

STATEMENT TO BE MADE BY SHRI SRIKANT KUMAR JENA, MINISTER OF STATE (INDEPENDENT CHARGE), MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION IN THE LOK SABHA REGARDING THE STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE **FIFTY FOURTH REPORT** OF PARLIAMENTARY STANDING COMMITTEE ON FINANCE IN PURSUANCE OF DIRECTION 73A OF THE HON'BLE SPEAKER, LOK SABHA.

I am making this statement on the implementation status of the recommendations contained in the Fifty Fourth Report of Standing Committee on Finance in pursuance of Direction 73A of the Hon'ble Speaker of Lok Sabha.

The Standing Committee on Finance examined the Demands for Grants of the Ministry of Statistics and Programme Implementation for the year 2012-13 and presented / laid their Fifty Fourth Report to the Lok Sabha and Rajya Sabha on 24.04.2012. There were 7 recommendations made by the Committee in the said report where action was called for on the part of the Government. The major recommendations mainly related to –

- 1) The Ministry to undertake an effective exercise for identifying the shortcomings in the mechanism of the budgetary planning and ensuring proper utilization of funds.
- 2) The need to address the manpower shortage in Indian Statistical Service (ISS) and Subordinate Statistical Service (SSS), as 1200 number of vacancies are falling short in SSS cadre and 65 posts at STS level and 45 posts at JTS level of ISS cadre. The acute manpower shortage has affected the quality of data collected by National Sample Survey Office and National Academy of Statistical Administration.
- 3) The need to appoint the chairman and members to constitute the National Statistical Commission (NSC), which is yet to get a statutory status. The committee has recommended the Ministry to review to decision to have part time chairman and part time members for the NSC.

- 4) Expeditious compilation of new series of Nationwide CPI for urban and rural areas as a prelude to National Consumer Price Index. The committee expected that new CPI basket to truly reflect the prevailing inflationary trends particularly in food items.
- 5) Monitoring of 11 key infrastructure sectors as well as central sector projects in 16 sectors costing more than ` 150 crore. The committee particularly noted that Ministry of Statistics and Programme Implementation to take up the matter for intervention at the highest level with the Ministry of Railways and NHAI who are lax in furnishing timely information.
- 6) Lack of robust infrastructure with the Ministry of Statistics and Programme Implementation for monitoring programmes / schemes under Twenty Point Programme (TPP). Committee desired that Ministry of Statistics and Programme Implementation to monitor the physical progress of the schemes covered under TPP an examine variation in figures and also flag any shortfalls in physical achievement requiring corrective action by Central Nodal Ministries or State Government , implementing the schemes.
- 7) The gross error committed while collecting the data in spite of step taken to improve the collection of vital economic statistics in the country. The committee desired an independent inquiry in data error of huge magnitude.

**The present status of implementation of the various recommendations made by the Hon'ble Committee is indicated in the Annexure to my statement which is laid on the Table of the House.**

**I would not like to take the valuable time of the house in reading the contents of the Annexure. Hence, I would request that this may be considered as read.**

**Action taken by Government on the recommendation contained in the Fifty-fourth Report of the Standing Committee on Finance on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation.**

