lowest priority scheme which may be shelved in case of non-availability of funds.

2.18 The Committee note that after examination of proposals of the Ministries and indepth discussion between the Deputy Chairman, Planning Commission and its Members with the Departments concerned, sectoral outlines are decided. At the time of allocation of money various factors viz. progress of the project, the urgency of the project etc. are taken into account before release of funds. The funds are released from year to year basis depending upon the availability of funds in the budget. The Committee are, however, distressed to find that even after the allocation of funds in some cases the funds were actually released when a major part of the plan was over. This evidently results in bulk of the funds remaining unutilised in the last year of the plan, as it seemed to have happened in the case of National Textile Corporation Mills which were given funds for modernisation in the last year of the Plan. The Committee desire that the procedure should be so streamlined as to ensure the release of funds on year to year basis avoiding bulk of funds being released in the last year of the Plan. The Committee are sure that a such a procedure will be in the interest of steady progress of schemes which will not get delayed for want of regular and timely release of funds.

2.19 The Committee are unhappy to note that in some cases funds allocated for certain schemes were diverted for some other purposes with the permission of the Planning Commission and the Ministry of Finance. The Committee feel that the diversion of funds in the implementation of the Schemes for which they are earmarked should not as a matter of principle be resorted to. They desire that such a practice should be curbed and scrupulously discouraged and funds invariably utilised for the schemes for which they are allocated.

CHAPTER III

EVALUATION AND MONITORING

A. Organisational set up

Programme Evaluation Organisation (PEO)

3.1 The Programme Evaluation Organisation was set up in 1952 as an independent organisation, working under the general guidance and direction of the Planning Commission. Initially it was assigned the specific task of evaluating the community Development Programme and other intensive area development schemes. Gradually, however, with the extension and diversification of Plan programmes for rural development the scope of the evaluation studies undertaken by the Organisation has got extended to the broad category of centrally sponsored schemes/beneficiary-oriented programmes.

3.2 Organisationally the Programme Evaluation Organisation has a broad three-tier set up. At the apex, i.e., at the Headquarters of the organisation at New Delhi, the office of the PEO is headed by Adviser (Evaluation) who is assisted by a Joint Adviser and 7 Deputy Advisers who undertake technical work and act as Project Directors for individual studies. Below the Deputy Advisers, there is a complement of staff, comprising Senior Research Officers, Research Officers, Senior and Junior Economic Investigators as well as other supporting administrative and clerical staff. The Headquarters organisation is responsible for evolving a suitable methodology for the evaluation studies undertaken, organising their execution and also for processing, analysing and interpretation of the quantitative and qualitative data/information collected by the field units for particular evaluation studies/reports.

3.3 For carrying out the field surveys and investigations for its evaluation studies, the PEO has seven Regional Evaluation Offices located in different regions of the country. These Regional Evaluation Offices could be regarded as a middle rung of its organisational set-up. Each of the Regional Evaluation Offices is headed by a Regional Evaluation Officer of the rank of a Senior Research Officer who is assisted by a Research Officer and a complement of technical and administrative staff in his office.

3.4 The third rung of the organisational set up comprises the Project Evaluation Offices attached to the Regional Evaluation Offices. Each of the Project Evaluation Offices is headed by a Project Evaluation Officer of the rank of a Research Officer who is assisted by a couple of investigators and some clerical staff. At present, there are 27 Project Evaluation Offices and together with the seven Regional Evaluation Offices which also function as field units of the PEO, the PEO has a network of 34 field units/offices.

3.5 The Committee desired to know whether any review had been undertaken about the adequacy of the existing organisational set up of Programme Evaluation Organisation at the Headquarters level, Regional Evaluation Offices and Project Evaluation Offices. The Planning Commission has stated in a note furnished to the Committee that the present staff strength and pattern of the Programme Evaluation Organisation at its Headquarters and field offices was by and large based on the assessment of the Staff Inspection Unit of the Ministry of Finance made during 1977. The organisational set up of the Programme Evaluation Organisation was also reviewed by a Committee set up in 1978 popularly known as the Dubhashi Committee. The Report of this Committee submitted in 1980, had, among other things, envisaged an extended area for the PEO's activities and an expansion of its staff strength. The expansion of the technical staff as proposed by the Dubhashi Committee was mainly as follows:—

- (i) The post of Joint Secretary in the PEO should be redesignated as Evaluation Adviser in the pay scale of Rs. 2500-3000 thereby bringing it at par with Economic Advisers in other Ministries at the Centre.
- (ii) The technical set-up at the PEO Headquarters should be reorganised into ten divisions instead of the existing seven.
- (iii) Two new PEO field units should be set up at Shillong (Meghalaya) and Dibrugarh (Assam) and the PEO units located at the State Headquarters should be converted into REO units.

3.6 Currently, the rationalisation of location of field offices of this Organisation was under consideration in the context of Zero-Based Budgeting which is to be introduced from the next financial year.

3.7 Asked about the proposals made by Dubhashi Committee for making the organisational set up adequate and self sufficient,

the Planning Committee has stated that while several of the recommendations of the Dubhashi Committee relating to evaluation methodology, procedures, etc. had been accepted with some modification and were being followed to the extent feasible, it had not been possible to implement the recommendations regarding the creation of additional posts. The post of Joint Secretary, PEO, was redesignated as Adviser (Evaluation) with effect from July, 1982. The evaluation work was, however, not confined to the PEO alone but assistance of outside expert bodies was also obtained from time to time to supplement the activities of the PEO.

3.8 The Committee desired to know how the activities of Headquarters Offices, Regional Evaluation Offices and Project Evaluation Offices were coordinated. The Planning Commission has explained that for coordinating the activities of the Headquarters, the Regional Evaluation Offices and their Project Evaluation Offices of the Programme Evaluation Organisation there is a Technical Co-ordination Division at the Headquarters which is generally headed by one of the senior most Deputy Advisers at the Headquarters. This Division receives fortnightly reports from the Regional Evaluation Officers on the work done by them. The Project Evaluation Officers under the jurisdiction of the seven Regional Offices also send a fortnightly report to the Technical Co-ordination Division at the Headquarters with a copy to the concerned REO.

3.9 The Project Directors for different evaluation studies at the PEO Headquarters viz. Joint Adviser and Deputy Advisers also address the field units for the collection of data and information, preparation of state and district level notes etc. in respect of their studies as required and also visit these units in the course of their field visits. With a view to ensuring that the various evaluation studies are done on a uniform basis, as a matter of general practice, before launching a study in the field, short duration training camps of two to three days durations are organised for the technical staff in the field units. Whenever required the REO/PEO's also visit the PEO Headquarters.

3.10 Asked whether any posts in the Programme Evaluation Organisation were lying vacant and if so, how far it had affected the smooth functioning of the organisation, the Planning Commission in a note has stated that at present two posts of Deputy Advisers out of seven are lying vacant at the PEO Headquarters. Five posts of Project Evaluation Officers in the field are also vacant for varying durations. In addition, some posts at junior level like those of Economic Investigators, LDCs etc. are also vacant but the number of such vacancies relative to their total sanctioned strength

is not significant. The main reason for the posts of Deputy Advisers remaining vacant has been that these posts are in the Indian Economic Service and the cadre controlling authority of this service has in recent periods not been able to provide eligible officers for these posts. The non-availability of the officers to fill the vacant posts no doubt affected to an extent the completion of on-going studies and planning of new studies but efforts were made to cope with the work as far as possible with the help of the officers in position. It is hoped that in future the I.E.S. cadre controlling authority will be able to provide the officers at the levels required as and when vacancies occur due to promotions, transfers, retirements, etc.

Monitoring and Information Division

3.11 The primary responsibility for the implementation of the Plans and, therefore, monitoring of the Plan projects and schemes lies with the Central Ministries and the State Governments. However, the Planning Commission has been assigned, among others, the following function which requires the development and operation of an up-to-date monitoring system within the Commission:

“Appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary.”

3.12 In 1972, a Monitoring and Information Division was set up (by redesignating the Management and Project Evaluation Division) and assigned the specific task of developing and coordinating the monitoring and information system in the Planning Commission. A high-level Monitoring and Evaluation Unit headed by a Chief Consultant and ex-officio Secretary was created in 1973 (which functioned till 1977). The Monitoring & Information Division was also placed under the Chief Consultant. Later, in view of the increased work load and the need to relate the basic monitoring work with day-to-day work in the subject Divisions, 9 Monitoring Cells were set up in various subject Divisions in the Planning Commission. In 1982, a separate 20-Point Programme Cell was established for monitoring the performance under the Revised 20-Point Programme. In Oct.-November, 1985, however, the work relating to 20-Point Programme monitoring and monitoring of projects costing over Rs. 10 crores (later revised to 20 crores) and the respective staff engaged on this work, were transferred to the newly created Ministry of Programme Implementation. The function of the Monitoring & Information Division and the 9 Monitoring Cells are indicated in Appendix VI.

3.13 Asked how the Monitoring and Information Division of the Planning Commission coordinated the activities of the Central Ministries and the State Governments in respect of Plan implementation and monitoring, the Planning Commission has stated that the Monitoring and Information Division of the Planning Commission does not directly coordinate the activities of the Central Ministries and State Governments in relation to plan implementation and monitoring. Within the Planning Commission, various Subject Divisions and functional Divisions like Plan Coordination and State Plan Divisions are constantly inter-acting with the concerned Central Ministries and the State Governments regarding the implementation of the plans and monitoring of plan projects. The Monitoring and Information Division which, after the transfer of work relating to monitoring of projects costing Rs. 20 crores and above and staff to Ministry of Programme Implementation, is now a very small unit, primarily coordinates the monitoring activity within the Planning Commission in terms of developing the monitoring systems, data bank, inter-acting with the Ministry of Programme Implementation regarding project monitoring.

3.14 The Committee note that the review of the organisational set-up of the Programme Evaluation Organisation was undertaken by the Staff Inspection Unit of the Ministry of Finance in 1977 and by the Dubhashi Committee in 1978. The Committee are unhappy to be informed that the recommendations of the Dubhashi Committee which gave its report in 1980 have not yet been fully implemented. The Committee are unable to understand why it should have taken the Planning Commission so long in implementation of the recommendations of that Committee. The Committee need hardly stress that once an expert Committee is appointed to go into a particular matter, its recommendations should be considered and those accepted should be implemented with a sense of urgency otherwise the efforts put in and expenditure incurred on the whole exercise becomes futile and infructuous.

3.15 The Committee are unhappy to find that many posts, both at the senior as well as junior levels, are lying vacant in the Programme Evaluation Organisation and that the work of the Organisation had suffered owing to the non-availability of the requisite personnel. The Committee would urge upon the Planning Commission to initiate necessary steps to fill up all the vacant posts urgently.

3.16 The Committee note that the Monitoring and Information Division, after the transfer of work relating to monitoring of pro-

jects costing Rs. 20 crores and above and staff to Ministry of Programme Implementation has become a very small unit. The Committee would like the Planning Commission to assess the utility of the Division in the present context of the work allotted to it and if necessary to strengthen it.

