SIXTY-SECOND REPORT

STANDING COMMITTEE ON FINANCE
(2012-2013)

(FIFTEENTH LOK SABHA)

MINISTRY OF PLANNING

[Action taken by the Government on the recommendations contained in Fifty Third Report on Demands for Grants (2012-13) of the Ministry of Planning]

Presented to Lok Sabha on 6.12.2012

Laid in Rajya Sabha on 6.12.2012

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

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INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Sixty Second Report on action taken by Government on the recommendations contained in the Fifty Third Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning.

2. The Fifty Third Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 24 April, 2012. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 27 September, 2012.

3. The Committee considered and adopted this report at their sitting held on 29 November, 2012.

4. An analysis of action taken by Government on the recommendations contained in the Fifty Third 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;
04 *December*, 2012
13 *Agrahayana*, 1934 *(Saka)*

YASHWANT SINHA,
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 Fifty-Third Report (Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning, which was presented to Lok Sabha on 24 April, 2012 and simultaneously laid in Rajya Sabha on the same day.

2. Action taken notes have been received from the Government in respect of all the 12 recommendations contained in the Report. These have been analysed and categorized as follows:

(i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 12

(Total : 11)
(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 No. 9

(Total : 1)
(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 to the recommendations/ observations 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.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

Recommendation (Serial No. 6)

5. The Committee recommended as under:—

"The Committee note that since its inception MGNREGS has been infested with numerous infirmities. During the last 5 years of implementation of MGNREGS, the expenditure have been reported to the tune of Rs. 8823.35 crores in 2006-07, Rs. 15856.89 crore in 2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905 in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively on the scheme. However, the Committee are concerned that the aim of the scheme which was to enhance the livelihood security of the people in rural areas and to create durable assets is far from being fulfilled, inspite of substantial expenditure incurred so far. It is a matter of dismay that the Scheme could not make much impact on the rural economy due to reasons such as lack of awareness amongst rural people, delay in wage payments, poor coverage of Banks and Post Offices, non maintenance of records like job cards, dated receipts, muster rolls, slow grievance redressal, low creation of durable assets, poor conduct and quality of social audits etc. Since the 12th Plan Period has already been launched with the Budget Proposal of 2012-13, the Committee desire that the Government should make sincere efforts to strengthen the synergy between MGNREGS and agriculture and allied sectors to boost the rural economy. The Committee further desire that the infirmities noticed in the implementation of the Scheme since its inception should be addressed comprehensively and the evaluation study to be conducted by different research institutes in pursuance of the Committee's recommendation should be completed in a time bound manner."

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

"The observations are noted. The measures taken to improve implementation of MGNREGS and address infirmities include the following:—

(i) In consultation with the Comptroller & Auditor General of India, MGNREGS Audit of Schemes Rules, 2011 have been notified. All States have been asked to put in place a robust Social Audit Mechanism as outlined in these Rules.

(ii) With a view to ensuring timely payment, infusing transparency and enhancing the integrity of wage payment, Schedule II of MGNREG Act has been amended to make wage disbursement to MGNREGS workers through institutional accounts in Banks or Post Offices a statutory requirement unless specifically exempted.

(iii) To strengthen the institutional outreach for wage disbursement, it has been decided that the State Governments should roll out the Business Correspondent Model to make wage payment through Banks with Bio-metric authentication at village level.

(iv) Permissible administrative expenditure limit was enhanced from 4% to 6% for deployment of dedicated staff for MGNREGS, strengthening management and administrative support structures for social audit, grievance redressal and Information and Communication Technology (ICT) infrastructure.

(v) ICT based MIS has been made operational to make data available to public scrutiny including job cards, muster rolls, employment demanded and number of days worked, shelf of works, funds available/spent, social audit findings, registering grievances etc.

(vi) Instructions have been issued directing all States to appoint Ombudsman at district level for grievance redressal.

(vii) The mechanism of State and district level Vigilance and Monitoring Committees is available for monitoring of the scheme.

(viii) States have been instructed to establish and operationalise, State Employment Guarantee Funds for greater flexibility in management of funds for MGNREGS.

The evaluation of MGNREGS will be completed in a time bound manner, as suggested."

7. The Committee note that the Government has taken a number of measures to improve the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and to address infirmities which includes Social Audit Mechanism, wage disbursement through institutional accounts in Banks or post-offices with Bio-metric authentication at village level, appointment of ombudsman for grievance redressal, etc. The Committee desire that

while evaluating MGNREGS, the Government should assess the impact of the scheme on agricultural activities, number of assets created, quality of assets and how these assets are benefiting the villages. The Committee further desire that use of machines for manual labour particularly for earth digging purposes during harsh summer months and in cold hilly areas should also be considered while reviewing the scheme during the 12th Plan Period. The Committee thus recommend that the Government should enhance the efficiency, scale and scope of the MGNREGS during the Plan period and also explore the feasibility of including urban areas in the ambit of the scheme. They also suggest that the Government should ensure timely payment of wages. The Committee hope the evaluation report on the scheme will be completed soon and the Committee apprised about the same.

Restructuring of Centrally Sponsored Schemes

Recommendation (Serial No. 7)

8. The Committee recommended as under:—

"The Committee in their earlier reports had recommended that the plethora of schemes and programmes operating now should be streamlined and rationalized to manageable proportions. The Committee note that this has been accepted by the Government in principle as mentioned by the Finance Minister in his Budget Speech 2012-13 to streamline and reduce the number of Centrally Sponsored Schemes. The Committee are of the view that the current year, being the first year of the 12th Plan, it is the ripe time to restructure and rationalize the number of Centrally Sponsored Schemes to enhance their efficiency and scale."

9. In their action taken reply, the Ministry of Planning, have stated as under:—

"Planning Commission had set up a sub-committee to look into the issue of restructuring of Centrally Sponsored Scheme (CSS) to enhance their flexibility, scale and efficiency under the Chairmanship of Shri. B.K. Chaturvedi, Member, Planning Commission. The recommendations of the sub-committee are being processed for due approvals and will be taken forward in the Twelfth Five Year Plan."

10. The Committee note that Planning Commission had set up a Sub-Committee under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission to look into the issue of restructuring

of Centrally Sponsored Schemes and the recommendations of the Sub-Committee are being processed for approvals and would be taken forward in the 12th Five Year Plan. The Committee would thus expect the Government to restructure these schemes accordingly.

Estimation of Poverty

Recommendation (Serial No. 8)

11. The Committee recommended as under:—

"The Committee note that the Planning Commission is the nodal agency for estimating the number and proportion of people living below the poverty line at National and States level, separately for rural and urban areas. The methodology for estimation of poverty has been reviewed from time to time. The Committee noted that the Planning Commission has declared the year 2020 or latest by end of 13th Five Year Plan (2021-22) as the target year for elimination of poverty based on the methodology/estimates of Lakdawala Committee. The Committee are surprised that even though the Planning Commission has accepted the recomputed poverty estimates for the year 1993-94 and 2004-05 as recommended by the Tendulkar Committee, which has given a higher estimate of poverty, they have fixed the target based on Lakdawala Committee's report. The Committee had in their earlier reports, *inter-alia* emphasized on the need for overcoming the shortcomings in the estimation of BPL population and more particularly the divergence in the estimates of BPL population/poverty levels brought out by the Planning Commission. The Committee are at a loss to understand as to how the target for elimination of poverty will be achieved on the recomputed higher estimates. The Committee desire that more rigorous efforts should be made so that the target can be achieved by 2020."

12. In their action taken note the Ministry of Planning have submitted as below:—

"A note on 'Advance Planning for subsequent Five Year Plans' was submitted to the Hon'ble Committee where a write up was given under the sub-head 'Elimination of poverty by 2020 or latest by the end of 13th Five Year Plan 2021-22'. It is submitted that various poverty amelioration measures being undertaken were outlined in the said note. This caption of the one of the sections of the Note was genesis in the Report of the Committee on India Vision-2020 prepared under the Chairmanship of Dr. S.P. Gupta in

December, 2002 which stated that 'the compound effect of achieving the targeted annual GDP growth rate of 8.5 to 9 per cent over the next 20 years would result in quadrupling of the real per capita income and almost eliminating the percentage of Indians living below the poverty line.' This was a projection based on available information in 2002 and predicted on several conditions indicating a growth rate of 8.5 to 9 per cent between 2002-2020. The Report was an internal document and was a background for further discussions on poverty estimates in the 10th and 11th Five Year Plan. It is clarified that the caption is not further amplified in the succeeding paragraph of the write up and, was inadvertently included. This is regretted.