Rec. No.	Recommendation /Observation of the committee	Reply
1.	<p>The Committee note with concern that the total actual expenditure without MPLADS, of the Ministry for the year 2009-10 is Rs. 428.18.crore against Budget Estimates (BE) of Rs. 535.27 crore; for the year 2010-11, Rs. 448.74 crore as against BE of Rs. 568.35 crore; and for the year 2011-12, Rs. 616.65 crore as against BE of Rs. 947.36 crore which indicated shortfall of expenditure to the tune of Rs. 107.09 crore, in 2009-10; Rs. 119.61 crore, in 2010-11; and Rs. 330.71 crore, in 2011-12. The Committee are not convinced by the reply of the Ministry wherein it was stated that postponement of field work of 6<sup>th</sup> Economic Census, delay in submission of implementation reports regarding ISSP Scheme, OECD Conference, shortfall in Major Works pertaining to Capacity Development and delay in completion of first phase of work regarding BSLLD Scheme were responsible for the shortfall in expenditure year after year. The Committee are unhappy to find that repeated recommendations made to the Government for prudent and effective budgetary formulation went unheeded. The Committee are of the view that the reasons adduced by the Ministry cannot justify shortfall in expenditure to the tune of a hundred crore and more, for three years consecutively and therefore, desire the Government to exercise utmost fiscal prudence and discipline so as to make realistic Budget estimates in future.</p>	<p>The Ministry proposes to take proactive steps for effective budget planning and formulation. It will include exercising utmost fiscal prudence and discipline to evolve realistic budget estimates. Besides, suitable expenditure monitoring and management mechanism will be developed to avoid unwarranted shortfall in budget allocation and actual expenditure. On the directions of Secretary (S&amp;PI), an Expenditure Review Committee has been constituted under chairmanship of DG, CSO with all Divisional Heads as members to review/monitor and take remedial measures on regular basis in this regard.</p>

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Rec. No.	Recommendation /Observation of the committee	Reply
2.	<p>The Committee note that there is huge shortage of manpower strength in the Subordinate Statistical Service (SSS) with 1200 vacancies resulting in constraints in the implementation of many new initiatives taken up by the Ministry. The issue of manpower shortage both in the Indian Statistical Service (ISS) and the SSS has been one of the major recommendations in the 36<sup>th</sup> Report of the Committee on the Demands for Grants (2011-12) of the Ministry of Statistics and Programme Implementation. In the aforesaid Report, the Committee had impressed upon the Ministry to take suitable action, within the purview of the Ministry to address the manpower shortage and also to pursue the matter pending with other agency/Ministry concerned whether be it direct recruitment issue or up-gradation of certain service Grades. The Ministry has submitted that the process of filling up of 65 posts of Senior Time Scale (STS) on promotion is underway. Another 44 posts at the level of Junior Time Scale (JTS) are being filled up through the UPSC. In respect of the Subordinate Statistical Services (SSS), the Committee are informed that recruitment of 500 candidates per year are proposed to be expedited under the Strategic Action Plan till all the vacancies in the cadre are filled up. The Committee regret to note that, as admitted by the Ministry, the acute manpower shortage has affected the quality of</p>	<p><b><u>Indian Statistical Services (ISS):</u></b> All the 65 vacancies in STS have been filled in July 2011, and against the vacancies of 44 at the JTS level, 38 candidates have joined the service in December 2011. Another 31 vacancies at JTS level (which have arisen subsequently) have been filled from feeder grade on ad-hoc basis. In addition to this, 33 successful candidates of 2011 exam joined the service on 4.12.2012. Therefore, with these measures the vacancies in ISS have been filled completely and the subject matter of shortage of manpower in ISS may be treated as closed.</p> <p><b><u>Subordinate Statistical Service (SSS):</u></b>  As regards shortage of Manpower, in Subordinate Statistical Service is concerned, it is stated that all the vacant posts in Statistical Investigator Gr.I as on 31.3.2012 have been filled-up by making Ad-hoc promotions from Statistical Investigator Gr.II. However, due to retirements and promotions to JTS Grade of ISS from S.I Grade I, about 100 Vacancies still exist as on 1.10.2012 . In S.I Grade II there are 1260 vacancies as on 1.10.2012. In order to fill up these vacancies, M/o Statistics &amp; Programme Implementation have taken fresh initiative to recruit 643 Statistical</p>