B. Monitoring and information system

3.17 The Planning Commission has stated in a note furnished to the Committee that for monitoring and information system, the information is collected in the Planning Commission in the following manner:

(a) Annual Plan: With the Annual Plan proposals of various Ministries and State Governments the information on the progress of various schemes under implementation, production and operation etc., is collected during October-November every year. A number of formats are prescribed by the Planning Commission for this purpose which contain both financial and physical data.

(b) Periodical Reports:

(i) In the Central Sector, monthly/quarterly reports are received from central public sector undertakings, giving the information on the progress of construction and production, as a part of a management information system introduced in 1975 by the Bureau of Public Enterprises in consultation with the Planning Commission. Monthly/Quarterly reports are also received from Railways and Major Ports which give progress information on operations as well as projects under construction. In February 1985, a monthly Flash Report monitoring system was introduced as a part of which information was directly collected from Central projects costing over Rs. 100 crores, which are under implementation. This system has been transferred to the Ministry of Programme Implementation. The Summary and Exception Reports prepared by that Ministry are received in the Planning Commission.

(ii) In regard to the State Sectors, the Planning Commission depends mostly on the monitoring systems developed by the Central Ministries, whereby copies of reports sent by the State Governments to the Ministries are also received in the Planning Commission. In the case of power and selected major irrigation projects, periodical reports are received from Central Electricity Authority and Central Water Commission respectively, however, recently, the States have

been asked to supply information on Plan expenditure on quarterly basis and physical progress in the case of earmarked programmes/schemes on a quarterly/half yearly basis (except Power 20-Point Programme). In addition, under the 20-Point Programme Monitoring System, information on the performance of a number of schemes in the Centrally Sponsored and State sectors, is collected by the Ministry of Programme Implementation directly from States as well as Central Ministries, and monthly/quarterly reports are prepared by the Ministry, copies of which are received in the Commission.

(c) Review Notes and other papers: Some progress information is also contained in the review notes prepared for the quarterly review meetings taken by some of administrative Ministries, various papers and proposals and specialised reports received from time to time from Ministries, States and other agencies.

(d) Copies of Monthly/Quarterly Infrastructure Reports, Quarterly Report to Cabinet and Quarterly Status Reports being prepared by the Ministry of Programme Implementation are also being received in the Commission by the concerned divisions and the Monitoring & Information Division.

3.18 The result of the analysis of the progress data and the information contained in the output reports is utilised by various Divisions in the following ways:

- (i) Dealing with day to day proposals and references received from Ministries.
- (ii) Participation in quarterly review meetings held by the Ministries and giving Planning Commission's assessment and Comments.
- (iii) Considering allocation for next year's Annual Plan.
- (iv) In some cases, considering revised allocations in the current year's Annual Plan.
- (v) In preparing various notes, papers etc. as may be needed.
- (vi) In indicating the progress in the Annual and Five Year Plan documents.

3.19 In the case of industry and infrastructure sectors, the concerned Members in the Planning Commission also take quarterly review meetings where the progress and performance is discussed with the concerned Secretaries and other senior officers with a view

to identifying action as may be necessary for achieving Plan targets.

3.20 So far as deficiencies are concerned in the Monitoring system and procedure it has been stated that the deficiencies in the monitoring system and procedures can be considered in terms of the following aspects:

- (a) Coverage.
- (b) Quantity, quality and timeliness of information.
- (c) Follow-up action.
- (d) Organisation.

(a) Coverage: It has to be appreciated that the monitoring in the Planning Commission is mainly to meet the requirements for plan formulation as the basic responsibility for implementation and monitoring rests with the Central Ministries and State Governments the coordination of monitoring being the responsibility of the Ministry of Programme Implementation. Moreover, considering the staff resources, monitoring effort has to be selective. Accordingly, the emphasis in the past had been on covering important industry infrastructure sectors, such as, energy, industry; transport; railways, major ports, steel, non-ferrous metals; cement; paper and newsprint, irrigation etc. Besides, important aspects of various plan programmes in other sectors were covered by the 20-Point Programme monitoring system. These systems, now well developed, are being operated by the Ministry of Programme Implementation and Summary of analysis received in the Commission. However, there are some central sectors which have gained importance in the context of Seventh Plan, which would need to be covered adequately. These include communications, electronics, non-conventional sources of energy, consumer industries etc. Besides, some aspects in respect of State/Centrally sponsored sectors, such as, health and family welfare, agriculture and allied activities, village and small industries, command area development, social welfare, backward classes, water supply etc. which are not presently covered by the 20-Point Programme monitoring system may also have to be looked into.

(b) Quantity, quality and timeliness of information its analysis storage and retrieval: These generally include: too many and voluminous reports, crucial data gaps, frequent changes in data, lack of reliability, and delays in getting the information, inadequate analysis, storage and retrieval etc.

(c) Follow-up action: After the receipt of progress report and the analysis of information, the corrective action is the main important outcome of any monitoring system. This action can only be initiated by the executing agencies which have the responsibility for the implementation of projects and achievement of plan targets. It has been observed in many cases that adequate follow-up action has not been taken by these agencies after the receipt of progress reports and their analysis.

(d) Organisation: One reason for not being able to cover all important sectors or to undertake the desired analysis has been the organisational weakness in this area, both in the Commission and implementing agencies such as Ministries, State etc.

3.21 The corrective measures taken by the Planning Commission have been stated in a note furnished to the Committee that the Planning Commission have to depend for their monitoring system on the Central Ministries, State Governments. Project authorities and field agencies for supply of data and information. Many of the deficiencies require action by these agencies so as to improve their monitoring system and ensure adequate flow of the right information to the Planning Commission. For this purpose, the Planning Commission had been advising the Ministries and State Governments from time to time regarding the setting up of adequate monitoring systems and organisations. In early 1970s the Planning Commission issued guidelines to some of these agencies and also suggested setting up of monitoring units. A Plan scheme of providing 2/3rd assistance to State Governments for meeting the expenditure on monitoring units in the State Planning organisations was also initiated in 1972. Suggestions had also been made in successive plan documents for removing the deficiencies in the monitoring and information system. The Planning Commission had constituted two working Groups for the Seventh Plan covering monitoring and information systems at the Central and State levels respectively who reviewed these deficiencies and made a number of suggestions for corrective measures. The reports of these Working Groups submitted to Planning Commission in October, 1984, were circulated to the Central Ministries and State Governments for necessary action. Two All India Seminars to discuss the improvement in monitoring systems were also organised by the Commission in October, 1983 and June, 1986 respectively.

3.22 For improving the contents of reports and timeliness aspects, some action was taken by the Planning Commission. For the

Monthly Flash Report Monitoring System, the format was considerably simplified so that it could be transmitted by the implementing agencies with very little time lag and a period of only 3 days after the close of the month was prescribed for the submission of these reports. The output report was generated by the Planning Commission within 8 days of the close of the month. In the case of 20-Point Programme, the time lag for receipt of the monthly reports from the States was prescribed as 12 days of the close of the month and the monthly output report was generated within 20 days. For the presentation of the analysed information also, some improvements were effected. The quarterly 20-Point Programme output report compared the performance not only with the results in the corresponding period last year but also with the quarterly targets. To ensure follow-up action by the Central Ministries, the Planning Commission suggested the system of quarterly review meetings by the Secretaries of the administrative Ministries which has been implemented in a large number of Ministries. In the case of the Monthly Flash Report System, following, the administrative Ministries were requested to communicate to Planning Commission by 14th of every month the specific action initiated after the review of the projects. This information was consolidated in the Planning Commission and an Exception Report sent to the Prime Minister's office by 22nd of the month. This work is now being undertaken by the Ministry of Programme Implementation.

3.23 As regards the organisational aspects, the monitoring set up in the Commission required strengthening. A post of Adviser (Monitoring) was created and the monitoring set-up in the Planning Commission was reviewed by the Staff Inspection Unit of the Ministry of Finance who made a number of suggestions for strengthening. These are being examined and the monitoring set-up within the Commission is being reviewed with a view to further streamlining and removing any deficiencies. Large scale computerisation is envisaged for quick processing, better storage and retrieval and effective output generation.

3.24 It has been further stated that the effectiveness of monitoring system in the Planning Commission depends largely on the efficiency with which the monitoring systems are developed and operated in the Ministries, States and projects. It is, therefore, important to improve the monitoring system at all these levels. Introduction of computerisation which is presently under way, is expected to overcome some of the deficiencies such as, delays, data gaps etc. In addition, the suggestions made in the Seventh Plan document regarding rationalising the existing report formats, avoiding duplication etc. when implemented, are expected to streamline the

monitoring systems at these levels. The last review of the Monitoring set-up in Planning Commission was made with the help of Staff Inspection Unit of Ministry of Finance whose report was submitted in July, 1985.

3.25 With regard to Guidelines, issued to the Central Ministries for monitoring the Plan Schemes, the Planning Commission in a note furnished to Committee has stated that Guidelines for monitoring the implementation of Plan schemes have been issued to the Central Ministries from time to time. Most recently, the recommendations contained in the report of the Planning Commission Working Group on Monitoring and Information systems in the Central Ministries and Central Public Sector Project during the Seventh Five Year Plan, made in October, 1984, have been sent to all Central Ministries.

The recommendations include the following:

(i) Efforts should be made to streamline and rationalise the monitoring system in Ministries and to make them problem-oriented. For this purpose, small Working Groups under one Adviser/Joint Secretary acting as the 'Nodal' officer may be constituted. A joint group of representatives from BPE, Planning Commission and concerned Departments may review the system introduced in public sector projects in 1975 for further simplification of the system and making it compatible for computerisation to be introduced later.

(ii) Computerised Data Banks should be developed in every Department/agency. The Integrated Classification of Budget, Plan and Account Heads recently developed by Planning Commission, Budget Division and CGA should be used for coding purposes to facilitate feeding of data to the computers.

(iii) For intensive monitoring of all projects costing Rs. 10 crores and above, PERT/CPM networks should be developed and made full use of at the project level. There should be specific provision in their project reports for setting up of monitoring units.

(iv) Intensive monitoring should be done for all projects costing Rs. 100 crores and above and for other critical projects, for which inter-Ministry Groups in the form of empowered Committees could be set up which could closely monitor the projects and take decisions for corrective action.

(v) Officers from Ministries and concerned agencies should regularly visit the project sites to supplement the information

received by them through reports and to provide assistance to project authorities.

(vi) For sectors like Agriculture, Urban Development, Social Welfare and Education, programme-oriented monitoring system should be developed at central level.

(vii) Existing system of monitoring should be reviewed to monitor private sector investment to get a clearer picture of additions to capacity and production. The monitoring systems in DGTD should be strengthened and suitable systems developed in Ministries.

(viii) Special attention should be paid to interlinkage problems of projects, in order to bring it to the attention of the higher authorities.

(ix) Monitoring has to be recognised as a specialised function using recognised skills and hence arrangement for training should be started. Monitoring Cells have to be started initially in all Departments. Necessary funds for this purpose need to be provided.