It is clarified that the poverty figures based on Lakdawala Committee methodology mentioned in the said Note was in the context of 11th Five Year Plan wherein it was aimed at reducing the poverty ratio by 10 percentage points by the end of the 11th Five Year Plan. The Note also brings out the various initiatives taken by the Government as a part of development strategy to achieve a significant rate of reduction in the poverty.

The Tendulkar Committee submitted its Report in December, 2009 and re-worked the poverty estimates for 1993-94 and 2004-05. The Tendulkar Committee estimated that the head count poverty ratio which was 45.3% in 1993-94 had come down to 37.2% in 2004-05 as against the Lakdawala Committee poverty estimates of 36% and 27.5% respectively. The Tendulkar Committee concluded that both the sets of poverty estimates are not comparable because of different methodologies used. The revised poverty estimates by the Tendulkar Committee were in fact a new goalpost. The Mid-Term Appraisal of the 11th Five Year Plan also mentions this fact. While reporting both the poverty estimates it was brought out in the Mid-Term Appraisal that irrespective of whether we use the 'old' method or the new method, the percentage of population below the poverty line has declined by about the same magnitude. Therefore, it is submitted that the reference of Vision-2020 only reiterates the Government's commitment to the reduction of poverty. The 11th Five Year Plan was based on the strategy of inclusive growth with the ambitious target of reducing the head count ratio of consumption poverty by 10 percentage points during the Plan period 2007-12. As a result of the concerted efforts, the rate of reduction of poverty has also increased, as is evident from the latest poverty estimates based on the methodology of Tendulkar Committee *i.e.* the poverty has come down from 45.3% in 1993-94 to 37.2% in 2004-05 and further to 29.8% in 2009-10. The Approach Paper to the 12th Five Year Plan focusses on the strategy by faster, sustainable and more inclusive growth which reflects that the planning process continues to accelerate the rate of poverty reduction, especially among the people who are at the bottom of the strata.

The methodology for estimation of poverty followed by the Planning Commission has been based on the recommendations made by the experts in the field from time to time. Planning Commission, in June 2012, has constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to "Review the Methodology for Measurement of Poverty". The composition of the Expert Group and its Terms of Reference are as under:

Composition

1.	Dr. C. Rangarajan, Chairman Prime Minister's Economy Advisory Council	Chairman
2.	Dr. Mahendra Dev., Director, Indira Gandhi Institute of Development Research	Member
3.	Dr. K. Sundaram, Former Professor, Delhi School of Economics	Member
4.	Dr. Mahesh Vyas, MD & CEO Centre for Monitoring Indian Economy	Member
5.	Shri K.L. Datta, Former Adviser (Perspective Planning), Planning Commission	Member Convener

Terms of Reference

(i) To comprehensively review the existing methodology of estimation of poverty and examine whether the poverty line should be fixed solely in terms of a consumption basket or whether other criteria are also relevant, and if so, whether the two can be effectively combined to evolve a basis for estimation of poverty in rural and urban areas.

(ii) To examine the issue of divergence between consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; and to suggest a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas State-wise.

(iii) To review alternative methods of estimation of poverty, which may be in use in other countries, including their procedural aspects; and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across States.

(iv) To recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for schemes and programmes under the Government of India."

13. The Committee are constrained to note that the Planning Commission, which is the nodal agency for estimating the number and population of people below the poverty line at national and States level, has faulted in providing credible information to the Committee on a fair estimation of levels of poverty across the Country and the prospects of achieving the target of elimination of poverty by 2020. The Committee would like to point out that time and again they have emphasized on the need for overcoming the shortcomings in the methodology of estimation of BPL population and ironing out the discrepancies and divergence in the various estimates of BPL population/poverty levels.

14. In this context, the Committee note that an expert Committee under the Chairmanship of Dr. C. Rangarajan has been constituted to review the methodology for the measurement of poverty. The Committee may be apprised about the progress made in this regard.

Unique Identification Authority of India (UIDAI)

Recommendation (Serial No. 9)

15. The Committee recommended as under:—

"The Committee are unable to understand as to how the Government is still continuing with the implementation of Aadhar without the legislative approval and have allocated Rs. 1758 crore for the Scheme for the year 2012-13. The Committee in their 42nd Report on the 'National Identification Authority of India Bill 2010' has *inter-alia* given their observations on number of issues and has conveyed their unacceptability of the National Identification Authority of India Bill, 2012 in its present form and urged the Government to reconsider and review the UID Scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The Committee, therefore, urge the Government to urgently address the issue identified/pointed out by the Committee in their report."

16. The Ministry of Planning, in their action taken reply stated as follows:—

"1. The UID project has been envisioned to provide a unique identity to every resident in India which will be the foundation for better delivery of public services and targeted subsidies. The project has a bias towards the developmental agenda for promoting more inclusive growth. The purpose of the UID project is to promote inclusion and benefit marginalized sections of society who have no formal proof of identity *vis-à-vis* the State and hence experience difficulties in accessing various welfare schemes that are implemented by the Government of India and State Governments. The key role of the UID number is that of an enabler—a number that helps governments design better welfare programs, enables residents to access resources and services more easily wherever they live, and allows agencies and programs—such as the NREGA, PDS, SSA—to deliver benefits and services effectively and transparently. The number will, thus, be an identity infrastructure and the foundation over which multiple services and applications can be built for the resident. The consent of the individual is obtained before enrolment into the UID system.

2. UIDAI has set up a security framework and implemented security policies and procedures in line with the Government policies and circulars. The strategic control of the data lies with the UIDAI and the Data Centre operations are headed by officers of the rank of Joint Secretary and Director. The process followed by the UIDAI for enrolments is clearly defined. Verification of data is done through three modes—document based verification, through introducers and through the NPR process of public scrutiny. The processes at the time of enrolment include capturing the operator biometrics (which is verified at backend at the time of processing data for generation of aadhaar). In case of enrolments through the introducer based system (which is followed in case of persons with no documents), the 'introducers' are authorized by the registrars and may include local Government officials and elected representatives. These enrolments through introducers, while enabling enrolments for those who do not have any documents, do not compromise the robustness of the process. The process of introduction has been designed to be

technologically non-repudiable, as the introducer has to have his/her own Aadhaar number and he/she puts up his/her electronic thumb impression on the enrolment record of the person being introduced.

3. The enrolment is being done under the control and supervision of Registrars, including Registrar General of India, who is one of the Registrars of the UIDAI, by hiring enrolment agencies (who are private agencies). Data digitization and biometric enrolment for RGI are also being carried out by private agencies.

4. The Authority has also addressed concerns on misuse of Aadhaar information for possible profiling and tracking of individuals. Profiling of individuals is not possible in the UIDAI system, as in the definition of demographic information in the Bill, it has been clearly stated that the information to be collected will not include any profiling information, such as on race, religion, caste, tribe, ethnicity, language, income or health. Tracking and surveillance is also not supported in the UID system.

5. UIDAI accepts documents for those who have some kind of documents which can work as proof of identity and proof of address. For those who have no documents (there are a large number of persons in India who fall in this category) the concept of 'introducers' has been introduced. These 'introducers' are authorized by the registrars and may include local Government officials and elected representatives. Enrolments through introducers, while enabling enrolments for those who do not have any documents, do not compromise the robustness of the process. The process of introduction has been designed to be technologically non-repudiable as the introducer has to have his/her own Aadhaar number and he/she also has to put his/her electronic thumb impression on the enrolment record of the person being introduced. The third method is the NPR process. There will be only one ID number for one person in the Aadhaar system. Hence, there is an incentive for a resident to give correct information at the enrolment stage itself.

6. As per the Government's latest decision, UIDAI would, through its multiple Registrars, enroll 60 crore people in States/UTs where UIDAI has already commenced work. In the remaining States, NPR will collect the biometric data.

In the event of any discrepancy between the NPR and UIDAI database, NPR data will prevail. Once the UIDAI programme is fully rolled out and Aadhaar numbers are issued to all residents, it would only be made a necessary condition for availing public benefits and services. The purpose of Aadhaar is not to identify beneficiaries under different programmes. This would continue to be the responsibility of States/Line Ministries of the Government. Aadhaar would eliminate the possibility of a person getting double benefits under the same programme or getting benefit even if he is not entitled. This in itself is likely to save substantial public resources.

7. In respect of Finance Minister's Budget announcement regarding roll out of Aadhaar enabled payments in at least 50 selected districts within six months, UIDAI is pursuing the matter with a clear plan of action. Department of Financial Services will draw up a roadmap for convergence of their financial inclusion initiative with Aadhaar so as to ensure its utility to the Aadhaar enabled payment system for disbursement of social security benefits. They will also examine ways to facilitate opening of bank accounts for all individual Aadhaar holders.