<p><b>the data collected by National Sample Survey Office (NSSO) and the National Academy of Statistical Administration (NSA) besides adversely affecting the functioning of the schemes of the Ministry. Since the shortfall in manpower can adversely affect the authenticity and credibility of the data collected, analysed and disseminated by the Ministry, the Committee, desire the Ministry to pursue the task of addressing its manpower shortage with priority and due urgency.</b></p>	<p>Investigators Grade II through Common Graduate Level examination 2011 conducted by SSC for which results have been declared and pre appointment formalities have been undertaken. Offer of appointment to 140 candidates has already been issued. Offer to the remaining candidates is likely to be issued shortly. Against 2012 Examination, about 700 vacancies in S.I Grade II have been communicated to SSC. Thus by revising Strategic Action Plan, it is proposed to fill more than 90% of vacant posts in SSS during the year 2012 and 2013. Further, as advised by this Ministry SSC has declared result against state wise vacancies and therefore candidates are now available for posting in the states like Karnataka, Maharashtra, Tamil Nadu, Rajasthan, Gujarat, North Eastern States and Jammu Kashmir where large number of vacancies exist. In addition to this, as a stop gap arrangement NSSO (FOD) is also engaging contract Investigators to complete the on going surveys. In order to have quality data, contract Investigators are sent into the field in groups headed by Senior/experienced Investigator.</p>
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Rec. No.	Recommendation /Observation of the committee	Reply
3.	<p>The Committee understand that the appointment of a part-time Chairman and four part-time Members to constitute the National Statistical Commission (NSC) apart from the Secretary, Planning Commission as an ex-officio member and the Chief Statistician of India as Secretary to the Commission, was made on the basis of the recommendation of Rangarajan Commission. NSC which is yet to get a statutory status has now taken over the role of the Governing Council of NSSO. As a result, a host of tasks have been pending with the NSC including formulation of standards in respect of methodology for collection of core statistics and taking up the role of the Governing Council of the NSSO, implementation of the recommendations of the Rangaranjan Committee etc. In view of the tasks and responsibilities the NSC has to shoulder, the Committee are of the opinion that the NSC with part-time Chairman and part-time Members may not be able to deliver the desired outcome in the long run. With a view to providing the NSC with firmer footing to enable it to carry out its responsibility without any hindrance, the Committee would recommend the Ministry to review the decision to have part-time Chairman and Part-time Members for the NSC. They should also take appropriate measures for implementation of the Committee's earlier recommendation for conferring statutory status upon NSC without any further delay.</p>	<p>The Committee appointed by the National Statistics Commission under the chairmanship of Prof. N.R. Madhava Menon to look into legislative measures on statistical matters has submitted its report to the Commission on 27<sup>th</sup> October 2011. The Commission in its 45<sup>th</sup> meeting held on 29<sup>th</sup> &amp; 30<sup>th</sup> October 2011 appreciated and adopted the report of the Menon Committee. The report of the Menon Committee along with the recommendations of the Commission thereof was received in this Ministry on 9<sup>th</sup> November 2011, with a request to take urgent steps to implement the recommendations. The Committee has strongly recommended that the National Statistical Commission shall not retain the concept of a part-time Chairperson and part-time Members and that the Commission should consist of a chairperson and not less than four Members, all full-time. The recommendations have been processed in this Ministry and a draft National Statistical Commission Bill has <i>inter alia</i> been circulated on 22<sup>nd</sup> December 2011 to Central Ministries/Departments and to States/UTs for their comments. Based on the comments received on the Bill, a draft Cabinet Note has been circulated on 9<sup>th</sup> August, 2012 to all the concerned Ministries/State Governments and UT Administration. Replies received from them and comments thereof of this Ministry have been compiled and the draft Cabinet Note has been submitted to the Ministry of Law and Justice for its examination and vetting.</p>

**Action taken by Government on the recommendation contained in the Fifty-fourth Report of the Standing Committee on Finance on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation.**

