

**STANDING COMMITTEE ON FINANCE**

**(2004-05)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF STATISTICS &  
PROGRAMME IMPLEMENTATION**

**DEMANDS FOR GRANTS**

**(2004-2005)**

**FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*Presented to Lok Sabha on 20 August, 2004  
Laid in Rajya Sabha on 20 August, 2004*

**August, 2004/Sravana, 1926(Saka)**

## CONTENTS

COMPOSITION OF THE COMMITTEE

INTRODUCTION

REPORT.

BUDGET PROVISION

NATIONAL STATISTICAL COMMISSION

MODERNISATION OF STATISTICAL SYSTEM IN INDIA

CENTRAL STATISTICAL ORGANISATION – STATISTICAL  
ACTIVITIES

PROJECT MONITORING DIVISION – TIME AND COST OVER-RUN

MAJOR WORK

PROFESSIONAL SERVICES

OTHER CHARGES

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS

MINUTES OF THE SITTINGS OF THE COMMITTEE HELD ON  
11 August, 2004

MINUTES OF THE SITTINGS OF THE COMMITTEE HELD ON  
19 August, 2004

## **COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2004-2005**

**Maj. Gen (Retd.) B.C. Khanduri - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri A.R. Antulay
3. Shri Jaswant Singh Bishnoi
4. Shri Gurudas Dasgupta
5. Shri P.S. Gadhavi
6. Shri Shyama Charan Gupt
7. Shri Gurudas Kamat
8. Shri A. Krishnaswamy
9. Shri Bir Singh Mahato
10. Dr. Rajesh Kumar Mishra
11. Shri Madhusudan Mistry
12. Shri Rupchand Pal
13. Shri Danve Raosaheb Patil
14. Shri Shriniwas D. Patil
15. Shri K.S. Rao
16. Shri Jyotiraditya Madhavrao Scindia
17. Shri Lakshman Seth
18. Shri G.M. Siddeshwara
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20. Shri M.A. Kharabela Swain
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22. Shri Murli Deora
23. Shri R.P. Goenka
24. Shri Jairam Ramesh
25. Shri M. Venkaiah Naidu
26. Shri Yashwant Sinha
27. Shri Chittabrata Mazumdar
28. Shri S.P.M. Syed Khan
29. Shri Amar Singh
30. Shri C. Ramachandraiah
31. Shri Mangani Lal Mandal

### **SECRETARIAT**

- |    |                        |   |                      |
|----|------------------------|---|----------------------|
| 1. | Shri P.D.T. Achary     | - | Additional Secretary |
| 2. | Dr. (Smt.) P.K. Sandhu | - | Joint Secretary      |
| 3. | Shri R.K. Jain         | - | Deputy Secretary     |
| 4. | Shri R.K. Kakkar       | - | Under Secretary      |

## INTRODUCTION

I, the Chairman, Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Fourth Report on Demands for Grants (2004-2005) of the Ministry of Statistics & Programme Implementation.

2. The Demands for Grants of the Ministry of Statistics & Programme Implementation were laid on the Table of the House on 14 July, 2004. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance are required to consider the Demands for Grants of the Ministries/Departments under their jurisdiction and make Reports on the same to both the Houses of Parliament.

3. The Committee took oral evidence of the representatives of the Ministry of Statistics and Programme Implementation at their sitting held on 11 August, 2004 in connection with examination of the Demands for Grants (2004-2005).

4. The Committee considered and adopted the draft Report at their sitting held on 19 August, 2004.

5. The Committee wish to express their thanks to the Officers of the Ministry of Statistics and Programme Implementation for the co-operation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

6. For facility of reference, the observations/recommendations of the Committee have been printed in thick type.

**NEW DELHI;**  
19 August, 2004  
28 Sravana, 1926(Saka)

**MAJ. GEN (RETD.) B.C. KHANDURI**  
***Chairman,***  
Standing Committee on Finance

# **Report**

## **Introductory**

The Ministry of Statistics and Programme Implementation came into existence as an independent Ministry on 15.10.1999 after the merger of the Department of Statistics and the Department of Programme Implementation. The Ministry has two wings, one relating to Statistics and the other regarding Programme Implementation. The Statistics Wing consists of the Central Statistical Organisation (CSO), the National Sample Survey Organisation (NSSO) and the Computer Centre. The Programme Implementation Wing has four Divisions, namely, (i) Twenty Point Programme Division, (ii) Infrastructure Monitoring Division, (iii) Project Monitoring Division and (iv) Member of Parliament Local Area Development Scheme Division. Detailed Demands of the Ministry have been included in Demand No. 90.

2. The detailed Demands for Grants of the Ministry of Statistics & Programme Implementation were laid in Parliament on 12th July, 2004.

3. In the present Report, the Committee have examined following issues:-

- (i) Budget Provision
- (ii) National Statistical Commission (NSC)
- (iii) Modernisation of Statistical System in India
- (iv) Central Statistical Organisation – Statistical Activities
- (v) Project Monitoring Division – Time and Cost Over-run
- (vi) Major Work
- (vii) Professional Services
- (viii) Other Charges

## Demand No. 90 Budget Provision

4. The Ministry has furnished the following statement showing Budget Estimates, Revised Estimates and Actuals For 2001-2002, 2002-2003, 2003-2004 and Budget Estimates for 2004-2005

(Rs. In lakhs)										
	2001-02			2002-03			2003-04			2004-05
	B.E.	R.E.	Actuals	BE	RE	Actual	BE	RE	Expected expenditure	BE
<b>Non-Plan</b>	14366.00	14000.00	13490.09	14917.00	13881.00	13336.29	14555.00	13869.00	13854.60	14038.00
<b>%age increase</b>	<b>11.32</b>	<b>3.63</b>	<b>2.07</b>	<b>3.84</b>	<b>-0.85</b>	<b>-1.14</b>	<b>-2.43</b>	<b>-0.09</b>	<b>3.89</b>	<b>-3.55</b>
<b>Plan</b>	16000.00	3938.00	3005.91	12800.00	4138.00	3395.39	6878.00	4289.00	2922.34	13533.00
<b>%age increase</b>	<b>0.00</b>	<b>12.26</b>	<b>4.63</b>	<b>-20.00</b>	<b>5.08</b>	<b>12.96</b>	<b>-46.27</b>	<b>3.65</b>	<b>-13.93</b>	<b>96.76</b>
<b>MPLADS</b>	158000.00	173000.00	180000.00	158000.00	158000.00	160000.00	158000.00	158000.00	168200.00	158000.00
<b>%age increase</b>	<b>0.00</b>	<b>-5.46</b>	<b>-13.46</b>	<b>0.00</b>	<b>-8.67</b>	<b>-11.11</b>	<b>0.00</b>	<b>0.00</b>	<b>5.13</b>	<b>0.00</b>
<b>TOTAL</b>	188366.00	190938.00	196496.00	185717.00	176019.00	176731.68	179433.00	176158.00	184976.94	185571.00

1. %age increase (+) decrease (-) has been calculated using respective figures of the current and previous year.

5. The Ministry in their summary and analysis of Demands for Grants (2004-05) has mentioned as below:-

### BUDGET 2004-2005

The demands for grants under Demand No. 90 for the Ministry of Statistics and Programme Implementation includes a budget proposal of Rs. 1855.71 crore for the year 2004-05. The demand under Revenue is Rs. 1834.87 crore and under Capital Rs. 20.84 crore. The Ministry proposes to undertake 16 Plan Schemes with an estimated expenditure of Rs. 1694.49 crore under Plan Revenue and Rs. 20.84 crore under Plan Capital.

#### NON-PLAN

The Ministry's Non-Plan budget of Rs. 140.38 crore is primarily salary oriented as the primary function of the Statistics Wing is conduct of surveys and collection, analysis and dissemination of data, which is a staff intensive function.

The ISI is engaged in integrated programme of research, training and practical application of statistics in different disciplines through a large number of projects. By an Act of Parliament, known as the ISI Act (No. 57) of 1959, the Institute was declared as

an Institute of National Importance and was conferred with the right to hold examinations and grant degrees and diplomas in statistics and allied disciplines. By the 'Indian Statistical Institute (Amendment) Act 1995, the Institute has also been empowered to conduct courses, besides statistics, in Mathematics, Quantitative Economics, Computer Science and other subjects related to Statistics. Grants-in-aid to ISI are released on the basis of the recommendations of a Statutory Committee set up under Section 8(1) of the ISI Act. From the budget of the Ministry, an amount of Rs. 3789 lakh, 26.99% of the Non-Plan Budget during 2004-05 is proposed to be released as grants-in-aid to the Institute.

Trend of Non-Plan expenditure indicates an increase in expenditure from Rs. 138.69 crore in 2003-2004 (ar RE) to Rs. 140.38 crore, which works out to an increase of 1.22%.

### **PLAN**

The Plan budget proposal in BE 2004-05 is Rs. 1715.33 crore to be spent on MPLAD Scheme and 15 other Plan Schemes. MPLAD Scheme has a budget provision of Rs. 1580.00 crore Rs. 135.33 crore has been proposed for 15 other Plan Schemes.

The proposed expenditure under grants-in-aid of Rs. 1655.30 crore includes Rs. 1580 crore for MPLAD Scheme, Rs. 14.30 crore for ISI Calcutta for its Plan Schemes (excluding Rs. 75.00 lakh for North-Eastern region which has been shown under the lump sum provision) and Rs. 61 crore for carrying out 5<sup>th</sup> Economic Census.