Legal Issues: M/o Law and Justice as well as the Attorney General of India have opined that action to enroll residents by UIDAI in terms of the executive notification issued on 28.1.2009 is valid. However, the Government is pursuing the proposal for enacting legislation as it is felt that a regulatory structure supported by a legal framework would assist in more effective functioning of the UID Authority. Particularly, any violations of security and privacy of UID data on the part of any of the stakeholders that may arise in the future, could be dealt with in a more rigorous and firm manner under a defined legal mechanism which would be possible by enacting the proposed NIDAI Bill."

17. The Committee are surprised at the Planning Commission's silence on their recommendation to address the key issues identified/ pointed out by the Committee in their Report on the 'National Identification Authority of India Bill, 2010'. The Committee would reiterate their earlier recommendation that the Government should urgently address the various shortcomings/issues pointed out by the Committee in their earlier report and bring forth a fresh legislation before Parliament.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

Analysis of Demands for Grants (2012-13)

The Committee note that in the plan provision of the Ministry of Planning for the year 2010-11, the actual expenditure was Rs. 310.88 crore as against the BE of Rs. 2000 crore which was later reduced to Rs. 1045 crore at RE stage. In the year 2011-12 also the actual expenditure was Rs. 829.57 crore as against the BE of Rs. 1600 crore which was reduced to Rs. 1330 crore at RE stage. In their earlier report the Committee had expressed their displeasure on substantial and persistent underutilization of allocated funds. The Committee had pointed out the Ministry's failure in regard to appropriate projection of fund requirements in formulating budget estimates for programmes and schemes. The Committee are unhappy to note that the formulation of Budget for plan programmes/schemes of the Ministry of Planning has been reduced to an exercise of unrealistic estimates projection, underutilization of funds and failure of plan programmes/schemes to absorb the allocated funds. The recurrent and substantial underutilization of allocated funds shows the efforts that have been made by the Ministry of Planning in this regard have been found to be effective. The Committee are surprised to note that only one meeting was held on 23.8.2011 to review the trend of expenditure during the first quarter of the year 2011-12 which reflect casual approach of the Ministry and desire that periodic/quarterly meetings should be held to review and constantly monitor the trend and progress of expenditure. The Committee reiterate that the Ministry of Planning should endeavour to be a role model for other Central Ministries/Departments in preparation of realistic budget estimates.

Reply of the Government

The expenditure has improved significantly in 2011-12; the actual expenditure was Rs. 1257.36 crore (Provisional) as against the BE of Rs. 1600 crore; which was later reduced to Rs. 1330 crore at RE stage. As recommended by the Standing Committee, for monitoring the progress of expenditure, utilization of allocated funds will be reviewed quarterly with all the spending authorities and Divisions of Planning Commission entrusted with the responsibility of executing the Plan Schemes. This would ensure timely utilization of budgetary allocations. Reviews will be held by Secretary in August 2012, November 2012 and February 2013.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Recommendation (Serial No. 2)

Achievement of the 11th Five Year Plan

The objective of the 11th Five Year Plan was to achieve faster and more inclusive growth at a targeted GDP growth rate of 9 percent per annum. However, the Committee find that except during 2007-08, in none of the remaining four years the target was achieved. Sector such as Agriculture, Forestry, Fishing, Mining and Quarrying have recorded dismal growth rates. The reasons attributed for slow growth rate by the Ministry of Planning were severe global economic crisis, weak monsoon in 2009 and double-digit inflation, etc. The Committee are of the opinion that since there was a delay in the Mid-Term Appraisal of the 11th Plan Period, the Government could not take remedial measures in time to address the above factors to attain the targeted growth during the 11th Plan Period. The Committee hope the Government would be more serious and proactive to achieve the targeted growth rate during the 12th Plan Period and complete the Mid-Term Appraisal well in time before the second-half of the Plan period commences, so that meaningful corrective measures can be taken at the right time. The Committee, further, desire that a comprehensive assessment of outcomes of inclusive growth achieved during the 11th Plan Period be conducted at the earliest. The Committee be apprised of the action taken in this direction.

Reply of the Government

The Eleventh Five Year Plan (2007-12) aimed at achieving an average annual growth rate of 9 per cent. The Plan targeted 4 per cent in the agricultural sector, 10 to 11 per cent in the industrial sector and 9 to 11 per cent in the services sector. As per the revised estimates of national income for the year 2011-12 released by Central Statistics Office (CSO), the average annual growth rate for the Eleventh Plan is estimated to be around 7.9 per cent. The agriculture sector is estimated to grow by 3.3 per cent, industrial sector by 5.9 per cent and services sector by 9.7 per cent. This is remarkable given the fact that the period coincided with uncertain global economic environment coupled with adverse domestic factors. The shortfall against targets is not new as is evident from the Table given below:—

Table

Sectoral Growth Rates for 9th to 11th Plan and Target for XIIth Plan

Sl. No.	Sector	IXth Plan	Xth Plan	XIth Plan	XIIth Plan (Target)
1.	Agriculture & Allied Sector	2.5	2.3	3.2	4.0
2.	Industry	4.3	9.4	7.4	9.6
3.	Services	7.9	9.3	10.0	10.0
	Total GDP	5.5	7.8	8.2	9.0

Source: Approach to the 12th Plan Table 2.1 on Sectoral Growth Rates.

The initiatives taken in the Eleventh Plan period for faster and inclusive growth have resulted in substantial progress towards achieving this end. The latest poverty estimates based on Tendulkar methodology reveal that the head count poverty ratio has declined from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10 registering a fastest ever decline rate in poverty. It is noted that SC, ST are converging.

The monitorable indicators in the 11th Five Year Plan were 27 National targets and achievements against them have been encouraging. Further, there has been a significant improvement in various human development indicators as well. In so far as outcome of inclusive growth is concerned, the improvements in indicators are given below:—

- As per the Census 2011 the overall literacy rate in the country has increased from 64.83 per cent in 2001 to 74.04 per cent in 2011.
- The male-female gap in the literacy rate has gone down to 16.68 in 2011 in comparison to 21.59 in 2001.
- According to Ministry of Human Resource Development, the drop-out rate at primary level declined to 24.93 per cent in 2008-09 from 39.03 per cent in 2001.
- The all India Net Enrolment Ratio (NER) for primary level has increased from 84.5 per cent in 2005-06 to 98.6 per cent

in 2008-09. Similarly the all India NER for upper primary level has increased from 43.1 per cent to 56.2 per cent during the same period.

- As per Sample Registration System (SRS) Statistical Report 2010, the Total Fertility Rate (TFR) has declined from 3.2 during the period 1998-2000 to 2.6 in 2008-10.
- The Infant Mortality Rate has come down from 57 (SRS 2007) per thousand live births in 2006 to 47 per thousand in 2010 (SRS 2011).
- The Maternal Mortality Rate (MMR) was 254 per lakh live births in 2004-06 (SRS April, 2009) and has come down to 212 per lakh in 2007-09 (SRS June, 2011).
- The percentage of people using improved source of drinking water has increased from 88 per cent in 2005-06 to 91.4 per cent in 2008-09.
- The percentage of households without sanitation facilities has declined from 55.3 per cent in 2005-06 to 49.2 per cent in 2008-09.
- As per Telecom Regulatory Authority of India (TRAI), the all India tele-density increased from 44.88 per cent (as on 31st December, 2009) to 75.43 per cent in (as on 30th September, 2011).

The allocation for the 11th Five Year Plan was 7.99% of GDP (for Centre, as per Eleventh Plan document) and 82.15% of Gross Budgetary Support (of the Centre Allocation). Economic growth is a complex combination of development schemes and programs and policies that support it. The achievements against targets have to be viewed in this holistic perspective.

As regards the Mid-Term Appraisal (MTA) of the Eleventh Plan is concerned, it may be indicated that the process was initiated in July 2009, just after completion of two years and three months of the Plan. The MTA for 10th Plan was also completed in June, 2005. The 11th Plan commenced in time; with the Annual Plan 2007-08 (launched from 1st April, 2007), as the 1st Year of the Plan.