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4.	<p>The Standing Committee on Finance, in their 4th, 6th and 14th Report (15th Lok Sabha) had emphasized expeditious compilation of new series of nationwide CPI for urban and rural areas as a prelude to national Consumer Price Index. The Committee are happy to note that the CSO has, accordingly brought out annual inflation rates based on CPI (Rural/Urban/Combined) for January 2012 on 21.2.2012 and that the CPI inflation as measured by the new series with base year 2010 has since been utilised by the Reserve Bank of India. The Committee expect the new CPI basket to truly reflect the prevailing inflationary trends particularly in food items and would be calabrated suitably, as required.</p>	<p>The consumption patterns (weighting diagrams) of the Consumer Price Index (CPI) series on base 2010=100 being brought out every month by the CSO are based on the results of the Consumer Expenditure Survey (CES) conducted by the NSSO during 2004-05. This series is expected to be revised on the basis of the results of the CES of 2011-12 so as to take into account the latest consumption pattern.</p>

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Rec. No.	Recommendation /Observation of the committee	Reply
5.	<p>The Committee note that the Implementation Wing of the Ministry of Statistics and Programme Implementation is monitoring 11 key infrastructure sectors as well as Central Sector Projects in 16 Sectors costing more than Rs. 150 crore. From the reply furnished by the Ministry, the Committee note that out of 561 projects on the monitor of the Ministry of Statistics and Programme Implementation, 258 projects i.e. 45.97 % have overruns in respect of either time or cost or both. The Committee further note that two organizations, namely Railways and NHAI have been particularly lax in furnishing timely information on projects to Ministry of Programme Implementation. While deprecating these two organizations for their non- compliance, the Committee would like the Ministry of Statistics and Programme Implementation to take up this matter for intervention at the highest level. The Ministry of Statistics and Programme Implementation should devise better ways of coordinating and monitoring with line Ministries for timely reporting of project delays including time/cost overruns.</p>	<p>The observations of the Standing Committee on Finance in its 54<sup>th</sup> Report were conveyed to the Ministry of Railways at the level of Minister. Also, the issues of non-reporting of dates of commissioning, misreporting of expenditure, inordinate delays in Railways Projects and the action to be initiated by the Railways in prioritizing Railways projects as suggested by this Ministry, were highlighted for taking action. The Ministry of Railways were further requested to ensure that the representatives of this Ministry is invariably invited (as is done by the other Ministries) in the review meeting of the Railways and a Nodal Officer be designated to coordinate with this Ministry on issues pertaining to monitoring of ongoing projects. The non-furnishing of the reply on the earlier observations of the Standing Committee in its 36<sup>th</sup> Report was also pointed out in the letter to Ministry of Railways.</p> <p>2. The Ministry of Railways has conveyed vide their letter dated 24<sup>th</sup> August, 2012 that the New Lines, Gauge Conversion and Doubling are having a very long gestation period due to a number of reasons like less availability of funds, large shelf of on-going projects, land acquisition problems, tardy forest clearances, law and order problems, etc. They have also mentioned that there is no assured funding for their projects, therefore, it is not possible for Railway Ministry to fix targets in advance. Thus, targets are fixed every year depending on the progress of various projects and availability of resources. Projects which are at an advanced stage of completion are</p>



