

18

# STANDING COMMITTEE ON FINANCE (2009-10)

#### FIFTEENTH LOK SABHA

#### MINISTRY OF PLANNING

(Action taken by the Government on the recommendations contained in the Third Report of the Standing Committee on Finance on Demands for Grants (2009-10) of the Ministry of Planning)

## **EIGHTEENTH REPORT**



LOK SABHA SECRETARIAT NEW DELHI

**APRIL**, 2010/ Chaitra, 1932 (Saka)



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Presented to Lok Sabha on 19 April, 2010 Laid in Rajya Sabha on 19 April, 2010



LOK SABHA SECRETARIAT NEW DELHI

April, 2010/ Chaitra, 1932 (Saka)



## **CONTENTS**

		PAGE
COMPOSITION	OF THE COMMITTEE	(iii)
INTRODUCTIO	N	(iv)
CHAPTER I	Report	1
CHAPTER II	Recommendations/observations which have been accepted by the Government	18
CHAPTER III	Recommendations/observations which the Committee do n desire to pursue in view of the Government's replies	
CHAPTER IV	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee	
CHAPTER V	Recommendations/observations in respect of which final re of the Government is still awaited	
	ANNEXURE	
Minutes o	of the sitting of the Committee held on 15 April, 2010	45
	APPENDIX	
Containe	of Action Taken by the Government on the recommendation d in the Third Report of the Standing Committee on Finance for Grants (2009-10) of the Ministry of Planning	



#### COMMITTEE ON FINANCE - 2009-2010

#### Dr. Murli Manohar Joshi - Chairman

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- 5. Shri Harishchandra Chavan
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Shri A.K. Singh
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<sup>\*</sup> Nominated to this Committee w.e.f. 09.03.2010 vice Shri Gopinath Munde, MP



#### INTRODUCTION

- I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Eighteenth Report on action taken by Government on the recommendations contained in the Third Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Planning
- 2. The Third Report (15<sup>th</sup> Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 2 December, 2009. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 20 January, 2010.
- 3. The Committee considered and adopted this report at their sitting held on 15 April, 2010.
- 4. An analysis of action taken by Government on the recommendations contained in the Eighteenth 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; 15 April, 2010 25 Chaitra, 1932 (Saka)

DR. MURLI MANOHAR JOSHI, 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 Third Report (Fifteenth Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Planning, which was presented to Lok Sabha on 2 December, 2009 and simultaneously laid in Rajya Sabha on the same day.

- 2. The Report contained 13 recommendations. Action taken notes have been received from the Government in respect of all the recommendations contained in the Report. These have been categorised as follows:
  - (i) Recommendations/Observations which have been accepted by the Government:

Recommendation Nos.1, 3, 4, 5, 6, 8, 9, 10, 12 and 13

(Total: 10)

(Chapter II)

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

Nil

(Total: Nil)

(Chapter III)

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

Recommendation Nos. 2,7 and 11

(Total: 3)

(Chapter IV)

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

Nil

(Total : Nil)

(Chapter V)

- 3. The Committee desire that the replies of the observations contained in Chapter I be furnished to them expeditiously.
- 4. The Committee will now deal with the action taken by the Government on some of their recommendations.



## A. Growth of Economy

#### Recommendation (SI.No.2)

- 5. On the issue of achieving GDP growth rate of 9 percent per annum during 11<sup>th</sup> Plan, which has been set out to achieve 'inclusive growth', the Committee, *inter-alia*, recommended that the Planning Commission, which was engaged in the exercise of mid-term appraisal of the 11<sup>th</sup> Plan would formulate appropriate measures so that the benefits of the growth of the economy were not confined to particular sections of the population and benefit the deprived categories as well. The Committee also desired to be kept apprised of the effectiveness of the policy measures initiated by the Government for reviving the growth momentum that had witnessed a major downward slump since 2008-09.
- 6. The Government, in their action taken reply, *inter-alia* stated as follows:-

"The Eleventh Five Year Plan (2007-12) aims at achieving an average growth rate of 9% with targeted growth rate of 4% per year in the agricultural sector, 10 to 11% per year in the industrial sector and 9 to 11% per year in the services sector. During the first year of Eleventh Plan (2007-08) the growth rate of GDP is estimated at 9% with 4.9% growth in agriculture, 8.1% in industry and 10.3% in services sector. It is true that, there has been a deceleration in the growth rate in the Indian Economy on account of global slow down and negative growth rate in the agriculture sector due to drought situation during 2008-09. The growth rate of GDP for 2008-09 is estimated at 6.7% (Revised Estimates) with 1.6% growth in agriculture, 4.2% in industry and 10% in services sector.

India has taken both monetary and fiscal measures in order to restore the growth momentum......These measures have been supplemented with sector specific credit measures for exports, housing, micro and small enterprises and infrastructure.

The estimates for the first quarter of 2009-10 reveal the GDP growth at 6.1%, with 2.4% growth in agriculture, 6.2% in industry and 7.6% in services sector. The latest estimates of growth rate of GDP released by the Central Statistical Organization (CSO) for the second quarter of 2009-10 indicate the growth rate of GDP at 7.9%, industry 8.2% and the services sector at 9.6% reflecting the recovery of the economy. However, growth in agriculture sector continues to be an area of concern.

It is true that the benefits of economic development have not percolated amongst all the sections of the society in the desired manner, but there has been an improvement in the standard of living from 60.3 years in 1991-95 to 63.5 years in 2002-06. The IMR at all India level figures has declined significantly from 80 per thousand people in 1991 to 53 per thousand people in 2008. The literacy rate for All India has improved from 52.2% in 1991 to 64.8% in 2001. The incidence of poverty in India declined from 36 percent in 1993-94 to 27.5 percent in 2004-05.

The measure of inclusive development articulated in the Eleventh Plan is primarily meant to sufficiently spread the benefits of high growth by way of renewed emphasis on education, health, poverty alleviation and providing basic facilities determining the levels of welfare of large sections of the population.

To ensure the flow of benefits to the target groups, Government has taken initiatives through direct interventions by implementing programmes such as: National Rural Employment Guarantee Scheme (NREGS),....Sarva Shiksha Abhiyan (SSA),...Jawaharalal Nehru National Urban Renewal Mission (JNNURM), National Rural Health Mission (NRHM), etc. To make the implementation of these programmes effective so that actual benefits of various programmes reach the intended target groups, emphasis has been laid on intensive monitoring at various levels, encouraging decentralized and participatory management, improving delivery systems, brining transparency and promoting use of modern technology for easy flow of information".

7. The specific concern expressed by the Committee has been on the necessity of taking corrective measures, particularly in the course of the mid term appraisal of the Eleventh Plan for ensuring that the growth process contributes to the betterment of all sections of the population and thereby fulfill the mandate of achieving 'inclusive growth' envisaged under the Plan. The action taken note of the Ministry is devoid of details of measures taken in this direction, and instead, mainly spells out the factors attributable to the deceleration in the growth process witnessed in the last two years i.e. the impact of the global recession on the overall growth of the country's economy, and the drought situation during 2008-09, which led to the negative growth in agriculture It is obvious that the Ministry have sought to deviate from addressing the core concern expressed by the Committee. Deceleration in the agriculture growth rate, as admitted by the Government in the action taken note, is a matter of serious concern which also adds to the inequities in sections of the population. The Committee, therefore, desire to be apprised of the specific policy measures proposed for accelerating the agriculture growth rate to the targeted level. The admission made in the action taken note that 'the benefits of economic development have not percolated amongst all the sections of the society' - which is similar to the submission made to the Committee by the Planning Secretary – adds credence to the emphasis made by the Committee on initiating corrective measures in the plan process so that the benefits of growth do not remain confined to particular sections of the society. It is apparent that effective corrective measures need to be initiated and pursued so that the avowed aim of achieving 'inclusive growth' does not remain a mere policy paper



to the target groups. The Committee, therefore expect the Government to take positive measures in this direction and be kept apprised of the details thereof, particularly in regard to the efficacy of the measures in ensuring that the target groups of social welfare programmes are actually benefited and contribute in lessening societal inequities.



## B. Support to Planning at National, State and District Level

Recommendation (SI.No.7)

- 8. As there was recurring delay in approval of the scheme "Support to Planning Process at National, State and District Level" which was intended to enable District Planning Committees (DPCs) to prepare / consolidate district plans by the end of the 11<sup>th</sup> Plan, the Committee desired that Government assess the scheme for approval and implementation without further loss of time.
- 9. In their Action Taken Reply, the Ministry of Planning have stated as under:-

"This scheme could not take off in 2008-09 as the scheme could not be finalized in this year as the process of consultations and the process of formulation of the scheme based on their views took a long time. The EFC Memo for the scheme could be finalized at the fag end of the financial year 2008-09. Therefore, the scheme could not be discussed by the EFC and the entire provision had to be surrendered.