The MTA is a comprehensive exercise, involving discussions with Central Ministries, State Governments, Academia, representatives of NGOs to obtain their perspective on the schemes. After the detailed process, the MTA for the 11th Plan was prepared and placed before Full Planning Commission and the Cabinet in their meetings held on 23rd March, 2010 and 10th June, 2010 respectively. The NDC approved the same in July 24, 2010. Thus, all the stakeholders were aware of the basic direction and suggestions for mid-course correction that were being proposed by the MTA by the end of the third year/beginning of the fourth year of the Plan. Finalizing MTA any earlier would be constrained by the time-lag in availability of data/information as well as the need for detailed consultations with all stakeholders, would therefore, not give an accurate position of the progress of the plan at its mid-point.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Recommendation (Serial No. 3)

12th Five Year Plan

The Committee note that the 12th Five Year Plan has been launched with the Budget proposal for 2012-13 to address five critical issues to put the economy back on a high growth trajectory of 9 per cent. However, the 12th Five Year Plan is yet to be approved by the National Development Council (NDC) and the shape of the 12th Plan Period would be visible by June or July, 2012, as admitted by the Member Secretary before the Committee. The Committee cannot but deprecate the lackadaisical manner of functioning of the Planning Commission in completing the procedural formalities of approval of the 12th Five Year Plan timely. Since the first financial year of the 12th Five Year Plan has already started, the Committee desire that the 12th Five Year Plan is finalized at the earliest so that there could be a synchronization of Budget proposal for the year 2012-13 with funds allocated for 12th Plan Period for core sectors/areas as identified. The Committee, further, desire that sectoral constraints noticed in the 11th Plan Period should be addressed for creating conducive policy environment for each sector of the economy so as to achieve the targeted growth during the 12thPlan.

Reply of the Government

As per established practice the approach paper which outlines the directions of Plan in terms of priorities is approved by the National Development Council (NDC) in the year before the Plan begins and the full Plan is approved by the NDC during the course of the first year. Thus, the Eleventh (2007-12) and Tenth (2002-2007) Plans were approved by NDC respectively in December, 2007 and December, 2002. In case of Ninth Plan, it was little later and was approved only in the February, 1999 (Plan Period—1997-2002).

The Approach Paper for the Twelfth Plan has been approved by the National Development Council (NDC) in October, 2011. The Approach Paper besides outlining the overall framework and direction of Twelfth Five Year Plan also lays down the priorities of the Plan. The detailed Plan has been approved by the Planning Commission in its meeting held on 15.09.2012 and is expected to be placed before the NDC by October or November, 2012, *i.e.* earlier than any other previous Three Plans.

It is worthwhile to mention that to have the Plan, in the instant case Twelfth Plan (2012-17) approved before the start of the first year (*i.e.* April, 2012), Planning Commission would have needed to interact with Ministries on the five-years perspective in October and November of 2011-12 which is precisely the time when Ministries were busy with discussions with the Finance Ministry on revised estimates for 2011-12 and on non-Plan requirements for the next year. To get them to focus on the five-year targets this would needed to be done in August and September, when Planning Commission had no clear picture of the Plan expenditure outcome for 2011-12, which is the base year of the Twelfth Plan. Besides, 90 per cent of the expenditure in the first year is ongoing Eleventh Plan programmes. New Plan programmes, for the Twelfth Plan, redesigned to reflect lessons learned from the Eleventh Plan, have to be processed for Government and Cabinet approval and this usually happens in the course of the first year of the Plan. The new designs come into effect from the second year of the Plan.

The approach to the Twelfth Plan give special emphasis on addressing the Sectoral constraints noticed in the Eleventh Plan Period. The total investment in infrastructure which includes roads, railways, ports, airports, electricity, telecommunications, oil gas pipelines and irrigation is estimated to have increased from 5.7 per cent of GDP in the base year of the Eleventh Plan to around 8.0 per cent in the last year of the Plan. The pace of investment has been buoyant in some sectors, notably telecommunications, oil and gas pipelines, while falling short of targets in electricity, railways, roads and ports. The Approach to the Twelfth Plan has therefore, emphasised the need for massive expansion in investment in infrastructure. In particular, it has identified six sectors that would need greater focus during the Plan. These include:—

(i) Energy: Securing the Energy Future for India

Faster and more inclusive growth will require a rapid increase in energy consumption. Since we have limited domestic resources, alternatives to secure energy future for India would be explored.

(ii) Accelerated Development of Transport Infrastructure

Inadequate transport infrastructure results in lower efficiency and productivity; higher transaction costs; and, insufficient access to large national market. An efficient and widespread multi-modal transport network to facilitate developmental needs would be targeted.

(iii) Rural Transformation and Sustained Growth of Agriculture

Rural India suffers from poor infrastructure and inadequate amenities. Low agricultural growth perpetuates food and nutritional insecurities, which also reduces rural incomes. Support to the villages need to be extended during the Plan and the living and livelihood conditions of the villagers have to be improved in innovative ways.

(iv) Managing Urbanization

Most of our metros and cities are under severe stress with inadequate social and physical infrastructure coupled with worsening pollution. Migration pressures are likely to increase. There is a need to make cities more livable and ensure that smaller cities and towns are not similarly overwhelmed tomorrow.

(v) Improved Access to Quality Education

Educational and training facilities have been increasing rapidly. However, access, affordability, and quality remain serious concerns. Employability is also an issue. There is a need to improve the quality and the utility of education, while ensuring equity and affordability.

(vi) Better Preventive and Curative Health Care

India’s health indicators are not improving as fast as other socio-economic indicators. Good healthcare is perceived to be either unavailable or unaffordable. It is essential to improve healthcare conditions, both curative and preventive, especially relating to women and children.

The Approach to the Twelfth Plan expressed the necessity of allocating not only additional resources to health as India's health outcome indicators continue to be weaker than they should be, at current level of development but also to overcome the shortage of health professionals at all levels to achieve an expansion in the public provision of health services. There has been inadequate attention towards improving our education and training capacities in this area.

There are also problems of accountability of personnel even when these are recruited. These lacunae will take time to rectify, but the Twelfth Plan must give a special emphasis to solve this problem.

The Government has taken a number of steps in the area of skill development. During Eleventh Plan Government initiated a Coordinated Action on Skill Development which aims at creation of 500 million skilled man power by 2022. A three tier structure was put in place *viz.* Prime Minister's National Council on Skill Development for policy direction, National Skill Development Coordination Board for coordinating efforts of 17 central Ministries and synergy with State and National Skill Development Corporation for engaging private efforts in skill development. National Skill development policy prepared in 2009 lays down strategy to achieve the target of 500 million skilled man power by 2022. New initiatives in terms of Modular Employable Skill Programme, Skill Development in Left Wing Affected Districts, and Revamping of Rationalization of school education have been initiated. NSDC has been put in place which has equity base of 10 crore and corpus of 1500 crore. It is creating sector skill council for setting standards for different occupations besides financing training. However much needs to be done.

The Twelfth Plan has recognized that constraints in skill development in terms of shortage of seating capacity, trainers, course curriculum and resources needs to be overcome to harness the demographic dividend. This would help in adequately complementing the potential expansion in the level of economic activity. The expansion under way in educational and training institutions needs to be accelerated and more attention needs to be paid to the quality and appropriateness of skills being imparted.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Recommendation (Serial No. 4)

Agriculture Sector

The Committee note that an important sectoral target of the 11th Plan was to raise the rate of growth in agriculture to 4 per cent from 2.5 per cent in the 10th Plan. As per advanced estimates, the rate of growth of GDP in agriculture during the 11th Plan Period is only 3.3 per cent, even though the Government has put in place various schemes and programmes to boost the agriculture sector. Moreover, the Gross Capital Formation (GCF) in agriculture and allied Sector in 2009-10 was Rs. 1,33,377 crore, of which the contribution of Public

Sector was Rs. 23637 crore and of Private Sector was Rs. 109740 crore. This clearly shows that funds infusion by the Government in agriculture and allied sector was rather low. The Committee deplore this tokenism on the part of the Government, as about half of the rural population is still dependent on agriculture for their livelihood. The objective of inclusive growth cannot be realized without revitalizing agriculture sector and for which adequate investment is required to spur agriculture growth.

As commented upon by the Committee in their earlier reports, the Committee expect the Planning Commission to address the issues affecting agriculture and allied sectors with due seriousness on priority basis and formulate appropriate sectoral policies for the revival of agriculture sector.

Reply of the Government

1. In the first Year (2007-08) of the Eleventh Plan, an outlay of Rs. 8090 crore was provided to Ministry of Agriculture and it has been increased to Rs. 21572 crore at the terminal Year 2011-12 of Plan. Thus, the GBS support has been increased up to 2.66 times, collectively to the Department of Agriculture & Cooperation (DAC), Department of Animal Husbandry, Dairying & Fisheries (DAHD&F) and Department of Agricultural Research & Education (DARE).

