

**STANDING COMMITTEE ON FINANCE**

**(2008-09)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION**

**Demands for Grants  
(2008-09)**

[Action taken by the Government on the Recommendations contained in the Seventieth Report of the Standing Committee on Finance on Demand for Grants (2008-09) of Ministry of Statistics and Programme Implementation]

**SEVENTY SIXTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2008/Agrahayana, 1930 (Saka)**

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(2008-2009)**

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*Presented to Lok Sabha on 18 December, 2008  
Laid in Rajya Sabha on 18 December, 2008*



**LOK SABHA SECRETARIAT  
NEW DELHI**

December, 2008/ Agrahayana ,1930 (Saka)

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## **COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2008-2009**

**Shri Ananth Kumar - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Shyama Charan Gupta
5. Shri Vijoy Krishna
6. Shri A. Krishnaswamy
7. Dr. Rajesh Kumar Mishra
8. Shri Bhartruhari Mahtab
9. Shri Madhusudan Mistry
10. Shri Rupchand Pal
11. Shri P.S. Gadhavi
12. Shri R. Prabhu
13. Shri K.S. Rao
14. Shri Magunta Sreenivasulu Reddy
15. Shri Lakshman Seth
16. Shri A.R. Shaheen
17. Shri G.M. Siddeshwara
18. Shri M.A. Kharabela Swain
19. Shri Suresh Prabhakar Prabhu
20. Shri Ramakrishna Badiga\*
21. Vacant<sup>‡</sup>

#### **RAJYA SABHA**

22. Shri Raashid Alvi
23. Shri M. Venkaiah Naidu
24. Shri S.S. Ahluwalia
25. Shri Mahendra Mohan
26. Shri C. Ramachandraiah
27. Shri Vijay J. Darda
28. Shri S. Anbalagan
29. Shri Moinul Hassan
30. Shri K.V.P. Ramachandra Rao
31. Shri Shivanand Tiwari

#### **SECRETARIAT**

- |                                  |   |                        |
|----------------------------------|---|------------------------|
| 1. Shri R.C. Ahuja               | - | Additional Secretary   |
| 2. Shri A.K. Singh               | - | Director               |
| 3. Shri Ram Kumar Suryanarayanan | - | Deputy Secretary Gr-II |

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\* Nominated to this Committee w.e.f. 26.8.2008

<sup>‡</sup> Vacant w.e.f. 14.11.2008 on nomination of Shri Brajesh Pathak to Rajya Sabha

## INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee to present the Report on their behalf, present this Seventy-sixth Report on action taken by Government on the recommendations contained in the Seventieth Report of the Committee (Fourteenth Lok Sabha) on Demand for Grants (2008-2009) of the Ministry of Statistics and Programme Implementation.

2. The Seventieth Report was presented to Lok Sabha on 16 April, 2008 and laid in Rajya Sabha on 15 April, 2008. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 22 July and 10 November, 2008.

3. The Committee considered and adopted this Report at their sitting held on 11 December, 2008.

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

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

NEW DELHI;  
11 December, 2008  
20 Agrahayana, 1930 (*Saka*)

**ANANTH KUMAR,**  
***Chairman,***  
***Standing Committee on Finance.***

## CHAPTER I

### REPORT

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their Seventieth Report (Fourteenth Lok Sabha) on Demands for Grants (2008-09) of the Ministry of Statistics and Programme Implementation, which was presented to Lok Sabha on 16 April, 2008 and laid in Rajya Sabha on 15 April, 2008.

2. The Action taken notes have been received from the Government in respect of all the 14 recommendations contained in the Report. These have been analyzed and categorized as follows:

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

Recommendation Nos. 1, 2, 3, 6, 7, 8, 10, 11, 12 & 13

(Total 10)  
(Chapter II)

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

Recommendation Sl. Nos. 4, 5 & 9

(Total 3)  
(Chapter III)

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

Recommendation Sl. No. 14

(Total 1)  
(Chapter IV)

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

Recommendation No. Nil

(Total Nil)  
(Chapter V)

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

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

#### **A. Shortfall in Plan Expenditure**

5. In the context of huge shortfall in utilization of plan expenditure of the Ministry of Statistics and Programme Implementation year after year, the Committee, *inter-alia*, recommended that the Ministry should identify the shortcomings in the mechanism of budgetary planning and control and take corrective measures to ensure timely completion of projects and utilization of funds as budgeted.

6. The Government in their action taken reply stated as follows:

“Utmost and vigorous efforts are being made during the current year to comply with the directions of the Hon’ble Committee. The valuable suggestions made by the Committee to control and take corrective measures to ensure timely completion of projects and utilization of funds are being scrupulously followed.”

**7. The Committee had recommended that the Ministry of Statistics and Programme Implementation should identify the shortcomings in the mechanism of budgetary planning and control and take corrective measures to ensure timely completion of projects and utilization of funds as budgeted. The reply of the Ministry has not disclosed as to what were the specific shortcomings identified and corrective measures taken. The Committee would desire that the requisite information should be furnished within a period of one month.**

## **B. Identification of Core Statistics**

(Recommendation Sl. Nos. 6 & 8)

8. Considering the importance of official statistics in policy formulation, the Committee *inter alia* recommended the National Statistical Commission to identify within a timeframe the areas of core statistics and evolve appropriate standards and methodology for collecting such statistics.