Further, the meeting of the EFC could also not be convened in the year 2009-10 as the Ministry of Finance decided that, in view of the difficult fiscal situation this year and the need for effecting all possible economy, only those schemes and programmes that are part of budget announcements 2009-10, may be introduced in the current financial year. The entire provision for this scheme made in BE 2009-10 is, therefore, being surrendered".

10. It is a matter of serious concern for the Committee to note that as in the earlier year 2008-09, the entire allocated amount of Rs. 200 crore for the scheme "Support to Planning Process at National, State and District Level" would remain unutilized in the current year, 2009-10 as well, as the Expenditure Finance Commission (EFC) has not accorded approval for implementing the scheme. As per the submission made to the Committee at the time of examination of the Demands for Grants (2009-10) of the Ministry, the District Planning Committees (DPCs), are intended to function as technical secretariats in preparing the district plans under the Scheme. Considering the fact that the budgeted amounts for the scheme have remained unutilized so far due to want of approvals, the Committee expect to be furnished with a factual note detailing the entire gamut of issues on the essentials of the scheme as planned, the reasons for the continued delay and inability in obtaining the mandatory approvals for implementing the scheme and the measures now proposed for taking up the scheme for implementation. The Committee desire to be furnished with the detailed factual note in this regard within one month of the presentation of this report to Parliament.



## C. Estimation of Poverty

Recommendation (SI.No.8)

- 11. The Committee had, inter-alia emphasized on the need for overcoming the shortcomings in the estimating the BPL population, and more particularly, the divergence in the estimates of BPL population as brought out by the Planning Commission, and by the State Governments. The Committee desired that the Government undertake concrete measures for overcoming the shortcomings in arriving at an empirically correct and objective identification and assessment of the number of BPL households across the country. The Committee also recommended to be kept apprised of the developments in this regard, particularly in regard to the proposed food security legislation intended for benefiting the under privileged.
- 12. The Government, in their action taken reply, *inter-alia*, stated as follows:

"The Planning Commission is the only nodal agency in the Government for estimation of poverty in the country. The criteria for fixing the poverty line to estimate the poverty has been reviewed from time to take into account the changed situation.....

In 2005, an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar was set up to Review the Methodology of Estimation of Poverty. The Expert Group has submitted its report recently on 08.12.2009. The Government is determined to ensure that the benefits of various poverty alleviation and other programmes reach the poor and underprivileged. An Expert group set up by the Ministry of Rural Development under the Chairmanship of Dr. N.C. Saxena has submitted its report on the methodology to identify the BPL households in the rural areas".

13. The main concern expressed by the Committee has been on the necessity of resolving the conflicting estimates of BPL households as brought out by the Planning Commission and by the State Governments. Instead of detailing the measures taken in this direction, the action taken note only highlights the methodology followed by the Planning Commission in estimating poverty in the Country on the basis of recommendations of Expert Groups. The plan panel headed by Prof. Suresh D. Tendulkar on reviewing the methodology of estimating poverty, and the Dr. N.C. Saxena Committee appointed by the Ministry of Rural Development to review the methodology of BPL census have since submitted their reports. The findings of both the above panels are found to be variance with the Planning Commission estimates on poverty and BPL households. The different State Governments also have their own estimates on BPL for their PDS. In view of such contradictions and dis-harmony in poverty criteria and estimates, the Committee are at a loss to understand as to how the Government proposes to formulate the provisions of the proposed Food Security Bill. It is very strange that while different panels appointed by the Government have arrived at a much higher estimate of poverty, the Planning Commission continues to adopt casual approach to this critical issue. The Committee would, therefore, expect the Government and the Planning Commission to comprehend the ground realities and reflect the same in their studies and estimates on poverty across the country. The Government should thus harmonise their estimates on poverty while addressing the critical issues central to the success of welfare oriented programmes in a specific time frame of about three months. The Committee desire to be kept apprised of the developments in this regard.



## D. National Rural Employment Guarantee Programme (NREGP)

Recommendation (SI.No.9)

- 14. The Committee had desired to carry out an independent study on National Rural Employment Guarantee Programme (NREGP) *inter-alia* to assess the quantum of assets created on account of NREGP without any further delay, and they be furnished with a status report thereon within a period of three months. The Committee also desired that measures be taken for overcoming the lacunae in the field data for objectively assessing the benefits of the programme, and corrective steps initiated for ensuring that the programme achieves the intended objectives. The Committee further desired that the proposal to set up the Programme Evaluation Organization (PEO) as an independent body for assessing the implementation of the flagship programmes and providing critical inputs thereon be speeded up.
- 15. The Government in their action taken reply, stated as follows:

".....Programme Evaluation Organisation (PEO) of Planning Commission launched evaluation study on NREGA during the year 2007 and the report was released in June, 2009.

The study on evaluation of the NREGA Scheme was intended to assess the impact of this scheme on the overall quality of life of people by gauging different parameters associated with the improvement of overall quality of life of people such as impact on income – earning levels of each household, expenditure on food and non-food items, household and cultivable assets creation by the beneficiaries. This study also captured the impact of the scheme to arrest out-migration, views and feed-back of the beneficiaries on various facets of implementation of the scheme at grass root level right from the stage of issue of job cards etc.

With the above set of objectives, the study was carried out in 20 districts spread throughout India by targeting 300 beneficiaries from each district. These beneficiaries are hailing from the diverse geography and social background distributed evenly within the selected districts. The data pertains to the year 2006-07 during which period this scheme was launched in the first phase of 200 districts. By way of open-ended questionnaires, data on several variables were collected from these beneficiaries who are part of the NREGP".

Further, the Government in their action taken have elucidated overall impact of the scheme, the views expressed by the beneficiaries etc. Some of them are given below:-

".....Majority of the rural households agreed that there is a transparent mechanism followed for issue of job cards. Enrollment and registration under the scheme is an open-ended one, however, fifteen percent of the respondents opined otherwise who experienced several visits to GP office for registration purpose.

Verification of all the registrants is done by Gram Sabha (GS) as expressed by majority of the House-Holds (HHs). Besides, review of applications earlier rejected by the Gram Panchayat (GP) were also taken up by GS in many districts. GS meetings took place on quarterly basis rather than on monthly basis according to HHs. Migrant families could not register for job card due to their absence.

......Job card was not designed to have sufficient space for all the entries in detail as was observed from many entries in the job cards.

Eighty percent of the HHs expressed that they did not get the work within the stipulated 15 days time of demand for work in writing, neither were they paid any unemployment allowance. Further enquiry with GP officials on this point revealed that they are struggling with teething problems of this kind of gigantic scheme and it takes some time to comply with such mandatory guidelines....On the utility of maximum number of days of works, only small fraction of HHs could utilize more than 35 days of work, remaining still lagging behind. The reason for non-utilisation of maximum permissible 100 days is late starting of the scheme. NREG Scheme stipulates at least one-third of the wage allocation i.e., person-days to women beneficiaries. It was found that only in 42 percent households, the women could share the 1/3rd of the allocated person-days (wage days ). However, in 22 percent of the households, the women folk did utilize more than onethird of the utilized person-days in the household. In most of the work sites, excepting crèche all the other facilities like shed, drinking water are provided.

Payment for the wages earned is paid in cash either at the worksite or at GP office at a later date. Fourteen percent of the HHs did not agree that the names of workers, number of days, and the amount is read out at the worksite by the mate of the worksite as stipulated in the guidelines of the Act.

One of the significant objectives of the NREGA is to arrest outmigration of unskilled, landless labour force from the rural areas to urban areas by ensuring up to 100 days of wage employment within their native jurisdiction so that these 100 days guaranteed wage employment can be judiciously and rationally utilized by the landless peasants during lean and distress seasons......

Contrary to the general perception of better wages upon migration, 70 percent of the beneficiaries revealed that the migration is only for

distress migration for just minimum wages to eke out the livelihood and for survival rather than for better wages. Notable among the responses is that 82 and 67 percent of the HHs interviewed in the eastern and northern region respectively expressed that the outmigration is in search of work and meager wages rather than for better earnings which can be viewed as a distress migration. They preferred to stay in their native village if there is enough wage employment available locally.

It is disappointing to note that 38 percent of the HHs did not agree with the measures taken by GP to check out-migration. They expressed that the GP did not take any measures to create sustainable assets to generate wage employment within the village. Only 40 percent agreed that GP is taking appropriate steps to create wage employment. Rest of the beneficiaries did not give their opinion at all about the capacity of GP. Most notable fact is that the eastern region beneficiaries to the extent of 46 percent did not express any confidence in their respective village GP about their efforts of checking out-migration".

16. Regarding creation of Independent Evaluation Office, the Ministry of Planning have replied as under:

"The Development and Evaluation Advisory Committee (DEAC), as apex body of Programme Evaluation Organisation (PEO) met on 11.11.09 under the Chairmanship of Deputy Chairman Planning Commission and discussed about the setting up of an Independent Evaluation Office (IEO) for evaluating the major centrally sponsored schemes / flagship programmes of Government of India. It was decided in that meeting that the details of the IEO would be discussed and a concrete decision would be taken on the constitution of IEO very shortly in the next meeting of DEAC. As a follow up action, PEO has reconstituted DEAC and prepared a revise proposal of IEO. The revised proposal has been submitted to Deputy Chairman for giving a suitable date for convening the DEAC to take further action on IEO.