3.26 In regard to nature of coordination between the Planning Commission and Central Government Ministries, the Planning Commission has stated that the subject Divisions in the Planning Commission are always in constant touch with the concerned Central Ministries. The Coordination between the Planning Commission and the Central Ministries is achieved through the following:—

- (a) Annual Plan discussion: Between the Secretary, Planning Commission and the Secretaries of the concerned Central Ministries and Advisers, Planning Commission and Senior Officers of the Central Ministries and Public Sector Undertakings;
- (b) Quarterly Review meetings: in the Central Ministries wherein the Planning Commission Officers both from the Subject Divisions and the Monitoring and Information Division generally participate;
- (c) Quarterly Review meetings: taken by Members Planning Commission, in respect of some sectors where the Secretaries and other senior officers from the concerned Central Ministries participate;

- (d) Through Ministry of Programme Implementation: This Ministry plays the coordinating role, where necessary and Planning Commission make use of this role.
- (e) Participation by Planning Commission officers in other meetings of the Central Ministries; and
- (f) Constant flow of information between Central Ministries and the Planning Commission and inter-action between their officers.

3.27 Asked whether the coordination of monitoring of the various Ministries after the creation of Ministry of Programme Implementation had improved, the Secretary, Planning Commission has during evidence stated:—

“We are doing monitoring not merely for the plan but also for the course correction if there is a problem coming up in the implementation of the project. Our monitoring is also required to be able to render proper economic advice to the Government for various purposes. Various economic questions which come up for decisions all the time before the Government either emanate from the concerned Ministries or from the Ministry of Finance. All these Ministries do have some sectoral angle. The Planning Commission is the only body which can bring to bear a view which will be an independent view. Therefore, for that purpose also, we are doing monitoring. We do monitoring in order to keep abreast of what is going on in the economy and in the field of plan implementation. Just take power programme. We have to keep abreast not only of the implementation of the few power projects that may be under execution but also about the fate of entire power industry. So we need monitoring for plan formulation as well as these things. Monitoring for executive action is done by the Ministries. It is their responsibility. They get quarterly information and on that basis whatever directions are required, they give. They also hold quarterly reviews. Basically we get our information from the Ministries because we feel that it will be too much of a burden on the field organisations if they have to report to too many organisations. From large undertakings we get information directly. The monitoring wing within the Planning Commission has now become slightly smaller than what it was earlier because a number of functions have

been taken over by the Ministry of Programme Implementation. Our job is to see that data systems are prepared, maintained and to coordinate the monitoring activities of different divisions, to advise them how to keep data flow and to keep higher authorities within the Planning Commission properly informed about what is happening in the field."

3.28 The Committee are pained to observe that even though we are now in the midst of Seventh Five Year Plan, no foolproof monitoring system has so far emerged and deficiencies continue to persist in that field. The Planning Commission is reported to have taken some corrective measures in the matter, but in the context of the enormity and complexity of the problem, the Committee hardly consider them to be adequate enough to meet the situation. The result is obvious is as much as the execution of most of the projects has gone awry and the projects have been inordinately delayed resulting in huge cost escalation. The Committee agree that the effectiveness of monitoring system in the Planning Commission depends largely on the efficiency with which the monitoring systems are developed and operated in the Ministries, in the States and by the authorities executing the projects. Nevertheless it is imperative that the Planning Commission should have an effective monitoring system at its disposal to keep a close and continuous watch on the execution of projects so that timely corrective measures could be taken wherever any problem arises.

3.29 The Committee note that the Planning Commission has issued certain guidelines for the Ministries and other implementing agencies for the development of an effective monitoring system and has also evolved certain devices, such as submission of monthly, quarterly, flash reports, etc. The Committee, however, regret to find that there is no mechanism available in the Planning Commission to ensure that the guidelines issued by the Commission are in fact being followed by the implementing agencies in letter and spirit. The Committee would expect the Planning Commission to evolve such a mechanism urgently .

C. Reports and Returns

3.30 The Planning Commission has stated that the reports/returns are periodically received from the Central Government Ministries as well as from the project authorities regarding implementation of Plan schemes. For central public sector undertak-

ings, these reports are on the formats prescribed in 1975 by Bureau of Public Enterprises in consultation with the Planning Commission. For the monthly Flash Report System for central projects costing over Rs. 100 crores, and 20-Point Programme Monitoring System, the formats were prescribed by the Planning Commission. For other departmental schemes, the reports are prescribed by the concerned central Ministries.

3.31 The progress reports broadly indicate (a) the production performance, containing figures of actual production for the quarter and for the same quarter last year, *vis-a-vis*, the targets of quarterly as well as annual production, capacity utilisation and operational efficiency; (b) profitability, where applicable; (c) the physical progress of the implementation of the Plan schemes including the delay in commissioning (time over-run), and cost over-runs; (d) achievement of annual targets; and (e) expenditure.

3.32 The various reports received in the Planning Commission are analysed in the concerned subject Divisions, in order to identify the shortfall in the achievement of targets, problem areas and the corrective action needed. These are discussed in various quarterly review and other meetings taken by the Central Ministries, where the Planning Commission officers participate so that necessary action could be initiated by the respective Central Ministries. Within the Planning Commission, the performance is reviewed in the case of some important sectors in the meetings taken by the concerned Members. Lastly, in all sectors, the progress performance is taken into account at the time of Annual Plan discussions when the outlays and physical targets for the next year are considered.

3.33 The Committee wanted to know the time limit laid down for furnishing periodical returns of progress of Plan schemes. In the note furnished to the Committee, it has been stated that for the monthly Flash Reports to be received from Central projects costing over Rs. 100 crores, the time limit laid down by Planning Commission was 3 days after the close of the month. In almost all cases, these reports were received within this time limit. In the case of Monthly Production Reports being received under the 1975 system introduced for the public sector undertakings, the time limit is 10 days while the quarterly construction as well as other reports, the time limit prescribed is 2 to 4 weeks after the

close of the quarter. There is generally a delay of 2 to 6 weeks in the receipt of these reports from some organisations. There is a system of sending reminders to the concerned organisations when the reports are not received 2 weeks after the prescribed period.

3.34 In a few cases where there is a wide gap between the expiry of the period to which a return pertains and the time by which the returns are received, the officers in the Planning Commission collect information through alternative methods and personal contacts with the central Ministries. For example, the background notes prepared by Central Ministries for their quarterly review meetings provide some of the required information. In case any information is urgently needed the Planning Commission request the Central Ministries for the same which is supplied as and when required.

3.35. The Committee consider that reports and returns being submitted by the various implementing agencies to the Planning Commission could and should be used as effective instruments in monitoring the progress of a project ensuring that various time scheduled as prescribed are scrupulously observed. The Committee, therefore, strongly recommend that it should be impressed upon the implementing agencies for submission of the reports/returns strictly according to the schedules laid down and they should be complete in all respects. The reports/returns should be analysed realistically and with speed on receipt from the implementing agencies and corrective measures initiated at the earliest wherever called for.

CHAPTER IV

ROLE OF MINISTRY OF PROGRAMME IMPLEMENTATION

4.1 The Committee have been informed that the Ministry of Programme Implementation was created as a new Ministry with effect from the 25th of September, 1985.

4.2 The following business was allocated to the new Ministry:

- (a) Monitoring of performance of Infrastructure Sectors.
- (b) Monitoring of implementation of Central Projects costing Rs. 20 crores and above; and
- (c) Monitoring of implementation of 20-Point Programme.

4.3 There are 3 major functional Divisions in the Ministry, namely, Infrastructure Monitoring Division, Projects Monitoring Division and 20 Point Programme Monitoring Division. The specific functions of each Division are detailed below:

Infrastructure Monitoring Division

(i) This Division has two major functions, namely,—

- (a) Monitor periodically and every month the performance of the Infrastructure sector, i.e. of the nine Ministries on whose performance all other sectors of the economy depend.
- (b) Act as a catalyst, i.e. bring the Departments together and arrive at compromise solutions to problems affecting one another instead of allowing any confrontation which would affect their own performance and ultimately affect the performance of the economy.

(ii) The departments making up the infrastructure sectors are Power, Coal, Railways, Telecommunications, Shipping, Steel, Fertilisers, Cement and Petroleum.

(iii) The Departments submit status reports pertaining to their sectors giving the performance *vis-a-vis* targets, the previous period and the corresponding period of the previous year. They also indicate specific operational bottlenecks, if any, requiring remedial action.

(iv) Officers in the Infrastructure Monitoring Division remain in regular contact with their counterparts in different departments and are often able to get over small difficulties or bottlenecks by talking to different officials and evolving compromise solutions.

(v) The Infrastructure Monitoring Division submits a monthly report to the Chairman and Members of the Cabinet Committee on Industrial Infrastructure besides Cabinet Secretary, PM's office and Secretaries of Infrastructure Ministries/Departments. A summarised version of the report alongwith charts is also submitted every month to the Prime Minister. These reports cover performance for not only the month reported upon but also the cumulative periods upto the end of the month, i.e. the report for October covers not only the performance of October but the performance from April to October. Quarterly reports in addition, are also submitted, in a similar manner at the end of each quarter.

(vi) At the beginning of each financial year, a series of meetings are held with the Infrastructure departments to resolve possible mis-matches affecting the achievement of the production programme and targets fixed for the different Departments for the year.

Project Monitoring Division

4.4 The Project Monitoring Division came into existence in November, 1985 when a part of the Monitoring and Information Division of the Planning Commission and the Project Cell in the Cabinet Secretariat were transferred to the Ministry of Programme Implementation. The Project Monitoring Division has been assigned the role of monitoring all project which have an approved Capital Cost of Rs. 20 crores or more in the Central Sector. The Division brings out the following (Management Information Reports).

Monthly Flash Report

4.5 All projects costing more than Rs. 100 crores are included in the Monthly Flash System. Flash Report System is based on milestones (major activities) monitoring drawn from the project schedule Network against their targetted dates for achievement. The division based on the Flash reports received from the projects, brings out a consolidated Summary Flash Report which is circulated to the Prime Ministers' office, Cabinet Secretariat and the concerned Ministries/Departments.

Exception Report:

4.6 Each Ministry is requested to critically analyse reasons for slippage of critical milestones in the light of the Monthly input Flash Reports and the Summary Flash Report prepared by this Ministry and send a report indicating action taken to tackle different problems reported by the project authorities by 14th of each month. The review reports from the Ministries are then scrutinised and a consolidated Exception Report is drawn up for all projects covered in the Flash Report. The Exception Report pinpoints specific problem areas hampering/likely to hamper the smooth implementation of projects and brings the same to the notice of the Government at the highest level namely the Prime Minister's office and Cabinet Secretariat. The report is also circulated to the concerned Secretaries. Inter-ministerial interactions are also organised to highlight the problem areas such as delays in the delivery schedules for critical equipment by the suppliers etc., in order to create the necessary awareness among the administrative Ministries to initiate timely action in containing the time and cost overrun of the projects.

Monthly Monitoring of Mega Projects

4.7 The projects costing over Rs. 1000 crores are monitored in more details and discussed at the Secretary level.

Quarterly Monitoring

4.8 Reporting in regard to project costing above Rs. 20 crores and below Rs. 100 crores is done only on quarterly basis. The Division draws up a Quarterly Status Report for all projects costing Rs. 20 crores and above on a sector by sector basis. The Report covers salient features of the projects and indicates among others things the latest commissioning date, cumulative expenditure, on the project upto the end of the quarter reported on, and the time and cost overrun.