2. During the current financial year (2012-13), GBS of Rs. 25338 crore has been provided to Ministry of Agriculture (*i.e.* DAC: Rs. 20208 crore; DAHD&F: Rs. 1910 crore and DARE: Rs. 3220 crore). The budgetary allocation of IWMP Rs. 3050 crore and AIBP to the tune of Rs. 14242 crore during the current financial year will also supplement growth in the Agriculture & Allied Sector.

3. Some of the specific steps taken to accelerate growth of Agriculture Sector include the following:—

(a) Rainfed Agriculture: To address the rainfed agriculture the major interventions taken are as follows:

Watershed Management Programmes

Initiatives for rainfed areas were taken up as soil and water conservation programme. Watershed management has undergone many policy changes over the years.

Earlier generation of watershed programmes were mostly confined to biophysical aspects, *viz.;* contour bunding, check dams, afforestation etc. but subsequently the social and institutional issues came into prominence. Of late, the focus is shifting towards livelihood security and income generation through watershed development. Multiple ministries/departments and agencies have been involved in the growth and development of watersheds with an array of watershed schemes. Integrated Watershed Management Programme (IWMP) of Ministry of Rural Development; NWDPRA, River Valley Projects, Catchment Area Programme in Flood Prone Rivers, Shifting cultivation scheme of Ministry of Agriculture; Watershed Development Fund administered by NABARD; Hill Area Development Programme (HADP) and Western Ghats Development Programme of Planning Commission; various afforestation programmes and other national and externally aided projects are amongst the various watershed related schemes.

Rainfed Area Development Programme (RADP), is under implementation since 2011-12 as a sub scheme of RKVY and mainly focuses on promoting integrated farming system in rainfed areas. During 2011-12 Rs. 250 crores were allocated to different States under the RADP. A token provision of Rs. 149 crores has been made for 2012-13 as the programme will finally be addressed through NMSA of the 12th Five Year Plan.

The flagship programme of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Rashtriya Krishi Vikas Yojana (RKVY), National Horticulture Mission (NHM), Artificial Ground Water Recharge, Artificial Recharge to Ground water through Dug wells, Repair, Renovation and Restoration of Water Bodies directly linked to agriculture, are amongst other schemes for benefit of rainfed areas.

National Rainfed Area Authority

A National Authority for Rainfed Areas was created during 2006 to manage the watershed programmes, to respond innovatively to local needs with clear accountability for performance.

National Mission on Micro Irrigation is a major initiative to benefit the rainfed area for promotion of water saving irrigation devices like drip irrigation system and sprinkler irrigation. Besides, schemes for Extending Green Revolution to Eastern India (under RKVY), National Afforestation Programme of MoEF, Reclamation and Development of Alkali & Acid Soils, Soil Health along with the Oil Seed and Pulses Promotion Schemes etc. are also under implementation.

National Mission on Sustainable Agriculture (NMSA), under the National Action Plan on Climate Change (NAPCC), a new initiative during 12th Plan, will address water conservation and enhancing efficiency and productivity of water besides sustainability of natural resources and rainfed agriculture. The 'in-principle' approval for NMSA has been conveyed. The National Water Mission and National Mission for a Green India under NAPCC have direct relevance to management of natural resources and rainfed areas.

(b) Rashtriya Krishi Vikas Yojana (RKVY) has been launched with an allocation of Rs. 25000 crore over and above the other on-going programmes; Rashtriya Krishi Vikas Yojana provides Central Assistance to State Plans with a view to incentivise the States to make higher investments in Agriculture. Further, RKVY envisages promotion of district agricultural plans which is the cornerstone of the strategy of implementation of Rashtriya Krishi Vikas Yojana (RKVY) so as to reflect and address local and regional issues. The States have appreciated the Scheme due to the flexibility available within the Scheme for them to tailor it to their specific requirement. During 11th Plan an expenditure of Rs. 22425 crore is expected.

(c) National Food Security Mission (NFSM) has been launched in Mission-mode, aimed at increasing foodgrains production by at least 20 million tonnes (8 million tonnes of wheat, 10 million tonnes of rice and 2 million tonnes of pulses) by the end of the Eleventh Plan. The National Food Security Mission (NFSM) is under implementation in 480 districts in 18 States. The NFSM-Rice is being implemented in 136 districts in 14 States, *i.e.*, Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh, Tamil Nadu and West Bengal. The NFSM-Wheat is being implemented in 141 districts of 9 States of Bihar, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttar Pradesh and West Bengal. The NFSM-Pulses is being implemented in 171 identified districts in 14 States namely Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

(d) Agricultural Extension is being strengthened for efficient transfer of technology through support to States for agricultural reforms and use of mass media. The extension delivery efforts are strengthened further through district level Agriculture Technology Management Agencies (ATMAs in 604 districts) and 630 Krishi Vigyan Kendras in rural districts.

(e) Initiatives have been taken to enhance farmers' income through diversification into high value crops as well as non-crop sources such as livestock and fisheries etc. Initiatives have been taken to enhance farmers' income through diversification into high value crops as well as non-crop sources such as livestock and fisheries etc. Besides the on-going Horticulture, Animal Husbandry and Fisheries development programmes, a National Dairy Plan (NDP) has been launched. This is a strategic plan with an outlay of Rs. 17,371 crore to achieve a target of 180 million tonnes of milk production annually by 2021-22. Milk production is expected to grow at 4% with an annual incremental output of 5 million tonnes in the next 15 years. Districts will be categorised into 324 high potential districts for intensive development and remaining 282 low potential districts for further expansion of the sector.

(f) Steps have been taken to ensure greater flow of institutional credit to the agriculture sector as a result of which the flow of institutional (Co-operative Banks, Regional Rural Banks and Commercial Banks) credit to agriculture has gone up from Rs. 2,29,400 crore in 2006-07 to Rs. 446779 crore in 2010-11.

Estimated Production in 2011-12

As per 3rd Advance Estimates of production of foodgrain, oilseeds and other commercial crops for 2011-12, released by Directorate of Economics and Statistics, Department of Agriculture and Cooperation, foodgrain production reached a peak production level of 252.56 million tonne in 2011-12 (with record wheat and rice production) recovering from a low production level of 174.77 million tonne in 2002-03. Among coarse cereals, especially Maize in case of Rabi Maize, has performed well over the decade. Maize production has increased to 21.33 million tonne in 2011-12. In the case of commercial crops, Oilseeds production has increased from 20.6 million tonne in 2000-01 to 32.47 million tonne in 2010-11, especially due to better performance of soyabean, Groundnut and castor seed but slightly declined to 30.0 million tonne in 2011-12. Cotton is another crop which has performed well with the result that production has more than tripled from less than 10 million bales in 2001-02 to 35.2 million bales in 2011-12.

Growth Rate for Agriculture Sector

The Growth target rate of Agriculture and Allied Sectors for the Ninth, Tenth and Eleventh Five Year Plans was 4% per annum. The mid-term appraisal of the Eleventh Five Year Plan had expected growth of agriculture during Eleventh Plan to range between 3 and 3.5 percent. Based on revised advance estimates for 2011-12, the average of annual growth rates of GDP in agriculture and allied sectors during Eleventh Five Year Plan is placed at 3.2 percent. The Twelfth Plan growth target for agriculture has been proposed at 4 per cent.

Table: Average Annual Growth rate of Agriculture and Allied Sectors during Ninth, Tenth and Eleventh Five Year Plan

(All Figures based on 2004-05 prices)

Plan	Growth rate of Agriculture and Allied Sectors
Ninth Five Year Plan	2.5
Tenth Five Year Plan	2.3
Eleventh Five Year Plan	3.2

Source: Approach Paper to the 12th Plan, Table 2.1

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Recommendation (Serial No. 5)

Backward Regions Grant Fund (BRGF)

The Committee note that BRGF seeks to bring about focused development of identified backward districts by implementing programmes, selected through people's participation. It aims to help convergence and add value to other programmes such as Bharat Nirman and Mahatma Gandhi National Rural Employment Guarantee Programme etc., which are explicitly designed to meet rural infrastructure needs. The Committee feel that these programmes could not address the causes of backwardness in backward regions as intended. There is still wide variation in the economic performance across the States. The main reason for variation in the growth rate are unequal availability of basic infrastructure. The Committee, in agreement with the suggestion of the Steering Committee for Rural Livelihoods and Rural Governance, desire that the Government should be sensitive to needs and aspirations of regions that feel a genuine grievance about being left out of the national mainstream and development process. The Committee further desire that there is a need for targeted intervention whereby backward regions are provided with more funds as well as technical support for meeting development expenditure *viz.* investment in rural infrastructure, primary education and health.

