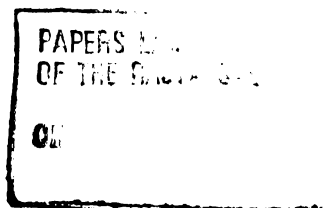


SIXTH REPORT
STANDING COMMITTEE ON FINANCE
(1994-95)
(TENTH LOK SABHA)
MINISTRY OF PLANNING & PROGRAMME
IMPLEMENTATION —DEMANDS FOR
GRANTS (1994-95)



सत्यमेव जयते



Presented to Lok Sabha on 22 April 1994
Laid in Rajya Sabha on 22 April 1994

LOK SABHA SECRETARIAT
NEW DELHI

April, 1994/Chaitra, 1916 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FINANCE
(1994-95)**

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Dr. Debiprosad Pal

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4. **Prof. K.V. Thomas**
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44. Shri S. Vidathalai Virumbi

SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Shri S.C. Gupta — *Joint Secretary*
3. Shri Satish Loomba — *Deputy Secretary*
4. Shri P.K. Bhandari — *Under Secretary*

INTRODUCTION

1. The Chairman of the Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present the Sixth Report of the Committee on the Demands for Grants (1994-95) of the Ministry of Planning and Programme Implementation.

2. In this Report, the Committee have recommended that the working of the Planning Commission should be geared up and the internal procedures streamlined for the overall efficiency of the Commission. The Committee have also recommended that the funds should be released well in time after passing of the Budget to ensure their effective utilisation.

3. The Committee are unhappy to find that the Budget allocation for the micro-level participatory planning and supporting voluntary organisations has reduced drastically from Rs. 6,40,00,000 in 1993-94 to Rs. 1,25,00,000 in 1994-95. The Committee, therefore, have recommended that sufficient financial support and infrastructure facilities should be provided to voluntary organisations to help in achieving the Eighth Plan objectives. As regards the functioning of NIC, the Committee have held the view that there is an under-utilisation of the infrastructure in many district centres set-up with the help of NIC and a lot more has to be done in the districts to improve their actual functioning.

4. The Committee have regretted that the Department of Statistics have shown under-utilisation of Budget allocation by NSSO and CSO during 1993-94 and the explanation offered by the Department have not been found satisfactory.

5. The Committee have expressed concern on 100 per cent escalation in around 189 projects from Rs. 46518.5 crores to Rs. 95,331 crores. The Committee have, therefore, recommended that some sort of accountability at the level of formulation and at the level of implementation of various projects should be introduced immediately.

6. The Committee undertook the evidence of the officials of the Ministry of Planning and Programme Implementation on 7 April, 1994 and adopted the Report on 18 April, 1994.

7. The Committee place on record their deep appreciation of the contributions made by S/Shri Ashis Sen, Ghulam Rasool Matto, Gurudas Das Gupta,

(vi)

and Kamal Morarka, who were the members of this Committee for the year 1993-94.

8. The Committee express their thanks to the Ministry of Planning and Programme Implementation for furnishing the desired information to this Committee.



DR. DEBIPROSAD PAL,
Chairman,
Standing Committee on Finance.

NEW DELHI;
19 April, 1994

29 Chaitra, 1916 (Saka)

REPORT

CHAPTER I

Analysis of the Demands for Grants 1994-95

1.1 The Ministry of Planning and Programme Implementation have presented three Demands viz Demand No. 65, Demand No. 66, and Demand No. 67 relating to Planning, Department of Statistics and Department of Programme Implementation respectively. The Committee examined these Demands and took evidence of the officials of the Ministry of Planning & Programme Implementation on 7th April, 1994.

DEMAND NO. 65—DEPARTMENT OF PLANNING

1.2 The Budgetary allocation for Department of Planning for 1992-93, 1993-94 and 1994-95 is as under:

(In thousands of Rupees)

Section	Actuals (1992-93)		B.E. (1993-94)		R.E. (1993-94)		B.E. (1994-95)	
	P*	NP**	P*	NP**	P*	NP**	P*	NP**
Revenue	67,00,89	11,95,29	71,65,00	17,70,00	71,65,00	16,65,00	98,50,00	19,85,00
Capital	13,38,66	—	18,35,00	—	18,35,00	—	21,50,00	—

P* = Plan

NP** = Non-Plan

1.3 While examining the Demands for Grants (1994-95) of the Ministry of Planning & Programme Implementation, the Committee examined the following aspects of the working of Planning Commission:—

1. Role of Planning Commission.
2. Strengthening of Planning Boards/District Planning Machinery.
3. Micro-level Participatory Planning & Supporting Voluntary Organisations.
4. National Informatics Centre.

1. Role of Planning Commission

1.4 The Planning Commission plays an integrative role in the development and policy formulation in critical areas of development of the economy. After the launching of the Eighth Five Year Plan the planning structure is gradually moving towards more indicative planning than in the past. It is in this context that the role of Planning Commission was discussed in detail during the evidence of the Ministry of Planning & Programme Implementation on the Demands for Grants (1994-95).

1.5 During evidence, the Committee enquired about the steps taken with respect to reorganisation within the Planning Commission so as to make it a more effective instrument. The Committee further desired to know the position of internal evaluation procedures of the Planning Commission, staffing pattern and better coordination with the States. The witnesses informed that they were engaged in the exercise of possible reorganisation of Planning Commission. A task force has gone into the staffing pattern of Planning Commission. Substantial changes have also been made in the coordination with the States. The Planning Commission can continue to play a pivotal role in the changing scenario. With the formulation of the new Economic Policy and decentralised planning, a new role has been defined for the Planning Commission. The Planning Commission plays as a mediatory and advisory body for the various Deptts./Ministries and coordinates with State Govts. for implementation of the developmental activities.