Reports to the Cabinet

4.9 The Division is submitting special Report to the Cabinet highlighting the issues which require attention of the Cabinet for solving problems hampering implementation of the projects. The division is also submitting sectoral review on the overall implementation status of projects in the Central Sector for review of the Cabinet Committee on Industrial Infrastructure and Cabinet Committee on Economic Affairs.

4.10 The primary responsibility for ensuring timely completion of projects lies with the concerned Ministry who have to take steps

for corrective action whenever projects are behind schedule. The Ministry of Programme Implementation, however, plays the role of a helpful watch-dog monitoring the progress of the projects, identifying slippages and keeping the Ministries, the Cabinet and the Prime Minister informed so that necessary and timely action can be taken by the concerned Ministries. Follow up action is also taken while preparing subsequent reports to see whether the suggested corrective action has been taken or not.

20 Point Programme Monitoring Division

4.11 Implementation of the 20 Point Programme is monitored, by collecting data on achievements vis-a-vis targets for the implementation of the various items from the States, and bringing out monthly/quarterly performance reports detailing the achievement.

4.12 Review meetings are held under the Chairmanship of Secretary, Ministry of Programme Implementation with selected Central Ministries operating/supervising important programmes, where concerned officers of the Planning Commission are also present.

4.13 The Committee desired to know whether there was any duplication in the monitoring work done by the Ministry of Programme Implementation and the Planning Commission. The Planning Commission has stated:

"There is no duplication in the monitoring work being done by the Ministry of Programme Implementation and the Planning Commission.....The Planning Commission does not longer undertake specific monitoring of the work (assigned to the Ministry of Programme Implementation). However, the periodic assessment done by the Ministry of Programme Implementation is made available to the Commission and is useful for the overall performance review of various sectors which the Planning Commission undertakes from time to time in its meetings and discussions with the administrative Ministries and for the detailed yearly review which is done by it at the time of the Annual Plan formulation."

4.14 The Committee enquired whether the coordination of monitoring of various Ministries, after the creation of Ministry of Programme Implementation, had improved. The Addl. Secretary of Ministry of Programme Implementation stated:—

".....All the projects above Rs. 100 crore capital cost are being monitored closely and intensively under the flash report monitoring system which had been instituted in the Planning Commission. Of course, we tried to make some modifications and improvements and we produce flash reports. Then we interact with the Ministries and indicate the areas where intervention is required."

4.15 In reply to a question, the Addl. Secretary, Ministry of Programme Implementation, stated that inter-ministerial problems were required to be solved by the Administrative Ministries concerned. These Ministries could also refer their problems to the Cabinet Committee which was presided over by the Finance Minister and the Minister of Programme Implementation happened to be the Vice-Chairman of that Committee.

4.16 The Committee enquired whether after creation of Ministry of Programme Implementation, implementation of schemes/projects had improved. The Addl. Secretary of the Ministry of Programme Implementation stated: "There is no quantitative index to show that, but our assessment is that things have improved."

4.17 The Committee desired that a note might be furnished stating the extent to which the performance in the implementation of Plan Schemes had improved due to close monitoring by the Ministry of Programme Implementation. The Ministry of Programme Implementation has furnished the following note in this regard: -

"Perormance in the implementation of planned scheme, whether it be in terms of production in the Infrastructure Sector, crossing of milestones and completion of projects or implementation of the 20-Point Programme has benefitted from the close monitoring undertaken by the Ministry of Programme Implementation. The very process of high-lighting on a regular and continuing basis, shortfalls in production, failure to cross milestones in project implementation and shortfalls in achievement in the implementation of the 20-Point Programme, every month/quarter enables corrective action being taken by the implementing and supervising agencies by undertaking detailed and intensive monitoring, the Ministry of Programme Implementation provides the necessary warning signals to the implementing agencies to undertake such midcourse corrections, as are necessary to

achieve the prescribed targets/schedules for the various plan schemes undertaken by them. In so far as performance of infrastructure sectors is concerned, there has been marked improvement in almost all the sectors. The Ministry has also been holding indepth review meetings to get a clear insight into problems faced by the project authorities and nodal ministries. Meetings have been held with the concerned Ministries and other agencies to arrive at the agreed measures for tackling such problems. The Ministry has taken the initiative to organise meetings at the Minister's level for sorting out more intractable problems requiring higher direction and decisions specially in regard to equipment supply by the Public Sector Undertakings, clearance from various regulatory agencies, acquisition of land in different States, etc. Such initiatives have succeeded in expediting for its clearance for transmission lines projects, shifting of structures coming in the way of Calcutta Metro, ensuring water supply to Korba Super Thermal Power Projects and solving problems of construction power at several project sites."

4.18 The Committee desired to know which agency monitored implementation of the Schemes which when started were less than Rs. 20 crores but crossed that figures due to cost escalation. The Planning Commission has stated:—

"As and when the cost of a Central Project crosses Rs. 20 crores due to cost escalation and a revised estimate exceeding Rs. 20 crores is approved by the Government it gets included in the list of projects being monitored by the Ministry of Programme implementation."

4.19 The Committee enquired whether computerisation for monitoring had been introduced in the Planning Commission to avoid the delays. The Adviser (Monitoring and Information), Planning Commission, stated:—

"There is a plan for computerisation at various levels which will facilitate monitoring. There is a large super computer. That computer has been connected with the terminals in the Ministries and they are also installing a computer centre in every State and later on there will be computer centres in every district. All these computers will be inter-connected and all of them are likely

to achieve the target for their installations. The data for every sector is to be stored at their respective places, as for example, the data on power will be with the Department of Power and all the data will be accessible to the Planning Commission. The terminals have also been installed in the Planning Commission connected with the computer. The idea is that with the installation, a lot of deficiencies will be removed. That is the data banks in various Ministries, the State Governments and in the districts the data flow will be very fast. There would not be many gaps, data will be easily accessible at a fare rate. With the introduction of computerisation, a lot of deficiencies will be removed. That is the expectation after the computer network comes into operation. In the Planning Commission we have already put the data for about 3000 Central sector schemes in the data bank and that is being updated on an annual basis which will give relevant minimum details about the schemes. All that data is being computerised right now...As far as the Central Sector Scheme coverage is concerned almost 90 per cent work of computerisation has been done.'

The Secretary Planning Commission added:—

"It is one year business. The programme is going on. The present target is to complete this work by the end of 1987 in all the districts. But it depends upon what funds are going to be allocated to the Department of Electronics. So, it is possible that they do not get adequate funds. Then it may spill over into 1988."

4.20 Asked to state whether the Planning Commission was passing computerised informations to the Ministry of Programme Implementation, The Adviser (Monitoring and Information), Planning Commission stated:—

"In fact, there is very good coordination. At the time of annual plan formulation, we collect the data. Copies of those are given to them. The copy of net-work which comes to the Planning Commission is also passed on to them. The progress report is the same and the data access is same to both. We do not have to physically pass on data to them, which is in-computer as this is accessible to them."

4.21 The Committee note that the Ministry of Programme Implementation, created in September, 1985 is intended to play the role of a helpful watchdog for monitoring of performance of infrastructure sector, monitoring of implementation of Central projects costing Rs. 20 crores and above and monitoring of implementation of the 20 Point Programme. The Ministry of Programme Implementation do not seem to have, and probably cannot have, looking to the diverse activities of various Ministries, any expertise of their own. It thus basically plays a monitoring role based on information collected from the concerned Ministries/Projects so as to keep the Prime Minister, Cabinet and the Ministries abreast of the progress and also to identify slippages etc. so that necessary timely action can be taken by the concerned Ministries. The Committee hope that a result of entrusting the work of monitoring to a full fledged Ministry, the Government will be able to keep a better check and should be able to complete various projects/schemes taken up in the Seventh Five Year Plan well in time and without any bottleneck. They, however, feel that since a period of almost two years has elapsed when the Ministry of Programme Implementation came into being, an objective assessment of its achievements in clear, unambiguous and practical terms is called for.

4.22 The Committee are anxious that since the monitoring activities of Planning Commission as also the Ministry of Programme Implementation, in certain fields are almost identical, it should be assured that there is no overlapping or duplication of effort between the two.

4.23 The Committee are pleased to learn that the Ministry of Programme Implementation is computerising its monitoring system and about 90 per cent of the work has already been completed and the Ministry expects that the remaining work on computerisation will be completed by the end of 1987 if funds are released to them. The Committee desire that the constraints of funds should not be allowed to come in the way of an important field as computerisation. They, therefore, expect that adequate funds will be made available for the purpose so that the work of computerisation is completed in 1987 itself.

NEW DELHI;
April 27, 1987
Vaisakha 7, 1909 (S)

CHANDRA TRIPATHI,
Chairman,
Estimates Committee.

APPENDIX I

(see Para 1.23)

Statement indicating recommendations on schemes made by Working Groups, those included in the seventh Five year plan those included with modifications and those rejected,

Name of the Working Group	No. of Working Group recommendation on schemes	No. of recommendations on schemes included in the Seventh Plan	No. of recommendations on schemes included with modifications	No. of recommendations on schemes rejected
1	2	3	4	5
<i>Perspective Planning</i>				
1. Analysis and Measurement of the incremental Capital output ratio in Public and Private Sector in the seventies. 2. Concepts and Estimation of Poverty line (Called Study Group)	} Pertaining to methodology and not related to Schemes.			
<i>Financial Resources</i>				
3. Study of Financial Resources for the Seventh Five Year Plan period. 4. Study of potentials as well as instruments for domestic resource mobilisation for financing Public Sector Plan outlays.	} For estimation of resources, not related to schemes.			
<i>International Economics</i>				
5. Balance of Payments	} —Do.—			
<i>Monitoring</i>				
6. Monitoring and information Systems in the Central Ministries and Central Public Sector Projects. 7. Monitoring and Information Systems at the State and District levels. 8. Training and Development Administration.	} Not related to specific schemes.			