Reply of the Government

The main programme for filling the critical gaps in development is the Backward Regions Grant Fund (BRGF). Under BRGF, funds are also provided for enhancing the capability of Panchayati Raj Institutions (PRIs) for implementing and monitoring the flagship programmes

The BRGF (State Plan Component) comprises the special Plan for Bihar, the special Plan for West Bengal, the special Plan for Odisha—KBK districts and the Integrated Action Plan for selected Tribal and Backward districts. Based on the experience gained in the Eleventh Plan, it is expected that BRGF (District Component) and BRGF (State Component) will be restructured in the 12th Five Year Plan to sharpen the focus on targeted interventions in backward regions.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Recommendation (Serial No. 5)

Backward Regions Grant Fund (BRGF)

The Committee reiterate their earlier recommendation that expenditure data on rural infrastructure should be maintained and monitored in centralized manner to enable analysis of the progress made in this regard and desire convergence of BRGF, MGNREGA and Bharat Nirman followed by a well defined holistic district Plan for development of backward region including the specific programme for areas affected by naxalite extremism.

Reply of the Government

The recommendation is noted. During the discussions in the Planning Commission for finalizing the States' Annual Plans every year, the State Governments are persuaded to ensure that State Plans are based on District Plans consolidated by District Planning Committees, as advised by the Planning Commission through its circular dated 25th August, 2006.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Recommendation (Serial No. 6)

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The Committee note that since its inception MGNREGS has been infested with numerous infirmities. During the last 5 years of implementation of MGNREGS, the expenditure have been reported to the tune of Rs. 8823.35 crores in 2006-07, Rs. 15856.89 crore in

2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905 in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively on the scheme. However, the Committee are concerned that the aim of the scheme which was to enhance the livelihood security of the people in rural areas and to create durable assets is far from being fulfilled, inspite of substantial expenditure incurred so far. It is a matter of dismay that the Scheme could not make much impact on the rural economy due to reasons such as lack of awareness amongst rural people, delay in wage payments, poor coverage of Banks and Post Offices, non maintenance of records like job cards, dated receipts, muster rolls, slow grievance redressal, low creation of durable assets, poor conduct and quality of social audits etc. Since the 12th Plan Period has already been launched with the Budget Proposal of 2012-13, the Committee desire that the Government should make sincere efforts to strengthen the synergy between MGNREGS and agriculture and allied sectors to boost the rural economy. The Committee further desire that the infirmities noticed in the implementation of the Scheme since its inception should be addressed comprehensively and the evaluation study to be conducted by different research institutes in pursuance of the Committee's recommendation should be completed in a time bound manner.

Reply of the Government

The observations are noted. The measures taken to improve implementation of MGNREGS and address infirmities include the following:—

(i) In consultation with the Comptroller & Auditor General of India, MGNREGS Audit of Schemes Rules, 2011 have been notified. All States have been asked to put in place a robust Social Audit Mechanism as out lined in these Rules.

(ii) With a view to ensuring timely payment, infusing transparency and enhancing the integrity of wage payment, Schedule II of MGNREG Act has been amended to make wage disbursement to MGNREGS workers through institutional accounts in Banks or Post Offices a statutory requirement unless specifically exempted.

(iii) To strengthen the institutional outreach for wage disbursement, it has been decided that the State Governments should roll out the Business Correspondent Model to make wage payment through Banks with Bio-metric authentication at village level.

(iv) Permissible administrative expenditure limit was enhanced from 4% to 6% for deployment of dedicated staff for MGNREGS, strengthening management and administrative support structures for social audit, grievance redressal and Information and Communication Technology (ICT) infrastructure.

(v) ICT based MIS has been made operational to make data available to public scrutiny including job cards, muster rolls, employment demanded and number of days worked, shelf of works, funds available/spent, social audit findings, registering grievances etc.

(vi) Instructions have been issued directing all States to appoint Ombudsman at district level for grievance redressal.

(vii) The mechanism of State and district level Vigilance and Monitoring Committees is available for monitoring of the scheme.

(viii) States have been instructed to establish and operationalise, State Employment Guarantee Funds for greater flexibility in management of funds for MGNREGS.

The evaluation of MGNREGS will be completed in a time bound manner, as suggested.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Comments of the Committee

(Please *see* Para No. 7 of the Chapter-I)

Recommendation (Serial No. 7)

Restructuring of Centrally Sponsored Scheme

The Committee in their earlier reports had recommended that the plethora of schemes and programmes operating now should be streamlined and rationalized to manageable proportions. The Committee note that this has been accepted by the Government in principle as mentioned by the Finance Minister in his Budget Speech 2012-13 to streamline and reduce the number of Centrally Sponsored Schemes. The Committee are of the view that the current year, being the first year of the 12th Plan, it is the ripe time to restructure and rationalize the number of Centrally Sponsored Schemes to enhance their efficiency and scale.

Reply of the Government

Planning Commission had set up a sub-committee to look into the issue of restructuring of Centrally Sponsored Scheme (CSS) to enhance their flexibility, scale and efficiency under the chairmanship of Shri. B.K. Chaturvedi, Member, Planning Commission. The recommendations of the sub-committee are being processed for due approvals and will be taken forward in the Twelfth Five Year Plan.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Comments of the Committee

(Please *see* Para No. 10 of the Chapter-I)

Recommendation (Serial No. 8)

Estimation of poverty

The Committee note that the Planning Commission is the nodal agency for estimating the number and proportion of people living below the poverty line at National and States level, separately for rural and urban areas. The methodology for estimation of poverty has been reviewed from time to time. The Committee noted that the Planning Commission has declared the year 2020 or latest by end of 13th Five Year Plan (2021-22) as the target year for elimination of poverty based on the methodology/estimates of Lakdawala Committee. The Committee are surprised that even though the Planning Commission has accepted the recomputed poverty estimates for the year 1993-94 and 2004-05 as recommended by the Tendulkar Committee, which has given a higher estimate of poverty, they have fixed the target based on Lakdawala Committee's report. The Committee had in their earlier reports, *inter-alia* emphasized on the need for overcoming the shortcomings in the estimation of BPL population and more particularly the divergence in the estimates of BPL population/poverty levels brought out by the Planning Commission. The Committee are at a loss to understand as to how the target for elimination of poverty will be achieved on the recomputed higher estimates. The Committee desire that more rigorous efforts should be made so that the target can be achieved by 2020.

Reply of the Government

A note on 'Advance Planning for subsequent Five Year Plans' was submitted to the Hon'ble Committee where a write up was given under the sub-head 'Elimination of poverty by 2020 or latest by the end of 13th Five year Plan 2021-22'. It is submitted that various poverty amelioration measures being undertaken were outlined in the said note. This caption of the one of the sections of the Note was genesis in the Report of the Committee on India Vision-2020 prepared under the chairmanship of Dr. S.P. Gupta in December, 2002 which stated that "the compound effect of achieving the targeted annual GDP growth rate of 8.5 to 9 per cent over the next 20 years would result in quadrupling of the real per capita income and almost eliminating the percentage of Indians living below the poverty line." This was a projection based on available information in 2002 and predicted on several conditions indicating a growth rate of 8.5 to 9 percent between 2002-2020. The Report was an internal document and was a background for further discussions on poverty estimates in the 10th and 11th Five Year Plan. It is clarified that the caption is not further amplified in the succeeding paragraph of the write up and, was inadvertently included. This is regretted.

It is clarified that the poverty figures based on Lakdawala Committee methodology mentioned in the said Note was in the context of 11th Five Year Plan wherein it was aimed at reducing the poverty ratio by 10 percentage points by the end of the 11th Five Year Plan. The Note also brings out the various initiatives taken by the Government as a part of development strategy to achieve a significant rate of reduction in the poverty.

The Tendulkar Committee submitted its Report in December, 2009 and re-worked the poverty estimates for 1993-94 and 2004-05. The Tendulkar Committee estimated that the head count poverty ratio which was 45.3% in 1993-94 had come down to 37.2% in 2004-05 as against the Lakdawala Committee poverty estimates of 36% and 27.5% respectively. The Tendulkar Committee concluded that both the sets of poverty estimates are not comparable because of different methodologies used. The revised poverty estimates by the Tendulkar Committee were in fact a new goalpost. The Mid-Term Appraisal of the 11th Five Year Plan also mentions this fact. While reporting both the poverty estimates it was brought out in the Mid-Term Appraisal that irrespective of whether we use the "old" method or the new method, the percentage of population below the poverty line has declined by about the same magnitude. Therefore, it is submitted that the reference of Vision-2020 only reiterates the Government's commitment to the reduction of poverty. The 11th Five Year Plan was based on the strategy of inclusive growth with the ambitious target of reducing the head count ratio of consumption poverty by 10 percentage points during the Plan period 2007-12. As a result of the concerted efforts, the rate of reduction of poverty has also increased, as is evident from the latest poverty estimates based on the methodology of Tendulkar Committee *i.e.* the poverty has come down from 45.3% in 1993-94 to 37.2% in 2004-05 and further to 29.8% in 2009-10. The Approach Paper to the 12th Five Year Plan focusses on the strategy by faster, sustainable and more inclusive growth which reflects that the planning process continues to accelerate the rate of poverty reduction, especially among the people who are at the bottom of the strata.