Duration of time for completion of study - It may be noted that PEO usually takes at least one year for completing an evaluation study. Therefore, PEO may not be able to prepare a status report on a particular evaluation study within three months period".

**17.** Taking note of the shortcomings in the implementation of National Rural Employment Guarantee Programme (NREGP), the Committee recommended carrying out an independent study inter-alia to assess the quantum of assets created as a result of the programme. Instead of addressing the recommendation of the Committee on carrying out an independent study or disclosing any details of the quantum of assets created under the programme. the Ministry have chosen to cite the findings of the evaluation study carried out by the Programme Evaluation Organisation (PEO). It is also a matter of serious concern for the Committee to note that the reply is silent on the efforts made or proposed by the Government to rectify the deficiencies reflected in the findings of the evaluation study which include, non-allocation of work to 80 per cent of households within the time limit of 15 days, non-payment of unemployment allowance, non-utilization of maximum permissible 100 days of work, continued migration of unskilled people and non-generation of wage employment by most of the Gram Panchayats, etc. These issues, as highlighted in the evaluation study, seriously impinge the effectiveness of the programme. The Committee, while reiterating the need for carrying out an independent assessment of the assets created under the programme, also urge upon the Government to take remedial steps to address the shortcomings highlighted in the evaluation study.

The Committee also note from the action taken note that the proposal to set up the Independent Evaluation Organization (IEO) for assessing the implementation of the flagship programmes which has been in the anvil since long is yet to materialize. Enabling independent and objective assessment of the programmes being an imminent necessity for the success of the programmes,



up the Independent Evaluation Organization.



## E. Sarva Shiksha Abhiyan (SSA)

Recommendation (Sl.No.11)

- 18. In regard to the implementation of the Sarva Shiksha Abhiyan (SSA), the areas of concern noticed from the information furnished by the Ministry of Planning include, elementary education level dropout rate having declined only by 8.57 percentage as compared to the position in 2001-02; continued inability of about 63% of tribal girls to complete elementary education; persistence of high gender gaps in enrolment for SCs and STs in primary and elementary levels; and existence of wide regional disparities in school infrastructure as well as in the Pupil-Teacher Ratio (PTR). As per the submissions of the Ministry of Planning, these issues would have to be addressed on priority in the 11<sup>th</sup> Plan period. The Committee desired that these issues, as well as issues relating to improving the quality of teaching and setting educational standards would be addressed in right earnest. The Committee wished to be kept apprised of the policy measures for overcoming the shortcomings in the Sarva Shiksha Abhiyan programme and their effectiveness. The Committee also wished to be apprised of the findings of the independent study commissioned for assessing the present status of school dropouts in major States and Union Territories and the action taken by the Government thereon.
- 19. The Ministry of Planning, in their action taken reply, have stated as follows:

"Between 2001-02 and 2006-07-

- Drop-out rate at primary level declined by 14.45%
- Drop-out rate for girls at primary level declined by 13.32%
- Drop-out rate at elementary level declined by 8.62%
- Drop-out rate for girls at elementary level declined by11.59%

The education of children belonging to disadvantaged categories namely Scheduled Castes, Scheduled Tribes & Girls, in particular, is a focus area under the SSA programme. The following interventions are available under SSA to promote the education of SC, ST & girls:-

• 2573 Kasturba Gandhi Balika Vidyalaya – the residential school at upper primary level – sanctioned to promote education of girls belonging to disadvantaged categories namely SC, ST, OBC & minority. Presently, 1.97 lakh girls stand enrolled in 2558 KGBV which are operational

- A special intervention of National Programme of Education for Girls at Elementary Level (NPEGEL) is in place to encourage girls education. NPEGEL is a holistic effort to address obstacles to girls education at the micro level through flexible, decentralized processes and decision making. NPEGEL is implemented in educationally backward blocks (EBB) and addresses the needs of girls who are 'in' as well as 'out' of school. NPEGEL also reaches out to girls who are enrolled in school, but do not attend school regularly.
- Development of books in tribal languages to facilitate ST student to transit from home language to school language
- To begin with, under SSA programme, girls and children belonging to SC& ST were provided with free textbooks. Subsequently this facility was extended to all the children from 2008-09
- Districts having concentrated population of SC, ST & minorities and districts with large gender gap are treated as special focus districts and are considered for focused attention under SSA programme.
- Funds @ Rs. 15 lakh per district is available to the States to introduce context specific interventions in respect of children belonging to SC & ST.
- 20. Regarding study on assessment of school drop outs, the Ministry of Planning have stated as under:-

"Ministry of Human Resource Development has commissioned a study on assessment of out of school children through Social and Rural Research Institute, New Delhi, a Division of IMRB International (formerly 'Indian Market Research Bureau'), a corporate market research company, which had conducted sample survey of household during February-May, 2009. According to MHRD, the Report is in an advanced stage of compilation. It has also been informed by MHRD that the estimates provided by this survey are expected to be quite reliable due to the following factors:

- (i) The sample was quite adequate and representative of all regions at the level of the country and for major states. It is to be noted that the sample survey of households was conducted in all the States and Union Territories of India during February – May 2009 and data collected from a sample of 99,226 households; and
- (ii) It was estimated that there were 190,582,581 children in the age group 6-13 years. Out of these, the estimated number of out-of-school children in the country was 81, 50, 617, comprising 4.28% of the total children in this age group".



21. The Committee had desired to know details of the policy measures for overcoming the shortcomings in the Sarva Shiksha Abhiyan (SSA) programme and their effectiveness. Instead of addressing the concern of the Committee, the Ministry have chosen to list out certain measures of intervention that are available under SSA to promote the education of SCs, STs & girls. The reply is silent on the details of the measures taken or proposed for bridging the wide regional disparities in school infrastructure as well as in the Pupil-Teacher Ratio (PTR). The Committee are constrained to note the way the Ministry have chosen to address this important issue. The Committee, while expressing their unhappiness in this regard, would expect a categorical and detailed action taken note from the Government. The Committee further desire that the Ministry of Human Resource Development should conduct a critical study, highlighting the status of the programme with regard to qualitative parameters like attendance of teachers, standards of teaching and text books, hours of teaching, quality of infrastructure/ building etc. The Committee should be apprised of the outcome of the study and the follow-up action initiated thereafter within three months of presentation of this Report.



#### **CHAPTER II**

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

#### Recommendation (SI No. 1)

The scrutiny of Demands for Grants (2009-10) of the Ministry of Planning revealed significant and persistent shortfall in utilization of the Plan expenditure year after year. The shortfall witnessed in utilization of funds allocated for the Tsunami Rehabilitation Programme was as much as 97% in 2006-07, 83% in 2007-08, and 99.98% in 2008-09. Similarly, the shortfall in utilization for "50<sup>th</sup> year initiative for Planning" was 63% in 2006-07, 25% in 2007-08 and 70% in 2008-09. Recurrent and substantial under-utilization of the funds allocated at the stage of Budget Estimates (BE) as well as the Revised Estimates (RE) also occurred under various other Heads of account. For instance, in 2008-09, Rs. 300.00 crore allocated at the stage of BE in 2008-09 for the scheme, "New Initiative in Skill Development through Public Private Partnership (PPP)" was reduced drastically to Rs.0.10 crore at the stage of RE and nothing was spent. Similarly, despite incurring very little expenditure as compared to the budgeted allocations for the scheme, "Strengthening Evaluation Capacity in Government" in the preceding years i.e. Rs. 0.26 crore in 2006-07, Rs. 0.59 crore in 2007-08 and Rs.1.40 crore in 2008-09, the allocation for the scheme had been increased substantially to Rs.12.00 crore in 2009-10. As this was indicative of serious shortcomings in formulating the Budget Estimates and ineffectiveness in monitoring utilization of the budgeted funds for implementing schemes and programmes, the Committee felt it to be imperative on the part of the Ministry to take appropriate corrective measures to arrest this trend of inappropriate projection of fund requirements in formulating budget estimates for programmes and schemes, which were left unutilized owing to factors such as lack of approvals, or delays in obtaining approvals for implementing the schemes. The Committee desired to be apprised of the corrective measures initiated and pursued for ensuring an objective and realistic formulation of the budget requirements of the Ministry.



## **Action Taken by the Government**

The observations of the Committee have been noted for future compliance. It is also stated that the observations will appropriately be taken care of while formulating Budget Estimates for the current financial year and onwards so as to keep the same as realistic as possible. A close watch will be kept over the necessary formalities including approvals in respect of new schemes / projects to ensure timely utilization of budgeted allocations.

[Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]

## Recommendation (SI.No.3)

The increase in the number of Centrally Sponsored Schemes (CSSs) to 128 in 2008-09 from 82 in 2006-07 was indicative of the fact that the policy of limiting the number of Centrally Sponsored Schemes (CSS) on the basis of Zero-Based Budgeting (ZBB) as recommended by the Expert Group of the Planning Commission Also the recommendation of the Expert Group for in 2005 had been ineffective. according approvals only to such new CSS with an approved annual outlay in excess of Rs. 300 crore was being observed in the breach. As for the implementation of the CSSs, as per the submission of the Ministry of Planning, instructions had been issued for conducting social audits of Major Flagship Programmes such as National Rural Employment Guarantee Programme and the Swaranjayanti Gram Swarozgar Yojana. Strengthening the monitoring mechanism of the large number of CSSs currently under implementation being a necessity, the Committee would suggest that in addition to the major flagship programmes cited by the Ministry, the system of undertaking social audits should be extended to other CSSs as well. The Committee felt that there was a need to carry out an appraisal of the efficacy with which the exercise of zero based budgeting was being carried out for restructuring the CSS. The Committee desired to be apprised of the measures taken in this direction. The Committee would also like to be apprised of the measures taken for increasing transparency and ensuring effective implementation of the Centrally Sponsored Schemes.



## **Action Taken by the Government**

The Ministry of Rural Development had issued letters dated 19th June 2009 and 1st July 2009 to the States regarding enforcement of Social Audit under NREGA, which needs to be extended for all CSSs. For taking measures for increasing transparency and ensuring effective implementation of CSSs, it is submitted that an Advisory has been issued by the Ministry of Panchayati Raj vide their letter dated 19.1.2009 and reminded by Planning Commission's letter dated 2nd March 2009. Recently, a Delivery Monitoring Unit (DMU) has been set up in the Prime Minister's Office to review a select number of flagship programmes / initiatives / iconic projects; suggesting DMU format for making the reports public on the concerned Ministry's website. As regards ZBB exercise, Ministries concerned with the CSS monitoring have been asked to initiate in-house action for preparing proposals for the next ZBB exercise.

[Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]

### Recommendation (SI.No.4)

With the budgetary support of Rs.120.00 crore, a new scheme namely "Unique Identification Scheme (UID)" had been launched in 2009-10 which envisages assigning a 11 digit Unique Identification Number (UIN) to each resident of the country. The UID Authority (UIDA) set up for implementing the scheme was at a nascent stage. The Committee's concern in regard to the scheme mainly centers on the fact that there had been no clarity on the part of Ministry, particularly in regard to the definition and scope of the term 'residents' who were proposed to be assigned the UIN. The Committee, therefore, desired the Government to clearly define and spell out the scope of the term 'residents' who would be assigned the UIN under the scheme. It would also be imperative on the part of the Government to ensure that the UIN does not, in anyway, lead to misuse or work out to the gain of illegal migrants who might be residing in the For enabling operationalisation of the scheme, a committee on Data Country. Standards and Verification Processes had been set up on 9th October, 2009, which was expected to submit its report within 90 days. The Committee desired to be kept apprised of the progress of operationalising the scheme. The Committee also trusted that it would be ensured that the database to be created for implementing the UIN

scheme undergbes multi-stage cross verifications, and responsibility fixed for lapses, if any, at each stage.

### **Action Taken by the Government**

All residents of the country will be assigned Unique Identification Number. It is also to clarify that UID Number does not guarantee any rights or entitlement to the person concerned. The issues relating to the data to be collected and the processes to verify the identity and addresses of the residents at the time of their enrolment to the UID system have been comprehensively dealt with by Vittal Committee. The Vittal Committee constituted on 9th October, 2009 had to submit its report within 90 days from the date of its constitution. However, it has already submitted its report within 60 days (i.e., on 9th December, 2009).

For the purpose of verification of residents, Vittal Committee has suggested three possible modes: (i) Document based, (ii) Introducer system and (iii) Public scrutiny system to be followed by Registrar General, India at the time of creation of National Population Register.

UIDAI has also constituted Biometric Standards Committee on 29th September, 2009 which is expected to submit its report by 29th December, 2009 (i.e., within 90 days of its constitution). The Charter of Biometric Standards Committee is:

- To develop biometric standards that will ensure interoperability of devices, systems and processes used by various agencies that use the UID system.
- To review the existing standards of Biometric and, if required, modify/ extend/ enhance them so as to serve the specific requirements of UIDAI relating to deduplication and Authentication.

UIDAI will keep on apprising the Parliament and the Standing Committee from time to time and will ensure that the database to be created for implementing the UIN scheme undergoes proper verification process as suggested by Vittal Committee and responsibility fixed for lapses, if any, at each stage.

[Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]



### Recommendation (SI.No.5)

It was a matter of serious concern to note that the new scheme "New Initiative in Skill Development through Public Private Partnership (PPP)" which was introduced in 2008-09 suffered at the take-off itself. The entire budget provision of Rs.300.00 crore made for the scheme in 2008-09 was surrendered as the proposals of the Ministries of Rural Development and Labour & Employment were intended for augmenting resources for the existing schemes, and not for special initiatives on skill development under the PPP model. The Committee failed to understand as to why grants were to be extended only for skill development initiatives under the PPP model, and not for the ongoing schemes of the Ministries. The Committee desired an explanation on the reasons for confining grants under the PPP model, and not for the ongoing schemes of the Ministries. Woefully, the new initiative in skill development had been relegated to the background in the year 2009-10 as well with the allocation reduced drastically to a sum of Rs. 15.00 crore.

The facts pertaining to the conceptualisation of the new initiative on skill development, the budgetary proposals made for the scheme, and the surrendering of the budgeted funds was indicative of a very sorry state of affairs. Obviously, there were serious shortcomings in the role being played by the Ministry of Planning in acting as a facilitator in implementing the scheme in coordination with the Ministries concerned. This called for serious introspection, particularly by the Ministry of Planning so that such instances of blockage of huge amounts earmarked for schemes that could not be taken up during the year did not recur.

#### **Action Taken by the Government**

A budget provision of Rs. 300 crores was made during the Financial Year 2008-09 for giving grants-in-aid assistance to the central Ministries for special initiatives in the area of Skill Development outside their normal budgetary activities, through PPP.

It is submitted that for ongoing schemes, Planning Commission already provides funds to the respective Ministries and this scheme was not viewed as a means to augment the existing resources of the under Central Ministries their existing ongoing schemes but was meant for special initiatives through PPP. This was specially

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the Ministry of Planning for augmenting to existing resources for the ongoing schemes.

It is reiterated that Planning Commission had received a proposal each Ministry of Rural Development and Ministry of Labour and Employment to merely augment resources under the existing schemes of Skill Development. These schemes WERE NOT for special initiatives under PPP and therefore the amount was surrendered.

However, the observations of the Honourable Committee regarding conceptualization of the new initiative on Skill Development have been noted for future guidance.

[Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]

## Recommendation (SI.No.6)

The Committee are also of the view that the scheme, as conceived, which involves the Central Ministries as well as the State Governments acting independently in taking skill development initiatives may be unwieldy in assessing and implementing skill development programmes, and in ensuring proper coordination. It would, therefore, be necessary to have a formalized central structure for giving a well-focused approach to the skill development initiatives. The Committee also wish to emphasise here that the vast skilled force presently existing in different sectors should not be lost sight of. The Committee, therefore, expect the Government to undertake and implement appropriate policy measures for augmenting and benefiting the indigenous skill capacity inter-alia by enabling for certification of the existing skilled force in different sectors.

## **Action Taken by the Government**

It is submitted that the Government has already created a three-tier institutional structure for effective execution of the policies on Skill Development. The Prime Minister's National Council on Skill Development is the Apex body on National Skill Development. Its main functions are to lay down overall broad Policy objectives, financing and governance models and strategies relating to skill development, to review the progress of schemes, and guide on mid-course corrections, additions and closure of parts or whole of any particular programme/scheme, Coordinate Public Sector/Private Sector Initiatives in a framework of collaborative action. To support the Council, National Skill Development Coordination Board (NSDCB), Chaired by the

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Doputy Chairman, Planning Commission, has been set up. It functions include enumerating strategies to implement the decisions of the Council, developing suitable operational guidelines to achieve the objectives of skill development requirement of the economy, addressing regional imbalance in skill development infrastructure, socioeconomic rural-urban and gender divides, encouraging the state Governments to put in place similar institutional structures, establishment of skill inventory and database for skill deficiency mapping, coordinating and facilitating repositioning of employment exchanges as outreach points for providing information on employment and skill development, establishment of a credible accreditation system and monitoring, evaluating and analyzing the outcomes of various schemes and programmes and keeping the Council informed of the same. The third body created by the government on skill development is the National Skill Development Corporation (NSDC), a nonprofit company under section 25 of the Companies Act under the Ministry of Finance. Its operating arm is National Skill Development Fund (NSDF), a 100% Government owned trust, to facilitate its mandate of coordinating and stimulating private sector initiatives in the area of Skill Development with an enhanced flexibility and effectiveness. The NSDF would provide funds to the Corporation for furtherance of the objective on Skill Development in accordance with the approved work and financial The NSDC will play the role of funding and incentivising, enabling support services and shaping and creating a momentum for large scale participation by private sector in Skill Development. It will also identify critical skill groups, develop models for skill development and attract potential private players and provide support to their efforts.