9. The Government in their action taken reply stated as follows:

“The Resolution for setting up of a National Statistical Commission was notified on 1st June, 2005. In pursuance of the Resolution, the service conditions for the Chairperson and Members of the Commission were notified on 8th May, 2006. Thereafter, the appointment of Chairman and Members of the Commission was notified on 3rd July, 2006 and they have started functioning since 12th July, 2006. The identification of core statistics and related aspects are under the mandate of the Commission. The recommendation of the Standing Committee on Finance has been placed before the Commission in its sixteenth meeting held on 30-4-2008 and the Commission noted the recommendation.”

**10. The Ministry of Statistics and Programme Implementation appear to have derived satisfaction simply by stating that the National Statistical Commission has noted the Committee’s recommendation in regard to the identification, within a time frame, of areas of core statistics and evolving appropriate standards and methodology for collecting such statistics. There is nothing in the reply to indicate whether any timeframe has been laid down as suggested by the Committee. The Committee expect the Government to take the steps for identification of the areas of core statistics in a time bound manner and inform the Committee about the action taken in this regard within two months from the presentation of this Report to the Parliament.**



**C. Current Price Statistics**  
(Recommendation No. 7)

11. While noting that the process of formulating separate rural and urban Consumer Price Indices (CPI – Rural and CPI- Urban), was not completed by December, 2007 as expected, the Committee *inter alia* recommended that the Ministry of Statistics and Programme Implementation (MOSPI) should, at least now take initiative and ensure that commitments made to the Parliamentary Standing Committee are fulfilled. The Committee also desired to be apprised of the action taken by the Ministry to complete the exercise of developing separate urban and rural consumer price indices.

12. The Government in their action taken reply stated as follows:

“CPI (Urban):

As far as compilation of CPI (Urban) is concerned, the work of price collection has started from 1<sup>st</sup> May, 2008 by suitable readjustment of field staff of NSSO.

CPI ( Rural):

The work of CPI(Rural) is a new activity, which is to be taken up. So far, National Sample Survey Organisation (NSSO) has been collecting prices for construction of CPI (Agricultural Labourers) as per the requirement of Ministry of Labour. Question of integration of CPI (Agricultural Labour) and CPI (Rural) was discussed with all concerned and NSSO in order to collect prices for CPI (Rural) has already put up the proposal as a part of the plan scheme on Capacity Development of the NSSO. Once the EFC is cleared and the posts sanctioned, the work relating to price collection for CPI(Rural) will be taken up.”

**13. The Committee observe that the Secretary, Ministry of Statistics and Programme Implementation had made an assurance before the Committee that by the end of the year 2007-08 (i.e. March, 2008), the Ministry would be in a position to come up with the CPI (Urban) and CPI (Rural). This was not accomplished by March, 2008. Now after expiry of several months, the Ministry of Statistics and Programme Implementation have come with the response that the work relating to price collection for CPI (Rural) will be taken up, once EFC is cleared and the posts are sanctioned. This reflects very**

**poorly on the Secretary, Statistics and Programme Implementation who has failed to fulfill his assurance made before the Committee more than one and half year ago. The Committee are constrained to consider this an utter disregard of their authority. While taking a serious view of this matter, the Committee desire that the Government should furnish an explanation in this regard within one month from the presentation of this Report.**

14. Noting that the National Statistical Commission have taken up the issues relating to deficiencies in price statistics, the Committee expressed hope that the Commission would make its specific recommendations in this regard. The Committee also asked the Commission to specifically address the aspects relating to the adequacy of the weightages currently given to the basket of goods and items for building the price indices, including the Wholesale Price Index (WPI), which is used for measuring prices and inflation level.

15. The Government in their action taken reply stated that the recommendation of the Standing Committee on Finance has been placed before the Commission in its sixteenth meeting held on 30-4-2008 and the Commission noted the recommendation.

**16. The Committee would expect National Statistical Commission to expeditiously finalise their findings on the deficiencies in price statistics. Subsequently, the Ministry should ensure conclusive action thereon.**

**D. Project Monitoring - National Highway Development Project (NHDP)**  
(Recommendation No. 13 & 14))

17. In view of the slow and tardy progress of implementation of the Highway Development Projects, the Committee desired to know about the action taken by the Ministry of Statistics and Programme Implementation (MOSPI) to ensure that there is no further cost and time overruns in the projects of the Golden Quadrilateral and North-South and East-West Corridor Projects.  
**(Recommendation No. 13)**

As regards the submission of information regarding action taken against persons/agencies responsible for lapses contributing to cost escalation of projects, the Committee had urged the Ministry of Statistics and Programme Implementation (MOSPI) to obtain such information from all Ministries on quarterly basis and closely monitor project implementation. **(Recommendation No. 14)**

18. The Government in their action taken reply to recommendation No. 13 stated as follows:

“The action taken by the Ministry of Statistics and Programme Implementation (MOSPI) to ensure that there is no further cost and time overrun in projects of the Golden Quadrilateral and North-South and East-West Corridors projects inter alia include: (i) regular monitoring of major packages/ projects on monthly basis through Flash Report System. (ii) Visit to project sites by the officers on a selective basis and (iii) Review by the Minister of State (I/C), MOSPI from time to time. The officers made 10 visits to various Golden Quadrilateral packages, North-South and East-West Corridors of Road projects and conducted 5 reviews under the Chairmanship of MOS (I/C). The Secretary has addressed a letter requesting the Ministry of Road Transport and Highways to submit a detailed report, including details of slippages and reasons thereof and measures taken to make up the shortfalls including policy decisions for six laning instead of four laning of some of the packages of Golden Quadrilateral Phase-I in the second and third phase.”