The methodology for estimation of poverty followed by the Planning Commission has been based on the recommendations made by the experts in the field from time to time. Planning Commission, in June 2012, has constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to "Review the Methodology for Measurement of Poverty". The composition of the Expert Group and its Terms of Reference are as under:—

Composition

1.	Dr. C. Rangarajan, Chairman, Prime Minister's Economy Advisory Council	Chairman
2.	Dr. Mahendra Dev, Director, Indira Gandhi Institute of Development Research	Member
3.	Dr. K. Sundaram, Former Professor, Delhi School of Economics	Member
4.	Dr. Mahesh Vyas, MD & CEO, Centre for Monitoring Indian Economy	Member
5.	Shri K.L. Datta, Former Adviser (Perspective Planning), Planning Commission	Member Convener

Terms of Reference

(i) To comprehensively review the existing methodology of estimation of poverty and examine whether the poverty line should be fixed solely in terms of a consumption basket or whether other criteria are also relevant, and if so, whether the two can be effectively combined to evolve a basis for estimation of poverty in rural and urban areas.

(ii) To examine the issue of divergence between consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; and to suggest a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas, State-wise.

(iii) To review alternative methods of estimation of poverty which may be in use in other countries, including their procedural aspects; and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across States.

(iv) To recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for schemes and programmes under the Government of India.

[Ministry of Planning, O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Comments of the Committee

(Please *see* Para No. 13 of the Chapter-I)

Recommendation (Serial No. 10)

Role of Planning Commission

The Committee observe with dissatisfaction the evasive reply of the Ministry regarding evaluation of performance of the Planning Commission by an Expert Group. The Committee can only observe that the Ministry of Planning/Planning Commission do not seem to be serious in its approach to evaluate the performance of Planning Commission and redefine its role and objective so as to make itself more relevant and effective for aligning the planning process with economic reforms and its impact, particularly for the poor. The Committee reiterate their earlier recommendation that the Government should constitute an Expert-Group for evaluating the performance of the Planning Commission and redefining its role and objectives at the earliest and action taken in this direction be apprised to the Committee.

Reply of the Government

The observations of the Committee are noted. The Committee is respectfully informed that there was no intention to be evasive. It is, respectfully submitted that Planning Commission is fully seized of the importance of evaluating its own performance and is taking the issue with the utmost seriousness. Currently Planning Commission is performing the following major tasks:—

(1) Preparation of five year plans as also indicative plans which explore the feasibility of and implications of alternative scenarios of faster growth over a longer term horizon.

(2) Allocating plan resources which involves negotiation with the Ministries on perceived needs and with the Finance Ministry on available resources.

(3) The Planning Commission also interacts with State Governments to persuade them of the need for undertaking sufficient levels of expenditure in critical areas such as agriculture, health, education and infrastructure.

(4) The Commission also performs the task of providing a critical evaluation of policies on individual sectors and/or their effectiveness in terms of the impact on the sector and the economy. This includes pricing policies and investment control policies.

(5) Finally, the Commission evaluates different programmes implemented by various Ministries through its own continuing review and also by the Programme Evaluation Organization and supporting studies under Socio Economic Research scheme.

In addition, in accordance with the Allocation of Business Rules 1961, the Ministry of Planning is entrusted with the following items:

(a) Assessment of the material, capital and human resources of the country, including technical personnel, and formulation of proposals for augmenting such of these resources as are found to be deficient.

(b) Formulation of Plan for the most effective and balanced utilization of the country's resources.

(c) Definition of stages in which the Plan should be carried out on a determination of priorities and allocation of resources for completion of each stage.

(d) Determination of the nature of machinery necessary for the implementation of the Plan in all its aspects.

(e) Identifying the factors which, are tending to retard economic development and determine the conditions which in view of current social and political situation, should be established for the successful execution of the Plan.

(f) Appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend adjustment of policies and measures that such appraisal may show to be necessary.

(g) Public Co-operation in National Development.

(h) Specific programmes for area development notified from time to time.

(i) Perspective Planning.

(j) Institute of Applied Manpower Research.

(k) Unique Identification Authority of India.

(l) Policy, planning and implementation of Unique Identification No. (UID) for residents in India and all selected matters.

(m) All matters relating to National Rainfed Area Authority (NRAA).

(n) Skill Development.

In order to assess its relevance and redefining its role, as a first step extensive discussions have been held with a wide range of stakeholders, both internally and externally, and it has been recognized that Planning Commission must align itself with current and future requirements for wider engagements to remain relevant to the development agenda of the nation.

In 2009, **a Committee was set up, under Dr. Rangarajan to look into the efficient management of public expenditure** (High Level Expert Committee on Efficient Management of Public Expenditure). In its Report the Committee recommended, amongst other things, that Planning Commission must not restrict itself to the allocation and management of Plan funds alone. It must play a much broader role in guiding the use of overall resources of the economy, without distinction between Plan and Non-Plan and that the budget management should be done by the Finance Ministry. **The major recommendations of the Dr. Rangarajan Committee with respect to the 'Role of Planning Commission' are as follows**:—

(1) Estimating the overall resources for the Five year Plan:

(a) Prepare projections of budgetary resources of Centre and States based on the projections of tax, non-tax and other receipts within an acceptable fiscal deficit target in consultation with Ministry of Finance, Central Ministries and States. This primarily helps prepare projected total budgetary resources for five years of the plan.

(b) Prepare projections of IEBRs of PSEs, and local bodies, in consultation with Ministry of Finance, Central Ministries and States.

(2) Projecting allocation of resources across different Sectors/Services during the Five Year Plan:

   (a) Set up assumptions/rules in consultation with MoF for Central Ministries to enable them to project total resources required for different Sectors/Services/Ministries on expenditure of committed and non-committed nature at different service levels over the period of the FYP.

   (b) Define rules/guidelines for transfer of resources to States.

   (c) Prepare projections of resources to be allocated to different Sectors/Services/Ministries and to States over the FYP period consistent with approved priorities of the FYP.

   (d) Prepare projections of budgetary expenditure component of the plan for the programmes in Sectors/Ministries covered under the present functional categories of (Social Services and Economic Services). The grants to be provided to the State or other sub-national Governments under these functional heads should also be included in these projections.

   (e) On approval of the size and inter-sectoral allocation of resources for the FYP, assist MoF in preparing needful mapping documents for budgetary and other components function-wise, programme-wise and Ministry-wise.

(3) Implementation of the Plan:

   (a) Planning Commission may scrutinize the budget allocations proposed by the MoF during the annual budgeting exercise. Within the resources allocated to each Ministry/Department, there may be annual and rolling estimates of the resources committed on the ongoing services, schemes and programmes and the likely resources for taking up new programmes. Planning Commission should also undertake outcome/output linked review of programmes of the Ministries/Departments.

   (b) The inter-sectoral allocations of resources for functions/programmes/Ministries as approved in the overall plan framework may need to be broadly adhered to while working out budget ceilings for different Sectors/Ministries.

   (c) As regards State Plans, Planning Commission, in consultation with Central Ministries, needs to indicate to States well in advance the likely resources to be made available to States for different programmes to enable States to prepare their respective budgets. With the removal of Plan and Non-Plan distinction, there may not be any need for approval of State Plans as per the current practice. States may provide information about the budget/plan function-wise to Planning Commission/MoF to enable consolidated information to be prepared and available in public domain. Planning Commission may hold strategy/review meetings with States in an appropriate format.

(d) Planning Commission may conduct evaluation of programmes either itself or through other institutions/ mechanisms.

The recommendations of the Committee's Report (received in 2011) are being processed for further approvals.

Independent Evaluation Office (IEO)

Yet another initiative is the creation of an Independent Evaluation Office (IEO). This has been approved by the Cabinet. The IEO is an adjunct to the Planning Commission and can supplement the Planning Commission. It will independently and ex-post, evaluate the performance of programmes including those devised by the Planning Commission. It cannot be a substitute for the reform of the Planning Commission. The following steps were taken for establishment of Independent Evaluation Office (IEO) as given below:

Independent Evaluation Office (IEO) is being set up and consequent to the approval accorded by the Union Cabinet, following steps have been taken for establishment of Independent Evaluation Office (IEO):

The appointment to the post of Director General, IEO has been finalized.

