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**STANDING COMMITTEE ON FINANCE
(2016-17)**

SIXTEENTH LOK SABHA

**MINISTRY OF STATISTICS AND PROGRAMME
IMPLEMENTATION**

*[Action taken by the Government on the recommendations contained in Thirty-Third
Report of the Standing Committee on Finance on 'Demands for Grants (2016-17)]*

FORTY-THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2016 / Agrahayana, 1938 (Saka)

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(2016-2017)**

(SIXTEENTH LOK SABHA)

**MINISTRY OF STATISTICS AND PROGRAMME
IMPLEMENTATION**

***[Action taken by the Government on the recommendations contained in Thirty-Third
Report of the Standing Committee on Finance on 'Demands for Grants (2016-17)]***

Presented to Lok Sabha on 07 December, 2016

Laid in Rajya Sabha on 07 December, 2016



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2016 / Agrahayana, 1938 (Saka)

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for Grants (2016-17)

* Not appended in the cyclostyled copy

COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2016-17

Dr. M. Veerappa Moily - Chairperson

MEMBERS

LOK SABHA

2. Shri T.G. Venkatesh Babu
3. Shri Gopalakrishnan Chinnaraj
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Shri Shyama Charan Gupta
7. Prof. Sanwar Lal Jat
8. Shri Rattan Lal Kataria
9. Shri Chandrakant B. Khair
10. Shri Bhartruhari Mahtab
11. Shri Prem Das Rai
12. Shri Rayapati Sambasiva Rao
13. Prof. Saugata Roy
14. Shri Jyotiraditya M. Scindia
15. Shri Gajendra Singh Sekhawat
16. Shri Gopal Chinayya Shetty
17. Shri Anil Shirole
18. Dr. Kiritbhai Solanki
19. Dr. Kirit Somaiya
20. Shri Dinesh Trivedi
21. Shri Shivkumar C. Udasi

RAJYA SABHA

22. Shri Naresh Agrawal
23. Shri Naresh Gujral
24. Shri Satish Chandra Misra
25. Shri A. Navaneethakrishnan
26. Dr. Mahendra Prasad
27. Shri C.M. Ramesh
28. Shri T.K. Rangarajan
29. Shri Ajay Sancheti
30. Shri Digvijaya Singh
31. Dr. Manmohan Singh

SECRETARIAT

- | | | | |
|----|------------------------------|---|-------------------------|
| 1. | Smt. Abha Singh Yaduvanshi | - | Joint Secretary |
| 2. | Shri P.C. Tripathy | - | Director |
| 3. | Shri Ramkumar Suryanarayanan | - | Additional Director |
| 4. | Shri Preetam Prabhakar | - | Sr. Committee Assistant |

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Forty-Third Report on action taken by Government on the Observations / Recommendations contained in the Thirty-Third Report of the Committee (Sixteenth Lok Sabha) on “Demands for Grants (2016-17)” of the Ministry of Statistics and Programme Implementation.

2. The Thirty-Third Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 28 April, 2016. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 22 July, 2016.

3. The Committee considered and adopted this Report at their sitting held on 30 November, 2016.

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

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

NEW DELHI
01 December, 2016
10 Agrahayana, 1938 (Saka)

DR. M. VEERAPPA MOILY,
Chairperson,
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 Thirty-third Report (Sixteenth Lok Sabha) on Demands for Grants (2016-17) of the Ministry of Statistics and Programme Implementation which was presented to Lok Sabha / Laid in Rajya Sabha on 28 April, 2016.

2. The Action Taken Notes have been received from the Government in respect of all the ten recommendations contained in the Report. The Government have noted and accepted in principle most of the recommendations of the Committee. These have been analyzed and categorized as follows:

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

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

(Total: 8)
(Chapter- II)

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

Recommendation No. NIL

(Total: NIL)
(Chapter- III)

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

Recommendation Nos. 7 & 9

(Total : 2)
(Chapter -IV)

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

Recommendation No. NIL

(Total: NIL)
(Chapter- V)

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

Recommendation (Sl. No. 5)

5. The Committee found that the latest GDP data released by the Central Statistical Office (CSO) had raised more questions than providing answers and inputs on the momentum of economic activities across the country. It did not seem to corroborate real economic activities, such as corporate profitability or credit growth. The new methodology which included the component of indirect taxes, only reflected inflated GDP figures rather than increased output. The robust growth estimates in the face of slump and downturn in certain sectors also raised a critical point on the credibility and reliability of statistical data collected for various economic measures such as GDP; a concern flagged by several economists including the RBI Governor. It had been pointed out by them that the statistical data could be considered reliable only if they were able to adequately and objectively capture the net economic impact of an activity. Devising methodologies, which projected a rosy picture by inflating overall growth figures, would not surely serve the purpose. It was therefore, necessary that all doubts and methodological ambiguities are removed forthwith and more realistic computation methods be adopted with a view to enhancing the credibility of official statistics. It was suggested that a high level Committee of eminent economists be constituted to consider the entire matter and one acceptable methodology may be adopted, keeping in context practices followed in the world economy. This would put an end to the debate on the methodology.