On the basis of the instructions on Zero Based Budgeting, the Plan Schemes of the Xth Plan have been formulated by amalgamation/modifying/droppinig the Plan Schemes of the Ixth Plan. Two new Plan Schemes viz. Tier-I of Modernisation of Statistical System in India with an allocation of Rs. 6.3 crore and Fifth Economic Census with an allocation of Rs. 69.5 crore during 2004-05 are expected to take off during the current financial year. Appendix-IV provides information on the Plan provision actual and expected expenditure during 2002-03 and 2003-04 of the Xth Plan and BE 2004-05. Appendix-V provides a brief on the targets of the Plan Schemes and the achievements during 2003-04.

Excluding MPLAD scheme, for 15 Plan Schemes the % utilization of funds is expected to be 96.10% of RE allocation during 2003-04. Including MPLAD scheme, the % utilization of Plan funds during 2002-03 is expected to be 102.98% of RE allocation. The higher % utilization is due to an additional demand of Rs. 102 crore over & above

RE allocation of Rs. 1580 crore, projected in the third supplementary and by way of re-appropriation. The overall % utilization of RE budget for 2003-04 (Plan & Non-Plan) is expected to be 97.52%.

6. During the course of oral evidence of the Ministry, the Committee enquired about the violent variation in the budget provision of the Ministry since 2001-02 and felt that excessive money has been asked for the year 2004-05 which is unusual in comparison to last years BE, RE and Actuals. The Secretary in his reply stated that-

“at the time of making Budget Estimates in November, about the next year, you over anticipate the kind of things that you will be able to do. You make a provision accordingly. But at that moment, you keep in view the revision of the current year’s Budget as well, so that the Revised Estimates for the current year are now being made in the light of the experience of about seven to eight months of expenditure.”

7. The Secretary further added :-

“If you are to look at the actual expenditure compared to the Revised Estimates, the situation would not be that bad. There would be changes, but the situation would not be that bad. But if you would look at the comparison with Budget Estimates, the original estimates, then the situation is exactly as the hon. Member pointed out.”

8. When asked as to whether the Budget Estimates for the year 2004-05 i.e. Rs. 135 crore would be utilized properly.

The Secretary, during the oral evidence stated that :-

“the Ministry will make every effort to continue with this allocation and will spend it. We have planned it. Our best efforts will be put in that direction.”

9. While replying to a question as to why the IT was not shown as a separate head in their demands. The Secretary during oral evidence stated as under :-

“That is distributed over several heads, it is component of many schemes here.”

10. When pointed out that other Departments kept it in a separate head called IT and in that case it would be easy to figure it out the demand of expenditure on IT. The Secretary in his reply stated “-

“that we do not have it so explicitly but we are the oldest IT users. The computer center of our Department was amongst the first.”

The Ministry in their post evidence reply stated as under :-



“The total Plan expenditure on 16 Plan schemes in the first quarter from 1<sup>st</sup> April 2004 to 30<sup>th</sup> June, 2004 is Rs. 183.46 crore, out of which expenditure on MPLAD Scheme is Rs. 177.50 crore. Hence, the expenditure on remaining 15 schemes for which an allocation of Rs. 135.33 crore has been made in the budget is Rs. 5.96 crore. It may be mentioned that out of the budget allocation of Rs. 135.33 crore for 15 schemes, there is a budget allocation of Rs. 75.8 crore for 2 new schemes viz. ‘Fifth Economic Census’ and Tier-1 of ‘Modernisation of Statistical system in India’ under which expenditure cannot be incurred from Vote-on-Account until the Parliament passes the budget, as the new schemes are considered to be new instruments of service. Hence, from the remaining budget allocation of Rs. 59.53 crore, an expenditure of Rs. 5.96 crore has been made in the first quarter i.e upto 30<sup>th</sup> June, 2004.

**11. The Committee note that there are violent fluctuations in the Budget allocations of the Ministry between Budgetary Estimates, Revised Estimates and Actuals leaving aside the provision for MPLADS. During the year 2001-02, BE was Rs. 160 crore and the Actual expenditure was only Rs. 30 crore. In the year 2002-03, BE was Rs. 128 crore and the actual expenditure was Rs. 34 crore. In the year 2003-04 BE was Rs. 69 crore whereas the expected expenditure is Rs. 29 crore. Government has again made provision of Rs. 135 crore for the year 2004-05. Although the Government has stated that the provisions have been made for various projects which could not take off in time but now have been kicked off, yet the Committee are not convinced with the reply .**

**12. The Committee strongly recommend that utmost care must be taken to avoid large variations in BE, RE and Actuals. While making budgetary provisions, the provisions should be made only for those schemes/projects which have either been kicked off or are likely to be taken up during that particular year. They are of the view that such unrealistic projections at BE stage deprive other Ministries/Departments of available funds.**

**13. From the budgetary provisions of the Ministry, the Committee take note with concern that the Ministry has not been making any separate provisions for the IT (information technology) and show its projections separately in its Demands. They, therefore, feel that since the Ministry of Statistics and Programme Implementation is IT driven, it should lay special emphasis on IT spendings. They also want that in future the Ministry should come out with a separate head for IT.**

## **National Statistical Commission (NSC)**

14. The Government of India had set up the National Statistical Commission, through Resolution No. M/13011/3/99-Admn. IV dated the 19<sup>th</sup> January, 2000 of the Ministry of Statistics and Programme Implementation. Dr. C. Rangarajan was appointed as the part-time Chairman of the Commission.

15. The Commission submitted its Report on 5th September, 2001. The Report contains the recommendations for revamping the statistical system of the country through a five fold approach as listed below:

- Reform the administrative structure of the Indian Statistical System and upgrading its infrastructure so as to ensure its autonomy.
- Improvement of the present system of collection of data, in relation to data that are currently being generated.
- Exploration of alternative techniques, in relation to the existing statistics, if the present system for collecting data is under strain for whatever reasons.
- Identification of new data series that may be generated in keeping pace with the expanding economy.
- Evaluation of appropriate methodologies for collection of data, in relation to the new data requirements.

An Empowered Committee has been constituted to expedite/monitor the processing of the recommendation of the NSC.

16. Asked to furnish the outcome of the recommendations with regard to implementation the Ministry stated:-

The Empowered Committee constituted on 2<sup>nd</sup> January, 2003 under the Chairmanship of Secretary of the Ministry, has held six meetings and reviewed the recommendations relating to various Ministries and Departments in different groups. The reviews were aimed at assessing the steps taken by different Ministries and Departments in processing the recommendations concerning them. The status at the end

of June, 2004 on processing of NSC recommendations as per the review is as given below.

- a) Total number of recommendations = 623
- b) Number of recommendations implemented = 178
- c) Number of recommendations under processing including preparation of technical details = 225
- d) Number of recommendations in which decisions have to be deferred/need further examination = 193
- e) Number of recommendations which cannot be implemented at present = 27

All the recommendations have been reviewed by the Committee. The Ministries and Departments have not accepted some of the recommendations due to practical difficulties. About 150 recommendations have to be implemented by the State Governments/UT's and the Ministries have not found many of them feasible to be implemented within the present decentralized statistical system.

In order to give effect to the recommendations of the NSC, the National Statistical Commission Bill 2003 introduced in the Lok Sabha on 31-7-2003. It aimed at setting up a Commission as an effective co-ordination mechanism for determining statistical priorities, standardization of concepts and definitions and for ensuring credibility of statistics in the existing decentralized statistical system. The NSC Bill 2003 was also referred to the Standing Committee on Finance on 26-8-2003 which was lapsed due to dissolution of Lok Sabha.

17. When asked as to whether the Government intends to revive the Bill, the Ministry in their written reply stated:-

“It is being considered to constitute the National Statistical Commission through a Government order as recommended by the Rangarajan Commission.”

18. The Committee are perturbed with the reply of the Government wherein they have stated that National Statistical Commission (NSC) will be set up through an administrative order instead of an Act of Parliament in pursuance of recommendations of Rangarajan Commission. They recall that during 13<sup>th</sup> Lok Sabha, a Bill for constituting the National Statistical Commission was introduced in Lok Sabha on 31<sup>st</sup> July, 2003 and referred to them also for consideration but it lapsed on dissolution of Lok Sabha. It is not understood to the Committee as to why there is sudden change in the attitude of the Government with regard to National Statistical Commission. They expect that such an important measure will be brought forward through a legislative proposal instead of rushing through by an administrative order. In their opinion this move will not only provide Parliament an opportunity to deliberate on the Bill threadbare but also enhance the status of the National Statistical Commission itself. The Act of Parliament will provide National Statistical Commission statutory status.

19. Hence, they want that Government should come out with a Bill for setting up of National Statistical Commission and refrain from rushing such an important measure of far reaching implications by issuing an administrative order.