1.6 The Committee feel that any slackness in the working of Planning Commission would seriously jeopardise the developmental activities. The Committee, therefore, recommend that working of the Planning Commission should be geared up and internal procedures streamlined for the overall efficiency of the Commission. The Committee feel in the changed economic scenario, the Planning Commission has to play an important role in guiding Government investment in critical social, economic and infrastructural sectors. Further, the Committee recommend that in the changed environment the Planning Commission should take particular care of regional imbalances and promote development of hill areas,

drought prone areas and the border areas for a balanced growth of the country.

2. Strengthening of Planning Board/District Planning Machinery

Major Head '3601'

Sub-Head D2 (2)

The Budgetary allocation under Major Head '3601' D2 (2) is as follows:—

(Rs. in thousand)			
Actuals 1992-93 Plan	B.E. 1993-94 Plan	R.E. 1993-94 Plan	B.E. 1994-95 Plan
65,99	2,00,00	2,00,00	7,00,00

1.7 Under the Scheme for strengthening of State/District level planning machinery the Central Government bear 50 per cent of the expenditure for one plan period on district level planning machinery. The State Governments are encouraged to set up new units at state level for effective evaluation and monitoring of schemes, computerisation of planning department etc. The Central Government also bears two-third cost of these units for one plan period.

1.8 The Committee desired to know the proposed utilisation of Rs. 7 crores during the year 1994-95 for strengthening of Planning Board/District Planning Machinery. The Ministry stated in a written note that this scheme is in the process of being reformulated on the basis of the recommendations of 46th meeting of the NDC Committee on Micro-level planning.

1.9 The Committee have been informed that these recommendations have been sent to all State Governments/Union Territories for their comments as the same are essential for effective implementation as decentralised planning is a state subject.

1.10 The Committee are constrained to note that the effectiveness of the Planning process at district level is being handicapped by delays in decision making at the state level also. People's participation at the district/block level has been a well recognised constituent in the developmental activities at the district/block level. The Committee therefore, recommend that the State Governments should be urged for timely fulfilment of the requirements of planning infrastructure at the district/block level. The Committee are distressed to learn that inspite of the general emphasis on decentralised planning a lot is yet to be achieved by the State Governments.

1.11 A Grant-in-aid of Rs. 7 crores for strengthening of Planning Board/District Planning Machinery in 1994-95 has been allocated to State Governments. In 1993-94 Grant-in-aid allocated to State Government for the purpose amounted to Rs. 2 crores. The Committee therefore, hope that

budget allocation of Rs. 7 crores for strengthening of planning at the district/block level is effectively utilised during 1994-95. The funds should be released well in time after passing of the budget to ensure effective utilisation of the budgetary allocation. The Committee recommend that District level planning Boards should invariably be involved in consultation with the State Governments in whatever studies conducted by the Planning Commission regarding a particular region to increase local participation in the planning process as also to keep them abreast with the latest knowledge.

3. Micro level participatory planning & supporting voluntary organisation

Major Head: '3601'

Sub-head D2 (3)

1.12 The Budget allocation under Major head '3601' D2 (3) is as follows:—

(Rs. in thousands)

Actuals (1992-93) Plan	B.E. (1993-94) Plan	R.E. (1993-94) Plan	B.E. (1994-95) Plan
—	6,40,00	6,40,00	1,25,00

Recognising the important role of voluntary agencies in accelerating the social and economic development, Seventh Plan placed a great deal of emphasis on people's participation and voluntary action in rural development. The voluntary agencies can offer innovative approaches towards poverty focussed rural development planning and to those who are below the poverty line.

1.13 The Committee are unhappy to find that the budget allocation for the Scheme has drastically reduced from Rs. 6,40,00,000 in 1993-94 to Rs. 1,25,00,000 in 1994-95.

1.14 When the Committee desired to know the reasons for decrease in the Budget Estimates for micro-level participatory planning and supporting voluntary organisation, the Ministry stated in a written note that no expenditure has been incurred from the VAC-Cell in the Ministry on any voluntary organisation as the Scheme had not been cleared by the Committee of Secretaries.

1.15 The Committee pointed out during evidence of the Ministry on Demands for Grants (1994-95) that matter regarding participation of voluntary organisations in micro-level planning not being effectively encouraged. The witness then explained to the Committee that the Commission encouraged use of voluntary organisations whenever it was considered that they were a better system of delivery. The witness further explained to the Committee that the Commission often encouraged Ministries to take help of voluntary Organisations and to encourage such agencies for undertaking programmes pertaining

to their Ministries. In order to ensure better interaction between various Ministries and voluntary Organisations, the Planning Commission recently, organised a two-day seminar with a number of concerned Ministries and a very large number of voluntary organisations spread all over the country for ensuring that services and expertise of such voluntary Organisations may be better utilised for development at all levels. The entire matter has now been referred to a Committee of Secretaries, whose decisions etc. are awaited. The basic idea behind all these efforts has been to ensure the creation and effective participation of voluntary organisation at district levels to help in chalking out programmes and in implementation of such programmes and policies at district level and below.

1.16 The Eighth Plan, recognising the significance of involvement of voluntary agencies and other people's institutions for effective micro-level participatory planning recommended that they should be vested with adequate financial resources. The Committee fail to understand as to why voluntary organisations have not been proposed to be given adequate budgetary support in 1994-95 so as to enable them to participate in the micro-level planning process. The Committee recommend that sufficient financial support and infrastructure facilities be provided to voluntary organisations to help in achieving the Eighth Plan objective. The Committee recommend that a definite time frame may be drawn up to implement the Scheme of voluntary organisations' participation in the micro-level planning. Steps should also be taken to fully utilise the budgetary grants made available for the purpose. Adequate monitoring so as to keep an eye on the utilisation of funds should also be ensured by the Department. Meanwhile, this Committee desire that the report of the Committee of Secretaries should be expedited and this Committee be kept informed.