1	2	3	4	5
<i>Agriculture</i>				
9. Horticulture	18	11	—	7
10. Demand and Supply Projections and Improvement of Agricultural Statistics	23	19	—	4
11. Management of Natural Calamities	5	5	—	—
12. Agricultural Production including irrigated and Rainfed/Dryland Farming Agricultural Extension and Administration	82	33	5	44
13. Animal Husbandry and Dairying	76	50	—	26
14. Agricultural Credit and Cooperation (including Crop-Insurance)	31	21	3	7
15. Food Processing	27	7	4	16
16. Storage and Warehousing	5	5	—	—
17. Land reclamation and development	9	3	—	6
18. Buffer stocking	1	1	—	—
19. Agricultural Inputs (Seeds, Fertilizers, Plant Protection, Agricultural Implements and Machinery)	69	25	23	21
20. Agricultural Price Policy, Trade and Marketing	Not related to Plan schemes			
21. Fisheries	51	14	20	17
22. Forestry and Soil Conservation	64	42	10	12
23. Agricultural Marketing and Rural Go-downs	5	5	—	—
24. Plantation Crops	133	83	—	50
25. Agricultural Research and Education	229	194	6	29
<i>Irrigation Command Area Development and Flood Control</i>				
26. Major and Medium Irrigation	10	—	7	3
27. Minor Irrigation	6	1	4	1
28. Command Areas Development	1	—	1	—
29. Flood Control	11	2	8	1
<i>Rural Development</i>				
30. Special Programme of Rural Development	160	70	52	38

	1	2	3	4	5
<i>Village and Small Industries</i>					
31. Khadi and Village Industries					
32. Handicrafts Industry					
33. Small Scale Industries					
34. Coir Industries					
} Number of recommendations have not been delineated and therefore cannot be quantified. Most of the recommendations are of the nature of policy support and have been, by and large accepted.					
<i>Labour, Employment & Manpower</i>					
35. Employment Strategy					
36. Identification of Technical Manpower Shortages					
37. Manpower Requirements and shortages in Hill/Tribal Areas.					
} Related to policy guidelines strategies etc.					
38. Industrial Relations		11	3	..	8*
39. Vocational Training		6	4	..	2*
40. Vocational Training of Women		7	6	..	1*
41. Employment Services		20	8	3	9*
<i>Energy</i>					
42. Coal and Lignite		179	94	..	85
43. Petroleum ** Refining		210	115	..	95
44. Power		182	121	12	49
45. Deptt. of Non-Conventional Energy Sources		21	21	..	
<i>Industry and Minerals</i>					
46. Non-Metallic (Industrial) Minerals		9	3	3	3

*Includes those rejected/not yet considered/on which position is not clearly evident. Further,

1. In some cases while specific schemes based on the recommendations of the Working Groups had been included in the first set of proposals for the Seventh Plan forwarded by the Ministry of Labour in December, 1984 many of them were not included in the list of schemes furnished by the Ministry after the sectoral outlay for the Seventh Plan was settled at Rs. 95.44 crores.

2. Also, position regarding the final rejection is still not clear since the Ministry of Labour might take recourse under the delegation of financial powers to decide on some schemes which have been still under consideration or even specifically not approved earlier.

**On techno-economic considerations the exploratory and development programme suggested by the Working Group had to be modified.

1	2	3	4	5
47. Non-Ferrous Metals — Aluminium, Copper, Zinc Magnesium and Nickel	64	17	22	25
48. Tyres and Tubes (Automobiles and Bicycles)	} No specific recommendation for the Seventh Plan schemes in the Central Sector			
49. Cement Industry				
50. Paper, Paper Board and News Print Industry				
51. Controls and Instrumentation Industry				
52. Sugar Industry				
53. Ship building and Ship Repairing Industry	30	8	16	6
54. Machine Building Transport Equipment and Allied Industries	20	..	21	8
55. Leather and Leather Goods Industry	} No specific recommendation for the Seventh Plan schemes.			
56. Iron Ore and Ferrous Group of Minerals.	2	2	..	..
57. Jute Textile Industry	} No specific recommendation for the Seventh Plan schemes.			
58. Petro-Chemicals Industry	15	10	4	1
59. Organic and Inorganic Chemicals	} No specific recommendation for the Seventh Plan schemes.			
60. Fertilizers	45	15	20	10
61. Pesticides	12	..	9	3
62. Iron & Steel	59	31	24	4
63. Electronics Industry	} No specific recommendation related to schemes.			
64. Industrial and Mining Programmes of the Deptt. of Atomic Energy	53	23	11	19
65. Edible Oil, soaps and Detergents	} No specific recommendation related to the schemes			
66. Drugs & Pharmaceuticals				
67. Consumer Durables				
68. Textiles (includes Handlooms, Powerlooms and Sericulture)	196	By and large accepted.		
<i>Transport</i>				
69. Railways	200	165	23	12
70. Roads	15	..	15	..

1	2	3	4	5
71. Road Transport	12	..	10	2
72. Shipping	30	3	27	..
73. Ports	65	28	34	3
74. Inland Water Transport	19	..	19	..
75. Civil Air Transport	32	2	29	1
76. Tourism	46	..	46	
77. Meteorology	37	37	..	..
<i>Communications, Information and Broadcasting</i>				
78. Communications	53	53	..	..
79. Information & Broadcasting	153	148	5	
<i>Science & Technology</i>				
80. Department of Science & Technology	34	33	..	1
81. Department of Atomic Energy (Research and Development)	217	214		3
82. Department of Space (S&T)	62	53		9
83. Department of Environment (S&T)	11	11	..	..
84. Department of Ocean Development	18	17	..	1
85. C.S.I.R. (S&T)	5	5	..	
<i>Education, Art and Culture & Sports</i>				
86. Elementary Education	13	9	1	3
87. Secondary Education	17	12	4	1
88. University Education	17	14	2	1
89. Adult Education	23	14	3	6
90. Technical Education	26	9	12	5
91. Educational Technology and Distance Training	8	1	7	..
92. Languages	19	..	14	5
93. Monitoring and Evaluation (Education)				
94. Resources Requirement for Education Sector				
} Not related to specific schemes				
95. Art and Culture	51	6	22	23
96. Sports, Physical Education and Youth Services	34	20	12	2
97. Modernisation of Library Services and Information	19	12	4	3

1	2	3	4	5
<i>Health and Family Planning</i>				
98. Population Stabilisation and MCH care Activities	21	16	4	1
99. Health Care Delivery Services in Rural and Urban Areas	35	35	..	..
100. Control of Communicable Diseases and control of Blindness	8	8	..	..
101. Containment of Non-Communicable Diseases	18	18	..	..
102. Working Group on Medical Education and Manpower Planning	17	13	4	..
103. Medical and Health Research and Development	11	11	..	..
104. Health, Education/Information, Education and Communication (HEC)	26	20	4	2
105. Indigenous Systems of Medicine and Homoeopathy	9	8	..	1
<i>Housing, Urban Development and Water Supply</i>				
106. Housing	22	14	1	7
107. Urban Development	16	10	1	5
108. Water Supply and Sanitation	12	7	2	3
<i>Multi Level Planning</i>				
109. Preparation of guidelines for District Planning	Not related to schemes			
110. Hill Areas Development Programme	116	82	..	34*
111. Development of North Eastern Region	175	89	..	86*
<i>Backward Classes</i>				
112. Scheduled Castes	209	204	1	4
113. Scheduled Tribes	367	365	1	1
<i>Social Welfare</i>				
114. Welfare and Development of women	15	8	2	5
115. Welfare of the Handicapped	7	4	..	3
116. Residual Areas of Social Welfare	28	7	14**	7
117. Welfare and Development of Children	8	6	..	2
<i>Economic Growth and Policy</i>				
118. Civil Supplies***	9	4	5	..

*Some of the recommendations are still under consideration by different Ministries/Departments.

**Merged with appropriate scheme in the Plan.

***Excluding edible oils and consumer protection.

APPENDIX II

(See para 1.29)

Statement indicating expenditure incurred in connection with the visit of non-official members for their attending meetings of working Groups Constituted in connection with the formulation of the Seventh Five Year Plan

Name of the Working Group	Amount paid by the Planning Commission (in Rs.)
1. Analysis and measurement of the Incremental Capital output ratio in public and private sector in the Seventies	.. .. .
2. Concepts and Estimation of Poverty Line	16,768-10
<i>Financial Resources</i>	
3. Study of Financial Resources for the Seventh Five Year Plan Period.	.. .. .
4. Study of potentials as well as instruments for domestic resource mobilisation for financing public sector plan outlays.	4,935-00
<i>International Economics</i>	
5. Balance of Payments	.. .. .
<i>Monitoring</i>	
6. Monitoring and Information Systems in the Central Ministries and Central Public Sector Projects	.. .. .
7. Monitoring and Information Systems at the State and District levels	.. .. .
8. Training and Development Administration	.. .. .
<i>Agriculture</i>	
9. Horticulture	.. .. .
10. Demand and Supply Projections and Improvement of Agricultural Statistics	.. .. .
11. Management of Natural Calamities	2,051-20
12. Agricultural Production	.. .. .
13. Animal Husbandry and Dairying	.. .. .
14. Agricultural Credit and Cooperation (including crop insurance)	.. .. .

Name of the Working Group	Amount (in Rs.)
15. Food Processing	
16. Storage and Warehousing	
17. Land Reclamation and Development	
18. Buffer Stocking	
19. Agricultural Inputs	
20. Agricultural Price Policy, Trade and Marketing	
21. Fisheries	9,974.90
22. Forestry and Soil Conservation	
23. Agricultural Marketing and Rural Godowns	
24. Plantation Crops	
25. Agricultural Research and Education	1,965.00
<i>I & C A D & Flood Control</i>	
26. Major and Medium Irrigation	
27. Minor Irrigation	
28. Command Areas Development	
29. Flood Control	
<i>Rural Development</i>	
30. Special Programme of Rural Development	
<i>V & S I</i>	
31. Khadi & Village Industries	
32. Handicraft Industry	
33. Small Scale Industries	
34. Coir Industries	
<i>Labour, Employment and Manpower</i>	
35. Employment Strategy	12,128.20
36. Identification of Technical Manpower Shortages	
37. Manpower Requirements and Shortages in Hill/Tribal Areas	
38. Industrial Relations	
39. Vocational Training	
40. Vocational Training of Women	
41. Employment Services	

Name of the Working Group	Amount (in Rs.)
<i>Energy</i>	
42. Coal and Lignite	..
43. Petroleum	..
44. Power	..
45. Deptt. of Non-Conventional Energy Sources	..
<i>Industry and Minerals</i>	
46. Non-Metallic (Industrial) Minerals	..
47. Non-Ferrous Met. ls	..
48. Tyres and Tubes	..
49. Cement Industry	..
50. Paper, Paper Board and News Print Ind.	..
51. Con Rols and Instrumentation Industry	..
52. Machine Building, Transport Equipment and Allied Industries	..
53. Sugar Industry	..
54. Ship Bldg. and Ship Repairing Industry	..
55. Leather and Leather Goods Industry	..
56. Iron Ore and Ferrous Group of Minerals	..
57. Jute Textile Industry	2,114.30
58. Petro-Chemical Industry	..
59. Organic and Inorganic Chemicals	..
60. Fertilizers	..
61. Pesticides	..
62. Iron & Steel	..
63. Electronic Industry	120.30
64. Industrial and Mining Programmes of the Deptt. of Atomic Energy	..
65. Edible Oil, Soaps and Detergents	..
66. Drugs & Pharmaceuticals	..
67. Consumer Durables	..
68. Textiles (incl. Handlooms, Powerlooms & Sericulture)	..
<i>Transport</i>	
69. Railways	..
70. Roads	..
71. Road Transport	..