## **Modernisation of Statistical System in India**

20. The Sub-Project Implementation Plan (SIP) for taking up some of the important studies under tier-1 of the project on 'Modernisation of Statistical System in India' has been accepted by the World Bank and the participation agreement with the Department of Economic Affairs has been signed. The project includes the components (i) study for identifying the specific requirements of strengthening State Statistical Bureaus; (ii) Study for the establishment of an all India Statistical Network; (iii) Study for the creation and maintenance of a Business Register; (iv) Surveys for the improvement of Service Sector Statistics; and (v) Study for assessing the survey capabilities in the private sector. The activities included under tier-1 are those which would produce visible results in a short span of time and are part of an integrated set of activities designed to improve the capacity, reliability and relevance of the statistical system in India to be implemented in tier-2. Steps have also been initiated to implement the components included in the SIP.

21. The Ministry in their written reply while giving the status report has stated that :

- (i) The Study of counseling capabilities of PVI Schemes is yet to be awarded. The World Bank procedures for procurement of services are being followed. World Bank Review Mission which visited during June 2004 reviewed the progress of implementation and suggested to take following steps:
  - Closer monitoring of progress by increasing the frequency of Steering Committee meetings. The suggestion has been accepted.
  - Have each of the task forces adopt a realistic timetable with achievable milestones at fixed dates. The timetables have been prepared.
  - The immediate drafting by each task-force of its understanding of its terms of reference and how it proposes

to achieve its objectives in the allotted time. The Task Forces are presently engaged in this activity.

- Adoption of and compliance with strict deadlines for all projects but particularly for the project in which an international consultant is involved. This is being done.
- The assignment to each of the task forces of at least one full time person to function as the task force's permanent staff. This is also being done within the constraints of Staff availability.

As regards the difficulty being faced, the Ministry has stated that no difficulties as such are faced in the project implementation. The procedures laid down by the Government of India and the World Bank are being followed.

22. In reply to a query about the time by which Tier II project would be implemented and what would be its completion, the Ministry has stated that development of Tier II of the project is dependent on the outcome of the studies under tier-I.

23. The Ministry have further added:-

(i) The Sub-Project Implementation Plan for the Tier I activities of the Modernisation of Statistical System in India has been developed with the following objectives:

- Raising of staff skills
- Produce visible results within a short time span.
- Initiate a set of activities designed to improve the capacity, reliability and relevance of the Indian Statistical System.
- Complete the methodological studies and advisory services to support tier-2 activities.

The World Bank examines the proposals and if acceptable gives its concurrence for its implementation. The project would be implemented under "Technical Assistance for Economic Reforms" programme of Department of Economic Affairs (DEA) for which

World Bank has agreement with the DEA for providing financial assistance. The total cost of the project is US \$ 1,612,300. The World Bank also provides technical assistance through fielding review missions consisting of international experts.

(ii) The status of implementation of project is given below:

	<b>Component</b>	<b>Present Status</b>
1	Study for identifying the specific requirements of Strengthening of State Statistical Bureaus.	Consultancy agencies have been short listed for seeking proposals.
2	Study for the Establishment of an all India Statistical Network.	Consultancy agencies have been short listed for seeking proposals.
3	Study for the creation and maintenance of Business Register.	The short listed agencies have been asked to submit the proposals.
4	Surveys for Improvement of Service Sector Statistics.	Consultancy agencies have been short listed for seeking proposals.
5	Study for assessing the survey capabilities of private sector.	The method of implementing this component is being reviewed.

24. With regard to a query as to whether the project has been put on fast track, the Secretary of the Ministry during the oral evidence stated:-

“There are five components. In the first tier, the procedure was that we would set up task forces for each of these components consisting of experts and bureaucrats. These task forces would shortlist consultancy firms for doing the studies. In all these five components, there are only pilot studies. Now, the task forces have met and shortlisted these consultants. Those have gone to the empowered committee, which is chaired by me, and we have approved those shortlists. Now, the work is to be awarded. We have only approved the shortlists. Now the request for proposals has to be obtained from all those shortlisted firms. Those RFPs



as they are called have been sent to the World Bank for their concurrence. We hope to get it in a month's time. Thereafter, the bids would be received and awards would be made. I expect, it would take a couple of months from now and then the actual work would begin on the field. As I said, the completion of these studies is expected to be over by the end of 2005 which means there would be about six months' delay in the original time schedule but that delay has taken place so far. Now there would be very little delay because we are keeping to the new time frame."

25. When the attention of representatives of the Ministry was drawn to the fact that inspite of huge allocation made in 2002-03, no amount was spent under the head. The representative of the Ministry stated as under:-

"the second level to which I was coming is that this happens because, for example, what Shri Venkaiah Naidu just now pointed out about modernization of statistical system in India is a World Bank project. The procedures that are required to go through in the World Bank project do take time. You always hope that those will be done on schedule and that the World Bank will also respond with the same alacrity. But sometimes it does not happen. Therefore, the Budget allocations, the original estimates become very high. When we find that the progress in that regard, the negotiation in that regard has not fructified, at the Revised Estimates time, we do reduce those and then the expenditure appears to be in line with that."

**26. The Committee are well aware that Modernisation of Statistical System in India is a World Bank project. It is stretched in two phases namely tier-I and tier-II. They are given to understand that ground work in respect of tier-I of the project has been completed and the actual work will be commenced soon and the studies are expected to be over by the end of 2005. They desire that Government should strictly adhere to the time schedule in right earnest so that tier-II of the project which is dependent on the outcome of the tier-I takes off in time. They want the Government to inform them periodically in this regard.**

## **Central Statistical Organisation – Statistical Activities**

27. The Central Statistical Organisation (CSO) coordinates the statistical activities in the country and evolves statistical standards. Its activities include compilation of National Accounts, Index of Industrial Production, Consumer Price Indices for Urban Non-Manual Employees, Human Development Statistics including Gender Statistics, conduct of Annual Survey of Industries and Economic Census and imparting of training in Official Statistics. The CSO also assists in the development of Statistics in the States and Union Territories, and disseminates Energy, Social and Environment Statistics, and prepares the National Industries Classification.

28. The CSO coordinates statistical activities with Central Government Ministries/Departments, State Governments and other Statistical Agencies. The CSO participates in the inter-departmental meetings of the Working Groups, Technical Advisory Committees, Standing Committees constituted by the Central Ministries/Departments with a view to ensuring statistical standards, to avoid duplication of efforts and for promoting quality and timeliness of data. The CSO also participates in the Committees of the State Governments and assists in the statistical data generation and dissemination activities. The CSO holds the Conferences of Central and State Statistical Organisations (COCSSO). A Standing Committee takes follow up action on the recommendations of the COCSSO.

29. National accounts preparation as well as publication of national estimates of national product, government/private final consumption expenditure, capital formation and saving along with consolidated accounts of the nation and detailed accounts of the public sector transactions are the important activities of the National Accounts Division of the CSO. Other activities are: (i) preparation of quarterly estimates of Gross Domestic Product (GDP) at current and constant prices, (ii) estimation of capital stock and consumption of fixed capital; (iii) estimation of state level gross capital formation of supra-regional sectors of railways, communication, banking and insurance, and central government administration, and (iv) preparation of comparable estimates of state domestic product (SDP) at current prices for the use of Finance Commission and Planning Commission.

30. The Committee during the oral evidence desired to know system of collection of data, its credibility, reliability and dependability and how these are being compiled, the Secretary in his reply stated as under:-

“I would like to answer you by the first taking up the question of how we, the standard-setters, the people who lay down the norms ensure that the Central Ministries such as Education, health, Environment, Telecom and some other Ministries, which are very important from the statistical point of view, carry out their operations which are in keeping with these standards.

Our experience is that in those Ministries where trained statisticians are heading the statistical cells, they are directing the operations of statistical cells and they are able to advise on the concepts, definitions, methodology and supervisions so that then surveys and that data collection is subject to the standard that is laid down by us. In those Ministries where it is not so, we sometimes get a request that ‘we have done this particular survey but some other survey of your has given us an indirect inference as to the same parameter which is different from ours and we do not like our results and so will you please reconcile’. But, by that time, the horses have already bolted. The methodology of the two surveys is different. They do not conform to the standards that we had laid down. The methodology that we had laid down is different. They did not consult us. To validate their methodology they want that the surveys are to be reconciled now. Now, to reconcile it, we will have to conduct another survey. In some cases, in the case of agriculture for example, where we have statistical experts sitting there we are not only able to guide them on these issues but we are also able to persuade them to carry on test checks if the data actually collected on the ground is really there or not. We are able to get some test checks done. Where our people are not there, it is not done. I will be very candid. This is about the Central Ministries. I think that for improving the quality of data collection in the States, we have to be even more concerned. It is an even bigger concern because a lot of statistical data is there. In fact, most of the statistical data the administrative records generate on the ground in the States. If the block development officer has those figures and they go up to the Agricultural Production Commissioner in the State

capital, and this department or the directorate of economics and statistics which comes under the Planning Department has no stature to get that information across, then what we have is a very difficult situation. Whatever data were collected may not be reported – the data reposted by the Agricultural Production Commissioner is the last word at the level of the State Government. We also have to think about creating some systems as we have here. What we have here, we need to improve.

One remedy that we are contemplating is to amend the Collection of Statistics Act under which this Department has the legal power to obtain data from any citizen of the country through an order. Similar authority could be given to the State Government and we should also give it to the Central Ministries so that at least data collection is ensured or at least the quantum of data collection improves and then there has to be an expert in statistics as opposed to other disciplines who supervises or who is able to guide the operations at both the Central Government level and in the States at the State Government level.

In fact, one of the components of the tier one of the World Bank project is exactly this. It is three-pronged.