6. The Ministry in their action taken reply stated as under:-

"The Ministry of Statistics and Programme Implementation has a regular advisory mechanism in the form of an Advisory Committee on National Accounts comprising eminent economists, statisticians and other experts to look into and advise on all methodological aspects for compilation and presentation of national

accounts. The methodology approved by the Committee has been used in the base revision exercise of national accounts to compile and present national accounts with base year 2011-12. Changes in methodology and data sources for implementation in the new series of national accounts with base year 2011-12 were reviewed and finalized in a joint meeting of the Advisory Committee on National Accounts and National Statistical Commission held on 19-01-2015. The National Advisory Committee and the National Statistical Commission have been recently reconstituted which have eminent statisticians and economists as Chairperson and Members. In view of these advisory arrangements, it may not, perhaps, be necessary to constitute another Committee of eminent economists, as recommended by the Standing Committee on Finance".

7. The Committee acknowledge the presence and efforts of the Advisory Committee on National Accounts comprising eminent economists, statisticians and other experts in compilation of national accounts. However, the Committee are skeptical about the credibility and reliability of statistical data and, therefore, they reiterate that all doubts and methodological ambiguities be addressed forthwith by adopting more realistic and objective computation methods followed internationally.

Recommendation (Sl. No. 6)

8. The National Statistical Commission (NSC) under the Chairmanship of Dr. C. Rangarajan had recommended measures to correct the deficiencies and revamp the statistical system in the country to generate timely and reliable statistics for policy formulation and planning at different levels of administrative structure. The Committee were informed that, while few of the recommendations had been implemented, most of them still remain on paper. The Composite Plan Scheme "Capacity Development" in the 12th Five Year Plan was prepared with a

view to giving concrete shape to the NSC recommendations. However, the Committee found that from the year 2016-17, the Centrally Sponsored Schemes, viz. Support for Statistical Strengthening and Economic Census had been merged with the Central Sector Scheme "Capacity Development". Even under the present rationalized structure, the Committee expected the Ministry to expedite the implementation of the NSC recommendations in a time-bound manner for improving the statistical capacity and strengthening the infrastructure of statistical systems at State level for collecting, compiling and disseminating reliable official statistics both at State and sub-State levels. The implementation issues that had emerged so far should be addressed forthwith including non-adherence to prescribed norms / parameters by some States. The Committee emphasised in this regard that a proactive Management Information System should be put in place for continuous monitoring of authenticity of data.

9. The Ministry in their action taken reply stated as under:-

"Support for Statistical Strengthening Scheme was reviewed and almost all states and UTs have been brought under the scheme. The scheme is approved upto 2016-17. Proposal to continue the scheme beyond this period will be taken for approval of the competent authority. Technical and financial assistance was provided to the State Governments and UT administrations for strengthening of the statistical systems. A conference of Central and State Statistical Organisations (COCSSO) is held every year. This is a continuing process and efforts will continue to be made to improve the statistical capacity and strengthen the infrastructure of

statistical systems at State level for collecting, compiling and disseminating reliable official statistics".

10. The Committee note that the Government is providing technical and financial assistance to the States and Union Territories for strengthening of the statistical systems. However, the reply of the Government does not pinpoint the efforts made to implement the bulk of the recommendations of the National Statistical Commission (NSC). Since statistical system plays a critical role in the economic growth of a country, the Committee reiterate that the implementation of recommendations of the NSC may be expedited and a proactive Management Information System (MIS) be put in place for continuous maintainance and authenticity of data.

Recommendation (Sl. No. 7)

11. The Committee noted that there were as many as 713 vacancies in Subordinate Statistical Service, out of which 622 vacancies existed in Field Operation Division. Considering such unduly large number of vacancies, particularly at the cutting-edge level, the Committee were concerned that the Sample Surveys being conducted by NSSO through mostly contractual personnel, may have an adverse impact on the timeliness, coverage, accuracy, reliability and overall quality of data collected. It is to be recognised that the large rate of attrition in Subordinate Statistical Service and the resultant shortage of technically qualified manpower is a serious issue confronting the Ministry. The Committee, therefore, recommended that urgent steps should be taken by the Government to help the Ministry overcome its acute manpower shortage at the field level, so that reliable

collection and compilation of field statistics did not suffer. Accordingly, better working conditions might be provided to the field staff, as this had a direct correlation to the quality and accuracy in collection, processing and dissemination of data. If necessary, in the interim, private agencies might be engaged for this purpose under the supervision of NSSO. The Committee also recommended that the shortage of regular faculty members and support staff in the National Statistical Systems Training Academy should also be immediately addressed for better execution of all the training programmes.