19. In their action taken reply to recommendation No. 14, the Ministry have stated that the Secretary, Ministry of Statistics and Programme Implementation has addressed a letter to all concerned Ministries to make effective use of the mechanism of Standing Committee set up in each Ministry to review the time and cost overruns experienced in projects. The Ministry have not received any reply from the concerned Ministries in this regard, although they were asked to furnish the requisite information latest by 9<sup>th</sup> May, 2008.

20. While furnishing the Quarterly implementation status report on Central Sector Projects, each costing Rs. 20 crore and above for the quarter January to March 2008, the Ministry have stated that the time and cost overruns have been a major problem affecting the central sector projects. The analysis shows that 307 projects have accounted for a cost overrun of Rs. 51,103 crore i.e. 45.74% w.r.t their original sanctioned cost during the January-March, 2008 quarter.

21. As regards the measures taken to improve the systems and procedures relating to project formulation, implementation and monitoring, the Ministry have stated as follows:-

“The Infrastructure and Project Monitoring Division (IPMD) of the MOSPI has strengthened the institution of the MOU system through introduction of project milestones, three-tier regular monitoring, adoption of network-based monitoring, extensive training of project managers, prioritization of projects with reference to available resources and several other project-based interventions. A host of other measures like amendments to the Land Acquisition Act, development of a Standard Rehabilitation Package, On-line Computerised Monitoring System (OCMS), etc. are under progress, by other Ministries and this Ministry.”

**22. The Committee find that the Ministry have not taken with due seriousness the issue of taking action against the persons/agencies responsible for the inordinate delays in project execution and the cost escalation arising therefrom. It is a matter of great concern for the Committee that 307 projects have accounted for a cost overrun of 45.74% with reference to the original sanctioned cost, as indicated in the status report for January-March, 2008. It is further disquieting to note that the concerned Ministries have not even cared to reply to the letter written by the Secretary, Ministry of Statistics & Programme Implementation in this regard, although they were asked to furnish the requisite information latest by 9<sup>th</sup> May, 2008. Such an instance of indifference of the Ministries to a communication from the nodal Ministry can only point to the non-efficacy of the Ministry of Statistics & Programme Implementation to discharge its assigned role of monitoring Central Sector Projects. While taking an adverse view of the situation, the Committee desire**

that the Ministry of Statistics and Programme Implementation should take up this matter at the level of the Prime Minister's Office, as large cost-escalation in central projects and the inability of the concerned Ministries to address the same have become an endemic problem, warranting immediate and effective intervention. The Committee expect the Ministry to submit an action taken report of their action in this regard vis-à-vis the corrective intervention by the Prime Minister's Office.

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Budgetary Allocations**

##### **Recommendation No. 1**

The Demands for Grants of the Ministry of Statistics and Programme Implementation (MOSPI) for the year 2008-09 are to the tune of Rs. 1899 crore as against the budgetary allocation of Rs.1853.54 crore for 2007-08. The Committee in this connection observe that there has been huge shortfalls in plan expenditure of the Ministry of Statistics and Programme Implementation (MOSPI) year after year. The shortfall in plan expenditure against the budgeted figures was as much as Rs.36.83 crore (33%) in 2005-06, 27.76 crore (33%) in 2006-07 and 22 crore (24%) anticipated in 2007-08. The Secretary Ministry of Statistics and Programme Implementation (MOSPI) has attributed the shortfall in 2007-08 to delay in construction of the National Academy for Statistical Administration by CPWD and delay in releasing payment to the procured equipments. The Committee had highlighted the Ministry's failure in regard to utilization of funds in the report on Demands for Grants for the year 2007-08. It is evident that the MOSPI has not taken any effort to improve the position. The Committee urge the Ministry to identify the shortcomings in the mechanism of budgetary planning and control and take corrective measures to ensure timely completion of projects and utilization of funds as budgeted,

#### **Reply of the Government**

Utmost and vigorous efforts are being made during the current year to comply with the directions of the Hon'ble Committee. The valuable suggestions made by the Committee to control and take corrective measures to ensure timely completion of projects and utilization of funds are being scrupulously followed.

#### **Shortfall in utilization**

##### **Recommendation No.2**

The committee observe that there had been gross under utilization of allocated funds under the plan head 'professional services' to the extent of 62% in 2005-06, 51% in 2006-07 and 43% in 2007-08(expected). There had also been substantial under utilization of funds allocated for publications. The committee hope that, taking note of the committee's observations in the preceding

paragraphs, steps will be taken to ensure that there is no under utilization of funds in future.

### **Reply of the Government**

An outlay of Rs.1244.00 lakhs is proposed under 'professional services' during 2008-09.

An outlay of Rs.650 lakh is proposed to be utilized for funding the study on Compilation of Satellite Accounts of Non Profit Institutions (NPI) and providing funds to states DESs for conducting type studies for updating rates and ratios. The entire outlay is expected to be utilized during 2008-09.