4. National Informatics Centre

Major Head '5475'

Sub-Heads AA(1) (1) (1) and AA (1) (1) (11)

1.17 The Budget allocation under Major Head '5475' AA(1) (1) (1) and AA (1) (1) (11) is as follows:

(Rs. in thousands)				
Actuals 1992-93	1992-93 Plan	B.E. 1993-94 Plan	R.E. 1993-94 Plan	B.E. 1994-95 Plan
AA(1) (1) (1)				
National Informatics Programme NICNET & New District Centre	10,86,39	1,315,00	13,15,00	6,50,00

Actuals 1992-93	1992-93 Plan	B.E. 1993-94 Plan	R.E. 1993-94 Plan	B.E. 1994-95 Plan
AA(1) (1) (11) NICNET Based Land Records Information System	—	10,00	10,00	4,00,00

1.18 AA(1) (1) (1)— National Informatics Programme NICNET and New District Centre mainly relate to providing computer and computer communication based services to the Central and State Governments Departments and District Administration in the country. The Ministry have stated that the provision during the year under this Head has been decreased mainly because almost all the District Centres have already been set-up and during 1994-95, only a few districts newly created in the recent past are going to be covered.

1.19 NIC is already implementing land records computerisation in selected pilot districts. NIC has provided 27 software packages for implementation in the districts depending upon the requirement and priority. The Ministry have further stated that NICNET is extensively used for implementation of various rural schemes such as 20 Point Programme, Rajiv Gandhi National Drinking Water Technology Mission Programme, National Immunisation Programme, Development of Women and Children in Rural Area (DWCRA), Integrated Rural Development Programme, All-India Small-scale Industry Survey etc. The provision of Rs. 4 crores under sub-head AA(1)(1)(11)— NICNET Based Land Records Information System in the year 1994-95 is mainly towards providing technical infrastructure such as computer hardware and software in selected tehsils/blocks for implementing the projects.

1.21 The Committee are happy to learn that National Informatics Centre have adopted computerisation in pilot districts so as to help in dissemination of information. NIC with all the necessary infrastructure is expected to facilitate the various programmes of the Government. Computerisation and use of advance technology at the district level will help in better monitoring of the rural development programmes and computers should be used to make decisions and solve problems in the districts. The Committee are not fully satisfied by the explanation given by the Ministry that almost all districts have been covered and during 1994-95 only few districts remain to be covered and thus the provision have been decreased for 1994-95. The Committee are of the view that there is an under-utilisation of the infrastructure in many districts centres set up with help of NIC and a lot more has to be done in the districts to improve their actual functioning. The Committee hope that Rs. 4 crores earmarked under sub-head AA(1)(1)(1) would be effectively utilised. The Committee recom-

mend that steps should be taken for instantaneous transmission of data from the field officers to the Computer Centre so that the policy makers may know what is happening to the projects under implementation. The district centres should maintain data regarding land use/land records with help of computerisation. The basic objective of the National Informatics Centre should be to reduce the time lag and improve the quality of data.

CHAPTER II

DEMAND NO. 66 — DEPARTMENT OF STATISTICS

2.1 The statement showing the Budget Estimates, Revised Estimates and Actual Expenditure for 1992-93 alongwith the percentage of non-plan expenditure in respect of Department of Statistics is as under:—

(Rs. in lakhs)

1992-93	B.E.	R.E.	Actual Expenditure
Plan	1600.00	1100.00	559.82
Non-plan	4490.00	4950.00	4801.61
Total	6090.00	6050.00	5361.43
Percentage of non-plan expenditure against total expenditure			39.55%

2.2 The statement showing the Budget Estimates, Revised Estimates and Actual Expenditure for 1993-94 alongwith the percentage of non-plan expenditure is as under:—

(Rs. in lakhs)

1993-94	B.E.	R.E.	Actual Expenditure upto Feb. 1994
Plan	1700.00	1282.00	382.16
Non-plan	4934.00	5348.00	4884.05
Total	6634.00	6630.00	5266.21
Percentage of Non-plan expenditure (actual) against total expenditure.			92.7%

2.3 The statement showing the Budget Estimates of plan and non-plan expenditure for 1994-95 alongwith the percentage of non-plan expenditure is as under:—

		(Rs. in lakhs)
1994-95	B.E.	
Plan	1726.00	
Non-plan	5402.00	
Total	7128.00	
Percentage of non-plan provision against total provision		75.78%

2.4 During 1993-94, there was under-utilisation of allocations mainly in the following heads:—

		(Rs. in lakhs)	
Major Head '3454' Sub-Head B1(1)-NSSO	Year	(National Sample Survey Organisation)	'3454' (Central B1(4)-CSO Statistical Organisation)
		Plan	Plan
B.E.	1993-94	566.35	537.15
R.E.	1993-94	246.00	350.00
B.E.	1994-95	533.02	248.82

2.5 The Department of Statistics submitted that during the year 1993-94 the progress of implementation of the schemes was slow and the budget allocation remained unutilised due to the reasons mentioned below:—

1. (i) Most of the schemes required prior approval of the Ministry of Finance as the staffing component was more than 10 per cent of the outlay for the scheme;
- (ii) In January/February, 1992, instructions were received from the Department of Expenditure and Cabinet Secretary to abolish at least 10 per cent of the posts at various levels. Department of Expenditure was, therefore, insisting that unless the target of 10 per cent cut in existing posts is met, no proposal for upgradation/creation of posts will be generally considered.