However, the observations of the Honorable Committee are noted for guidance. [Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]



### Recommendation (SI.No.8)

As per the submission of the Planning Secretary, the current estimation of the proportion of people living Below Poverty Line (BPL), which was primarily based on the methodology drawn in 1973-74, was slated for review upon receipt of the report of the Expert Group set up under the Chairmanship of Dr. Suresh Tendulkar in December, 2005 inter-alia to 'recommend any changes in the existing procedures of official estimates of poverty'. The next BPL survey was to be carried out on the parameters fixed by the Expert Group, and would also form the basis for the proposed legislation on Food Security. The Committee desired the Government to impress upon the Expert Group, which had been granted repeated extensions in the last three years to finalise and present their report without further delay. The Committee had, in their earlier reports too emphasized on the need for overcoming the shortcomings highlighted in the estimation of BPL population, and more particularly, the divergence in the estimates of BPL population as brought out by the Planning Commission, and by the State Governments. The Planning Secretary too admitted to the prevalence of the dichotomy in the estimates, which had been attributed to the 'built-in incentives' that come on being categorized as poor. The Committee recommended that the Government undertake concrete measures for overcoming the shortcomings in arriving at an empirically correct and objective identification and assessment of the number of BPL households across the country. The Committee also recommended to be kept apprised of the developments in this regard, particularly in regard to the proposed food security legislation intended for benefiting the under privileged.

#### **Action Taken by the Government**

The Planning Commission is the only nodal agency in the Government for estimation of poverty in the country. The criteria for fixing the poverty line to estimate the poverty has been reviewed from time to time to take into account the changed situation. The begin with, the Planning Commission in 1977, constituted a 'Task Force on Projection of Minimum Needs and Effective Consumption Demand', which submitted its report in 1979. The Task Force defined the poverty line as per capita consumption expenditure level of Rs. 49.09 per month in rural area and Rs. 56.64 per capita per month in urban areas at 1973-74 prices at national level corresponding to a

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requirement of 2400 cal in rural areas and 2100 cal in urban areas. These poverty lines were applied uniformly in all the States. In September, 1989 an Expert Group on 'Estimation of Proportion and Number of Poor' (Lakdawala Committee) was constituted to look into the methodology for estimation of poverty and to redefine the poverty line, if necessary. The Expert Group which submitted its report in 1993 did not change the definition of poverty defined by Task Force. However, the Expert Group recommended the disaggregation of the national poverty line into state wise poverty lines in order to reflect the state wise price differences. Since 1997, the percentage of people below the poverty line is estimated on the basis of Expert Group methodology using state-specific poverty lines and state-specific consumer expenditure distribution, obtained from the large sample surveys on household consumer expenditure conducted by the National Sample Survey Organization (NSSO) once in approximately five years.

In 2005, an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar was set up to Review the Methodology of Estimation of Poverty. The Expert Group has submitted its report recently on 08.12.2009. The Government is determined to ensure that the benefits of various poverty alleviation and other programmes reach the poor and underprivileged. An Expert group set up by the Ministry of Rural Development under the Chairmanship of Dr. N.C. Saxena has submitted its report on the methodology to identify the BPL households in the rural areas.

[Ministry of Planning O.M. No. 38/16/2009/OM&C/dated 20.1.2010]

Comments of the Committee (Please see Para No.13 of Chapter I)



## Recommendation (SI.No.9)

On the specific issue of the ground reality in regard to implementation of the National Rural Employment Guarantee Programme (NREGP) it was seen from the submission of the Planning Secretary that the Planning Commission has under taken the initiative of critically analysing the field data on implementation of the programme. As per the Secretary's submission, while there had been improvement in the timelines for furnishing the field data, the ground reality on the implementation of the programme 'is not so'. Evidently, the Government appeared to be oblivious to the ground reality on the implementation of the programme, involving thousands of crores of rupees. Also, although the Ministry had assured that an independent study would be carried out interalia to assess the quantum of assets created on account of NREGP as recommended by the Committee earlier, no progress appeared to have been made in this direction. The Committee desired that, as assured earlier, the study was carried out without any further delay, and they be furnished with a status report thereon within a period of three months from now. The Committee also desired that measures be taken for overcoming the lacunae in the field data for objectively assessing the benefits of the programme, and corrective steps initiated for ensuring that the programme achieves the intended objectives. The Committee further desired that the proposal to set up the Programme Evaluation Organization (PEO) as an independent body for assessing the implementation of the flagship programmes and providing critical inputs thereon be speeded up.

#### **Action Taken by the Government**

Evaluation study on National Rural Employment Guarantee Act (NREGA) – Programme Evaluation Organisation (PEO) of Planning Commission launched evaluation study on NREGA during the year 2007 and the report was released in June, 2009.

The study on evaluation of the NREGA Scheme was intended to assess the impact of this scheme on the overall quality of life of people by gauging different parameters associated with the improvement of overall quality of life of people such as impact on income – earning levels of each household, expenditure on food and non-food items, household and cultivable assets creation by the beneficiaries. This study also captured the impact of the scheme to arrest out-migration, views and feed-back of

right from the stage of issue of job cards etc.

With the above set of objectives, the study was carried out in 20 districts spread throughout India by targeting 300 beneficiaries from each district. These beneficiaries are hailing from the diverse geography and social background distributed evenly within the selected districts. The data pertains to the year 2006-07 during which period this scheme was launched in the first phase of 200 districts. By way of open-ended questionnaires, data on several variables were collected from these beneficiaries who are part of the NREGA Scheme. Overall impact of the scheme, views expressed by the beneficiaries etc. is elucidated in a nutshell in the following paras.

Female-headed household participation in the works is very encouraging ranging from 12 to 52 percent. Though the scheme envisages at least one-third of the total person-days to be earmarked for women participants, it is too early to judge on this point since the effective time duration of the scheme in these 20 districts is uneven and in some cases the scheme hardly taken off. Most beneficiaries got their job cards through Gram Sabha (GS) meetings and the rest by steps taken by Gram Panchayat (GP). Majority of the rural households agreed that there is a transparent mechanism followed for issue of job cards. Enrollment and registration under the scheme is an open-ended one, however, fifteen percent of the respondents opined otherwise who experienced several visits to GP office for registration purpose.

Verification of all the registrants is done by GS as expressed by majority of the HHs. Besides, review of applications earlier rejected by the GP were also taken up by GS in many districts. GS meetings took place on quarterly basis rather than on monthly basis according to HHs. Migrant families could not register for job card due to their absence.

Views of beneficiaries were also captured on the modalities followed to issue the job card by the officials. One-tenth of the people revealed that ten percent of the eligible adult members of the family are not included in the job card. The job card is in the possession of GP officials in most of the districts of eastern region and only during the season of works, the job cards are handed over to the beneficiaries for their

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within couple of days of registration. Majority of households expressed that they got their job cards without waiting for much time and without unnecessary visits to GP office. Though affixing of photograph of the households is mandatory, it is not followed in many districts, and in some places the beneficiary paid for it. Job card was not designed to have sufficient space for all the entries in detail as was observed from many entries in the job cards.

Eighty percent of the HHs expressed that they did not get the work within the stipulated 15 days time of demand for work in writing, neither were they paid any unemployment allowance. Further enquiry with GP officials on this point revealed that they are struggling with teething problems of this kind of gigantic scheme and it takes some time to comply with such mandatory guidelines. As far as publicity of the scheme and dissemination of information related to the scheme, all locally available communication modes are utilized to spread the awareness and information about the scheme. On the utility of maximum number of days of works, only small fraction of HHs could utilize more than 35 days of work, remaining still lagging behind. The reason for non-utilisation of maximum permissible 100 days is late starting of the scheme. NREG Scheme stipulates at least one-third of the wage allocation i.e., person-days to women beneficiaries. It was found that only in 42 percent households, the women could share the 1/3rd of the allocated person-days (wage days ). However, in 22 percent of the households, the women folk did utilize more than one-third of the utilized person-days in the household. In most of the work sites, excepting crèche all the other facilities like shed, drinking water are provided.

Payment for the wages earned is paid in cash either at the worksite or at GP office at a later date. Fourteen percent of the HHs did not agree that the names of workers, number of days, and the amount is read out at the worksite by the mate of the worksite as stipulated in the guidelines of the Act.

An enquiry is also made to assess the impact of the scheme on the overall quality of life of the beneficiaries. Due to the income generation through this scheme, the number of beneficiaries at the low earning level are reduced to nearly half in size resulting this on the rise of HHs with marginally higher income. It was found that more

in the beneficiaries expenditure pattern on food and non-food items. The survey revealed that the number of families spending less on food has come down drastically where as there is a rise of families who are spending more on food and non-food items.