During the current year the National Academy for Statistical Administration (NASA) would be commissioned and a large part of the work will be outsourced, the reimbursement for which will be effected from "Professional Service".

Commissioning of studies/outsourcing to consultants by the IPMD will also be under this head.

It is expected that the entire allocation under the head would be utilized during the current year.

The Programme Implementation wing will be undertaking publication of the Annual Report of the TPP and MPLADs Divisions, besides the regular publications of the Infrastructure and Project Monitoring Division.

Several Statistical Publications are also proposed to be brought out by the Statistics wing of the Ministry.

### **11<sup>th</sup> Plan Schemes**

#### **Recommendation No 3**

The Committee are dismayed to note that the Ministry of Statistics and Programme Implementation (MOSPI) is not aware as yet as to what is the plan allocation to the Ministry during the 11<sup>th</sup> Five Year Plan even one year after its commencement. The Committee are shocked to hear from the Secretary, the Ministry of Statistics and Programme Implementation (MOSPI) in this connection that there seems to be "complete confusion in terms of getting the administrative and financial approvals for the new plan programmes." It is not clear, what efforts were made by the Ministry of Statistics and Programme Implementation (MOSPI) to clear this confusion. The Committee does not expect an expression of helplessness on the part of the Secretary, MOSPI in this regard. The Committee expects the Ministry of Statistics and Programme Implementation (MOSPI) to finalise 11<sup>th</sup> Five Year Plan proposals in consultation with the Planning Commission without further loss of time and apprise the Committee of the outcome.

## **Reply of the Government**

The Planning Commission vide their O.M. No. F-11096/3/2006-PP dated the 10<sup>th</sup> December 2007 had given tentative allocation of Rs. 600 crores for the 11<sup>th</sup> Plan for the Ministry of Statistics and Programme Implementation, against an amount of Rs. 1594.74 crores demanded by the Ministry. As it is not possible to do justice to various schemes proposed for the 11<sup>th</sup> Plan within the allocations, matter was taken up at the Secretary (S&PI)'s level with Member Secretary, Planning Commission vide D.O. letter dated 17.12.2007 and 11.4.2008 and with Adviser (PP) vide D.O. letter dated 8<sup>th</sup> January 2008 and 17<sup>th</sup> March, 2008. Matter has also been taken up with Principal Adviser (PC), Planning Commission vide D.O. letter dated 22.4.2008 at the Additional Director General's level. All the issues raised by Planning Commission before considering enhancement in MOS&PI's allocations have since been clarified to them vide our letter dated 22.4.2008.

The Planning Commission vide their d.o. letter No. M-11096/3/2007-PP(Part-I) dated 23.6.2007 have now intimated the final approved allocation of Rs.600 crore for the 11<sup>th</sup> five year plan for the Ministry of Statistics and Programme Implementation against an amount of Rs.1594.7 crores demanded by this Ministry.

## **Identification of Core Statistics**

### **Recommendation No.6**

One of the mandates of the National Statistical Commission set up in June, 2005 is identifying the areas of core statistics which are of national importance. Considering the importance of official statistics in policy formulation, the Committee trust that the National Statistical Commission will identify, within a timeframe the areas of core statistics and evolve appropriate standards and methodology for collecting such statistics.

## **Reply of the Government**

The Resolution for setting up of a National Statistical Commission was notified on 1st June, 2005. In pursuance of the Resolution, the service conditions for the Chairperson and Members of the Commission were notified on 8th May, 2006. Thereafter, the appointment of Chairman and Members of the Commission was notified on 3rd July, 2006 and they have started functioning since 12th July, 2006. The identification of core statistics and related aspects are under the mandate of the Commission. The recommendation of the Standing Committee on Finance has been placed before the Commission in its sixteenth meeting held on 30-4-2008 and the Commission noted the recommendation.

## **Current Price Statistics**

### **Recommendation Nos. 7 & 8**



Though the process of formulating separate rural and urban Consumer Price Indices (CPI – Urban and CPI – Rural), was expected to be completed by December 2007, the Committee have now been informed that no progress could be achieved on compilation of CPI (Rural) due to absence of manpower resources. Such non-performance reflects poorly on the Ministry's functioning. There is always scope for re-distribution of manpower to attend to important items of work. What is needed is initiative and foresight, which unfortunately is lacking in the Ministry of Statistics and Programme Implementation (MOSPI). The Committee have dealt with the issue of man power shortage in one of the preceding paragraph of this report. The Committee urges that the Ministry of Statistics and Programme Implementation (MOSPI) should, at least now take initiative and ensure that commitments made to the Parliamentary Standing Committee are fulfilled. The Committee would await the action taken by the Ministry of Statistics and Programme Implementation (MOSPI) to complete the exercise of developing separate urban and rural consumer price indices.

The National Statistical Commission is reported to have taken up the issues relating to deficiencies in price statistics, which had been pointed out by this Committee in their Reports on the Demands for Grants of MOSPI for 2005-06 and 2007-08. It has been stated that the Commission is expected to make specific recommendations in this regard. The Committee hope that this will be done expeditiously. The Committee expects the Commission to specifically address the aspects relating to the adequacy of the weightages currently given to the basket of goods and items for building the price indices, including the Wholesale Price Index (WPI), which is used for measuring prices and inflation level.