2. In view of what has been brought out in para (i) and (ii) above, the Department found that in the case of most of the schemes, with substantial

staffing component, reformulation of the proposal was necessary to eliminate the component relating to creation of posts. Such reformulation exercise, could be completed only after the Administrative Division explored the feasibility of redeploying the posts already sanctioned. The Finance Ministry also conveyed, towards the end of October, 1993, approval for the proposal for cadre review of the Indian Statistical Service. Action had been taken to reformulate the proposals, after a through review of the staff content, and it was anticipated that in 1993-94 for CSO, the fund required will be Rs. 350.00 lakhs against the provision of Rs. 537.15 lakhs in B.E. 1993-94.

2.6 The Committee had observed in their Second Report (1993-94) that Budget allocation for NSSO and CSO during the year 1992-93 remained under-utilised to a considerable extent. Under the head NSSO, an amount equivalent to Rs. 3.38 crores remained unutilised in 1992-93. The Committee had also noted that out of the total plan allocation for CSO for the year 1992-93, only 61% was spent and about 39% of the allocation remained unutilised. The Department of Statistics explained to the Committee, in their action taken reply, that the progress of implementation of the schemes was slow mainly due to the following reasons:—

- (i) 1992-93 was the first year of the 8th Plan. Some schemes were required to be considered by the internal Standing Finance Committee/Expenditure Finance Committee as per the Govt. instructions.
- (ii) Most of the schemes required prior approval of the Ministry of Finance as the staffing component was more than 10% of the outlay for the scheme.
- (iii) In January/February, 1992, instructions were received from the Department of Expenditure and Cabinet Secretary to abolish at least 10% of the posts at various levels. Deptt. of Expenditure was, therefore, insisting that unless the target of 10% cut in existing posts is met, no proposal for upgradation/creation of posts will be generally considered.

2.7 The Committee deeply regret that the Department of Statistics have shown under-utilisation of Budget allocation by NSSO and CSO for similar reasons as stated above during 1993-94 also. The Committee are also unable to understand that inspite of under-spending by NSSO in 1993-94, a higher Budget allocation equal to Rs. 533.02 lakh has been earmarked for NSSO in 1994-95. In the view of the Committee, the position stated above indicates lack of financial prudence on the part of Department of Statistics. The Committee learn that NSSO, Calcutta was ready to spend Rs. 95 lakhs for installing computers while only Rs. 19 lakhs were provided to them for the current year on the plea that the rest of the amount will be

given during the rest of the plan period. In the above context under-utilisation does not seem to be fully justified by the Department of Statistics.

2.8 The Committee observe that under utilisation of budgetary allocation by the Department of Statistics has been sought to be justified on account of 10% cut of the posts at various levels by Department of Expenditure and the staffing component in Statistics Department for the last 2-3 years. The Committee are at a loss to understand as to why the budgetary allocations provided to Department of Statistics could not be effectively utilised by introducing new schemes and studies/collection of data by the Department. The 1994-95 Demands for Grants of the Department have depicted under-utilisation of funds in 1993-94 amounting to more than 200 lakhs under the sub-heads-NSSO and CSO. The Committee recommend that the position of spending under NSSO and CSO planned schemes should be looked into and monitored on a continuous basis. The steps taken in this regard may be furnished to the Committee expeditiously.

CHAPTER III

DEMAND NO. 67—DEPTT. OF PROGRAMME IMPLEMENTATION

3.1 The Budget provision of Rs. 85 lakhs was made for the Deptt. of Programme Implementation during 1993-94. The proposed budget for 1994-95 is Rs. 88 lakhs. In this regard the Committee examined the various functions of the Department. One of the main functions of the Deptt. is to monitor the various Government projects and to monitor the performance of the infrastructure sector of the economy. In written note to a question regarding problems solving role of the Deptt. in the implementation of the various projects and programmes of the Government, it has been stated that the implementation of various projects is reviewed to constantly highlight the variations in the achievement of physical and financial targets to prepare special notes on specific issues of projects for consideration of Committee of Secretaries, Cabinet Committee of Infrastructure and other Inter-Ministerial forums for resolving the intricate problems of projects under implementation and to maintain the constant communication with the project authorities. This, it has been stated, is done by monitoring of project on quarterly basis. The major projects costing between Rs. 100 crores and 1000 crores and mega projects costing over Rs. 1000 crores are monitored on a continuous basis every month.

3.2 During the evidence of the Ministry officials, the aspects of delays in implementation of various projects was discussed in detail and the Members expressed a great concern over the cost over-runs and time over-runs of various projects in spite of all the monitoring being done by the Deptt. of Programme Implementation. It was pointed out by the Members that due to constant increase in the delays of various projects, these schemes become unviable with time. It was also pointed out that one of the reasons for the cost over-runs was inaccurate assessment of total project cost at the time of sanctioning of the projects. There was also a lack of accountability at the level of formulation and at the level of implementation of various projects. In reply, the official from the Ministry of Planning & Programme Implementation pointed out that there were a number of reasons which led to cost and time over-runs like general inflation as well as changing exchange rates and cost escalations due to delays in land acquisition and environmental clearance etc. If the cost escalation is above a certain limit, the project has to come back again for financial approval and all these factors add upto the process of delay.

3.3 The Committee note with concern that out of 367 projects, costing Rs. 134629.45 crores, presently, on the DPI's monitor, the cost escalation in around 189 projects has been over 100 percent i.e. from Rs. 46518.5 crores to Rs. 95,381 crores. It seems that though the Deptt. has been

preparing a number of Reports on the Implementation of various projects like Quarterly Reports, Monthly Flash Reports and Exception Report etc., these have failed to check cost and time over-runs. The Committee, therefore, recommend that some sort of accountability at the level of formulation and at the level of implementation of various projects should be introduced immediately. The cost and time factors of various projects should be re-evaluated after the formalities regarding acquisition of land and environmental clearance etc. are obtained for the projects so as to get a final and realistic picture of the costs and benefits that are likely to accrue from the project. The Committee further recommend that the Planning Commission should also ensure that the cost of projects is not under estimated at the time of their clearance.