Name of the Working Group	Amount (in Rs.)
72. Shipping	
73. Ports	..
74. Inland Water Transport	
75. Civil Air Transport	..
76. Tourism	..
77. Meteorology	..
<i>Communications, Information and Broadcasting</i>	
78. Communications	..
79. Information and Braodcasting	..
<i>Science & Technology</i>	
80. Deptt. of Science & Technology	..
81. Department of Atomic Energy (Research & Development)	..
82. Deptt. of Space (S&T)	..
83. Deptf. of Environment	..
84. Department of Ocean Development	..
85. CSIR (S&T)	..
<i>Education, Art and Culture & Sports</i>	
86. Elementary Education	14,921.10
87. Secondary Education	13,724.20
88. Unversity Education	41,473.10
89. Adult Education	33,461.60
90. Technical Education	10,794.60
91. Educational Technology & Distance Training	4,268.30
92. Languages	17,260.90
93. Monitoring & Evaluation (Education)	..
94. Resources Requirement for Education Sector	7,098.20
95. Art & Culture	24,924.00
96. Sports, Physical Education and Youth Services	9,704.10
97. Modernisation of Library Services and Information	3,275.00
<i>Health and Family Planning</i>	
98. Population Stablisation and MCH care activities	36,868.90
99. Health Care Delivery Services in Rural and Urbap Areas	13,011.10

Name of the Working Group	Amount (in Rs.)
100. Control of Communicable Diseases and control of blindness	7,399.80
101. Containment of Non-Communicable Diseases	8,398.80
102. Working Group of Medical Education and Manpower Planning	3,716.00
103. Medical and Health Research and Dev.	35,808.60
104. Health, Edn/Information, Edn. & Commn.	3,472.80
105. Indigenous Systems of Medicine & Homeopathy	10,735.90
<i>Housing, Urban Dev. & Water Supply</i>	
106. Housing . . . . .	..
107. Urban Development . . . . .	..
108. Water Supply & Sanitation . . . . .	..
<i>Multi-Level Planning</i>	
109. Preparation of guidelines for District Planning	83,580.25
110. Hill Areas Development Programme	1,38,852.00
111. Development of North Eastern Region	68,037.60
<i>Backward Classes</i>	
112. Scheduled Castes . . . . .	..
113. Scheduled Tribes . . . . .	..
<i>Social Welfare</i>	
114. Welfare and Development of Women	6,994.00
115. Welfare of the Handicapped . . . . .	..
116. Residual Areas of Social Welfare	1,787.70
117. Welfare and Development of Children	14,164.70
<i>Economic Growth and Policy</i>	
118. Civil Supplies . . . . .	..
	6,63,790.8

APPENDIX—III

(See Para 1.30)

List of Working Groups and Steering Groups set up for the Seventh Plan

Perspective Planning

1. Analysis and Measurement of the incremental capital output ratio in Public and Private Sector in the seventies.
2. Concepts and Estimation of Poverty Line (called Study Group)

Financial Resources

3. Study of Financial Resources for the Seventh Five Year Plan period.
4. Study of potentials as well as instruments for domestic resource mobilisation for financing Public Sector Plan outlays.

International Economics

5. Balance of Payments

Monitoring

6. Monitoring and information Systems in the Central Ministries and Central Public Sector Projects
7. Monitoring and Information Systems at the State and District levels.
8. Training and Development Administration

Agriculture

9. Horticulture
10. Demand and Supply Projections and Improvement of Agricultural Statistics.
11. Management of Natural Calamities
12. Agricultural Production including Irrigated and Rainfed/Dryland Farming Agricultural Extension and Administration.
13. Animal Husbandry and Dairying

14. Agricultural Credit and Cooperation (including Crop-Insurance)
15. Food Processing
16. Storage and Warehousing
17. Land reclamation and development
18. Buffer stocking
19. Agricultural Inputs (Seeds, Fertilizers, Plant Protection, Agricultural Implements and Machinery.
20. Agricultural Price Policy, Trade and Marketing
21. Fisheries
22. Forestry and Soil Conservation
23. Agricultural Marketing and Rural Godowns
24. Plantation Crops
25. Agricultural Research and Education

Irrigation Command Area Development and Flood Control

26. Major and Medium Irrigation
27. Minor Irrigation
28. Command Areas Development
29. Flood Control

Rural Development

30. Special Programme of Rural Development

Village and Small Industries

31. Khadi and Village Industries
32. Handicrafts Industry
33. Small Scale Industries
34. Coir Industries

Labour, Employment & Manpower

35. Employment Strategy

36. Identification of Technical Manpower Shortages
37. Manpower Requirements and shortages in Hill/Tribal Areas
38. Industrial Relations
39. Vocational Training
40. Vocational Training of Women
41. Employment Services

Energy

42. Coal and Lingnite
43. Petroleum
44. Power
45. Deptt. of Non-Conventional Energy Sources

Industry and Minerals

46. Non-Metallic (Industrial) Minerals
47. Non-Ferrous Metals Aluminium, Copper, Zinc, Megnesium and Nickel.
48. Tyres and Tubes (Automobiles and bicycles)
49. Cement Industry
50. Paper, Paper Board and News Print Industry
51. Controls and Instrumentation Industry
52. Sugar Industry
53. Ship building and ship repairing Industry
54. Machine Building, Transport Equipment and Allied Industries
55. Leather and Leather Goods Industry
56. Iron ore and Ferrous Group of Minerals
57. Jute Textile Industry
58. Petro-Chemicals Industry
59. Organic and Inorganic Chemiclas
60. Fertilisers
61. Pesticides

- 62. Iron & Steel
- 63. Electronics Industry
- 64. Industrial and Mining Programmes of the Deptt. of Atomic Energy
- 65. Edible Oil, Soaps and Detergents
- 66. Drugs and Pharmaceuticals
- 67. Consumer Durables
- 68. Textiles (Including Handlooms, Powerlooms and Sericulture)

Transport

- 69. Railways
- 70. Roads
- 71. Road Transport
- 72. Shipping
- 73. Ports
- 74. Inland Water Transport
- 75. Civil Air Transport
- 76. Tourism
- 77. Meteorology

Communications, Information and Broadcasting

- 78. Communications
- 79. Information & Broadcasting

Science & Technology

- 80. Department of Science & Technology
- 81. Department of Atomic Energy (Research and Development)
- 82. Department of Space (S&T)
- 83. Department of Environment (S&T)
- 84. Department of Ocean Development
- 85. C.S.I.R. (S&T)

Education, Art and Culture & Sports

86. Elementary Education
87. Secondary Education
88. University Education
89. Adult Education
90. Technical Education
91. Educational Technology and Distance Training
92. Languages
93. Monitoring and Evaluation (Education)
94. Resources Requirement for Education Sector
95. Art and Culture
96. Sports, Physical Education and Youth Services
97. Modernisation of Library Services and Information

Health and Family Planning

98. Population Stabilisation and MCH care Activities
99. Health Care Delivery Services in Rural and Urban Areas
100. Control of Communicable Diseases and control of Blindness
101. Containment of Non-Communicable Diseases
102. Working Group on Medical Education and Manpower Planning
103. Medical and Health Research and Development
104. Health, Education/Information, Education and Communication (HEC)
105. Indigenous Systems of Medicine and Homoeopathy

Housing, Urban Development and Water Supply

- 106. Housing
- 107. Urban Development
- 108. Water Supply and Sanitation

Multi Level Planning

- 109. Preparation of guidelines for District Planning
- 110. Hill Areas Development Programme
- 111. Development of North Eastern Region

Backward Classes

- 112. Scheduled Castes
- 113. Scheduled Tribes

Social Welfare

- 114. Welfare and Development of Women
- 115. Welfare of the Handicapped
- 116. Residual Areas of Social Welfare
- 117. Welfare and Development of Children

Economic Growth and Policy

- 118. Civil Supplies***

Steering Groups

- 119. Steering Group on Agriculture
- 120. Steering Group on Education
- 121. Steering Group on Science & Technology
- 122. Steering Group on Health

APPENDIX IV

(See para 1.64)

Statement showing percentage of resources left after allotment of funds to Continuing schemes in the Seventh Plan in different Sectors

Sector/Programmes.	Percentage of resources left after allotment of funds to continuing schemes in the Seventh Plan in Centres/ Centrally sponsored sectors
1	2
1. Agriculture and Allied	12.77
2. Rural Development and Poverty Alleviation Programmes	1.49
3. Irrigation (Major & Medium)	3.1
4. Village and Small Industries	2.23
5. Employment Manpower Planning and Labour Policy	42.91
6. <i>Energy</i>	
(a) Oil and Gas	35.4
(b) Coal	31.8
(c) Power	23.4
7. Non-conventional Energy	16.0
8. Rural Integrated Energy Planning Programme	100.0
9. Industry and Minerals	16.12
10. <i>Transport</i>	
(a) Railways	80.0
(b) Roads	74.0
(c) Road Transport	54.0
(d) Inland Water Transport	71.0
(e) Civil Aviation	68.0
(f) Ports	45.0
(g) Shipping	39.0
11. Tourism	89.0
12. Communication	14.0

1	2
13. Information & Broadcasting (All India Radio & TV)	80.45
14. Education, Culture and Sports	39.6
15. <i>Health & Family Welfare</i>	
(a) Health	1.1
(b) Family Welfare	0.26
16. (a) Housing & Urban Development	20.1
(b) Water Supply and Sanitation	3.43
17. Social Welfare and Nutrition	63.0
18. <i>Science and Technology</i>	
(a) Deptt. of Science and Technology (excluding Meteorology)	10.0
(b) DSIR/CSIR	41.0
(c) Atomic Energy (R&D)	76.0
(d) Space (S&T)	34.0
(e) Deptt. of Space	Nil
(f) Ocean Development (S & T)	12.0
(g) Meteorological Deptt.	71.0
(h) Forensic Science and Police Wireless	100.0
19. <i>Environment and Ecology</i>	
(a) Environment	72.0
(b) Forestry and Wild life	48.0
20. Public Distribution	Nil
21. <i>Statistics and Survey</i>	
(a) Statistics	6.00
(b) Survey (Registrar General's Office)	14.1

APPENDIX V

(See para 1.70)

*Illustrative list of projects schemes dropped or stagnating during the Sixth Plan due to resource
Constraint*

(Rs. Crores)

Project/scheme	Sixth Plan Allocation	Expendi- ture (during sixth Plan)	Remarks
1. Functional Literacy for Adult Women	—	16.15	Discontinued with effect from 1-1-1985 on the basis of evaluation studies.
2. Khakhari Dharmaband Mining Project	cost Rs. 8.67	0.68	Sanctioned in Oct. 1980 discontinued due to adverse geo-mining conditions.
3. Gutway Mining Project	cost Rs. 8.07	0.91	Sanctioned in July, 1984, discontinued due to unforeseen geo-mining conditions.
4. Subsidized Plantation Labour Housing Scheme in Kerala	cost Rs. 2.00	1.0	Discontinued from 1986-87 as not found in the long term interest of plantation workers.
5. Howrah-Sheakala Railway line	cost Rs. 7.00	0.004	Due to resource constraint higher allocation could not be made.
6. Sakri-Hasanpur Railway line.	cost Rs. 20.83	5.01	—do—
7. Rampur-New Haldwani Railway line	cost Rs. 30.41	3.55	—do—
8. Chitauri-Bagaha Railway line	cost Rs. 23.59	3.01	Portion of the line between Bagaha-Valmikinagar (9 Kms) has been completed. Further work has been suspended.
9. Gauhati-Bernighat Railway-line	cost Rs. 18.50	0.50	Dropped due to reservation of the state Government.
10. Miraj-Sungali Railway line	cost Rs. 2.40	0.01	Dropped due to operational factors.
11. Bringing old Madav Nagar on main railway line	cost Rs. 1.22	0.01	—do—
12. Kalka-Parwanoo Railway line.	cost 1.60	0.28	Dropped in consultation with the state Government due to difficult terrain.