## **Reply of the Government**

### **CPI (Urban):**

As far as compilation of CPI (Urban) is concerned, the work of price collection has started from 1<sup>st</sup> May, 2008 by suitable readjustment of field staff of NSSO.

### **CPI ( Rural):**

The work of CPI(Rural) is a new activity, which is to be taken up. So far, National Sample Survey Organisation (NSSO) has been collecting prices for construction of CPI (Agricultural Labourers) as per the requirement of Ministry of Labour. Question of integration of CPI (Agricultural Labour) and CPI (Rural) was discussed with all concerned and NSSO in order to collect prices for CPI (Rural) has already put up the proposal as a part of the plan scheme on Capacity Development of the NSSO. Once the EFC is cleared and the posts sanctioned, the work relating to price collection for CPI(Rural) will be taken up.

The recommendation of the Standing Committee on Finance has been placed before the Commission in its sixteenth meeting held on 30-4-2008 and the Commission noted the recommendation.

## **Natural Resource Accounting**

### **Recommendation No.10**

Natural Resource Accounting is stated to be useful tool for measurement of genuine economic performance and growth, taking environment factors into consideration. The committee notes that the reports of all eight pilot studies instituted in different regions of the country in this regard have been finalized. The project report have been considered by the Technical Monitoring Committee (TMC) and approved. In view of the significance of NRA, the Committee desires that the work of developing a suitable methodology and frame work for Natural Resource Accounting for different sectors be taken up in a time bound manner.

## **Reply of the Government**

The reports of the eight pilot studies on different sectors viz. land and forestry, water, air and mining, in a few States, have provided inputs for developing methodology and framework for natural resource accounting for different sectors. The reports have identified many data gaps in different sectors.

Annual Action Plan 2008-09 of the Ministry includes preparation of technical papers on methodology, data requirement, and filling up of identified data gaps for NRA, holding Seminars to discuss the technical papers including identifying ways to address the problem of filling the identified data gaps, and possibility of firming up the sector specific methodology for NRA

## **Project Monitoring**

### **Recommendation Nos.11 & 12**

As an apex institute of monitoring, the Ministry of Statistics and Programme Implementation (MOSPI) ought to play an important role in ensuring timely completion of Central Sector Projects within originally estimated cost. The Committee in this connection observe from the status report for the quarter April, June, 2007 brought out by the Ministry of Statistics and Programme Implementation (MOSPI) that out of 890 projects monitored during the quarter, as many as 254 projects accounting for nearly 30% did not have approved completion schedules or anticipated dates of completion. The Committee wonder how in the

absence of this critical information, MOSPI discharges its responsibility of monitoring. It is not clear what efforts were made by the Ministry of Statistics and Programme Implementation (MOSPI) to demand this information from the Ministries concerned and why they have not been successful. The Committee expects MOSPI to obtain the same by taking up this matter at the highest level in order to make its monitoring activity meaningful and effective.

There were as many as 277 delayed projects during the quarter April-June, 2007 on account of factors such as delay in land acquisition, fund constraints, delay in supply of equipment slow progress, etc. The Committee are concerned to note that one single factor which contributed to the delay of as many as 142 projects was “slow progress” which is obviously attributable to managerial deficiency. This can be rectified by constant monitoring and by taking immediate corrective measures to resolve problems, if any. There is a mechanism of Standing Committees in each Ministry to review the time and cost overruns in projects and fix responsibility thereto. The Committee feels that the Ministry of Statistics and Programme Implementation (MOSPI) has a significant role to ensure that this mechanism in every Ministry is effective enough to achieve the desired objective.

### **Reply of the Government**

As on 31<sup>st</sup> December 2007, of the 915 projects on the monitor of the Ministry of Statistics and Programme Implementation, 283 projects did not have approved completion schedule or anticipated date of completion. Most of these projects are in the Railways sector. Regarding why this information is not being obtained by this Ministry, it is stated that this Ministry has been bringing the requisite facts to the notice of all concerned Ministries every quarter in the ‘Foreword’ of the Quarterly Project Implementation Status Reports. In the past, particularly in the Railways Sector, the issue of projects without date of commissioning was even brought to the notice of the Cabinet Committee on Economic Affairs. CCEA directed the Ministry of Railways to prioritise projects according to available resources with proper completion date, ensure continuity of project manager’s co-terminus with completion schedules, and the institution of an Expanded Board for Railway (EBR) projects for proper evaluation before CCEA approval. Issue of fixing completion dates for railway projects was again reviewed by the Committee of Secretaries (COS) in 2005. COS took the following decisions: to give high priority to funding projects which had achieved a financial progress of 60%, priority to New Line and Gauge Conversion for completion, ensure State Government participation in funding projects, follow Standard Contract Guidelines to deal with steep rise in prices of steel and cement and to put in place an appropriate strategy for raising and leveraging

resources through improved returns from projects, ring fencing of projects and tapping sources such as RVNL, ADB and viability gap funding.

The recent observations of the Committee have been brought to the notice of the Ministries concerned through d.o. letters addressed by Secretary, MOSPI requesting them to provide suitable commissioning dates for such projects for meaningful monitoring.