Monitoring of Twenty Point Programme, 1986 (TPP)

3.4 The Deptt. of Programme Implementation is also responsible for monitoring of Twenty Point Programme, 1986. The Twenty-Point Programme was started by the Government as a package for poverty alleviation and improvement in the quality of life. This Programme was initially launched as a programme of "Garibi Hatao". Over the years, changes have taken place in the economic policies of the Government with greater emphasis being laid on freedom for market forces. In this changing scenario, the Twenty-Point Programme, 1986 provides much needed safety net to the deprived and those living below the poverty line. The Deptt. of Programme Implementation monitors and evaluates the progress on a macro basis and provides feed back for removing bottlenecks in effective implementation of the Twenty Point Programme, 1986 (TPP).

3.5 One of the main points under Twenty Point Programme is attack on rural poverty. Alleviation of poverty and improving the quality of life of the people below the poverty line had been the primary objectives of planned development in the country. The Integrated Rural Development Programme which is one of the major points under Twenty Point Programme, was discussed in detail during the evidence of the Ministry of Planning and Programme Implementation of Demands for Grants. The Members expressed their concern about the slow progress and poor quality of work done under the IRDP Programme and stated that the programme had not left any impression at all in rural areas. Although, the total Central allocation for the rural development has been increasing over the years, there has been a cut back in the allocation by some States. Some of the Members pointed out that some State Govts. do not even provide the matching grants for the development of rural areas.

3.6 The Committee note with concern that inspite of monitoring by the Deptt. of Programme Implementation, much is left to be desired in the implementation of various schemes like Integrated Rural Development

Programme. The Committee, therefore, recommend that maximum emphasis should be laid on the development of rural areas under the 20 Point Programme and both Centre/States should share their responsibility so as to ensure that their respective parts of Central Assistance/grants are provided in time. The Committee further recommend that the results of the Monitoring Committee, which monitors as to how much money has been spent and the progress made, should be discussed with the concerned Chief Ministers to impress upon them that achievement of physical targets should match the request for additional funds for rural development. The Committee also recommend that proper evaluation of the various programmes under IRDP should be undertaken to ensure that the schemes are working properly. Such reports should be placed in the Parliament at regular intervals.

NEW DELHI;
19 April, 1994

29 Chaitra, 1916 (Saka)



DR. DEBIPROSAD PAL,
Chairman,
Standing Committee on Finance.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 7 APRIL, 1994

The Committee sat from 1030 hrs. to 1300 hrs. in Committee Room 139,
Parliament House Annexe.

PRESENT

Dr. Debiprosad Pal — *Chairman*

MEMBERS
Lok Sabha

2. Sh. Chandulal Chandrakar
3. Dr. K.V.R. Chowdary
4. Sh. Chhitubhai Gamit
5. Sh. Prithviraj D. Chavan
6. Smt. Maragatham Chandrasekhar
7. Sh. P.C. Chacko
8. Sh. Mahendra Kumar Singh Thakur
9. Sh. Sushil Chandra Varma
10. Shri Jeewan Sharma
11. Sh. Dileepbhai Sanghani
12. Sh. Manabendra Shah
13. Sh. Sartaj Singh Chhatwal
14. Sh. Harin Pathak
15. Sh. George Fernandes
16. Sh. Nirmal Kanti Chatterjee
17. Prof. Susanta Chakraborty
18. Sh. Bhogendra Jha

Rajya Sabha

19. Sh. Triloki Nath Chaturvedi
20. Sh. Sanjay Dalmia
21. Sh. K.R. Jayadevappa
22. Dr. Shrikant Ramchandra Jichkar
23. Sh. T. Venkataram Reddy
24. Sh. Chimabhai Mehta
25. Sh. Surinder Kumar Singla

SECRETARIAT

1. Sh. S.C. Gupta — *Joint Secretary*
2. Sh. Satish Loomba — *Deputy Secretary*
3. Sh. P.K. Bhandari — *Under Secretary*

WITNESS FROM MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION

1. Sh. C.D. Tripathi — Secy. Deptt. of Programme Implementation.
2. Sh. A.K. Sen Gupta — Member Secretary, Planning Commission.
3. Sh. Yogesh Chandra — Special Secretary, Planning Commission.
4. Dr. B.S.L. Prakasa Rao — Director (ISI).
5. Dr. N. Seshagiri — Director General, NIC.
6. Sh. S. Krishna Moorthy — Financial Adviser.
7. Dr. (Mrs.) R. Thamarajakshi — Secretary, Deptt. of Statistics.
8. Sh. N.R. Banerji — Adviser (PC).
9. Sh. Deepak Chatterjee — Joint Secretary (SP).
10. Dr. (Mrs.) Rohini Nayyar — Consultant (RD).
11. Sh. K. Rajan — Adviser (Agriculture).
12. Sh. D.N. Basu — Adviser (HUD).
13. Dr. S.K. Chopra — Adviser (MNES).
14. Sh. Zail Singh — Technical Director, NIC.
15. Sh. Jagdish Chandra — Deputy Adviser (SER).

At the outset, the Chairman welcomed the witnesses from the Ministry of Planning and Programme Implementation *i.e.* the Planning Commission, Deptt. of Statistics and Deptt. of Programme Implementation and invited their attention to the provisions of Direction 58 of the Directions of the Speaker. The Committee then undertook the evidence of the witnesses relating to the Demands for Grants (1994-95) of the Ministry of Planning and Programme Implementation.