The first prong is to strengthen the State statistical systems, which is in terms of infrastructural strengthening. The second one is to get the private sector involved in the collection of data. Sir, it is amazing that in such a large country, we tried to outsource some statistical functions and we did not succeed because there are not enough people who can do the job as we want them to do, that is according to the standards that we set. So, how to create those private sector capabilities is the other thing. Thirdly, we want expertise of statistics which abounds in our Ministry to be shared with the Central Ministries and the States.”

31. When suggested that services of graduate and post graduate in different universities be utilized without recruiting them and by involving pvt. organizations who might be voluntarily ready for collecting and preparation of data for the Ministry/ organization, the Secretary agreed it in principle and submitted that this system has to be institutionalized.

**32. The Committee take serious note of the fact that though they have been impressing upon the need to have timely and qualitative collection of data in the past, no tangible improvement has so far been noticed. They are also concerned to find that different methodologies being adopted by various Ministries for collection of data do not conform to the standards laid down by the Ministry of Statistics and Programme Implementation. The Central Statistical Organisation (CSO) working under the Ministry has reportedly been unable to maintain statistical standards due to ineffective statistical co-ordination with other Central Ministries/Departments, some of which even do not have statistical cells and professional statisticians. The result has been that the surveys are conducted one after another at their own level resulting into collection of sub-standard data which can hardly be relied upon. As regards data collection in the States, the situation is even more pathetic. Most of the statistical data in the States is generated at the level of Block Development Officers and approved by the Agriculture Production Commissioner in the State capital who is the final authority. The Committee are of the view that the main problem with regard to State statistical system relates to lack of infrastructural facilities which includes lack of qualified enumerators as well. They are of the opinion that unless quality of data collection ,methodology of carrying out the operation and quality of enumerators is improved, the desired goal of data collection can never be met. They are given to understand that under the scheme 'Modernisation of Statistical System in India' being funded by World Bank the infrastructural facilities at the State level are going to be upgraded and the State Statistical Bureaus will be strengthened. In view of the fact that this project has already been delayed, the Committee desire that all earnest efforts should be made to ensure that the different components specified under the Project are achieved in a time bound manner so that the improvement could be effected in the present statistical system and uniform method of data collection can be achieved. They desire that Collection of Statistics Act which will bestow more powers on the Ministry with regard to collection of statistics should also be amended forthwith.**

### **Project Monitoring Division – Time and Cost Over-run**

33. Project Monitoring Division (PMD) monitors all Central sectors projects of the Government costing Rs. 20 crores and above and review the impact of the Accelerated Irrigation Benefit Programme. This Division has also been charged with the responsibility of monitoring major infrastructure projects in private/joint sector. The Division makes appraisal of the Projects from the point of view of the state of preparedness, examines causes of time and cost overrun of the projects and identifies the bottlenecks in their implementation, thereby playing an important role as coordinator and facilitator.

34. When asked whether it is true that the time and cost overruns have been a major problem affecting the implementation of projects, the Ministry in their written reply stated as under:-

Slippage in implementation of projects in infrastructure sectors like roads, coal, railways, power etc. is due to time and cost overruns. On the overall basis, percentage cost overrun with respect to original approved cost came down from 62% in March,'91 to 22.7% in March,2004. The overall cost overrun with respect to the latest approved cost is only 6 to 7% and the time overrun ranges from 3 months to 171 months. There is a continuous decline in the extent of time and cost overruns. This has been possible due to vigorous steps taken by the executing agencies following Cabinet directives for system improvement.

(ii) : According to the analysis carried out by the Ministry of Statistics and Programme Implementation in respect of the projects on its monitor, a number of factors of delays have been observed. Details of these factors and the number of projects affected by them are as follows:

#### **Number of Railway Projects = 93**

Number of Projects	Constraints
<b>34</b>	Fund Constraints
<b>23</b>	<b>Land Problems</b>
<b>1</b>	Agreement
<b>10</b>	Delay in Award of Contract
<b>4</b>	Delay in Supply of Equipment
<b>10</b>	Delay in Civil Works
<b>2</b>	Law and Order Problem

<b>8</b>	Slow progress
<b>1</b>	Court Cases

Others = 31

Number of Projects	Constraints
<b>2(1 each in Coal and Road Transport)</b>	Fund Constraints
<b>8 (6 in Coal, 2 in Power)</b>	<b>Land Problems</b>
<b>2 (Coal)</b>	Environment clearance
<b>1 (I&amp;B)</b>	Technology selection
<b>4 (1 in Civil Aviation, 2 in I&amp;B, 1 in UD)</b>	Award of Contract
<b>2 (1 in Atomic Energy, 1 in Coal)</b>	Delay in Supply of Equipment
<b>5 (2 each in I&amp;B and UD, 1 in Road Transport)</b>	Delay in Civil Works
<b>1 (Power)</b>	Geo-mining
<b>2 (Power)</b>	Law and Order Problem
<b>3 (1 each in Power, Road Transport and UD)</b>	Slow progress
<b>1 (I&amp;B)</b>	Court Cases

The following additional reasons have also been contributing to time and cost overruns: (i) Lack of supporting infrastructure facilities, (ii) Delay in finalisation of detailed engineering, release of drawings and delay in availability of funds, (iii) Changes in scope, (iv) Industrial relations and law and order problems, (v) Delay and uncertainty in feedstock supply, (vi) Pre-commissioning troubles, (vii) Technology problems, and (viii) Geological surprises.

Some causes of cost escalation include : (i) High cost of environmental safeguards and rehabilitation measures, (ii) Higher cost of land acquisition, (iii) Change in scope of the project, and (iv) Under-estimation of original cost.

Measures taken to reduce time and cost overruns are as follows:

1. Re-prioritisation of projects in the light of resource constraints.
2. Formation of core management team for every project costing Rs.50 crore and above
3. Formation of Empowered Committee in each administrative Ministry / Department for departmental projects.



4. Delegation of adequate financial and administrative powers.
5. Strengthening of monitoring at all levels.
6. Regular review in the administrative Ministry at the level of Secretary.
7. Strict appraisal and sanction of projects.
8. Appointment of Nodal Project Officer co-terminus with the project completion period.
9. Setting up of Standing Committees for fixation of responsibility for time and cost overruns.

35. In regard to an another query as to whether the number of Ministries who have constituted the Standing Committees and whether the Ministry has got any feed back from the Standing Committees of administrative Ministries about specific reasons where time and cost over run and the number of cases where responsibilities has been fixed for the delay in implementation of the programme, the Ministry in their written reply stated as under:-

As on June, 2004, 29 Standing Committees have been set up in different Ministries and Departments to examine the reasons for time and cost overruns and to fix responsibility therefor.

(ii) : Officers of this Ministry are represented as members on the Standing Committees set up by the Administrative Ministries. Officers participate in the proceedings to find out specific reasons for time and cost overrun, as also fixation of responsibility. Out of 59 proposals posed to the Standing Committees for fixation of responsibility, reports in respect of 35 projects have been finalised. The reports of the Standing Committees and Action taken by Ministries concerned form part of the proposals for revised cost estimates of projects which have time and cost overruns. These are submitted alongwith the Note for the Public Investment Board (PIB) and the Note for consideration of the Cabinet Committee on Economic Affairs. The analysis of the findings of these Committees for specific projects and the responsibilities fixed have been highlighted in the Table I below.

**Table - I**

**PROJECTS REVIEWD BY THE STANDING COMMITTEES**

Sl. No.	Ministry/Department, Name of the Projects	Finding of the Standing Committee	Remarks
	<b><u>Civil Aviation :</u></b>		
1.	Construction of Boeing 747 - 400 Hangar (No.4) at Mumbai by Air India.	Inadequate funds and delay in land acquisition led to occurrence of time and cost overruns in the project.	Indian Air Lines which was occupying the area was responsible for delay in handing over of land.
2.	Construction of New International Passenger Terminal Phase III by the Airport Authority of India.	Change in the scope of the project has been largely responsible for time and cost overruns in the project.	The change in scope was conceived at the early stage by AAI, and was held responsible for inadequate project formulation.
	<b><u>Coal :</u></b>		
3.	Dudichua Opencast Project, Northern Coalfields Ltd.	Funds constraints and delay in supply and commissioning of draglines and Coal Handling Plant Phase-I led to occurrence of time and cost overruns in the project.	Committee held HEC and M/s Hyundai Heavy Industries Ltd. responsible for the occurrence of time and cost overruns, and recommended appropriate action against the said companies.
4.	Pootkee-Balihari underground project, (Bharat Coal Companies Ltd.)	Time overrun experienced in the project is attributed to delay in sinking of two additional shafts, and delay in erection of head frame and building up of underground production to target level (0.68MTY) due to funds constraints.	Liquidated damages imposed on M/s TSL, M/s CEMENDIA and Ms HEC.
	<b><u>Health &amp; Family Welfare:</u></b>		
5.	National Institute of Biologicals, NOIDA.	Delays in the project are attributed to system deficiencies, lack of experience, lack of institutional structure (project team), and absence of monitoring mechanism.	Committee held the Ministry of Health responsible for system deficiencies.