As on 31<sup>st</sup> December'07, of the 915 projects on the monitor of MOSPI, 127 projects are reporting delays on account of "slow progress". The Hon'ble Committee has observed that the mechanism of Standing Committees in each Ministry to review time and cost overruns in the projects and fix responsibility thereto can play an effective role in cutting down such delays. In this connection, it is submitted that the Standing Committee in each Ministry to review the time and cost overrun of projects and fix responsibility is applicable in projects where Revised Cost Estimates have exceeded the prescribed limit of 20% in cost overrun and time overrun of 10%. The Revised Cost Estimates (RCEs) of such projects costing Rs.200 crores and above are brought before the CCEA only after the responsibility has been fixed by the concerned Administrative Ministries. In cases, where the Administrative Ministries / Departments are competent to sanction increase in project cost within the Delegated Powers, responsibility for time and cost overrun is fixed by them. As a member of the Ministerial Standing Committee, the role of this Ministry is to assist this Committee in clearly identifying delays, reasons and agencies responsible in implementation. The Ministry ensures that this responsibility is effectively discharged. All concerned Ministries have been addressed by Secretary, MOSPI to make use of the mechanism effectively as observed by the Hon'ble Committee.

### **National Highway Development Project (NHDP)**

#### **Recommendation No.13**

Perusal of the status Report of the Ministry of Statistics and Programme Implementation (MOSPI), for the quarter April-June 2007 concerning implementation of the Golden Quadrilateral and North-South and East-West Corridors Projects of the National Highway Development Project (NHDP) Phase I, reveals slippages in implementing the Highway Development Projects. The target dates of completion of the number of highway development projects under the Golden Quadrilateral framework have been re-scheduled, and in several cases, the contracts re-awarded. Similarly, the physical progress in respect of the projects under the North-South and East-West Corridors (Phase I) range from about 16% to 59%. Given the evidently slow and tardy progress of implementation of the Highway Development Projects, the Committee would like to know what specific action was taken by the Ministry of Statistics and Programme

Implementation (MOSPI) to ensure that there is no further cost and time overruns in the projects of the Golden Quadrilateral and North-South and East-West Corridor Projects.

### **Reply of the Government**

The action taken by the Ministry of Statistics and Programme Implementation (MOSPI) to ensure that there is no further cost and time overrun in projects of the Golden Quadrilateral and North-South and East-West Corridors projects inter alia include: (i) regular monitoring of major packages/ projects on monthly basis through Flash Report System. (ii) Visit to project sites by the officers on a selective basis and (iii) Review by the Minister of State (I/C), MOSPI from time to time. The officers made 10 visits to various Golden Quadrilateral packages, North-South and East-West Corridors of Road projects and conducted 5 reviews under the Chairmanship of MOS (I/C). The Secretary has addressed a letter requesting the Ministry of Road Transport and Highways to submit a detailed report, including details of slippages and reasons thereof and measures taken to make up the shortfalls including policy decisions for six laning instead of four laning of some of the packages of Golden Quadrilateral Phase-I in the second and third phase.

## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS, WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

#### **Shortfall in utilization**

##### **Recommendation No. 4**

The Committee are distressed to note that as a fall out of the Ministry's poor handling of Plan schemes, no progress was made in implementing the scheme 'Basic Statistics for Local Level Development' although Rs. 5 crore had been allocated for the scheme during 2007-08. It has been stated that the scheme could not be launched due to uncertainty regarding inclusion of the scheme in the 11<sup>th</sup> Plan. Rs. 5 crore has again been allocated for the scheme during the current year. As already recommended in the proceeding paragraph, the Committee stress that the scheme/ projects for the 11th Plan be finalized immediately and there should be no further delay in launching the scheme 'Basic Statistics for Local Level Development'

#### **Reply of the Government**

Planning Commission has approved the new centrally sponsored scheme 'Basic Statistics for Local Level Development' and agreed to make available necessary funds during the Eleventh Five Year Plan for the scheme. Action has been taken to obtain the approval of Expenditure Finance Committee (EFC) after which the scheme will be launched. The activities envisaged for the year 2008-09, have been included in the Annual Action Plan.

#### **Shortage of Manpower**

##### **Recommendation No. 5**

One of the problems which affects the performance of the Field Operation Division of the Ministry of Statistics and Programme Implementation (MOSPI) is stated to be shortage of manpower and attrition of trained manpower. The Committee in this connection note that as against the sanctioned strength of 3903 as on 1.12.2007 the number of incumbents in position in the Sub-ordinate Statistical Service cadre of MOSPI was just 3182. The shortfall in number of incumbents is as much as 721. The Secretary, Ministry of Statistics and Programme Implementation (MOSPI) has deposed before the Committee that the Ministry is not just getting people. The Committee feel that the Ministry of Statistics and Programme Implementation (MOSPI) should address this problem in consultation with the Staff Selection Commission which is the recruitment agency of the cadre, if necessary by suitably modifying the eligibility criteria without compromising skill requirements. The Committee also feel that desirability of having campus recruitment, if necessary by amending recruitment

rules should be examined. The Committee also hope that attrition rate of employees can considerably be brought down with the introduction of Performance Related Incentive Scheme recommended by the Sixth Pay Commision.