Only two percent of the HHs opened bank account among the surveyed beneficiaries. More than half of the HHs revealed that they purchased livestock like sheep/goat etc. during the year. Four-fifths of the HHs do not have any outstanding loan. In the western region, nearly 60% of the HHs have an outstanding loan either from bank or local money lender. 3.3% of the beneficiaries bought a bicycle for the first time, 1.5% of the beneficiaries did buy electric fan, or other appliance, 3.2 % of the HHs purchased steel utensils etc. with the income generated from the scheme.

One of the significant objectives of the NREGA is to arrest out-migration of unskilled, landless labour force from the rural areas to urban areas by ensuring up to 100 days of wage employment within their native jurisdiction so that these 100 days guaranteed wage employment can be judiciously and rationally utilized by the landless peasants during lean and distress seasons. One-fourth of the families surveyed opined that there is migration from their respective village to towns/cities in search of job. Almost fifty percent of the HHs in western region expressed that migration is taking place from their villages. In the north eastern region, in the district of North Lakhimpur, everyone agreed that there is migration from their villages. There is migration taking places from districts such as South Garo Hills (Meghalaya), Medak (AP), and Dahod (Maharashtra) in addition to almost all the districts from the eastern region. In some of these districts, the out-migration is to the extent of 40%.

Contrary to the general perception of better wages upon migration, 70 percent of the beneficiaries revealed that the migration is only for just wages and not for any better wages. This implies that there is a distress migration for just minimum wages to eke out the livelihood and for survival rather than for better wages. Notable among the responses is that 82 and 67 percent of the HHs interviewed in the eastern and northern region respectively expressed that the out-migration is in search of work and meager wages rather than for better earnings which can be viewed as a distress migration.

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available locally.

It is disappointing to note that 38 percent of the HHs did not agree with the measures taken by GP to check out-migration. They expressed that the GP did not take any measures to create sustainable assets to generate wage employment within the village. Only 40 percent agreed that GP is taking appropriate steps to create wage employment. Rest of the beneficiaries did not give their opinion at all about the capacity of GP. Most notable fact is that the eastern region beneficiaries to the extent of 46 percent did not express any confidence in their respective village GP about their efforts of checking out-migration.

The complete evaluation report has been placed in Planning Commission website for the information of all concerned.

### **Creation of Independent Evaluation Office:**

The Development and Evaluation Advisory Committee (DEAC), as apex body of Programme Evaluation Organisation (PEO) met on 11.11.09 under the Chairmanship of Deputy Chairman Planning Commission and discussed about the setting up of an Independent Evaluation Office (IEO) for evaluating the major centrally sponsored schemes / flagship programmes of Government of India. It was decided in that meeting that the details of the IEO would be discussed and a concrete decision would be taken on the constitution of IEO very shortly in the next meeting of DEAC. As a follow up action, PEO has reconstituted DEAC and prepared a revise proposal of IEO. The revised proposal has been submitted to Deputy Chairman for giving a suitable date for convening the DEAC to take further action on IEO.

Duration of time for completion of study - It may be noted that PEO usually takes at least one year for completing an evaluation study. Therefore, PEO may not be able to prepare a status report on a particular evaluation study within three months period.

[Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]

Comments of the Committee (Please see Para No.17 of Chapter – I)



## Recommendation (SI.No.10)

The Committee noted that various components of Bharat Nirman, a timebound Plan, intended to build the essential rural infrastructure had registered lower performance owing to constraints which include, delays in land acquisition, lack of detailed project reports and absence of project implementation unit, etc. While, as per the submissions of the Ministry, the achievement under the programme in adding to the irrigation capacity, building all weather roads, and ensuring electricity supply to BPL households had been to the extent of 61.38 %, 48.3% and 23.4% respectively vis-à-vis the targets envisaged, the ground reality might not be so, as admitted by the Secretary, Ministry of Planning in the case of the NREGP. The Committee desired that the achievement of the set targets be assessed objectively and the reasons for the shortfalls analysed in detail for formulating remedial measures for implementation. The Committee also emphasised on the need for devolving the plan model of development to the village level with the districts and state administration playing a key role in the planned development of the villages.

# **Action Taken by the Government**

Bharat Nirman is a business plan for connecting rural India to opportunities-physical connectivity through roads, electricity and telephones; basic services through housing and water supply and improving agricultural productivities and incomes through investments in irrigation within a definite time frame (2005-09).

- 2. Three goals viz. Rural Housing, Rural Water Supply and Rural Telephony performed between 85-100% of targets. As regards the performance under Rural Roads, Electricity and Irrigation capacity is concerned, it may be mentioned that although target had not been achieved, the programme resulted in making available connectivity in terms of roads to people, electricity for unconnected houses and families and irrigation facility particularly in remote areas.
- 3. The shortfalls in achievement of targets and utilization of facility by the target group is primarily on account of following reasons:
- (1) Rural Roads: 90% of the shortfall in the targets is limited to about 5 states primarily due to lack of contracting capacity in states.

(2) Rural Electrification:

- (a) Delay in sanction of continuation of scheme in the Eleventh Plan.
- (b)Longer time taken in awarding the projects and allotment of land for new sub-stations.
- (c) Delay in release of BPL lists by States;
- (d) Long time taken by States in settlement of entry tax and way bills.

## 3. Irrigation:

- (a) Delay in land acquisition for dam, reservoir, and canal system.
- (b) Delay in completing Resettlement and Rehabilitation work of project affected persons.
- (c) Escalation in cost of construction material as well as labour.
- (d) Unsatisfactory infrastructure of States for execution of projects.
- (e) Contract management problems and litigations
- (f) Provision of inadequate State share by the State Governments.
- 4. The remedial Measures for improving the pace of implementation of various goals include (i) strengthening of institutional capacity, (ii) augmentation of contracting capacity, (iii) pro-active upfront action for getting forest and environment clearance, (iv) overcoming the constraint of getting the private land through good offices of Gram Panchayats and Local Revenue Administration.
- 5. As per Article 243 ZD of the Constitution, it is the responsibility of the District Planning Committee of every district to consolidate the plans of the Panchayats and the Municipalities of the district into an Integrated District Plan. The Planning Commission issued guidelines on 25.08.2006 for preparation of District Plans in the Eleventh Five Year Plan. Later, a Manual for Integrated District Planning was prepared in November, 2008 by a Task Force set up by the Planning Commission. This Manual is a step by step guide to District Planning to assist planners at the local, district and State levels. A copy of this manual was sent in March, 2009 to all the State Governments/Union Territory administrations for necessary action.

[Ministry of Planning O.M. No. 38/16/2009/OM&C/dated 20.1.2010]

#### Recommendation (SI.No.12)

The Committee were deeply concerned to note that owing to shortcomings such as little experience of tsunami affected States/UTs in tackling a disaster of the magnitude caused by Tsunami and their reluctance to conduct the critical studies for impact assessment and interventions, the Tsunami Rehabilitation Programme (TRP) had suffered with lesser utilization of funds as compared to the outlay of Rs. 9135.66 crore during 2005-06 to 2008-09. As per the submission of the Ministry of Planning, the physical performance in the major sectors i.e. housing, agriculture and livelihood, fisheries etc. had not been up to the mark. What the Committee found to be surprising

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issue of extending the duration of the programme beyond 2008-09 was to be considered separately, no budgetary allocation had been made for the programme in the current year, 2009-10. Given the facts relating to the partial success of the programme, the Committee desired that the contributory factors thereto be gone into detail, and the necessity of extending the programme for a further period assessed urgently, so that the intended objectives of the programme were fulfilled.

## **Action Taken by the Government**

The EGoM approved TRP period was 4 years i.e., from 2005-06 to 2008-09. It is a fact that in the initial years, the progress of work under TRP was slow. Since the Tsunami affected States/UTs had little experience in tackling a disaster of the magnitude caused by Tsunami, the administrative machinery took time during the first two years to gear itself up. Things have since improved and pace of implementation has picked up.

- 2. However, necessary budgetary provision (Rs 1200 crore) has been made for Tsunami Rehabilitation Programme (TRP) in the current year (2009-10) for the States and UTs, subject to EGoM's approval of extension of TRP period by one year i.e., up to March, 2010.
- 3. Since the approved 4 year period ended by March, 2009, Planning Commission had sent a proposal to the Cabinet Secretariat on June 1, 2009, for reconstitution of EGoM to decide upon the extension of the TRP period. The Empowered Group of Ministers (EGoM) on TRP has now been reconstituted vide Cabinet Secretariat letter No.511/2/1/2005-cab dated 23.11.2009. The extension of the period of TRP beyond March, 2009, will be one of the agenda items for the consideration by the EGoM in its next meeting.
- 4. As far as damaged works under TRP is concerned, based on the reports obtained from States/UTs, the progress of projects till September, 2009, , especially in the five important sectors of TRP- Housing, Agriculture & Livelihood, Fisheries & Livelihood, Roads & Bridges, and Ports & Jetties, is given below.