6.	North Eastern Indira Gandhi Regional Institute of Health & Medical Sciences, Shillong.	Occurrence of time and cost overruns has been largely on account of lapses on the part of the Ministry in respect of project formulation, planning and implementation. Frequent changes in scope of the project have also contributed to the delay in completion of the project.	
	<b><u>Fertilizers:</u></b>		
7.	Revamping of Ammonia/Urea/NPK Plants of Madras Fertilizers Ltd.	Time overrun experienced in the project was attributed to the delay in supplies of major equipment, delay in piping fabrication and erections whereas cost overrun was associated with increase in interest charges during construction period, foreign exchange variations, and change in scope.	The Committee fixed responsibility on 3 previous CMDs of MFL, the present CMD, and the present GM (Corporate Planning) for ineptitude, and infighting.
	<b><u>Power :</u></b>		
8.	Rangit HEP, NHPC.	Lack of monitoring and supervision by NHPC led to many contractual problems which otherwise could have been avoided. Moreover, original project report was not based on realistic basis.	Committee felt that the management of NHPC and contractors have substantially contributed to time and cost overrun.
9.	Tehri Hydro Electricity Project.	The Committee felt that the time overrun in the project	The Committee concluded that time and cost overruns

		was mainly due to various agitations leading to stoppage of work, R&R package, and environmental aspects of the project.	experienced in the project are due to factors beyond the control of the project enterprise.
10.	Vindhyachal Additional Transmission System.	Since the project was completed within the stipulated completion schedule after the funding tie-up with the world Bank, the Committee felt that there was no time overrun in the project.	No responsibility fixed.
11.	Nathpa Jhakri Transmission System.	The Committee felt that since the transmission system is linked to the commissioning of the generation project at Nathpa Jhakri, the transmission project has been deliberately delayed.	No responsibility fixed.
12.	Kathalguri Transmission Project.	Occurrence of time and cost overrun was attributed to the law and over prevailing in the North-eastern region, changes in scope arising out of geographical conditions, general price escalation, and increase in interest during construction (IDC).	No responsibility fixed.
13.	RCE of Moga-Bhiwani Transmission Project.	Committee was of the view that the project was approved without financial tie-up resulting in 2 years' delay. Adverse law and order situation then in Punjab also delayed the project. Increase in cost	No responsibility fixed.

		was mostly on account of change in scope of the project.	
14.	Kishenpur-Moga Transmission System, POWERGRID.	The Committee conducted that delay in execution was mainly due to the delay in testing by the contractor, and partly due to several contractual disputes leading to termination of the contract etc. The cost overrun is mainly due to general price escalation and due to increase in the interest during construction.	No responsibility fixed.
15.	RCE of Uri Transmission System, POWERGRID.	Time overrun experienced in the project was mostly due to disturbed law and order conditions in the State, delay in land acquisition, and the Court order regarding tree felling. The cost overrun was mainly due to general price escalation, and very high erection charges quoted by the bidders.	No responsibility fixed.
16.	Nathpa Jhakri HEP, NJPC.	Time and cost overruns experienced in the project have largely been on account of natural calamities and geological surprises which were beyond control of NJPC.	No responsibility fixed.
	<b><u>Ministry of Home Affairs :</u></b> <b><u>(Now DNEA)</u></b>		
17.	Ranganadi Transmission Project, NEEPCO.	Committee observed that nothing substantial was achieved during first five years of the project time-cycle.	Committee has recommended to Secretary, NEC to fix the responsibility on the officers of NEEPCO for not making substantial progress for the initial 5 years. Project since completed.

18.	Rokhia Gas - based Power Project.	There has been no cost overrun though there has been a time overrun of 9 months.	The Committee felt that there is an urgent need for simplification of too many procedural requirements often leading to delays in project sanction/implementation.
19.	Doyang, HEP.	Committee observed that the responsibility for not updating the cost and time schedules (which were almost 2 years old) before obtaining the approval of the Government rested with NEEPCO and NEC.	NEEPCO was held responsible for poor quality of DPR.
20.	Ranganadi, HEP.	The responsibility for not updating the schedule and estimates for seeking Govt. approval rested with NEEPCO, NEC and MHA.	The responsibility for the delay in award of major contracts from 6 months to 2.5 years lies with NEEPCO.
21.	Doyang Transmission System NEEPCO.	Committee directed the Secretary NEC to fix responsibility for the slow progress on the part of NEEPCO during the period of 7 initial years till the project was transferred to POWERGRID.	M/s NEEPCO was held responsible for initial delays.
22.	RCE of Regional Institute of Medical Sciences, Imphal.	The committee held entire Management Committee/NEC responsible for not following professional project approach. No prior approval was secured for releasing funds beyond the sanctioned cost. Inadequate survey and soil investigations also led to time overrun in the project.	No responsibility fixed.
23.	<b><u>Shipping &amp; Ports</u></b> Construction of New Port of Ennore near Chennai.	Occurrence of time and cost overruns was attributed to delays in appointment of consultants and finalization	Fixed responsibility on the Administrative Ministry and Consultant.

		<p>of port layout and in award of major contracts. The Committee concluded that time overrun of 10 months was due to elaborate ADB procedures for appointment of consultant.</p> <p>Project since completed.</p>	
24.	Mechanised Coal handling Plant, Pardeep Port.	<p>The Chairman of the Paradeep Port Trust was held responsible for failing to appoint a full-time Project Director. The Committee recommended black listing of the consultant for not taking adequate steps for preparation of Railway Receival Design system which significantly contributed to time and cost overrun in the project.</p>	<p>Consultant was held responsible for not taking adequate steps for Railway Receival Design System. Ministry of Shipping &amp; Ports was held responsible for delay in appointment of Project Director.</p>
	<b><u>Road Transport &amp; Highways:</u></b>		
25.	4-Laning and Strengthening of Mathura-Agra Section of NH-2 (Km 148.33-Km 199.66)	<p>Committee felt that inexperience of domestic consultants and failure on the part of the U.P. PWD, sites not being free from encumbrances led to occurrence in the project.</p>	<p>LD imposed on consultant for lack of supervision.</p>
26.	4-Laning and strengthening of NH-3 between km 573 and km 590.6 and construction of Bypass around Indore town in M.P.	<p>Committee concluded that the consultant for the project should be debarred for future projects for failure on his part to ensure proper supervision of work and proper survey of the site.</p>	<p>Responsibility fixed on State PWD and Ministry for lack of monitoring.</p>
27.	4- Laning and Strengthening of NH-1 between km 132.675 to 212.161 in Haryana.	<p>Time and cost overruns experienced in the project are attributed to delay by the consultant to prepare detailed cost estimates, inadequate designs preparation by the consultant for major</p>	<p>Responsibility fixed on Railways and State PWD.</p>

		structures, and failure on the part of the Ministry to carry out periodic review of the progress.	
28.	4- Laning and Strengthening of NH-1 between km 212.20 and 252.25 from Haryana - Punjab Border to Sirhind in Punjab.	Reasons for time and cost overruns were attributed to inadequate survey by the contractor, delay in processing of RCE by the Ministry, delay in starting of work by Railways for Railway Over Bridge (ROB), and failure of the Punjab PWD to ensure sites being free from encumbrances.	Ministry and Monitoring Committee held responsible.
29.	RCE for 4-laning with strengthening of the existing 2-lane pavement from Barwa Adda (km 398.75) to Barakar (km 441.44) on NH-2 in Jharkhand.	Committee observed that the DPR for the project submitted by the RITES was not as per the international standards, and was required to be revised as per ADB norms. This resulted in avoidable time overrun.	Responsibility fixed on RITES to prevent such events from recurring.  Project since completed.
	<b><u>Water Resources :</u></b>		
30.	Farakka Barrage project.	Time and cost overruns experienced in the project were attributed to funds constraints, inadequate and ineffective monitoring, general price escalation, labour unrest, and arbitration cases at Farakka Barrage Project.	Responsibility fixed on inadequate funding and lack of monitoring.
31.	RCE in respect of Pagaldiya Dam Project, Assam.	Problems in land acquisition for R&R works and security considerations contributed to delay in completion of the project. The design was inadequate from the point of view of safety requirements.	No agency held responsible.
	<b><u>Steel:</u></b>		
32.	Kudremukh Iron & Steel Company (KISCO) Ltd.,	Time and cost overrun experienced in the project	Responsibility fixed on M/s DLF to whom the contract for



	Karnataka.	were attributed to delay in finalisation of specifications for equipment on the part of KISCO, and the subsequent delay in supply of drawings to M/s DLF Industries.	CPP was awarded.
	<b><u>Mines</u></b>		
33.	National Judicial Academy, Bhopal.	The project suffered due to open ended contract award to the architect. The scope of project kept changing without any control.	Department of Justice had no monitoring mechanism. The contract with the architect was revised with proper cap.
34.	Bhash Bhavan, Department of Culture.	The project got delayed in obtaining clearance of Kolkata Municipal Corporation, non-availability of detailed design.	Responsibility fixed on CPWD along with the consultant architect for delays and lack of monitoring.
35.	Rolled Product Unit (erstwhile IAPL) of NALCO Project.	Committee concluded that time and cost overruns in the project have resulted on account of factors beyond the reasonable control of NALCO. As the project was complete and rolled products sold by NALCO since November 2002, time overrun of about 18 months may be condoned.	No responsibility fixed. Unit sold out.

