

Ministry of Finance
Department of Expenditure
Finance Commission Division

**Guidelines for release and utilisation of Grant-in-aid for
Improvement of Statistical Systems at State and District Levels**

With the objective of enhancing the quality of data, improving the feedback loops to assess the fiscal impact of policy initiatives and enhance productivity, the Thirteenth Finance Commission (FC-XIII) has recommended a grant of Rs.616 crore over its award period 2010-15, to strengthen statistical systems. This grant, @ Rs1 crore per district, is meant to be used primarily to improve statistical systems at district headquarters, though up to one fourth of the grant may be used to strengthen statistical systems at State Government headquarters. Government has accepted this recommendation.

2. In recommending this grant, FC-XIII has noted that a number of steps have already been taken to strengthen the statistical systems in the country: the National Commission on Statistics has been set up to steer the growth of the statistical system, the National Strategic Statistical Plan 2008 sets out the medium term strategy to empower the existing framework, and the India Statistical Strengthening Project (ISSP) focuses on strengthening the statistical capacity of all States and UTs. Since the ISSP is focused primarily at strengthening statistical systems at the State headquarters, the FC-XIII grant is to be focused on improving systems at the district level. To this end, the grant may be used to strengthen operations, such as census, surveys, maintenance of administrative records, development of Business Register, setting up of geographical information systems and data bases, developing statistical meta-data databases, imparting training to officials at district and State headquarter levels, providing network connectivity among districts and with State headquarters where such connectivity does not exist, etc. States need to focus at least 75% of the grant to strengthen statistical systems at district level not covered under the ISSP, and any remaining amount may be used to strengthen statistical systems at the State headquarters level. The broad objective of this grant is to empower and strengthen the statistical

framework and systems to provide comprehensive and standardized economic and social data to support policy and decision making.

3. The State-wise allocation of the grant is tabulated in Annex 12.14, page 473 of the report of FC-XIII, Vol. 2, reproduced as Annex-I to these guidelines.

4. FC-XIII has recommended:

- (i) The measurement of GSDP across states should be standardized.
- (ii) All States should generate district income statistics in accordance with the guidelines of the Central Statistics Office (CSO). These are to be validated at the national level to ensure comparability.

5. FC-XIII has also noted the need to:

- (i) Measure Gross State Domestic Product (GSDP) at market prices consistent with national estimates instead of at factor cost.
- (ii) Estimate green GDP/GSDP to evaluate the depreciation of natural resources and consider loss of income due to environmental degradation.
- (iii) Measure cost disabilities, which is important as cost of services varies across states due to various factors. In order to estimate cost disabilities of states, data is required on quantifiable measure of the level of various services available in different states and the corresponding unit cost.
- (iv) Measure inter-regional trade data to provide insights in an inter-regional framework.

6. The States are required to prepare an expenditure plan for the entire grant, appropriately incorporating milestones mentioned in para 7 below, with the approval of the High Level Monitoring Committee (HLMC), mentioned in para 10 below. These milestones will be additional to any commitments made under ISSP and may need to be revised depending on the recommendations of various technical committees set up for similar purposes. This expenditure plan will be finalized after approval by a group comprising representatives of the Ministry of Finance, the Ministry of Statistics and Programme Implementation (MOSPI) and the State Government (including the officer in-charge of the Directorate of Economics

and Statistics) concerned. This plan may be modified at any time with the concurrence of this group. While formulating their expenditure plan, States will be required to take up all their districts simultaneously. Upon approval of a State's expenditure plan, the State will become eligible for the first instalment of the grant. For release of the second instalment onwards, receipt of a utilization certificate in accordance with the format at Annex-II will be a pre-requisite.

7. States must include following milestones in their respective expenditure plan,

- (i) Preparation and maintenance of Business Register at District Level.
- (ii) Preparation of Local Bodies Accounts by collecting data on receipts and payments of these bodies.
- (iii) Improvement of data in respect of Farm Activities.
- (iv) Pooling of Central and state sample data for generating district level parameters.
- (v) Providing network connectivity among districts and with State Headquarters.

8. To facilitate release of the grant instalments, the following may please be noted:

- (i) The grant will be released in five equal installments during 2011-15.
- (ii) States will commit at least 10% of the total grant allocation for expenses related to training of States' officials organized by CSO.
- (iii) The first installment will be released to a State upon finalization of the State's expenditure plan by the group mentioned in para 6 above. States should desirably get their expenditure plan finalized by May 2011.
- (iv) Release of subsequent installments will be linked to the achievements of milestones listed in Annex-III and utilisation of previous instalment released.

- (v) The data generated with assistance from this grant will need to be validated by CSO on an annual basis, on the same lines as applicable to validation of State GSDP series annually.
- (vi) Activities undertaken from funding under this grant will be complementary to those undertaken by all States participating in ISSP.
- (vii) The grant may not be used for regular employment or purchase of land. IT hardware purchases may be avoided as these have been provided under various other schemes/programs/projects.
- (viii) The Directorates of Economics & Statistics (DES) in the States will be the nodal agencies for this grant.
- (ix) States will use the 5th installment of the grant to consolidate and compile industry-wise data for GSDP and Gross District Domestic Product (GDDP). Technical verification of these data in consultation with CSO will be done as part of the regular exercise for technical verification of GSDP of States.

9. The grant will be released by Ministry of Finance (Department of Expenditure). State Governments may make budget provisions and incur expenditure in respect of this grant under the Major Head: 3454-02, Census Survey and Statistics, on the non-plan side. Each instalment will be released upon recommendation of MOSPI.

Monitoring at the State level

10. Every State shall constitute a High Level Monitoring Committee (HLMC), which will approve/modify the working plan and supervise utilisation of the grant for its stated objectives. The HLMC shall be chaired by the Chief Secretary and will include Finance Secretary, officer in-charge of the Directorate of Economics and Statistics and any other members deemed necessary. The HLMC shall meet on at least a half yearly basis during the award period of FC-XIII. Minutes of HLMC meetings shall be provided to the Department of Expenditure (Finance Commission Division),

**State-wise allocation of grant recommended by FC-XIII for
Improvement of Statistical Systems at State and District Levels**

State	Rs. cr
Andhra Pr.	23
Arunachal Pr.	16
Assam	27
Bihar	38
Chhattisgarh	18
Goa	2
Gujarat	26
Haryana	21
Himachal Pr.	12
J & K	22
Jharkhand	24
Karnataka	29
Kerala	14
Madhya Pr.	50
Maharashtra	35
Manipur	9
Meghalaya	7
Mizoram	8
Nagaland	11
Orissa	30
Punjab	20
Rajasthan	33
Sikkim	4
Tamil Nadu	31
Tripura	4
Uttar Pr.	70
Uttarakhand	13
West Bengal	19
Total	616

Source: FC-XIII report, Vol.11, Annexure 12.14, page 473

Ministry of Finance and Ministry of Statistics and Programme Implementation (MOSPI), Government of India.

Monitoring at the Union Government level

11. A Review Committee, to monitor the progress of the implementation of the grant from time to time, will be constituted in the Government of India, headed by Secretary, MOSPI to review utilisation of grants. The Committee will include representatives from the Ministry of Finance (Department of Expenditure) and CSO.

Audit by the Controller and Auditor General:

12. The Comptroller and Auditor General of India would audit the release and use of the grant through the Auditor General in each State.

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