12. The Ministry in their action taken reply stated as under:-

"The man power shortage in Subordinate Statistical Services (SSS) and position as on 01.05.2016 is as under:

Sl.No.	Grade	Sanctioned	InPosition	Vacant
1	Sr. StatisticalOfficer	1756	1555	201
2	Jr. StatisticalOfficer	2196	1822	374
	Total	3952	3377	575

- (i) Through the Combined Graduate Level Examination (CGLE) 2014, SSC recommended 381 candidates for the post of Jr. Statistical Officer. All 381 dossiers have been received from SSC and after completion of pre-appointment formalities, 299 offers of appointment were issued on 17th March, 2016.
- (ii) Similarly, 82 Junior Statistical Officers [GP Rs.4200] have recently been promoted as Senior Statistical Officers [GP Rs.4600] vide this Ministry Order No.12016/1/2014-SSS dated 9thDecember 2015.
- (iii) With the concerted efforts of this Ministry, which *inter-alia* includes promotion of JSOs to SSOs and recruitment/posting of JSOs nominated by Staff Selection Commission (SSC), the vacancies of SSOs and JSOs have

been brought down considerably to the extent of 14.5% of the sanctioned strength.

It is stated that due to difficult nature of data collection work and lower grade pay in comparison to other Central Group 'B' Services, candidates are not much inclined to join SSS. Ministry of Finance was requested to upgrade the Grade Pay of J.S.O.'s from Rs.4200 to Rs.4600 at par with Assistants of CSS and Inspectors of central Excise, customs and Income Tax but the same was not agreed to. However, Ministry of Statistics and Programme Implementation had taken up the issue with Committee of Secretaries (COS) vide this Ministry I.D. Note No. 12035/02/2010-SSS, which was forwarded to Cabinet Secretariat vide this Ministry letter no.12035/02/2010-SSS dated 08.02.2013, however the decision of COS is awaited. Recently, the matter has also been taken up with the 7th CPC for their consideration".

13. The Committee note the steps undertaken by the Ministry *vis-a-vis* the shortage of manpower in the Subordinate Statistical Service. However, they find that there are still 575 total vacant positions in the grades of Sr. Statistical Officer and Jr. Statistical Officer. The perennial shortage of manpower at various levels is a matter of concern as this is adversely impacting overall quality of data collected as the sample surveys are being conducted through contractual personnel. The Committee strongly feel that cadre review in the Subordinate Statistical Service is required to check attrition and attract suitable candidates at the cutting edge level. The Committee desire that field based recruitment of staff should be undertaken by the Ministry in mission mode under intimation to the Committee. The

Committee had also recommended that the shortage of regular faculty members and support staff in the National Statistical Systems Training Academy should be immediately addressed. However, the reply of the Government is silent on this issue. The Committee desire this issue to be addressed by the Government urgently.

Recommendation (Sl. No. 9)

14. With regard to monitoring of Central Sector infrastructure projects of Rs. 150 crore and above, the Committee desire that aspects relating to cost-escalation and time overrun should be clearly brought out in the Annual Report of the Ministry. The Committee hope that the monthly / quarterly reports prepared by the Ministry on these pending projects will be detailed and comprehensive enough to make them useful for the administrative Ministries and other user-agencies. In this context, the Committee would recommend that details of implementation of contemporary flagship programmes like Urban Sanitation, Swacch Bharat Abhiyan, Affordable Housing for all etc., may also be included in these Monthly / Quarterly Reports for the use of concerned Ministries / Departments / agencies. In this regard, the Committee would also like to emphasise that issues of discrepancy with States generated data should also be appropriately addressed by the Ministry.

15. The Ministry in their action taken reply stated as under:-

"Ministry of Statistics & Programme Implementation (MoSPI) monitors the Central Sector Infrastructure Projects costing Rs. 150 crore and above on time and cost overruns on the basis of information supplied by project implementing agencies. As on 1st May 2016, there are 1061 ongoing Central Sector Projects on

the monitor of MoSPI. Of these, 241 projects are showing cost overruns, 326 projects are showing time overruns and 70 projects are showing both time & cost overruns.