36. When asked as to the reasons of Cost and Time Over-run, the Secretary in his oral reply stated as under:-

“if you want me to go into specific projects, each one is a specific story and I can go into those stories as far as I know and I can get you more information in a day’s time. But particularly because you mentioned about the Sutlej project, the Nathpa-Jhakri project which is very much in the news today, this project scope was changed on the way by the Government. So, the project started with, I think, two power houses. Ultimately, it has six units. So naturally the project costs had to go up. But the only thing I can tell you at a general level is that all these project costs are approved costs by the

Ministries concerned. So, for reasons 'a' to 'e', the government took all that into consideration and approved those things."

37. The Secretary further stated as under:-

"Let me first give you the list of reasons why this project cost escalates. One is the change in scope. For any reason if there is a time overrun, that means that the project does not progress according to the milestones and then the cost will go up.

The second is when you want to source equipment from foreign countries and there are hassles in that, then that causes time overrun and because of that the cost also goes up. Generally, the reasons are these. There are problem in procurement. Sometimes there is law and order problem. I mean, the Dulhasti, the other name you took just now, it is in Doda district. Most of the time there is a curfew and the work does not proceed.

The representatives of the Ministry further stated as under:-

...Quite often the project is approved without the DPR having been prepared. Now, if you do not prepare the DPR, you are going to take two years preparing it. In the case of your erstwhile Ministry of Road Transport, the Ministry wanted the PIB to approve projects, I think, 70 sub-projects without preparing the DPR and PIB said, 'no way, we will not approve it. We are ready to delegate this power to you, but we will not approve without the DPR. So, sometimes the Government becomes very rational and sometimes not. In the case of railway projects, you have the well known example of Parliament being taken into confidence first and the project being prepared later. The result is that we have 50 years worth of projects awaiting funding. So, as I said, there can be rational reasons and there can be non-rational reasons.

...As per the charter of this Ministry, we do carry policy notes to the Committee of Secretaries, pointing out all these reasons and asking the Ministries to respond specifically to those and some circulars are issued. So, this policy analysis does take place in this Ministry. I would say, personally speaking that it should be much more than it is done. But that is my personal view."

38. On asking as to whether the Ministry do object to any project where there has been inadequate funding from the very beginning, the Secretary in his reply stated as under:

“We are not part of the decision making about that. We only monitor once the project is approved.”

39. The Committee are deeply concerned to note that many ambitious projects have been held up due to time and cost over-run, resulting in wastage of precious national wealth. This is despite the fact that 29 Standing Committees have been set up in different Ministries/Departments to look into this phenomenon in which the officers of the Ministry of Statistics and Programme Implementaiton are also represented. These Committees despite looking into the specific reasons for time and cost over-runs also fix responsibility. Though the Standing Committee on Finance have repeatedly been emphasizing the need to minimize the delays by introducing an effective mechanism of monitoring in the past, not much improvement in the results has been noticed so far. The same reasons are adduced time and again while explaining the delays and cost escalations. This position is not acceptable to the Committee. They desire that the various factors which cause the delays should be identified and tackled in an effective manner on priority.

**Demand no. 90**  
**Detailed Demand No. 53**  
**Object Head wise**

**Major Work**

(in thousands of Rs.)			
Year	BE	RE	Actual
2001-2002	13,60,00	3,72,00	2,98,21
2002-2003	4,46,00	9,53,00	7,37,52
2003-2004	13,03,00	5,81,45	1,38,25
2004-2005	17,46,50		

40. In reply to a query with regard to manifold increase in their BE during 2003-04 in comparison to the Actuals during 2002-03, the Ministry in their reply stated as under:-

“the higher allocation at BE stage during 2003-04 was due to provision for the construction of Central Training Facility for creating necessary infrastructure for providing training to statistical personnel. In BE 2003-04 an amount of Rs. 7.15 crore was exclusively provided for the purpose under major works.

In anticipation of operationalisation of the Plan Scheme “Modernisation of Statistical System in India”, in BE 2001-02, an allocation of Rs. 10.00 crore was made under the object head “major works”. Since the scheme could not be operationalised during the year, at RE stage, the amount was reduced to Rs.20 lakh resulting in overall reduction under the head at RE stage. During BE 2003-04, an allocation of Rs. 7.15 crore was made under the budget head in the plan scheme “Institutional Development and Capacity Building” for Construction of Central Training Facility for the statistical personnel of the country. However, since preparation and approval of the plan for construction of the building by Central Public Works Department (CPWD) was taking

time, the budget under the head at RE stage was reduced to Rs.50 lakh, resulting in overall reduction under the Head at RE stage.

During BE 2002-03, although an initial allocation of Rs. 4.46 crore was made under the head, there was no provision for acquiring land for construction of Central Training Facility. Since there was a distinct possibility of acquiring land for the purpose from the Greater Noida Authority, Rs. 4.28 crore additional allocation was made for the purpose in RE 2002-03 which raised the overall budget under the head. The land was acquired in March, 2003 at a cost of Rs. 431.59 lakh.

During the current year 2004-05, an allocation of Rs. 8.86 crore has been made for construction of Central Training Facility through Central Public Works Department. This has resulted in sharp increase in BE allocation under the head during the current year.

The actuals for 2003-04 under the head are Rs. 138.25 lakh.

41. The Committee note that there has been a manifold increase in the BE during 2003-04 in comparison to the Actuals during 2002-03. The main reason for higher allocation at BE stage during 2003-04 is due to provision for the construction of Central Training Facility for creating necessary infrastructure for providing training to statistical personnel. In BE 2003-04, an allocation of Rs. 7.15 crore was made under the budget head in the plan scheme “Institutional Development and Capacity Building” for Construction of Central Training Facility for the statistical personnel of the country. However, since preparation and approval of the plan for construction of the building by Central Public Works Department (CPWD) was taking time, the budget under the head at RE stage was reduced to Rs.50 lakh, resulting in overall reduction under the Head at RE stage. During BE 2002-03, although an initial allocation of Rs. 4.46 crore was made under the head, there was no provision for acquiring land for construction of Central Training Facility. Since there was a distinct possibility of acquiring land for the purpose from the Greater Noida Authority, Rs. 4.28 crore additional allocation was made for the purpose in RE 2002-03 which raised the overall budget under the head. The land was acquired in March, 2003 at a cost of Rs. 431.59 lakh. During the current year 2004-05, an allocation of Rs. 8.86 crore has been made for construction of Central Training Facility through Central Public Works Department. This has resulted in sharp increase in BE allocation under the head during the current year.

42. The Committee therefore recommend that since the land for construction of Central Training Facility has now been acquired and an allocation of Rs. 8.86 crore has also been made the allocated budgetary provisions should be fully utilized for construction of the building and desired that the expenditure may be watched carefully and revised accordingly at RE stage so as to minimize the gap between RE and Actuals.

**Demand no. 90**  
**Detailed Demand No. 28**  
**Object Head wise**

**Professional Services**

(in thousands of Rs.)

Year	BE		RE		Actual	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2001-2002	18,01,70	7,80	3,26,20	16,37	80,51	8,94
2002-2003	2,12,75	25,18	1,51,00	8,72	74,01	8,22
2003-2004	7,41,75	8,72	2,98,00	7,85	29,59	4,42
2004-2005	11,93,00	7,95				

43. In reply to a query with regard to explaining the reasons for making higher allocation at BE (Plan) during the years 2001-02, 2002-03 and 2003-04 and then reducing the same at RE stage during 2001-02, 2002-03 and 2003-04, the Ministry in their reply stated as under:-

“In anticipation of operationalisation of the Plan Scheme, ‘Modernisation of Statistical System in India’, budget allocation of Rs. 16.50 crore was made under the head in BE 2001-2002. The National Statistical Commission submitted its report in September, 2001. For incorporating the recommendations of the Commission, it was necessary to revise and reformulate the scheme. Since the scheme could not be operationalised during the year, allocation under the head in the scheme was reduced to Rs. 2.00 crore in RE 2001-02. In anticipation of operationalisation of the scheme during 2003-04, an allocation of Rs. 4.00 crore was made under the head in the scheme. Since the operationalisation of the scheme was taking time, allocations under the head in the scheme were reduced to Rs. 0.7 crore in RE 2003-04. A number of studies were envisaged to be conducted under the schemes, ‘Development of Social, Environment and Price Statistics’ and ‘Improvement of National Accounts Statistics’. For this budget allocation of



Rs. 85 lakh and Rs. 35 lakh was made for the schemes respectively in BE 2003-04. However, the allocations were reduced to Rs. 35 lakh and Rs. 10 lakh respectively in RE 2003-04, as few studies could be undertaken under the schemes.

The scheme has been operationalised during the current year 2004-05. An allocation of Rs. 5.95 crore has been made under the head in the scheme during 2004-05.

The primary reason for underutilization of funds in 2001-02 is non-operationalisation of the plan scheme "Modernisation of Statistical System in India".

During 2002-03, certain studies and projects under the Plan schemes "Institutional Development and Capacity Building in Programme Project Planning Implementation Monitoring and Performance Management of Infrastructure in Public and Private Sector", "Development of Social Environment and Price Statistics" and 'Improvement of National Accounts Statistics' as envisaged could not take place resulting in underutilization of funds.