The agenda for change in Planning Commission's role and organization is pro-actively being pursued and is effectively being led by fresh initiatives in bringing about changes in the process of planning, communicating with external stakeholders through an active engagement and implementing the agenda spelt out in the 12th Five Year Plan. It is felt that there is not only an awareness for the need for change in the role of Planning Commission, but also an effective ownership of the agenda for change by the Commission and its Members. It is expected that the 12th Five Year Plan will reflect in adequate measure these changes. In view of this, it is felt that setting up another Expert group may not be required at this stage.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

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 (Serial No. 9)

Unique Identification Authority of India (UIDAI)

The committee are unable to understand as to how the Government is still continuing with the implementation of Aadhaar without the legislative approval and have allocated Rs. 1758 crore for the Scheme for the year 2012-13. The Committee in their 42nd Report on the 'National Identification Authority of India Bill 2010' has *inter-alia* given their observations on number of issues and has conveyed their unacceptability of the National Identification Authority of India Bill, 2012 in its present form and urged the Government to reconsider and review the UID Scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The committee, therefore, urge the Government to urgently address the issue identified/pointed out by the Committee in their report.

Reply of the Government

1. The UID project has been envisioned to provide a unique identity to every resident in India which will be the foundation for better delivery of public services and targeted subsidies. The project has a bias towards the developmental agenda for promoting more inclusive growth. The purpose of the UID project is to promote inclusion and benefit marginalized sections of society who have no formal proof of identity *vis-à-vis* the State and hence experience difficulties in accessing various welfare schemes that are implemented by the Government of India and State Governments. The key role of the UID number is that of an enabler—a number that helps governments design better welfare programs, enables residents to access resources and services more easily wherever they live, and allows agencies and programs—such as the NREGA, PDS, SSA—to deliver benefits and services effectively and transparently. The number will, thus, be an identity infrastructure and the foundation over which multiple services and applications can be built for the resident. The consent of the individual is obtained before enrolment into the UID system.

2. UIDAI has set up a security framework and implemented security policies and procedures in line with the Government policies and circulars. The strategic control of the data lies with the UIDAI and the Data Centre operations are headed by officers of the rank of Joint Secretary and Director. The process followed by the UIDAI for enrolments is clearly defined. Verification of data is done through three modes- document based verification, through introducers and through the NPR process of public scrutiny. The processes at the time of enrolment include capturing the operator biometrics (which is verified at backend at the time of processing data for generation of aadhaar). In case of enrolments through the introducer based system (which is followed in case of persons with no documents), the 'introducers' are authorized by the registrars and may include local Government officials and elected representatives. These enrolments through introducers, while enabling enrolments for those who do not have any documents, do not compromise the robustness of the process. The process of introduction has been designed to be technologically non-repudiable, as the introducer has to have his/her own Aadhaar number and he/she puts up his/her electronic thumb impression on the enrolment record of the person being introduced.

3. The enrolment is being done under the control and supervision of Registrars, including Registrar General of India, who is one of the Registrars of the UIDAI, by hiring enrolment agencies (who are private agencies). Data digitization and biometric enrolment for RGI are also being carried out by private agencies.

4. The Authority has also addressed concerns on misuse of Aadhaar information for possible profiling and tracking of individuals. Profiling of individuals is not possible in the UIDAI system, as in the definition of demographic information in the Bill, it has been clearly stated that the information to be collected will not include any profiling information, such as on race, religion, caste, tribe, ethnicity, language, income or health. Tracking and surveillance is also not supported in the UID system.

5. UIDAI accepts documents for those who have some kind of documents which can work as proof of identity and proof of address. For those who have no documents (there are a large number of persons in India who fall in this category) the concept of 'introducers' has been introduced. These 'introducers' are authorized by the registrars and may include local Government officials and elected representatives. Enrolments through introducers, while enabling enrolments for those who do not have any documents, do not compromise the robustness of the process. The process of introduction has been designed to be technologically non-repudiable as the introducer has to have his/her own Aadhaar number and he/she also has to put his/her electronic thumb impression on the enrolment record of the person being introduced. The third method is the NPR process. There will be only one ID number for one person in the Aadhaar system. Hence, there is an incentive for a resident to give correct information at the enrolment stage itself.

6. As per the Government's latest decision, UIDAI would, through its multiple Registrars, enroll 60 crore people in States/UTs where UIDAI has already commenced work. In the remaining States, NPR will collect the biometric data. In the event of any discrepancy between the NPR and UIDAI database, NPR data will prevail. Once the UIDAI programme is fully rolled out and Aadhaar numbers are issued to all residents, it would only be made a necessary condition for availing public benefits and services. The purpose of Aadhaar is not to identify beneficiaries under different programmes. This would continue to be the responsibility of States/Line Ministries of the Government. Aadhaar would eliminate the possibility of a person getting double benefits under the same programme or getting benefit even if he is not entitled. This in itself is likely to save substantial public resources.

7. In respect of Finance Minister's Budget announcement regarding roll out of Aadhaar enabled payments in at least 50 selected districts within six months, UIDAI is pursuing the matter with a clear plan of action. Department of Financial Services will draw up a roadmap for convergence of their financial inclusion initiative with Aadhaar so as to ensure its utility to the Aadhaar enabled payment system for disbursement of social security benefits. They will also examine ways to facilitate opening of bank accounts for all individual Aadhaar holders.

Legal Issues: M/o Law and Justice as well as the Attorney General of India have opined that action to enroll residents by UIDAI in terms of the executive notification issued on 28.1.2009 is valid. However, the Government is pursuing the proposal for enacting legislation as it is felt that a regulatory structure supported by a legal framework would assist in more effective functioning of the UID Authority. Particularly, any violations of security and privacy of UID data on the part of any of the stakeholders that may arise in the future, could be dealt with in a more rigorous and firm manner under a defined legal mechanism which would be possible by enacting the proposed NIDAI Bill.

[Ministry of Planning O.M. No. 28/8/2012-Parl., dated 27.9.2012]

Comments of the Committee

(Please *see* Para No. 17 of the Chapter-I)

CHAPTER V

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

–NIL–

NEW DELHI;	YASHWANT SINHA,
04 *December*, 2012	*Chairman*,
13 *Agrahayana*, 1934 *(Saka)*	*Standing Committee on Finance.*

ANNEXURE

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2012-13)

The Committee sat on Thursday, the 29th November, 2012 from 1530 hrs. to 1730 hrs.

PRESENT

Shri Yashwant Sinha—*Chairman*

MEMBERS

Lok Sabha

2. Dr. Baliram
3. Shri Rahul Gandhi
4. Shri Deepender Singh Hooda
5. Shri Bhartruhari Mahtab
6. Shri Sanjay Brijkishorlal Nirupam
7. Shri Prem Das Rai
8. Shri S.S. Ramasubbu
9. Shri Thakur Anurag Singh
10. Dr. M. Thambidurai
11. Shri Shivkumar Udasi

Rajya Sabha

12. Shri Piyush Goyal
13. Dr. Mahendra Prasad
14. Shri Praveen Rashtrapal

SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Shri Ramkumar Suryanarayanan — *Additional Secretary*
3. Shri Sanjay Sethi — *Under Secretary*

2. The Committee took up the following draft Reports for consideration and adoption:—

(i) Draft Report on action taken by the Government on the recommendations contained in the Fifty First Report

(15th Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);

(ii) Draft Report on action taken by the Government on the recommendations contained in the Fifty Second Report (15th Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Finance (Department of Revenue);

(iii) Draft Report on action taken by the Government on the recommendations contained in the Fifty Third Report (15th Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning;

(iv) Draft Report on action taken by the Government on the recommendations contained in the Fifty Fourth Report (15th Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation; and

(v) Draft Report on action taken by the Government on the recommendations contained in the Fifty Fifth Report (15th Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports at Sl. No. (iv) without any modification and those at Sl. Nos. (i), (ii), (iii) and (v) with modifications. The Committee also authorized the Chairman to present all the Reports to Parliament in the current session.

The Committee adjourned at 1730 *hours.*

APPENDIX

(*Vide* Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIFTY THIRD REPORT OF THE STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2012-2013) OF THE MINISTRY OF PLANNING

		Total	% of Total
(i)	Total number of Recommendations:	12	
(ii)	Recommendations/observations which have been accepted by the Government: (*Vide* Recommendations at Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 12)	11	91.66
(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: (*Vide* Recommendations at Sl. No. 9)	1	8.34
(v)	Recommendation/observation in respect of which final reply of the Government is still awaited:	Nil	0.00