2 In the first instance, the Chairman asked the witnesses to give a brief account of the role of the Planning Commission in the changed economic scenario. The witnesses explained that the Planning Commission is engaged in exercises of its possible re-organisation in the light of the changes in the economic policies of the country. A Task Force has also been set-up to look

into the staffing pattern of the Planning Commission. In response to a query witnesses further stated that specific provisions have also been made for strengthening of State/District planning machinery, in the Demands for Grants.

3 The Members pointed out that under the sub-head D2(3)—Micro Level Participatory Planning and Supporting Voluntary Organisations, the Budget allocation has decreased from 6.4 crores in 1993-94 to 1.25 crores in 1994-95 and desired to know the reasons for the same. The witnesses stated that the entire matter regarding voluntary organisations has been referred to a Committee of Secretaries whose accommodations are still awaited. The Members also enquired regarding the cost escalation and delays in projects monitored by Deptt. of Programme Implementation and desired to know whether proper monitoring has been done with regard to the various projects in the Public Sector. The witnesses informed that the Deptt. of Programme Implementation continuously monitors and prepares evaluation Reports of the various projects.

4 The Members enquired about the actual performance in Rural Development Programmes and the steps taken by the Ministry. The witnesses informed that specific programmes/projects are being examined by the Ministry of Rural Development and the Planning Commission looks into the different aspects of the programmes/projects very carefully. As far as IREP Programme is concerned, the witnesses explained that this Programme had been transferred to the Ministry of Non-conventional Energy Sources.

5 The members raised various other points which were replied by the witnesses. A verbatim record of the discussions has been kept.

6 The Chairman then thanked the Ministry officials for participation and their interaction with the Hon'ble Members of the Committee.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 18 APRIL, 1994

The Committee met from 15.00 hrs. to 16.30 hrs. in Committee 'E',
Parliament House Annexe, New Delhi.

PRESENT

Dr. Debiprosad Pal — *Chairman*

MEMBERS

Lok Sabha

2. Sh. Magunta Subbarama Reddy
3. Sh. Chandulal Chandrakar
4. Sh. Prithviraj D. Chavan
5. Smt. Maragatham Chandrasekhar
6. Sh. P.C. Chacko
7. Sh. B. Akbar Pasha
8. Sh. Chetan P.S. Chauhan
9. Sh. Dileepbhai Sanghani
10. Sh. Nirmal Kanti Chatterjee
11. Prof. Susanta Chakraborty

Rajya Sabha

12. Sh. Triloki Nath Chaturvedi
13. Sh. Sanjay Dalmia
14. Sh. Biplab Kumar Dasgupta
15. Dr. Shrikant Ramchandra Jichkar
16. Sh. Mahendra Prasad
17. Sh. T. Venkatram Reddy

SECRETARIAT

1. Sh. S.C. Gupta — *Joint Secretary*
2. Sh. Satish Loomba — *Deputy Secretary*
3. Sh. P.K. Bhandari — *Under Secretary*

2. The Committee considered the Draft Report on Demands for Grants (1994-95) of the Ministry of Planning and Programme Implementation and

made certain modifications/amendments in the Draft Report. The amendments/modifications carried out by the Committee are given in the Annexure.

3. The Committee then adopted the Report on the Demands for Grants (1994-95) of the Ministry of Planning and Programme Implementation.

4. After adoption of the above stated Report, the Committee then undertook adoption/consideration of the Draft Report relating to Ministry of Finance, Demands for Grants (1994-95).

APPENDIX

AMENDMENTS/MODIFICATIONS IN THE SIXTH REPORT ON DEMANDS FOR GRANTS (1994-95) OF MINISTRY OF PLANNING & PROGRAMME IMPLEMENTATION

Page	Para	Line	Amendments/Modifications
3	1.4	5	<i>Add "more" After "towards"</i> <i>Add "than in the past"</i> <i>After "Planning"</i> <i>Delete "from a highly Centralised planning process"</i>
	1.5	1	<i>Delete "regarding"</i> <i>Add "about"</i>
4	1.5	3 from bottom	<i>Delete "Planning Commission also helps creating a culture of high productivity and efficiency in the Government".</i>
	1.6	5 from bottom	<i>Add "economic"</i> <i>After "social"</i>
6	4.10	4	<i>Add "also" After "state level"</i>
		6	<i>Delete "The Committee felt that delays in the utilisation of the budgetary"</i>
	1.11	8	<i>Add "The funds should be released well in time after passing of the Budget to ensure effective utilisation of the budgetary allocation".</i> <i>After "1994-95".</i> <i>Delete "The Committee desire that the Planning Commission should monitor the strict implementation of the recommendation of the N.D.C. Committee on Micro-level planning in the States".</i>

Page	Para	Line	Amendments/Modifications
6	1.11	2 from below last line	<i>Add</i> "in consultation with the State Govts." <i>After</i> "involved". <i>Delete</i> "arc"
7	1.12	10 13	<i>Delete</i> "process of" <i>Delete</i> "role of" <i>Add</i> "can offer innovative approaches towards poverty focussed rural development planning" <i>after</i> "agencies" <i>Delete</i> "has been defined as providing a basis for innovation with new approaches towards integrated development, ensuring feed-back regarding impact of various programmes and securing the involvement of local communities, particularly" <i>Add</i> "and to".
		17	<i>Delete</i> "The need for a cadre of trained social organisers is now well recognised and programmes for training of identified persons have been prepared with the help of establishing voluntary organisations"
	1.13	1	<i>Delete</i> "however" <i>Add</i> "The Committee are unhappy to find that"
		2	<i>Delete</i> "decreased" <i>Add</i> "drastically reduced"
8	1.15	2	<i>Delete</i> "the" <i>Add</i> "that"
		4	<i>Add</i> "is" <i>After</i> "planning"
		7	<i>Delete</i> "of targets"
		9	<i>Add</i> "often" <i>Before</i> "encouraged"