		<p>only included in the targets for the year.</p> <p>3. Similarly along with the observations of the Standing Committee on Finance, the issues of non-reporting by NHAI of details of project/reasons for delay, anomalies in the expenditures reported, were taken up with the Ministry of Road Transport and Highways at the level of Minister. They were also requested to ensure the involvement of Ministry of Statistics and Programme Implementation in reviews of NHAI Projects and also to designate a Nodal Officer in the Ministry to coordinate with MOSPI on monitoring of on-going projects.</p> <p>4. In addition to the above, the Hon'ble Minister of State (IC) of Statistics and Programme Implementation has recently taken a review of NHAI projects of Odisha and the projects of East Coast Railways, in Odisha.</p>
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6.	<p>The Twenty Point Programme (TPP) initiated in the year 1975 and restructured in the year 1982, 1986 and 2006, is a programme covering various socio-economic aspects like poverty, employment, education, housing, agriculture, drinking water, etc. It was submitted that the role of the Ministry of Statistics and Programme Implementation is to monitor the physical progress of the schemes covered under TPP and examine variation in figures and also flag any shortfalls in physical achievements requiring corrective action by the Central Nodal Ministries or State Governments who are actually implementing the schemes. The Committee also note that the entire socio-economic schemes/programmes of the Government, 65 in all are under the purview of the TPP. The Committee are of the view that to effectively monitor the programmes/schemes under TPP, the Ministry should be provided a more robust infrastructure, which is presently lacking with the Ministry.</p>	<p>The ambit of the Twenty Point Programme was widened after its revision in 2006 by incorporating 65 items under it for the purpose of monitoring by the Ministry of Statistics and Programme Implementation. The TPP Division as part of its mandate, is actively considering a proposal to assess the impact of Twenty Point Programme in selected states of the country. In this connection, the Ministry has sought the willingness and financial estimates from various shortlisted and reputed organizations. Further, a proposal for field verification of implementation of TPP through consultants is also being prepared.</p> <p>The infrastructure of TPP Division, specifically with regard to staff in position has deteriorated over a period of time. The Ministry is seized of the matter and is trying to provide adequate manpower in TPP Division.</p>

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Rec. No.	Recommendation /Observation of the committee	Reply
7.	<p>Steps have been taken from time to time to improve the collection of vital economic statistics in the country. However, the Committee are constrained to note that even today this leaves much to be desired. A recent instance was the IIP data for January 2012 which was revised from 6.8 percent to 1.1 per cent. This raises serious questions about the reliability of the data offered by the Ministry. A similar instance has occurred in India's trade data when the April – October, 2011 export figures were reduced by \$ 8.8 billion. The Committee are seriously concerned at this flaw which projects not only the Government but the entire country in a poor light. The Committee would like an independent inquiry to be conducted in data errors of such magnitude and the report made available to the Committee within three months.</p>	<p>Vide CSO O. M. No. M -12018/6/2011-ESD dated 18.05.2012, Dr. R. B. Barman (Retd. Executive Director of RBI) was appointed to conduct the said inquiry and submit his report by 29<sup>th</sup> June 2012. Dr. Barman conducted the said inquiry and submitted his report detailing the method of inquiry, the probing into the data errors and some observations and suggestions. The main findings on data error made in the enquiry report are as under:</p> <p align="center"><b>Data Error in IIP</b></p> <p><i>“The data clearly show that the production of mistakenly reported 134.08 lakh tonnes of sugar in January 2012 was completely out of alignment with the past production. How could it happen without being detected even by ESD, CSO responsible for compilation and dissemination of the index? It is because CSO undertakes checking of data for detection of outliers based on per cent variation, as mentioned earlier. As we observed in para 5.1 on per cent variation in data, there are quite a few items for which point-to-point annual growth crosses 100%. As this is more or less a regular feature of distribution of growth rates, sugar with point-to-point growth rate of 175 per cent in January 2012 was not considered as highly exceptional ringing fatal alarm bell. In other words, the method of checking the data for detection of possible errors, being followed by CSO for a long time, was found to be hopelessly inadequate</i></p>

for detecting such an impossible event.”[Para 5.5, page 15]

#### **Error in Export Data**

*The main cause of error in exports figures is multiple counting of transactions. This went on for a long time and its detection eluded DGCI&S till a meeting took place in October 2012 involving both sides. Data duplication occurred at the stage of generation of Dumps by Customs for DTR after shifting to ICES 1.5. There is a need for much better coordination between Customs authority and DGCI&S to review problem areas, share information and work concertedly. This should be at an appropriate level for its effectiveness. [Para 11.6 & 11.7]*

Based on the above observations regarding data errors, following actions have already been taken:

#### **Data Error in IIP:**

Data validation method of IIP has been modified to check the absolute values going beyond minimum and maximum range for last one year and getting data reconfirmed from the source agencies. Trend of production is being specially checked for the seasonal items. Newly constituted Working Group on IIP under the chairmanship of Dr. Saumitra Chaudhuri, Member, Planning Commission would also be looking into the issue of data validation checks for the IIP with new base year to be introduced.