The monthly / quarterly reports prepared by the Ministry on these Central Sector Projects showing time and cost overrun are detailed and comprehensive enough to make them useful for the administrative Ministries and other user agencies for taking timely appropriate remedial measures. The broad aspects relating to cost-escalation and time overrun are also being regularly brought out in the Annual Report of the Ministry.

As far as the inclusion of implementation of contemporary flagship programmes like Urban Sanitation, Swachh Bharat Abhiyan, Affordable Housing for all etc. in these Monthly / Quarterly Reports are concerned, it may be mentioned that IPMD is not mandated to monitor the implementation status of social flagship programmes/schemes."

16. The Committee find that the reply of the Ministry on the inclusion of implementation of contemporary flagship programmes like urban sanitation, Swachh Bharat Abhiyan, affordable housing for all etc. in the Monthly/Quarterly Reports is unsatisfactory. Merely citing that the Ministry is not mandated to monitor the implementation status of social flagship programmes/schemes only reflects a certain rigidity and inability to adapt the better data availability with respect to implementation of government policies. The Committee would, therefore, urge the Ministry to consider this

suggestion with due seriousness by approaching appropriate authorities/agencies for widening their jurisdiction so as to assimilate data as per different schemes/ government policies also. They desire the Ministry to inform the committee consequently. In this context, the Committee had also emphasised that the issue of discrepancy with States-generated data should be appropriately addressed by the Ministry. However, the reply of the Ministry is again silent on this issue. While disapproving of this lackadaisical attitude of the Ministry, the Committee would reiterate that due emphasis should be laid on the issue of discrepancy with States-generated data and remedial measures initiated accordingly.

Minutes of the Seventh sitting of the Standing Committee on Finance
The Committee sat on Wednesday, the 30 November, 2016 from 1500 hrs. to
1615 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Dr. M. Veerappa Moily - Chairperson

LOK SABHA

2. Shri T.G. Venkatesh Babu
3. Shri Gopalakrishnan Chinnaraj
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Prof. Sanwar Lal Jat
7. Shri Chandrakant B. Khaire
8. Shri Bhartruhari Mahtab
9. Shri Prem Das Rai
10. Shri Rayapati Sambasiva Rao
11. Shri Gajendra Singh Sekhawat
12. Shri Gopal Chinayya Shetty
13. Shri Anil Shirole
14. Dr. Kiritbhai Solanki
15. Dr. Kirit Somaiya
16. Shri Dinesh Trivedi
17. Shri Shivkumar Udasi

RAJYA SABHA

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19. Shri A. Navaneethakrishnan
20. Dr. Mahendra Prasad
21. Shri T.K. Rangarajan
22. Shri Ajay Sancheti
23. Shri Digvijaya Singh

SECRETARIAT

- | | | | |
|----|------------------------------|---|---------------------|
| 1. | Smt. Abha Singh Yaduvanshi | - | Joint Secretary |
| 2. | Shri P.C. Tripathy | - | Director |
| 3. | Shri Ramkumar Suryanarayanan | - | Additional Director |
| 4. | Shri Kulmohan Singh Arora | - | Deputy Secretary |

WITNESSES

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2. XX XX XX XX XX XX.

3. Thereafter, the Committee took up the following draft reports for consideration and adoption:

- (i) Draft Report on 'The Companies (Amendment) Bill, 2016
- (ii) Draft Report on Action Taken by the Government on the Recommendations contained in the 20th Report (16th Lok Sabha) on "Planning Process - A Review "
- (iii) Draft Report on Action Taken by the Government on the Recommendations contained in the 27th Report (16th Lok Sabha) on "Non - Performing Assets Of Financial Institutions "
- (iv) Draft Report on Action Taken by the Government on the Recommendations contained in the 29th Report on Demands For Grants (2016-17) of the Ministry of Finance (Departments of Economics Affairs, Expenditure, Financial Services and Disinvestment.
- (v) Draft Report on Action Taken by the Government on the Recommendations contained in the 30th Report on Demands For Grants (2016-17) of the Ministry of Finance (Department of Revenue).
- (vi) Draft Report on Action Taken by the Government on the Recommendations contained in the 31st Report on Demands For Grants (2016-17) of the Ministry of Planning.
- (vii) Draft Report on Action Taken by the Government on the Recommendations contained in the 33rd Report on Demands For

Grants (2016-17) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present these Reports to Parliament.

4. XX XX XX XX XX XX.

The Committee then adjourned.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-THIRD REPORT OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2016-17) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

		Total	% of total
(i)	Total number of Recommendations	10	
(ii)	Recommendations/Observations which have been accepted by the Government (vide Recommendations at Sl. Nos. 1,2,3,4,5,6,8,& 10)	08	80%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	Nil	-
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (vide Recommendations at Sl. No. 7 & 9)	02	20%
(v)	Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	-