### **Reply of the Government**

1. Though sufficient number of candidates are being recommended by SSC against reported vacancies, the joining rate is only about 55 to 60 percent. The rate of resignations is also high (as reflected in the following table):

YEAR	REQUISITION SSC	APPOINTED	JOINED	RESIGNED
2004	54	54	29	9
2005	472+100	463+97	377	86
2006	27	27	15	2
2008	List of 227 candidates on the basis 2007 examination has been received for nomination/appointment.			

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The reason for the low joining rate & the resignations in the SSS grade is the nature of duties required to be performed by SSS officials. Most of the posts are in FOD offices located all over India. The SSS officers have to perform duties in remote sample villages by staying there for 7 to 10 days at a stretch with no facilities. They have to make their own arrangements for boarding, lodging, transport etc.

Apart from this, as per present Government policy, not more than one third of the direct vacancies out of the total vacancies occurring in a year can be filled. This further contributes to short fall in SSS manpower.

Since the recruitment rules are to be framed as per the existing guidelines of Department of Personnel & Training, it may not be possible to revise the recruitment rules. In view of the 6<sup>th</sup> CPC recommendations, it is expected that the position may improve as the RRs will have to be modified in the light of the merger of scales.

2. The Committee has recommended Campus recruitment but even then the problem of exodus of incumbents to other jobs will remain.

3. The Committee has also recommended the introduction of performance related incentives to bring down the attrition rate of employees. This may help to motivate the employees but in many cases the local public and officials do not cooperate with the Field staff and have to be persuaded to provide information to (FOD). This coupled with meager promotional opportunities are the main causes for high rate of attrition among employees.

The Ministry has taken action on the following lines to reduce the occurrence of large number of vacancies and also to mitigate attrition of employees.

- a) A blanket ban of two years has been imposed on SSS employees who wish to go on deputation to other Government Departments.
- b) It is felt that the vacancies in SSS may come down in view of the recommendations of VI Pay Commission which has recommended merger of grades and higher pay scales.
- c) The scope of introducing performance related incentives to field staff as recommended by the VI Pay Commission may also be explored in future, once the Pay Commissions Report is approved by the Government.

## **India Statistical Strengthening Project (ISSP)**

### **Recommendation No.9**

A decision was reportedly taken at the 14<sup>th</sup> Conference of Central and State Statistical Organisations [COCSSO] held in April, 2007 that Phase-II [Tier-I] the World Bank aided “India Statistical Strengthening Project [ISSP]”, should be implemented by December, 2007. It is, however, not clear from the information made available to the Committee whether the Phase-II [Tier-I] of the project was implemented within the targeted date. The Committee would like to know the reasons for delay, if any, in this regard. It has been stated that the outlay for the tier-II of the project which will be implemented during the 11<sup>th</sup> Five Year Plan is yet to be received from the Planning Commission. In view of the fact that the project is primarily intended to develop and strengthen the State Statistical Systems in terms of infrastructure facilities and providing reliable, timely and credible socio-economic statistics, the Committee desire the Ministry of Statistics and Programme Implementation (MoS&PI) to be pro-active and ensure that outlay for Tier-II of the project is finalized early and the work of implementing the Project taken up in right earnest

## **Reply of the Government**

The work of Phase-II (Tier-I) i.e. the synthesis of all the 35 State/UT specific Reports on “Identifying Specific Requirements for Strengthening of State Statistical Bureaus” has since been completed. The delay that had occurred in completing phase-II (Tier-I) was on account of procedural delays encountered earlier in the process of appointment of the National and International Consultants.

2. The Planning Commission has provided an outlay of Rs.30 crores for this project for the annual plan 2008-09. The Ministry of Statistics and Programme Implementation is pursuing the matter actively with the Planning Commission for finalizing the outlay for the entire 11<sup>th</sup> Plan. In the meantime the Ministry has engaged itself in preparatory work such as formulation of National Strategic Statistical Plan, formulation of the guidelines for the States to prepare State Statistical Plans and consultation with the State Governments to participate in the project. Besides, the process concerning the EFC for this project is being pursued.





## **CHAPTER IV**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Project Monitoring**

##### **Recommendation No.14**

The Committee in one of their earlier reports had sought the information about action taken against those held responsible for lapses contributing to cost escalation of projects. In response, information has been received from only one Ministry viz. Ministry of Road, Transport and Highways, disclosing the findings of the Standing Committee regarding five projects. The Committee however, observes that nothing has been mentioned by the Ministry about the action taken against persons/ agencies responsible for lapses except in respect of one case in which Liquidity damages have reportedly been imposed on consultant for lack of supervision. The Committee urges the Ministry of Statistics and Programme Implementation (MOSPI) to obtain full information from the Ministry of Road, Transport and Highways in respect of all projects. The Committee are of the view that it is the responsibility of Ministry of Statistics and Programme Implementation (MOSPI) to obtain such information from all Ministries on quarterly basis and closely monitor project implementation.