		<p><b>Error in Export Data:</b></p> <p>DGCI&amp;S is exploring the feasibility of creating facilities for data warehousing and business intelligence. The process of data reconciliation with some of the countries has already been initiated. The need has also been assessed to make the main MIS system located in Delhi as the single point of reference for all ports as also the need to make this system available to DGCI&amp;S for data validation purposes. Regular meetings between DGCI&amp;S and DG Systems are being held in order to institutionalize this arrangement.</p> <p>The enquiry report has also made a number of suggestions for improvement of the system. Some of the suggestions are mentioned at Annex-I. The suggestions on IIP would be placed before the newly constituted Working Group under the chairmanship of Dr. Saumitra Chaudhuri, Member, Planning Commission.</p>
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**SOME SUGGESTIONS MADE IN THE ENQUIRY REPORT OF DR. R. B. BARMAN**

1. *“ESD, CSO maintains data in Excel Sheets. This falls very much short of modern relational database management system (RDBMS) with possibilities of introducing strong inbuilt mechanism for introducing audit trails on data integrity.”* [Para 5.16, page 18]

2. The data collection for IIP should be centralized under the control of CSO. [Para 3.8, page 7]

3. *“...web based collection of data is the in thing today using the state-of-the-art Information Technology. ....system can be designed to provide useful validation checks at the time of submission of data by respondents so that gross errors are eliminated at the first stage itself.”* [Para 3.8, page 7]

4. There should be automated reminder generation through e-mail or SMSes to establishments/units which have failed to submit the data, including citing of provisions under the Collection of Statistics Act 2008 for non-compliance. [Para 3.8, page 7]

5. *“Call centers can be set up to deal with default as a cost effective and efficient mechanism.”* [Para 3.8, page 7]

6. *“Existing 16 source agencies can log on to the centralized system for pulling out data relevant to them, instead of setting up their own web based system, as is done now by some*

		<p>of them.” [Para 3.8, page 7]</p> <p>7. <i>“The data validation process can be much better for a centralized system set up using state-of-the art technology capable of sifting huge establishment level data intelligently.”</i> [Para 3.8, page 7]</p> <p>8. The system of processing of data at Customs end is highly complex. The checks and balances in place to ensure data integrity allows very restricted access to the ICES system, as it should be. However, statistical validation of data undertaken by DGCI&amp;S for checking the quality of data throws up many inconsistencies regularly. At present DGCI&amp;S refers back many of these inconsistencies to ports, exporters etc. The Customs authority observed that DGCI&amp;S referring to different ports create complicacy. But how does DGCI&amp;S solve its problem of referring back if main MIS is not accessible to them for regular checks becoming necessary from data validation exercise? As the main MIS system is located at Delhi in the premises of Customs authority, this should be the single point of reference on all ports. DGCI&amp;S should consider how to implement this considering the systems and programming skills required along with statistical expertise. Customs should allow facility of accessing main MIS system.</p> <p>9. The system currently used by DGCI&amp;S was set up in 2001. The technology available now is vastly improved with capabilities of drilling down, drilling up and drilling across seamlessly. This technology can be used for advanced intelligence including artificial intelligence. For</p>
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		<p>example, India's exports are reported as imports in destination countries. The country – commodity wise trade data are published regularly by many countries. DGCI&amp;S should develop system to use this data for validation of India's trade figures with these countries. This exercise may have other interesting spinoffs for policy. Thus, DGCI&amp;S will do well to go for technology up gradation to create facilities for data warehousing and business intelligence (DWBI) and retrain staff for using advanced intelligence, befitting the name of the organization and long tradition.</p> <p>10. The bulk of the data captured in EDI system are available almost immediately to DGCI&amp;S. It is desirable to undertake validation of these data simultaneously. This should help in reducing time lag on availability of trade data.</p>
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