Sl. No.	Scheme	Sixth Plan Outlay	Estimated Expenditure (Rs. Crores)
1.	Cement Plant at Rourkela Steel Plant.	120.51	0.23
2.	Fertilizer Plant Diversification at Rourkela	20.00	(Neg)
3.	Bokaro Steel Plant 4.75 MT Expansion	50.00	0.75
4.	Sixth Blast Furnace Complex at Bokaro	5.00	—
5.	Slag Granulation Plant Expansion at Bokaro	10.00	—
6.	Indian Iron & Steel Company Sintering Plant.	40.00	0.01
7.	Second New Steel Plant	50.00	4.86
8.	Bhilai Steel Plant-Modernisation	100.00	0.22
9.	Aromatic Recovery Unit I	50.00	—
10.	Aromatic Recovery Unit-II	50.00	—
11.	Aromatic Recovery Unit-III	24.00	—
12.	DMT/PTA Project	40.00	—
13.	Hindustan Organic Chemicals-Caustic Soda/Chlorine Project	15.00	—
14.	Nitrogenous Fertilizer Plant II	75.00	—
15.	Nitrogenous Fertilizer Plant III	60.00	—
16.	Nitrogenous Fertilizer Plant I'	40.00	—
17.	Phosphatic Fertilizer Plant II	50.00	—
18.	Phosphatic Fertilizer Plant III	50.00	—
19.	Phosphatic Fertilizer Plant IV	25.00	—
20.	Phosphatic Fertilizer Plant V	15.00	—
21.	Tetracycline/Oxytetracycline/Pencillin etc.	20.00	—
22.	New Shipyard	5.00	—
23.	HMT Limited Control System	3.00	—
24.	Karnal Refinery	150.00	5.70*
25.	Manglore Refinery		0.95**
26.	Lube expansion of Madras Refinery	10.00	Not taken up due to constraints.

*Not taken up during the sixth plan due to resource constraints.

**Not taken up because further studies were needed.

APPENDIX VI

(See para 3.12)

Functions of Monitoring and Information Division and Monitoring Cells

Functions of Monitoring and Information Division

- (a) Providing assistance and guidance to the subject Divisions of the Planning Commission, Ministries and state Governments, to develop and establish information, monitoring and evaluation systems etc.
- (b) Maintenance and operation of a Central Data Bank as a service function to all Divisions.
- (c) Assistance in the improvement of the data base of the economy.
- (d) Coordination of monitoring work in the Commission as input to the planning process.
- (e) Providing assistance in analysis of the implementation plans of projects and relating physical performance with plan outlays.
- (f) Development of training and development policies, strategies etc. for planning and plan implementation.
- (g) To look into the managerial and other aspects of plan implementation.
- (h) Providing Support Services such as equipment, Chart and Maps etc., to other Divisions in the Commission.

Functions of the Monitoring Cells in the subject Divisions

- (a) To collect summarised reports from concerned Ministries (for respective sectors)/States, if necessary, on selected projects.
- (b) To undertake analysis of the reports jointly with the concerned officers of the Division to identify delays, shortfalls and action areas and determine their impact on plan targets and allocation.

(c) To help in linking the financial requirements for major schemes/projects with their schedule of execution.

(d) To prepare the overall Status Reports for the respective sectors indicating—

- actual achievements as against targets
- anticipations regarding the achievement of the yearly targets
- projections of capacity and production against the demand on the basis of performance so far.

(e) To feed the Central Data Bank in respect of the Sectors covered by the Monitoring Cells.

APPENDIX VII

Statement of Recommendations/Observations

S. No.	Para No. of Report	Recommendations/Observations:
1	2	3.
1	1.13	<p>The Plan drafting process starts with the preparation of the Approach Paper. The Approach Paper is the foundation on which the structure of the whole Five Year Plan is built. It, therefore, goes without saying that unless the Approach Paper is well conceived and prepared taking into consideration the policy directions, aims/objectives and strategy and broad magnitudes of growth in major sectors, for meeting fully the aspirations of the people, irreparable damage may be caused to future of our country. The Committee, therefore, emphasise that while preparing the Approach Paper peoples' representatives from all walks of life should be actively associated and their opinion given due weightage. In this connection, the Committee note that a number of Committees and Study Groups set up by Government have during the last decade reviewed the Planning process and made series of recommendations to strengthen the system. However, the Committee are constrained to note the admission made during evidence of the Planning Secretary before the Committee that "there is yet no totally satisfactory solution of this question of peoples' involvement and peoples' participation in the Planning process."</p>
2	1.14	<p>Besides people's participation in the preparation of the Approach Paper, the need for strengthening and involving the Panchayati Raj insti-</p>

tutions in identifying and implementing projects cannot be undermined as it has been well established that whenever Panchayati Raj Institutions have been actively involved, the implementation of various Rural Development Programmes has been decidedly better and the selection of beneficiaries and designing of schemes have been more satisfactory.

3 1.15 The Committee further feel that active participation of the representatives of the Cooperative Federations is also of paramount importance at the initial stage of the formulation of the Plan. The Committee understand that a number of Cooperative Institutions were included in different Working Groups constituted for the Seventh Five Year Plan. However, there were only individual consultations at the Approach Paper stage. This negates the basic requirement for the formulation of the Approach Paper with the active and full participation of a large cross-section of society representing various shades of opinion. The Planning Commission, therefore, will be well advised to prepare and issue comprehensive guidelines in regard to the participation of peoples' representatives in the Planning process from the initial stages itself so that the Approach Paper could be more broad-based and correctly reflect the aspiration of the people.

4 1.31 The Committee have been informed that the Working Groups are set up by the Planning Commission as a first step towards formulation of the next five year plan. These groups are assigned the onerous responsibility to review the progress in the implementation of the current (on-going) Five Year Plan and making detailed recommendations for the next Five Year Plan in regard to programmes, policies, targets and outlays for the various sectors and sub-sectors. The Committee note that as many as 118 Working Groups and 4

Steering Groups drawing membership from the elite of the country were set up in connection with the formulation of the Seventh Five Year Plan. The Committee, however, find that in the final analysis majority of the recommendations made by these Working Groups can not be taken note of or fully utilised at the time of finalisation of the Plan for want of resources. It is evident from the fact that almost 19 per cent of the recommendations made by the Working Groups in connection with the Seventh Five Year Plan were outright rejected and a very large number of other recommendations could not be made use of as ultimately the size of the Plan had to be pruned in accordance with the availability of resources. The Committee can well imagine the element of frustration that might have been caused among members of various Working Groups knowing that a lot of time and energy put in by eminent personalities and the intelligentsia manning these Working Groups ultimately became futile and the expenditure incurred thereon was infructuous. The Committee, therefore, consider that such a situation cannot be avoided in the present system as the Working Groups at the time of their constitution have hardly any idea in regard to the availability of the resources for various sectors/sub-sectors in regard to which they are expected to deliberate and give their considered opinion. The Committee are of the view that unless the Working Groups are made aware of the resources availability position when they start the work, their recommendations can hardly serve the real purpose for which they are appointed. They, therefore, opine that the appointment of Working Group on Financial Resources should precede the appointment of other Working Groups so that this Group could give a rough idea to the other Working Groups about the estimates of the likely resources available for

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their respective spheres to enable these Working Groups to confine themselves within the framework of the overall resources position.

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1.32

The Committee also find that in the vast multitude of the Working Groups constituted for the Seventh Plan a number of different Groups dealt with allied or similar subjects e.g. Vocational training and Vocational training for women; elementary education, secondary education, University education and Adult education etc. The Committee feel that the number of Working Groups to be set up for the future Five Year Plans should be reduced and subjects of allied nature remitted to one Working Group which may make recommendations covering all the aspects involved. This, the Committee are sure, will result in huge saving of public expenditure besides avoiding various Groups giving similar or in some cases conflicting recommendations on allied subjects.

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1.51

The Committee are unhappy to find that the Ministries etc. did not classify the schemes submitted by them to the Planning Commission under the heads 'vital', 'essential' and 'desirable', as directed by the Planning Commission and instead classified all these schemes as 'vital'. The Committee feel that the apprehension with the Ministries must have been that if they classified these schemes under heads other than vital also, such schemes might never see the light of the day due to resources constraint. The Committee need hardly point out that if all the schemes received in the Planning Commission are classified as 'vital, lot of time and energy is bound to be spent on pruning these schemes and deciding which of them were really vital. The Committee would, therefore, urge the Planning Commission to issue guidelines to the Ministries, etc. in unambiguous terms about the criteria which should

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be followed for classification of the schemes before the work on the formulation of a Plan is initiated. The Ministry should also be required to indicate the *inter se* priority of the schemes submitted by them.

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1.52

The Committee find that the Ministries/Departments are not required to carry out indepth studies and investigations and prepare feasibility reports before submission of schemes to the Planning Commission for inclusion in the Five Year Plan. The Committee do not agree that viability of a scheme can be determined without a feasibility report before its inclusion in the plan. This gets confirmed from the deposition made by the Secretary, Planning Commission before the Committee that there were a number of projects which were included in the Plan but were either subsequently postponed or not implemented at all. While a detailed feasibility report, in technical sense, may not be insisted upon, the Committee feel that such a report in broader outlines with a view to enabling the Planning Commission to evaluate its viability should be available to the Planning Commission before considering the scheme for inclusion in the Five Year Plan.

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1.53

The Committee consider that the time lag between inclusion of a scheme in the Plan and decision about final investment is too large and there is an imperative need to reduce the same. The Committee agree with the Planning Commission that this time-lag could be reduced by improving the quality of feasibility studies and expeditious clearances needed before the final investment decision. The Committee would, therefore, like the Planning Commission to streamline the procedure and initiate necessary corrective measures in the matter.

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1.54

The Committee understand that the Planning Commission had sanctioned a number of small schemes based on socio-economic considerations with limited outlays. The Committee are, however, pained to learn that due to paucity of funds the progress of such schemes had been limited and the desired results had not been achieved. While appreciating the objective of sanctioning schemes on socio-economic considerations the feasibility of proper funding for completion of such schemes in time cannot be overlooked as benefits of such schemes can percolate to those sections of the society for whom these are intended only when the schemes get completed. The Committee recommend that while sanctioning such schemes *inter se* priority should be determined with reference to viability and proper funding so as to ensure that the projects taken in hand get completed in time and undue loss to the public exchequer on account of delay and cost escalation is avoided in the long run.