#### **Reply of the Government**

The Secretary, MOSPI has addressed a letter once again requesting the Secretary, Road Transport and Highways to arrange to provide the Action Taken Report on the recommendations of the Standing Committee of the Ministry of Road Transport and Highways in case of delayed projects

## **CHAPTER V**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

**NIL**

**NEW DELHI;  
11 December, 2008  
20 Agrahayana, 1930 (*Saka*)**

**ANANTH KUMAR,  
*Chairman,*  
*Standing Committee on Finance.***

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

**The Committee sat on Thursday, the 11<sup>th</sup> December, 2008 from 1600 hrs. to 1700 hrs. in Committee Room No. 'B', Parliament House Annexe, New Delhi**

### **PRESENT**

**Shri Ananth Kumar –Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Shyama Charan Gupta
5. Shri Vijoy Krishna
6. Shri Rupchand Pal
7. Shri Suresh Prabhakar Prabhu

#### **RAJYA SABHA**

8. Shri Mahendra Mohan
9. Shri Vijay J. Darda
10. Shri Moinul Hassan
11. Shri K.V.P. Ramachandra Rao
12. Shri S.S. Ahluwalia

#### **SECRETARIAT**

- |                                   |   |                      |
|-----------------------------------|---|----------------------|
| 1. Shri R.C. Ahuja                | - | Additional Secretary |
| 2. Shri A.K. Singh                | - | Director             |
| 3. Shri T. G. Chandrasekhar       | - | Deputy Secretary     |
| 4. Shri Ram Kumar Suryanarayanan- |   | Deputy Secretary –II |

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

3. The Committee, then took up the following draft Reports for consideration :-

- (i) Draft action taken Report on the recommendations/observations contained in the 67<sup>th</sup> Report on Demands for Grants (2008-09) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);

- (ii) Draft action taken Report on the recommendations/observations contained in the 68<sup>th</sup> Report on Demands for Grants (2008-09) of the Ministry of Finance (Department of Revenue).
- (iii) Draft action taken Report on the recommendations/observations contained in the 69<sup>th</sup> Report on Demands for Grants (2008-09) of the Ministry of Planning.
- (iv) Draft action taken Report on the recommendations/observations contained in the 70<sup>th</sup> Report on Demands for Grants (2008-09) of the Ministry of Statistics and Programme Implementation.
- (v) Draft action taken Report on the recommendations/observations contained in the 71<sup>st</sup> Report on Demands for Grants (2008-09) of the Ministry of Corporate Affairs.

The Committee adopted the Report at (iii) above without any amendment and the Reports at (i), (ii), (iv) and (v) with modifications as shown in the annexure.

4. The Committee authorized the Chairman to finalise these Reports in the light of the modifications made and present the same to Parliament.

5. The Committee decided to defer consideration of the two draft Reports on (i) 'Flow of Credit to Agriculture Sector'; and (ii) 'Counterfeit Currency Notes in Circulation', to a subsequent sitting.

*The Committee then adjourned.*

- (a) **Modification made in Chapter-I of the draft action taken report on the 67<sup>th</sup> Report on Demands for Grants (2008-09) of Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);**

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- (b) **Modification made in Chapter-I of the draft action taken report on the 68<sup>th</sup> Report on Demands for Grants (2008-09) of Ministry of Finance (Department of Revenue).**

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- (c) **Modification made in Chapter-I of the draft action taken report on the 70<sup>th</sup> Report on Demands for Grants (2008-09) of the Ministry of Statistics and Programme Implementation.**

Para	Line	Amendments/Modifications
7	-	For  “The Committee would await this information”.  Substitute  “The Committee desire that the requisite information should be furnished within a period of one month”.
10	7	For:  “---and if not, the reasons therefor. The Committee would like to be informed of the same”.  Substitute:  “The Committee expect the Government to take the steps for identification of areas of core statistics in a time bound manner and inform the Committee about the action taken in this regard within two months from the presentation of this Report to the Parliament”.
13	11	For:  “The Committee expect the Secretary to take personal initiative in this matter and ensure that the CPI (Rural) is taken up without any further delay and completed within a specific timeframe under intimation to the

		<p>Committee”.</p> <p>Substitute:</p> <p>“The Committee are constrained to consider this an utter disregard of their authority. While taking a serious view of this matter, the Committee desire that the Government should furnish an explanation in this regard within one month from the presentation of this Report”.</p>
22	16	<p>For:</p> <p>“---this matter at the highest level of the Government”.</p> <p>Substitute</p> <p>“this matter at the level of the Prime Minister’s Office”.</p>
22	Last	<p>Insert the following sentence at the end of the para</p> <p>“The Committee expect the Ministry to submit an action taken report of their action in this regard vis-à-vis the corrective intervention by the Prime Minister’s Office”.</p>

**(d) Modification made in Chapter-I of the draft action taken report on the 71<sup>st</sup> Report on Demands for Grants (2008-09) of the Ministry of Corporate Affairs.**

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(*Vide* Para 3 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE SEVENTIETH REPORT OF THE  
STANDING COMMITTEE ON FINANCE (FOURTEENTH LOK SABHA) ON  
DEMANDS FOR GRANTS (2008-2009) OF THE MINISTRY OF STATISTICS AND  
PROGRAMME IMPLEMENTATION

	Total	% of Total
(i) Total number of recommendations	14	
(ii) Recommendations/observations which have been accepted by the Government ( <i>Vide</i> Recommendations at Sl. Nos. 1, 2, 3, 6, 7, 8,10,11, 12 & 13)	10	71.43
(iii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies ( <i>Vide</i> Recommendations at Sl. Nos. 4, 5 & 9)	3	21.43
(iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee ( <i>Vide</i> Recommendations at Sl. No. 14)	1	7.14
(v) (Recommendation/observation in respect of which final reply of the Government is still awaited (Nil)	Nil	00.00