The actuals under the head during 2003-04 are as follows:-

Rs. 29.59 Lakh (Plan)

Rs. 4.42 Lakh (Non-Plan)

As mentioned above, in anticipation of operationalisation of the Plan Scheme "Modernisation of Statistical system in India" at BE stage during 2001-02 and 2003-04 substantial amounts were allocated under the head in the Plan scheme. Because of non-operationalisation of the scheme, the budget was reduced at RE stage and no expenditure could take place under the head in the scheme. This resulted in budget estimates, which were not commensurate with actual requirements.

44. The Committee regret to observe that there had always been substantial under-utilisation of budgetary provisions under the head 'Professional Services' meant for "Modernisation of Statistical System in India". The reasons adduced in support of under-utilisation has been due to non-operationalisation of the scheme as the scheme was taking time to take off. They are given to understand that during 2002-03, certain studies and projects under the Plan schemes "Institutional Development and Capacity Building in Programme Project Planning Implementation Monitoring and Performance Management of Infrastructure in Public and Private Sector", "Development of Social Environment and Price Statistics" and 'Improvement of National Accounts Statistics' as envisaged could not take place resulting in underutilization of funds.

45. The Committee are concerned to note that huge amount has been allocated under this Head since 2002-03 which remained unutilized for non-operationalisation of the scheme 'Modernisation of Statistical System in India'. They feel that instead of making full allocation, the Government could have made notional provisions under this Head when the scheme was at its nascent stage in 2002-03. The Scheme has now been operationalised during the current year 2004-05. They want that Government should come forward with only realistic budgetary allocations in future.

**Demand no. 90**  
**Detailed Demand No. 50**  
**Object Head wise**

**Other Charges**

<b>Year</b>	<b>BE</b>		<b>RE</b>		<b>Actual</b>	
	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>
2001-2002	22,29	0,17	20,67	1,50	4,65	0,08
2002-2003	78,00	2,19	10,84	1,03	4,69	0,09
2003-2004	2,08,65	1,03	2,02,53	0,92	3,98	0,06
2004-2005	20,00	0,93				

46. In reply to a query with regard to manifold increase in the BE during 2002-03 and 2003-04 and in RE stage, the Ministry in their reply stated as under:-

“During the 10<sup>th</sup> plan under the head “other charges” in the component “Awards and fellowships for outstanding and meritorious research work in Statistics” of the plan scheme “institutional development and capacity building” five doctoral fellowships have been awarded. A number of travel grant assistance has been provided to statisticians for presenting their accepted research papers abroad in international conferences. Three senior statisticians have been awarded national award in memory of Prof. P.V. Sukhatme and three young statisticians have been given national awards in honours of Prof. C.R. Rao. The first International award established in memory of Prof. P.C. Mahalanobis has been awarded to Prof. C.R. Rao in the 54<sup>th</sup> session of the International Statistical Institute, held in Berlin on 18<sup>th</sup> August 2003.

An allocation of R.2.08 crore was made under the head in the component “awards and fellowships for outstanding and meritorious research work in statistics” of the plan scheme “Institutional Development and Capacity Building” for creation of chair which was an objective of the scheme. This

resulted in manifold increase in the BE during 2003-04 in comparison to the actuals in 2002-03. The amount was, however, not spent as a decision was ultimately taken that instituting a Chair would not be advantageous.

The actuals under the head for 2003-04 are as follows:

Rs.3.98 lakh (Plan)

Rs.0.06 lakh (Non-Plan)

Taking into account the actual expenditure, it is agreed that the allocation of fund should have been more realistic. During the year all efforts will be made to ensure timely utilization of available funds.

47. The Committee regret to observe that there had been substantial under-utilisation of budgetary provisions under the object head 'Other Charges'. One of the reasons adduced in support of under-utilisation has been mentioned that the allocation of Rs. 2.08 crore was made under the head in the component "awards and fellowships for outstanding and meritorious research work in statistics" of the plan scheme "Institutional Development and Capacity Building" for creation of chair which was an objective of the scheme. This resulted in manifold increase in the BE during 2003-04 in comparison to the actuals in 2002-03. The amount was, however, not spent as a decision was ultimately taken that instituting a Chair would not be advantageous.

48. The Committee, therefore, take a strong exception to such a casual approach and desire that in future before planning the Plan Schemes it should be properly assessed as to whether the proposed schemes will be advantageous or not and the budgetary exercise should be undertaken with due seriousness so that budget estimates are utilized fully without altering at RE stage.

NEW DELHI;  
19 August, 2004  
28 Sravana, 1926 (Saka)

MAJ. GEN (RETD.) B.C. KHANDURI  
*Chairman,*  
Standing Committee on Finance

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF THE STANDING  
COMMITTEE ON FINANCE IN THE FOURTH REPORT (2004-05)**

<b>Sl. No.</b>	<b>Para No.</b>	<b>Ministry/Department concerned</b>	<b>Conclusions/Recommendations</b>
1.	11, 12, 13	Ministry of Statistics and Programme Implementation	<p>The Committee note that there are violent fluctuations in the Budget allocations of the Ministry between Budgetary Estimates, Revised Estimates and Actuals leaving aside the provision for MPLADS. During the year 2001-02, BE was Rs. 160 crore and the Actual expenditure was only Rs. 30 crore. In the year 2002-03, BE was Rs. 128 crore and the actual expenditure was Rs. 34 crore. In the year 2003-04 BE was Rs. 69 crore whereas the expected expenditure is Rs. 29 crore. Government has again made provision of Rs. 135 crore for the year 2004-05. Although the Government has stated that the provisions have been made for various projects which could not take off in time but now have been kicked off, yet the Committee are not convinced with the reply .</p> <p>The Committee strongly recommend that utmost care must be taken to avoid large variations in BE, RE and Actuals. While making budgetary provisions, the provisions should be made only for those schemes/projects which have either been kicked off or are likely to be taken up during that particular year. They are of the view that such unrealistic projections at BE stage deprive other Ministries/Departments of available funds.</p> <p>From the budgetary provisions of the Ministry, the Committee take note with concern that the Ministry has not been making any separate provisions for the IT (information technology) and show its projections separately in its Demands. They, therefore, feel that since the Ministry of Statistics and Programme Implementation is IT driven, it should lay special emphasis on IT spendings. They also want that in future the Ministry should come out with a separate head for IT.</p>
2.	18, 19	Ministry of Statistics and Programme Implementation	<p>The Committee are perturbed with the reply of the Government wherein they have stated that National Statistical Commission (NSC) will be set up through an administrative order instead of an Act of Parliament in pursuance of recommendations of Rangarajan Commission. They recall that during 13<sup>th</sup> Lok Sabha, a</p>

			<p>Bill for constituting the National Statistical Commission was introduced in Lok Sabha on 31<sup>st</sup> July, 2003 and referred to them also for consideration but it lapsed on dissolution of Lok Sabha. It is not understood to the Committee as to why there is sudden change in the attitude of the Government with regard to National Statistical Commission. They expect that such an important measure will be brought forward through a legislative proposal instead of rushing through by an administrative order. In their opinion this move will not only provide Parliament an opportunity to deliberate on the Bill threadbare but also enhance the status of the National Statistical Commission itself. The Act of Parliament will provide National Statistical Commission statutory status.</p> <p>Hence, they want that Government should come out with a Bill for setting up of National Statistical Commission and refrain from rushing such an important measure of far reaching implications by issuing an administrative order.</p>
3.	26	Ministry of Statistics and Programme Implementation	<p>The Committee are well aware that Modernisation of Statistical System in India is a World Bank project. It is stretched in two phases namely tier-I and tier-II. They are given to understand that ground work in respect of tier-I of the project has been completed and the actual work will be commenced soon and the studies are expected to be over by the end of 2005. They desire that Government should strictly adhere to the time schedule in right earnest so that tier-II of the project which is dependent on the outcome of the tier-I takes off in time. They want the Government to inform them periodically in this regard.</p>
4.	32	Ministry of Statistics and Programme Implementation	<p>The Committee take serious note of the fact that though they have been impressing upon the need to have timely and qualitative collection of data in the past, no tangible improvement has so far been noticed. They are also concerned to find that different methodologies being adopted by various Ministries for collection of data do not conform to the standards laid down by the Ministry of Statistics and Programme Implementation. The Central Statistical Organisation (CSO) working under the Ministry has reportedly been unable to maintain statistical standards due to ineffective statistical co-ordination with other Central</p>

			<p>Ministries/Departments, some of which even do not have statistical cells and professional statisticians. The result has been that the surveys are conducted one after another at their own level resulting into collection of sub-standard data which can hardly be relied upon. As regards data collection in the States, the situation is even more pathetic. Most of the statistical data in the States is generated at the level of Block Development Officers and approved by the Agriculture Production Commissioner in the State capital who is the final authority. The Committee are of the view that the main problem with regard to State statistical system relates to lack of infrastructural facilities which includes lack of qualified enumerators as well. They are of the opinion that unless quality of data collection ,methodology of carrying out the operation and quality of enumerators is improved, the desired goal of data collection can never be met. They are given to understand that under the scheme 'Modernisation of Statistical System in India' being funded by World Bank the infrastructural facilities at the State level are going to be upgraded and the State Statistical Bureaus will be strengthened. In view of the fact that this project has already been delayed, the Committee desire that all earnest efforts should be made to ensure that the different components specified under the Project are achieved in a time bound manner so that the improvement could be effected in the present statistical system and uniform method of data collection can be achieved. They desire that Collection of Statistics Act which will bestow more powers on the Ministry with regard to collection of statistics should also be amended forthwith.</p>
5.	39	Ministry of Statistics and Programme Implementation	<p>The Committee are deeply concerned to note that many ambitious projects have been held up due to time and cost over-run, resulting in wastage of precious national wealth. This is despite the fact that 29 Standing Committees have been set up in different Ministries/Departments to look into this phenomenon which the officers of the Ministry of Statistics and Programme Implementation are also represented. The Committees despite looking into the specific reasons for time and cost over-runs also fix responsibility. Though the Standing Committee on Finance have repeatedly been emphasizing the need to minimize the delays</p>