Housing: Out of 86688 damaged houses, 70051 houses (81%) have been completed.



rightenial e & Livelihood: All the works have been completed.

Fisheries & Livelihood: All works completed except Fish Landing Centres (FLCs) in Tamil Nadu, Kerala, and ANI.

Roads & Bridges: Out of 1828.71 kms of damaged roads, 1773.27 kms (96%) have been completed. Out of damaged 9 bridges, 7 bridges (78%) have been completed.

Ports & Jetties: All the works are nearing completion and will be completed by March, 2010.

5. The revised fund requirement of Rs. 9822.10 crore comprising Rs.3332.43 crore as External Aided Projects (EAP) and Rs.6489.67 crore as Additional Central Assistance (ACA) to States/UTs for implementation of the TRP was approved by the EGOM. The expenditure till September, 2009, is Rs 5984.69 crore (66%), comprising Rs 4617.59 (80%) spent under ACA and Rs 1367.1 crore (41%) spent under EAP.

[Ministry of Planning No. 38/16/2009/OM&C/dated 20.1.2010]

#### Recommendation (SI.No.13)

The Committee were distressed to note that the Programme Evaluation Organisation (PEO) was reeling under the shortage of manpower for a long period. Modernization and strengthening of PEO without the required manpower would not yield the desired benefits. Moreover, while only the allied activities, but not the core ones were outsourced in most organizations, in case of the PEO however, the main function of carrying out evaluation studies was being outsourced. This again had also proved to be disadvantageous owing to factors such as delays in receipt of reports, lack of reliability and lesser utilization of the funds earmarked, etc. The Committee, therefore, urged that sincere efforts should be taken to fill up the vacancies in PEO so as to enable in improving the development planning and implementation of programmes.

#### **Action Taken by the Government**

The shortage of Manpower in Programme Evaluation Organization (PEO) is a major hindrance, causing delays in completion of evaluation in time. In order to address this issue, the following steps are being taken:-

In order to fill the vacant posts of SRO and RO in PEO headquarters and its field units, the Department of Economic Affairs (DEA) has been requested from time to time by Planning Commission (Administration). The Union Public Service Commission has also been requested by Planning Commission (Adm.) to fill up the post of Economic Officers in PEO.

- Department of Economic Affairs (DEA) and Union Public Service (b) Commission (UPSC) are being reminded to fill up the vacant posts in Regional Evaluation Offices (REO) and Project Evaluation Offices (PEO) located in various capital cities of the country. PEO has been conducting evaluation studies by utilizing the existing manpower in REOs and PEOs and also some of the studies are being outsourced to the empanelled 37 research institutes of the country. In order to outsource the evaluation studies, PEO has been utilizing the Plan-fund called "Strengthening Evaluation Capacity in Government". Due to the procedure involved in evaluating the project, PEO is not able to utilize 100% of the planned fund on yearly basis. As per our experience, it is found that the outsourcing agencies are not able to submit the final evaluation report within a year as per their agreement. Therefore, the estimated sanctioned amount cannot be released as per agreement during the span of one year. This is a major cause of unutilisation of planned fund in order to overcome the bottlenecks, the following measures have been adopted by PEO:-
- (i) Effective monitoring by the field units of PEO on the progress of the outsourcing evaluation studies.
- (ii) Rigorous scrutiny on the technical and financial bids received from the agencies for evaluation by the members of the Consultancy Evaluation cum Monitoring Committee (CEMC) setup for the study.
- (iii) Adequate training is being provided on various aspects of evaluation to the evaluation team of outsourcing agencies including monitoring staff of PEO.

[No. 38/16/2009/OM&C Planning Commission (OM&C)]



# **CHAPTER III**

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

NIL



#### **CHAPTER IV**

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

## Recommendation (SI No. 2)

While the 11<sup>th</sup> Plan envisages a targeted GDP growth rate of 9 percent per annum, the growth rate witnessed in the first two years of the plan period i.e. 2006-07 and 2007-08 averages to 7.8%. There had been a significant decline in the growth rate in 2008-09 to 6.7% with the agriculture and allied sectors, industry sector and services sector witnessing a growth of 1.6%, 3.9% and 9.7% respectively mainly due to the impact of the global financial crisis on the domestic economy. The effectiveness of the fiscal, monetary and other sector specific policy initiatives undertaken by the Government for reviving the growth momentum remain to be witnessed. Of equal, if not more serious concern with regard to the growth process envisaged in the 11<sup>th</sup> Plan was the admission of the Secretary. Ministry of Planning that the benefits of growth witnessed in the earlier years had not reached or benefited all sections of the population. Ensuring that the benefits of the growth process contribute to the betterment of all sections of the populace was essential to the success of the 11<sup>th</sup> Plan process, which was set out to achieve 'inclusive growth'. The Committee, therefore, recommended that the Planning Commission, which was engaged in the exercise of mid-term appraisal of the 11th Plan would address this issue with due seriousness and formulate appropriate remedial measures so that the benefits of the growth of the economy were not confined to particular sections of the population and benefit the deprived categories as well. The Committee also desired to be kept apprised of the effectiveness of the policy measures initiated by the Government for reviving the growth momentum that had witnessed a major downward slump since 2008-09.

## **Action Taken by the Government**

The Eleventh Five Year Plan (2007-12) aims at achieving an average growth rate of 9% with targeted growth rate of 4% per year in the agricultural sector, 10 to 11% per year in the industrial sector and 9 to 11% per year in the services sector. During the first year of Eleventh Plan (2007-08) the growth rate of GDP is estimated at 9% with 4.9% growth in agriculture, 8.1% in industry and 10.3% in services sector. It

account of global slow down and negative growth rate in the agriculture sector due to drought situation during 2008-09. The growth rate of GDP for 2008-09 is estimated at 6.7% (Revised Estimates) with 1.6% growth in agriculture, 4.2% in industry and 10% in services sector.

India has taken both monetary and fiscal measures in order to restore the growth momentum. These steps, inter-alia, consist of expansionary plan expenditure, reduction in indirect taxes, sector-specific measures for textiles, housing, infrastructure, automobiles, micro and small sector and exports, authorization to specified financial institutions to raise tax free bonds to fund infrastructure projects, farm loan waiver package etc The monetary and credit related measures taken by the RBI relate to provisioning of adequate liquidity and credit delivery, progressive reduction in the Repo rate under the liquidity adjustment facility (LAF), reduction in cash reserve and statutory liquidity ratios (CRR and SLR) for banks and improvement in forex liquidity while at the same time containing the financial contagion from the global financial crisis. These measures have been supplemented with sector specific credit measures for exports, housing, micro and small enterprises and infrastructure.

The estimates for the first quarter of 2009-10 reveal the GDP growth at 6.1%, with 2.4% growth in agriculture, 6.2% in industry and 7.6% in services sector. The latest estimates of growth rate of GDP released by the Central Statistical Organization (CSO) for the second quarter of 2009-10 indicate the growth rate of GDP at 7.9%, industry 8.2% and the services sector at 9.6% reflecting the recovery of the economy. However, growth in agriculture sector continues to be an area of concern.

It is true that the benefits of economic development have not percolated amongst all the sections of the society in the desired manner, but there has been an improvement in the standard of living of people. The average life expectancy at birth has improved for India from 60.3 years in 1991-95 to 63.5 years in 2002-06. The IMR at all India level figures has declined significantly from 80 per thousand people in 1991 to 53 per thousand people in 2008. The literacy rate for All India has improved from 52.2% in 1991 to 64.8% in 2001. The incidence of poverty in India declined from 36 percent in 1993-94 to 27.5 percent in 2004-05.

The measure of inclusive development articulated in the Eleventh Plan is primarily meant to sufficiently spread the benefits of high growth by way of renewed

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determining the levels of welfare of large sections of the population.

To ensure the flow of benefits to the target groups, Government has taken initiatives through direct interventions by implementing programmes such as: National Rural Employment Guarantee Scheme (NREGS), Swaranjayanti Gram Swarozgar Yojana (SGSY), Indira Awaas Yojana (IAY), Pradhan Mantri Gram Sadak Yojana (PMGSY), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), Integrated Child Development Services (ICDS) Scheme, Sarva Shiksha Abhiyan (SSA), Mid-day Meal Scheme, Targeted Public Distribution System (TPDS), Antyodaya Anna Yojana (AAY), Jawaharalal Nehru National Urban Renewal Mission (JNNURM), National Rural Health Mission (NRHM), etc. To make the implementation of these programmes effective so that actual benefits of various programmes reach the intended target groups, emphasis has been laid on intensive monitoring at various levels, encouraging decentralized and participatory management, improving delivery systems, brining transparency and promoting use of modern technology for easy flow of information.