Page	Para	Line	Amendments/Modifications
		18	<i>Delete</i> "Earlier, the Planning Commission had visualised a creative role in training people and sending experts to the Districts level for motivating participation in the micro-level planning process. Now, the basic idea behind the subject was creation of voluntary organisations at district level to go into the question of district level planning"
9	3	1.15	<i>Delete</i> "Hence"
	2 from below	1.16	<i>Delete</i> "Meanwhile, Committee" <i>Add</i> "Meanwhile, this Committee desire that the Report of the Committee of Secretaries should be expedited and this Committee be kept informed"
12	5	1.21	<i>Delete</i> "in view of the Committee" <i>Add</i> "and computers should be used to make decision and solve problems in the districts" <i>delete</i> "The Committee feel that computerisation of the day-to-day management affairs at the district level should be encouraged wherever feasible and large number of districts should be covered by NIC"
	8		
	12		<i>Add</i> "The Committee are not fully satisfied by the explanation given by the Ministry that almost all districts have been covered and during 1994-95, only few districts remain to be covered and thus the provisions

Page	Para	Line	Amendments/Modifications
			have been decreased for 1994-95. The Committee are of the view that there is an under-utilisation of the infrastructure in many districts centres set up with help of NIC and a lot more has to be done in the districts to improve their actual functioning''
12	3 from below	1.21	<i>Add</i> ''The district centres should maintain data regarding land use/land records with the help of computerisation'' <i>before</i> ''the basic''
16	4	2.7	<i>Add</i> ''The Committee learn that NSSO, Calcutta was ready to spend Rs. 95 lakhs for installing computers while only Rs. 19 lakhs were provided to them for the current year on the plea that the rest of the amount will be given during the rest of the plan period. In the above context under utilisation does not seem to be fully justified by the Department of Statistics''
20	6	3.4	<i>Add</i> ''as a programme'' <i>Delete</i> ''under connotation''
	8	3.4	<i>Add</i> ''laid on'' <i>Delete</i> ''given to the decentralised planning and''
21	1		<i>Delete</i> ''A large number of'' <i>Add</i> ''The''
	3		<i>Delete</i> ''made'' <i>Add</i> ''and poor quality of work done''
	3	3.6	<i>Add</i> ''the'' <i>After</i> ''in''
	7	3.6	<i>Add</i> ''both Centre/States should share the responsibility so as to ensure that their respective parts of central assistance/grants are provided in time''
	last line	3.6	<i>Add</i> ''such reports should be placed in the Parliament at regular intervals''

*Statement of Conclusions/Recommendations of the Standing Committee on
Finance in the Sixth Report (1994-95)*

S. No.	Para No.	Ministry/ Department Concerned	Conclusion/Recommendation
1	2	3	4
1	1.6	Planning Commission	The Committee feel that any slackness in the working of Planning Commission would seriously jeopardise the developmental activities. The Committee, therefore, recommend that working of the Planning Commission should be geared up and internal procedures streamlined for the overall efficiency of the Commission. The Committee feel in the changed economic scenario, the Planning Commission has to play an important role in guiding Government investment in critical, social, economic and infrastructural sectors. Further, the Committee recommend that in the changed environment the Planning Commission should take particular care of regional imbalances and promote development of hill areas, drought prone areas and the border areas for a balanced growth of the country.
2.	1.10	-do-	The Committee are constrained to note that the effectiveness of the Planning process at district level is being handicapped by delays in decision making at the state level also. People's participation at the district/block level has been a well recognised constituent in the developmental activities at the district/block level. The Committee therefore, recommend that the State Governments should be urged for timely fulfilment of the requirements of planning infrastructure at the district/block level. The Committee are distressed to learn that inspite of the general emphasis on decentralised planning a lot is yet to be achieved by the state governments.

1	2	3	4
3	1.11	Planning Commission	<p>A Grant-in-aid of Rs. 7 crores for strengthening of Planning Board/District Planning Machinery in 1994-95 has been allocated to State Governments. In 1993-94 Grant-in-aid allocated to state government for the purpose amounted to Rs. 2 crores. The Committee therefore, hope that budget allocation of Rs. 7 crores for strengthening of planning at the district/block level is effectively utilised during 1994-95. The funds should be released well in time after passing of the budget to ensure effective utilisation of the budgetary allocation. The Committee recommend that District level planning Boards should invariably be involved in consultation with the State Governments in whatever studies conducted by the Planning Commission regarding a particular region to increase local participation in the planning process as also to keep them abreast with the latest knowledge.</p>
4	1.13	-do-	<p>The Committee are unhappy to find that the budget allocation for the Scheme has drastically reduced from Rs. 6,40,00,000 in 1993-94 to Rs. 1,25,00,000 in 1994-95.</p>
5	1.16	-do-	<p>The Eighth Plan, recognising the significance of involvement of voluntary agencies and other people's institutions for effective micro-level participatory planning recommended that they should be vested with adequate financial resources. The Committee fail to understand as to why voluntary organisations have not been proposed to be given adequate budgetary support in 1994-95 so as to enable them to participate in the micro-level planning process. The Committee recommend that sufficient financial support and infrastructure facilities be provided to voluntary organisations to help in achieving the Eighth Plan objective. The Committee recommend that a definite time frame may be drawn up to implement the Scheme of voluntary organisations' par-</p>