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1.73

The Committee can well imagine that the selection of projects for the Plan from the vast multitude of proposals received from Ministries/ Departments, Public Undertakings, numerous bodies and field formations would be a stupendous task fraught with uncertainty in view of hazy and indistinct vision in regard to the availability of resources. The Committee are not happy to be informed that all proposals do not come in the form of concrete projects with definite estimates of cost and gestation making the selection process complicated, complex and often unsatisfactory. The Committee feel that fault in most cases must have been with Ministries etc. in sending vague proposals and with the Planning Commission in accepting the same. The Committee recommend that sifting process should be a task basically assigned to the concerned Ministries etc. who should forward only

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such proposals to the Planning Commission as fulfil the guidelines of the Planning Commission making clear that only concrete projects as would fall within the aims and objectives of the Plan and have been sufficiently and properly studied and evaluated should be forwarded to them for inclusion in the Plan. Once the projects are accepted and included in the Plan it should be the responsibility of the Planning Commission to ensure that they are taken to the logical conclusion of completion in time and without resource constraints.

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1.74

The Committee are unhappy to find that a number of projects/schemes had to be dropped or allowed to stagnate during the Sixth Plan after spending several crores of rupees on the basis of evaluation studies e.g. Functional Literacy for Adult Woman after spending Rs. 16.75 crores or due to resource constraints e.g. Sakri-Hasanpur and Rampur—now Haldwani Railway lines after spending Rs. 8.56 crores. The Committee feel that if it becomes unavoidable to include some projects on the basis of expediency which have not been properly gone into, the Planning Commission should get them processed in their own technical division and include them after going into the techno-economic aspect and viability of the project.

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1.75

The Committee are unhappy to note that out of 264 projects which were under implementation at the beginning of the year 1986-87, 134 were delayed with reference to original time schedule. The anticipated capital cost of these delayed projects has escalated from the original approved cost of Rs. 26,802 crores to Rs. 43,890 crores approximately i.e. by as much as 64 per cent as on 31-3-86. The steep escalation in the cost has not only caused heavy losses to the public exchequer but has also given a severe setback to the

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need for completion of various essential projects in time. The Planning Commission has been able to locate a number of reasons for the delay and cost over-runs like inadequate project preparation, poor selection of consultants, delay on the part of consultants, delay in preparation of tenders and placement of orders and last but not the least organisational weaknesses in project management including non-availability of managerial talent of high order. The Committee, therefore, recommend that the Planning Commission should make all out efforts by taking up the matter with concerned agencies for the removal of causes responsible for delay and cost over-runs to ensure completion of projects on time and they should impress upon them to exercise constant vigil for identifying factors causing delay, fix responsibility and take requisite remedial measures expeditiously.

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2.17

The Committee find that in the matter of release of funds priority is accorded to Continuing Schemes leading to a predominantly large amount of resources being pre-empted by such Schemes at the beginning of Five Year Plan period. This in the opinion of the Committee leads to a situation whereby a number of new schemes, however, useful and public oriented these might be, fail to find a berth in the Plan. The Committee are of the opinion that the Planning Commission should work out modalities whereby a suitable fixed percentage of the funds are earmarked, for important and essential new schemes instead of having a lumpsum provision in respect of most of the new schemes as at present. The Committee are of the opinion that *inter se* priority within the new schemes should also be clearly earmarked so that it is always the lowest priority scheme which may be shelved in case of non-availability of funds.

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24 2.18

The Committee note that after examination of proposals of the Ministries and indepth discussion between the Deputy Chairman, Planning Commission and its Members with the Departments concerned, sectoral outlines are decided. At the time of allocation of money various factors viz. progress of the project, the urgency of the project etc. are taken into account before release of funds. The funds are released from year to year basis depending upon the availability of funds in the budget. The Committee are, however, distressed to find that even after the allocation of funds in some cases the funds were actually released when a major part of the plan was over. This evidently results in bulk of the funds remaining unutilised in the last year of the plan, as it seemed to have happened in the case of National Textile Corporation Mills which were given funds for modernisation in the last year of the Plan. The Committee desire that the procedure should be so streamlined as to ensure the release of funds on year to year basis avoiding bulk of funds being released in the last year of the Plan. The Committee are sure that such a procedure will be in the interest of steady progress of schemes which will not get delayed for want of regular and timely release of funds.

15 2.19

The Committee are unhappy to note that in some cases funds allocated for certain schemes were diverted for some other purposes with the permission of the Planning Commission and the Ministry of Finance. The Committee feel that the diversion of funds in the implementation of the Schemes for which they are earmarked should not as a matter of principle be resorted to. They desire that such a practice should be curbed and scrupulously discouraged and funds invariably utilised for the schemes for which they are allocated.

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- 16 3.14, The Committee note that the review of the organisational set-up of the Programme Evaluation Organisation was undertaken by the Staff Inspection Unit of the Ministry of Finance in 1977 and by the Dubhashi Committee in 1978. The Committee are unhappy to be informed that the recommendations of the Dubhashi Committee which gave its report in 1980 have not yet been fully implemented. The Committee are unable to understand why it should have taken the Planning Commission so long in implementation of the recommendations of that Committee. The Committee need hardly stress that once an expert Committee is appointed to go into a particular matter, its recommendations should be considered and those accepted should be implemented with a sense of urgency otherwise the efforts put in and expenditure incurred on the whole exercise becomes futile and infructuous.
- 17 3.15 The Committee are unhappy to find that many posts, both at the senior as well as junior levels, are lying vacant in the Programme Evaluation Organisation and that the work of the Organisation has suffered owing to the non-availability of the requisite personnel. The Committee would urge upon the Planning Commission to initiate necessary steps to fill up all the vacant posts urgently.
- 18 3.16 The Committee note that the Monitoring and Information Division, after the transfer of work relating to monitoring of projects costing Rs. 20 crores and above and staff to Ministry of Programme Implementation has become a very small unit. The Committee would like the Planning Commission to assess the utility of the Division in the present context of the work allotted to it and if necessary to strengthen it.
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| 19 | 3.28 | <p>The Committee are pained to observe that even though we are now in the midst of Seventh Five Year Plan, no foolproof monitoring system has so far emerged and deficiencies continue to persist in that field. The Planning Commission is reported to have taken some corrective measures in the matter, but in the context of the enormity and complexity of the problem, the Committee hardly consider them to be adequate enough to meet the situation. The result is obvious in as much as the execution of most of the projects has gone away and the projects have been inordinately delayed resulting in huge cost escalation. The Committee agree that the effectiveness of monitoring system in the Planning Commission depends largely on the efficiency with which the monitoring systems are developed and operated in the Ministries, in the States and by the authorities executing the projects. Nevertheless, it is imperative that the Planning Commission should have an effective monitoring system at its disposal to keep a close and continuous watch on the execution of projects so that timely corrective measures could be taken wherever any problem arises.</p> |
| 20 | 3.29 | <p>The Committee note that the Planning Commission has issued certain guidelines for the Ministries and other implementing agencies for the development of an effective monitoring system and has also evolved certain devices, such as submission of monthly, quarterly, flash reports, etc. The Committee, however, regret to find that there is no mechanism available in the Planning Commission to ensure that the guidelines issued by the Commission are in fact being followed by the implementing agencies in letter and spirit. The Committee would expect the Planning Commission to evolve such a mechanism urgently.</p> |
| 21 | 3.35 | <p>The Committee consider that reports and returns being submitted by the various implement-</p> |
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ing agencies to the Planning Commission could and should be used as effective instruments in monitoring the progress of a project ensuring that various time schedules as prescribed are scrupulously observed. The Committee, therefore, strongly recommend that it should be impressed upon the implementing agencies for submission of the reports/returns strictly according to the schedules laid down and they should be complete in all respects. The reports/returns should be analysed realistically and with speed on receipt from the implementing agencies and corrective measures initiated at the earliest wherever called for.

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4.21

The Committee note that the Ministry of Programme Implementation, created in September, 1985 is intended to play the role of a helpful watchdog for monitoring of performance of infrastructure sector, monitoring of implementation of Central projects costing Rs. 20 crores and above and monitoring of implementation of the 20 Point Programme. The Ministry of Programme Implementation do not seem to have, and probably cannot have, looking to the diverse activities of various Ministries, any expertise of their own. It thus basically plays a monitoring role based on information collected from the concerned Ministries/Projects so as to keep the Prime Minister, Cabinet and the Ministries abreast of the progress and also to identify slip-pages etc. so that necessary timely action can be taken by the concerned Ministries. The Committee hope that a result of entrusting the work of monitoring to a full fledged Ministry, the Government will be able to keep a better check and should be able to complete various projects/schemes taken up in the Seventh Five Year Plan well in time and without any bottleneck. They, however, feel that since a period of almost two years has elapsed when the Ministry of Pro-

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gramme Implementation came into being, an objective assessment of its achievements in clear, unambiguous and practical terms is called for.

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The Committee are anxious that since the monitoring activities of Planning Commission as also the Ministry of Programme Implementation, in certain fields are almost identical, it should be ensured that there is no overlapping or duplication of effort between the two.

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4.23

The Committee are pleased to learn that the Ministry of Programme Implementation is computerising its monitoring system and about 90 per cent of the work has already been completed and the Ministry expects that the remaining work on computerisation will be completed by the end of 1987 if funds are released to them. The Committee desire that the constraints of funds should not be allowed to come in the way of an important field as computerisation. They, therefore, expect that adequate funds will be made available for the purpose so that the work of computerisation is completed in 1987 itself.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS—1987**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500361,	12.	Law Publishers, Sardar Patel Marg, P. B. No. 77, Aliahabad, U.P.
BIHAR		WEST BENGAL	
2.	M/s. Crown Book Depot, Upper Basar, Ranchi (Bihar).	13.	M/s. Manimala, Buys & Sella, 123, Bow Bazar Street, Calcutta-1.
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380006. (T. No. 79065).	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T. No. 351663 & 350899).
MADHYA PRADESH		15.	M/s. J. M. Jaina & Brothers, P. Box 1020, Mori Gate Delhi- 110006. (T. No. 2915064 & 230936).
4.	Modern Book House, Shiv Vilas Palace, Indore City. (T. No. 35289).	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T. No. 3315308 & 45696).
MAHARASHTRA		17.	M/s. Bookwell, 2/72, Sant Niran- kari Colony, Kingsway Camp, Delhi-110009. (T. No. 7112309).
5.	M/s. Sunderda, Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Double Storey, New Delhi-110024. (T. No. 6412302 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shaahmar Bagh, Delhi-110033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400001.	20.	M/s. Venu Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chitra Bazar Khan House, Bombay- 400002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110001. (T. No. 344448, 322705, 344478 & 344508).
9.	M&J Services, Publishers, Repre- sentative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor 68, Jyotiba Fule Road, Nalgaum-Dadar, Bombay-400014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400001.	23.	M/s. Books India Corporation Publishers, Importers & Expor- ters, L-27, Shastri Nagar, Delhi- 110052. (T. No. 269631 & 714465).
TAMIL NADU		24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Gaaj, New Delhi-110002.
11.	M/s. M. M. Subscription Agencies, 14th Murali Street, (1st floor) Mahalingapuram, Nungam- bakkam, Madras-600034. (T. No. 476559).		