			<p>introducing an effective mechanism of monitoring in the past, not much improvement in the results has been noticed so far. The same reasons are adduced time and again while explaining the delays and cost escalations. This position is not acceptable to the Committee. They desire that the various factors which cause the delays should be identified and tackled in an effective manner on priority.</p>
6.	41, 42	Ministry of Statistics and Programme Implementation	<p>The Committee note that there has been a manifold increase in the BE during 2003-04 in comparison to the Actuals during 2002-03. The main reason for higher allocation at BE stage during 2003-04 is due to provision for the construction of Central Training Facility for creating necessary infrastructure for providing training to statistical personnel. In BE 2003-04, an allocation of Rs. 7.15 crore was made under the budget head in the plan scheme "Institutional Development and Capacity Building" for Construction of Central Training Facility for the statistical personnel of the country. However, since preparation and approval of the plan for construction of the building by Central Public Works Department (CPWD) was taking time, the budget under the head at RE stage was reduced to Rs.50 lakh, resulting in overall reduction under the Head at RE stage. During BE 2002-03, although an initial allocation of Rs. 4.46 crore was made under the head, there was no provision for acquiring land for construction of Central Training Facility. Since there was a distinct possibility of acquiring land for the purpose from the Greater Noida Authority, Rs. 4.28 crore additional allocation was made for the purpose in RE 2002-03 which raised the overall budget under the head. The land was acquired in March, 2003 at a cost of Rs. 431.59 lakh. During the current year 2004-05, an allocation of Rs. 8.86 crore has been made for construction of Central Training Facility through Central Public Works Department. This has resulted in sharp increase in BE allocation under the head during the current year.</p> <p>The Committee therefore recommend that since the land for construction of Central Training Facility has now been acquired and an allocation of Rs. 8.86 crore has also been made the allocated budgetary provisions should be fully utilized for construction of the building and desired that the expenditure may be watched carefully and revised accordingly at RE stage</p>

			so as to minimize the gap between RE and Actuals.
7.	44,45	Ministry of Statistics and Programme Implementation	<p>The Committee regret to observe that there had always been substantial under-utilisation of budgetary provisions under the head ‘Professional Services’ meant for “Modernisation of Statistical System in India”. The reasons adduced in support of under-utilisation has been due to non-operationalisation of the scheme as the scheme was taking time to take off. They are given to understand that during 2002-03, certain studies and projects under the Plan schemes “Institutional Development and Capacity Building in Programme Project Planning Implementation Monitoring and Performance Management of Infrastructure in Public and Private Sector”, “Development of Social Environment and Price Statistics” and ‘Improvement of National Accounts Statistics’ as envisaged could not take place resulting in underutilization of funds.</p> <p>The Committee are concerned to note that huge amount has been allocated under this Head since 2002-03 which remained unutilized for non-operationalisation of the scheme ‘Modernisation of Statistical System in India’. They feel that instead of making full allocation, the Government could have made notional provisions under this Head when the scheme was at its nascent stage in 2002-03. The Scheme has now been operationalised during the current year 2004-05. They want that Government should come forward with only realistic budgetary allocations in future.</p>
8.	47, 48	Ministry of Statistics and Programme Implementation	<p>The Committee regret to observe that there had been substantial under-utilisation of budgetary provisions under the object head ‘Other Charges’. One of the reasons adduced in support of under-utilisation has been mentioned that the allocation of Rs. 2.08 crore was made under the head in the component “awards and fellowships for outstanding and meritorious research work in statistics” of the plan scheme “Institutional Development and Capacity Building” for creation of chair which was an objective of the scheme. This resulted in manifold increase in the BE during 2003-04 in comparison to the actuals in 2002-03. The amount was, however, not spent as a decision was ultimately taken that instituting a Chair would not be</p>

			<p>advantageous.</p> <p>The Committee, therefore, take a strong exception to such a casual approach and desire that in future before planning the Plan Schemes it should be properly assessed as to whether the proposed schemes will be advantageous or not and the budgetary exercise should be undertaken with due seriousness so that budget estimates are utilized fully without altering at RE stage.</p>
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**Minutes of the Second sitting of Standing Committee on Finance**  
**The Committee sat on Wednesday, 11 August, 2004 from 1445 to 1630 hrs.**

**PRESENT**

**Maj. Gen (Retd.) B.C. Khanduri - Chairman**

**MEMBERS**

**LOK SABHA**

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri P.S. Gadhavi
5. Shri Shyama Charan Gupt
6. Shri A. Krishnaswamy
7. Shri Bir Singh Mahato
8. Dr. Rajesh Kumar Mishra
9. Shri Madhusudan Mistry
10. Shri Rupchand Pal
11. Shri Shriniwas D. Patil
12. Shri K. S. Rao
13. Shri Ajit Singh
14. Shri M.A. Kharabela Swain
15. Shri Vijoy Krishna

**RAJYA SABHA**

16. Shri Murli Deora
17. Shri Jairam Ramesh
18. Shri M. Venkaiah Naidu
19. Shri Amar Singh
20. Shri C. Ramachandraiah
21. Shri Mangani Lal Mandal

**Secretariat**

- |                          |                        |
|--------------------------|------------------------|
| 1. Shri. P.D.T. Achary   | - Additional Secretary |
| 2. Dr.(Smt.) P.K. Sandhu | - Joint Secretary      |
| 3. Shri R.K. Jain        | - Deputy Secretary     |
| 4. Shri R.C. Kakkar      | - Under Secretary      |

## **WITNESSES**

### **Ministry of Statistics and Programme Implementation**

1. Dr. Mano Ranjan, Secretary (S&PI)
2. Dr. S. Ray, DG & CEO, NSSO
3. Shri Gautam Basu, AS & FA, (S&PI)
4. Dr. R.C. Panda, AS (S&PI)
5. Prof. K.B. Sinha, Director (ISI)
6. Dr. Vaskar Saha, ADG
7. Dr. G. Ravindran, ADG
8. Shri A.K. Saxena, JS(S&PI)
9. Shri Vishnu Kumar, DDG(CC)
10. Dr. K.V. Rao, DDG (FOD)
11. Dr. A.K. Yogi, DDG (Trg)
12. Shri V.K. Arora, DDG (ISD)
13. Shri N.R. Dash, Director
14. Shri A.K. Ganeriwala, Director
15. Shri Deepak Rastogi, Director
16. Shri V.P. Goel, Director (MPLADS)
17. Shri J.L. Narayan, Jt. Adviser

2. At the outset, the Chairman welcomed the representatives of the Ministry of Statistics and Programme Implementation to the sitting of the Committee and invited their attention to the provisions contained in direction 55 of the Directions by the Speaker.

3. The Committee then took oral evidence of representatives of the Ministry of Statistics and Programme Implementation on Demands for Grants (2004-05) and other related matters.

4. Thereafter, the Chairman requested the representatives of Ministry of Statistics and Programme Implementation to furnish notes on certain points raised by the Members to which replies were not readily available with them during the discussion.

5. The evidence was concluded

6. A verbatim record of proceedings has been kept.

The witnesses then withdrew

*(The Committee then adjourned to meet again on 12 August, 2004 at 1100 hours)*

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

**The Committee sat on Wednesday, 19 August, 2004 from 1500 to 1630 hrs.**

### **PRESENT**

**Maj. Gen (Retd.) B.C. Khanduri - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Jaswant Singh Bishnoi
3. Shri Bir Singh Mahato
4. Shri Rupchand Pal
5. Shri K. S. Rao
6. Shri Lakshman Seth
7. Shri G.M. Siddeshwara

#### **RAJYA SABHA**

8. Shri Murli Deora
9. Shri Jairam Ramesh
10. Shri Mangani Lal Mandal

#### **Secretariat**

- |                          |                        |
|--------------------------|------------------------|
| 1. Shri. P.D.T. Achary   | - Additional Secretary |
| 2. Dr.(Smt.) P.K. Sandhu | - Joint Secretary      |
| 3. Shri R.K. Jain        | - Deputy Secretary     |
| 4. Shri R.C. Kakkar      | - Under Secretary      |

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee.

- |    |    |    |    |    |
|----|----|----|----|----|
| 3. | XX | XX | XX | XX |
| 4. | XX | XX | XX | XX |
| 5. | XX | XX | XX | XX |

6. The Committee thereafter, took up for consideration the draft report on the Demands for Grants (2004-2005) of the Ministry of Statistics and Programme Implementation and adopted the same without any amendment.

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|----|----|----|----|----|
| 7. | XX | XX | XX | XX |
|----|----|----|----|----|

8. The Committee authorised the Chairman to finalise the Reports in the light of modifications as also to make verbal and other consequential changes arising out of the factual verification and present the same to both the Houses of Parliament.

The Committee then adjourned.