1	2	3	4
			<p>participation in the micro-level planning. Steps should also be taken to fully utilise the budgetary grants made available for the purpose. Adequate monitoring so as to keep an eye on the utilisation of funds should also be ensured by the Department. Meanwhile, this Committee desire that the report of the Committee of Secretaries should be expedited and this Committee be kept informed.</p>
6	1.21	<p>Planning Commission</p>	<p>The Committee are happy to learn that National Informatics Centre have adopted computerisation in pilot districts so as to help in dissemination of information. NIC with all the necessary infrastructure is expected to facilitate the various programme of the Government. Computerisation and use of advance technology at the district level with help in better monitoring of the rural development programmes and computers should be used to make decisions and solve problems in the districts. The Committee are not fully satisfied by the explanation given by the Ministry that almost all districts have been covered and during 1994-95 only few district remain to be covered and thus the provision have been decreased for 1994-95. The Committee are of the view that there is an under-utilisation of the infrastructure in many districts centres set up with help of NIC and a lot more has to be done in the districts to improve their actual functioning. The Committee hope that Rs. 4 crores earmarked under sub-head AA(1)(1)(1) would be effectively utilised. The Committee recommend that steps should be taken for instantaneous transmission of data from the field officers to the Computer Centre so that the policy makers may know what is happening to the projects under implementation. The district centres should maintain data regarding land use/land records with the help of computerisation. The basic objective of the National Infor-</p>

1	2	3	4
			<p>matrics Centre should be to reduce the time lag and improve the quality of data.</p>
7.	2.6	Department of Statistics	<p>The Committee had observed in their Second Report (1993-94) that Budget allocation for NSSO and CSO during the year 1992-93 remained under-utilised to a considerable extent. Under the head NSSO, an amount equivalent to Rs. 3.38 crores remained unutilised in 1992-93. The Committee had also noted that out of the total plan allocation for CSO for the year 1992-93, only 61% was spent and about 39% of the allocation remained unutilised. The Department of Statistics explained to the Committee, in their action taken reply, that the progress of implementation of the schemes was slow mainly due to the following reasons:—</p> <ul style="list-style-type: none"> (i) 1992-93 was the first year of the 8th Plan. Some schemes were required to be considered by the internal Standing Finance Committee/Expenditure Finance Committee as per the Govt. instructions. (ii) Most of the schemes required prior approval of the Ministry of Finance as the staffing component was more than 10% of the outlay for the scheme. (iii) In January/February, 1992, instructions were received from the Department of Expenditure and Cabinet Secretary to abolish at least 10% of the posts at various levels. Deptt. of Expenditure was, therefore, insisting that unless the target of 10% cut in existing posts is met, no proposal for upgradation/creation of posts will be generally considered.
8.	2.7	-do-	<p>The Committee deeply regret that the Department of Statistics have shown under-utilisation</p>

1	2	3	4
9	2.8	Department of Statistics	<p>of Budget allocation by NSSO and CSO for similar reasons as stated above during 1993-94 also. The Committee are also unable to understand that inspite of under-spending by NSSO in 1993-94, a higher Budget allocation equal to Rs. 533,02 lakh has been earmarked for NSSO in 1994-95. In the view of the Committee, the position stated above indicates lack of financial prudence on the part of Department of Statistics. The Committee learn that NSSO, Calcutta was ready to spend Rs. 95 lakhs for installing computers while only Rs. 19 lakhs were provided to them for the current year on the plea that the rest of the amount will be given during the rest of the plan period. In the above context under utilisation does not seem to be fully justified by the Department of Statistics.</p> <p>The Committee observe that under utilisation of budgetary allocation by the Department of Statistics has been sought to be justified on account of 10% cut of the posts at various levels by Department of Expenditure and the staffing component in Statistics Department for the last 2-3 years. The Committee are at a loss to understand as to why the budgetary allocations provided to Department of Statistics could not be effectively utilised by introducing new schemes and studies/allocation of data by the Department. The 1994-95 Demands for Grants of the Department have depicted under-utilisation of funds in 1993-94 amounting to more than 200 lakhs under the sub-heads—NSSO and CSO. The Committee recommend that the position of spending under NSSO and CSO planned schemes should be looked into and monitored on a continuous basis. The steps taken in this regard may be furnished to the Committee expeditiously.</p>
10	3.3	Department of Programme Implementation	<p>The Committee note with concern that out of 367 projects, costing Rs. 134629.45 crores, presently, on the DPI's monitor, the cost escalation in around 189 projects has been over</p>

1	2	3	4
			<p>100 per cent i.e. from Rs. 46518.5 crores to Rs. 95,331 crores. It seems that though the Deptt. has been preparing a number of Reports on the Implementation of various projects like Quarterly Reports, Monthly, Flash Reports and Exception Report etc., these have failed to check cost and time over-runs. The Committee, therefore, recommend that some sort of accountability at the level of formulation and at the level of implementation of various projects should be introduced immediately. The cost and time factors of various projects should be re-evaluated after the formalities regarding acquisition of land and environmental clearance etc. are obtained for the projects so as to get a final and realistic picture of the costs and benefits that are likely to accrue from the project. The Committee further recommend that the Planning Commission should also ensure that the cost of projects is not under estimated at the time of their clearance.</p>
11	3.6	<p>Department of Programme Implementation</p>	<p>The Committee note with concern that inspite of monitoring by the Deptt. of Programme Implementation, much is left to be desired in the implementation of various schemes like Integrated Rural Development Programme. The Committee, therefore, recommend that maximum emphasis should be laid on the development of rural areas under the 20 Point Programme and both Centre/States should share their responsibility so as to ensure that their respective parts of Central Assistance/grants are provided in time. The Committee further recommend that the results of the Monitoring Committee, which monitors as to how much money has been spent and the progress made, should be discussed with the concerned Chief Ministers to impress upon them that achievement of physical targets should match the request for additional funds for rural development. The Committee also</p>

1	2	3	4
<p>recommend that proper evaluation of the various programmes under IRDP should be undertaken to ensure that the schemes are working properly. Such reports should be placed in the Parliament at regular intervals.</p>			