[Ministry of Planning O.M.No. 38/16/2009/OM&C /dated 20.1.2010]

Comments of the Committee (Please see Para No.7 of the Chapter – I)

#### Recommendation (SI.No.7)

The Committee regretted to note that the scheme 'Support to Planning Process at National, State and District Level', which was intended to enable in district plan preparation / consolidation of district plans by District Planning Committees (DPCs) by end of the 11<sup>th</sup> Plan was yet to be accorded necessary approvals. The allocation of Rs. 200.00 crore made for the scheme at the stage of BE in 2008-09 was reduced to Rs. 0.20 crore at the stage of RE, and finally nothing was spent as the scheme was not formalized for approval. A sum of Rs.200.00 crore had been earmarked for the scheme once again for the year 2009-10. As per the submission of the Planning Secretary, the scheme was now slated to be placed before the Expenditure Finance Committee for being launched this year. The inordinate delay witnessed in finalizing the scheme for approval left the Committee wondering as to how the Planning Commission would achieve the envisaged objectives under the scheme in the next two years. The Committee were also constrained to note that as in the case of the 'new initiative on

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the scarce resources was blocked owing to the inadequacies in the planning process. The Committee, therefore, desired that Government assess the scheme for approval and implementation without further loss of time. The Committee also desired that, once taken up for implementation, the involvement of the State Governments under this scheme should be ensured so that, as pointed out by the Secretary, Ministry of Planning, the DPCs function as the technical secretariats for preparation of district plans.

## **Action Taken by the Government**

This scheme could not take off in 2008-09 as the scheme could not be finalized in this year as the process of consultations and the process of formulation of the scheme based on their views took a long time. The EFC Memo for the scheme could be finalized at the fag end of the financial year 2008-09. Therefore, the scheme could not be discussed by the EFC and the entire provision had to be surrendered.

Further, the meeting of the EFC could also not be convened in the year 2009-10 as the Ministry of Finance decided that, in view of the difficult fiscal situation this year and the need for effecting all possible economy, only those schemes and programmes that are part of budget announcements 2009-10, may be introduced in the current financial year. The entire provision for this scheme made in BE 2009-10 is, therefore, being surrendered.

[Ministry Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010]

Comments of the Committee (Please see Para No.10 of the Chapter – I)

#### Recommendation (SI.No.11)

In regard to the implementation of the Sarva Shiksha Abhiyan (SSA), the areas of concern noticed from the information furnished by the Ministry of Planning include, elementary education level dropout rate having declined only by 8.57 percentage as compared to the position in 2001-02; continued inability of about 63% of tribal girls to complete elementary education; persistence of high gender gaps in enrolment for SCs and STs in primary and elementary levels; and existence of wide regional disparities in school infrastructure as well as in the

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these issues would have to be addressed on priority in the 11<sup>th</sup> Plan period. The Committee desired that these issues, as well as issues relating to improving the quality of teaching and setting educational standards would be addressed in right earnest. The Committee wished to be kept apprised of the policy measures for overcoming the shortcomings in the Sarva Shiksha Abhiyan programme and their effectiveness. The Committee also wished to be apprised of the findings of the independent study commissioned for assessing the present status of school dropouts in major States and Union Territories and the action taken by the Government thereon.

#### **Action Taken by the Government**

Between 2001-02 and 2006-07

- Drop-out rate at primary level declined by 14.45%
- Drop-out rate for girls at primary level declined by 13.32%
- Drop-out rate at elementary level declined by 8.62%
- Drop-out rate for girls at elementary level declined by 11.59%

The education of children belonging to disadvantaged categories namely Scheduled Castes, Scheduled Tribes & Girls, in particular, is a focus area under the SSA programme. The following interventions are available under SSA to promote the education of SC, ST & girls:-

- 2573 Kasturba Gandhi Balika Vidyalaya the residential school at upper primary level – sanctioned to promote education of girls belonging to disadvantaged categories namely SC, ST, OBC & minority. Presently, 1.97 lakh girls stand enrolled in 2558 KGBV which are operational
- A special intervention of National Programme of Education for Girls at Elementary Level (NPEGEL) is in place to encourage girls education. NPEGEL is a holistic effort to address obstacles to girls education at the micro level through flexible, decentralized processes and decision making. NPEGEL is implemented in educationally backward blocks (EBB) and addresses the needs of girls who are 'in' as well as 'out' of school. NPEGEL also reaches out to girls who are enrolled in school, but do not attend school regularly.
- Development of books in tribal languages to facilitate ST student to transit from home language to school language
- To begin with, under SSA programme, girls and children belonging to SC& ST were provided with free textbooks. Subsequently this facility was extended to all the children from 2008-09

- districts having concentrated population of SC, ST & minorities and districts with large gender gap are treated as special focus districts and are considered for focused attention under SSA programme.
- Funds @ Rs. 15 lakh per district is available to the States to introduce context specific interventions in respect of children belonging to SC & ST.

Ministry of Human Resource Development has commissioned a study on assessment of out of school children through Social and Rural Research Institute, New Delhi, a Division of IMRB International (formerly 'Indian Market Research Bureau'), a corporate market research company, which had conducted sample survey of household during February-May, 2009. According to MHRD, the Report is in an advanced stage of compilation. It has also been informed by MHRD that the estimates provided by this survey are expected to be quite reliable due to the following factors:

- 1. The sample was quite adequate and representative of all regions at the level of the country and for major states. It is to be noted that the sample survey of households was conducted in all the States and Union Territories of India during February May 2009 and data collected from a sample of 99,226 households.
- 2. It was estimated that there were 190,582,581 children in the age group 6-13 years. Out of these, the estimated number of out-of-school children in the country was 81, 50, 617, comprising 4.28% of the total children in this age group.

[Ministry of Planning O.M.No. 38/16/2009/OM&C/dated 20.1.2010)

Comments of the Committee (Please see Para No. 21 of the Chapter – I)



#### **CHAPTER V**

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

NIL

New Delhi; 15 April, 2010 25 Chaitra, 1932 (Saka) DR. MURLI MANOHAR JOSHI, Chairman, Standing Committee on Finance.



Minutes of the Seventeenth sitting of the Standing Committee on Finance
The Committee sat on Thursday, the 15<sup>th</sup> April, 2010 from 1530 hrs. to 1700 hrs.

#### **PRESENT**

#### Dr. Murli Manohar Joshi - Chairman

#### **MEMBERS**

#### LOK SABHA

- 2. Shri Harischandra Chavan
- 3. Shri Khagen Das
- 4. Shri Nishikant Dubey
- Shri Bhartruhari Mahtab
- 6. Shri Rayapati Sambasiva Rao
- 7. Dr. M. Thambidurai

#### RAJYA SABHA

- 8. Shri S.S. Ahluwalia
- 9. Shri Mahendra Mohan
- 10. Dr. Mahendra Prasad
- 11. Shri Rajeev Chandrasekhar

#### **SECRETARIAT**

Shri A.K. Singh
 Shri T.G. Chandrasekhar
 Shri R.K. Suryanarayanan
 Smt. B. Visala
 Joint Secretary
 Additional Director
 Deputy Secretary
 Deputy Secretary

- 2. The Committee took up the following draft Reports for consideration and adoption:-
  - (i) Draft Report on Securities and Exchange Board of India (Amendment) Bill, 2009;
  - (ii) Draft Report on Demands for Grants (2010-11) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Disinvestment);
  - (iii) Draft Report on Demands for Grants (2010-11) of the Ministry of Finance (Department of Revenue);

- Report on Demands for Grants (2010-11) of the Ministry of Planning;
- (v) Draft Report on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation;
- (vi) Draft Reports on Demands for Grants (2010-11) of the Ministry of Corporate Affairs;
- (vii) Draft Report on action taken by the Government on the recommendations contained in the First Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Disinvestment);
- (viii) Draft Report on action taken by the Government on the recommendations contained in the Second Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Finance (Department of Revenue);
- (ix) Draft Report on action taken by the Government on the recommendations contained in the Third Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Planning;
- (x) Draft Report on action taken by the Government on the recommendations contained in the Fourth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Statistics and Programme Implementation; and
- (xi) Draft Report on action taken by the Government on the recommendations contained in the Fifth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Corporate Affairs.
- 3. The Committee adopted the draft reports at (i), (ii) and (iii) above with few modifications/amendments as indicated in Annexures I, II and III. The Committee adopted the remaining draft reports without any change. The Committee authorized the Chairman to present all the reports to Parliament in the current session.

The Committee adjourned at 1700 hours.



#### **ANNEXURE**

(Vide Para 3 of the Introduction)

# ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRD REPORT OF THE STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2009-2010) OF THE MINISTRY OF PLANNING

		Total	% of Total
(i)	Total number of Recommendations	13	
(ii)	Recommendations/observations which have been accepted by the Government ( <i>Vide</i> Recommendations at Sl. Nos. 1, 3, 4, 5, 6, 8, 9, 10, 12 and 13)	10	76.92
(iii)	Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00
(iv)	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee ( <i>Vide</i> Recommendations at Sl. No. 2,7 and 11)	03	23.08
(v)	Recommendation/observation in respect of which final reply of the Government is still awaited	Nil	00.00