

# I

## **BACKGROUND**

### **1.1 The Scheme:**

**1.1.1** The Indian Official Statistical System has the responsibility to provide adequate, relevant, reliable and timely official statistics/data sets for informed decision making and for the formulation of plans and programmes. This task/function is performed at the national level by the statistical system consisting of the Central Statistics Office (CSO), National Sample Survey Office (NSSO), the office of the Registrar General of India (RGI), the various line Ministries/Departments and Organizations of the Government of India. The Statistical System in the States, which is almost similar to that at the center, is generally decentralized over the departments of State/UT Governments. At the apex level in the States/UTs, there usually exists a Directorate or Bureau of Economics and Statistics, which is responsible for the coordination of the statistical activities in the States/UTs.

**1.1.2** Much of the administrative data flows from the State Statistical Systems to the National Statistical Systems. The State Statistical System is therefore an integral part of the National Statistical System and improvements in State Statistical Systems are critical to the improvement to the National Statistical System.

**1.1.3** The National Statistical Commission (NSC) under the Chairmanship of Dr. C. Rangarajan in its Report submitted to the Government of India in 2002, considered the different deficiencies and data gaps in the Statistical System. The Commission desired that integrated systems at the National, State and Sub-State Level should be built up in each sector of the economy. In the context of effectively addressing the various problems faced by the State Statistical System, it was observed that over the years State Governments had not taken much initiative to address this issue.

**1.1.4** With a view to improve the State Statistical Systems, a World Bank assisted Scheme „India Statistical Strengthening Project (ISSP) was formulated based on extensive consultations and discussions with the concerned stakeholders, including the States/UTs. The Project was essentially based on the outcomes of 35 detailed State/UT reports with regard to “ Identifying the Specific Requirements for Strengthening of State Statistical Programmes” and was designed to re-organize the State/UT DES for efficient and effective functioning.

**1.1.5** The India Statistical Strengthening Project then a Centrally Sponsored Scheme with World Bank aid of 80% was approved by the Cabinet Committee on Economic Affairs in March, 2010 and subsequently by the World Bank in July, 2010. It was originally to be implemented during the 11<sup>th</sup> plan i.e. by March, 2012. It aimed at improving the Statistical Capacity and Infrastructure of the State Statistical System for Collecting, Compiling and Disseminating relevant and reliable official statistics for policy making and to promote their usage at the

State/District and Block Levels. The Project was designed to support State/UT specific interventions appropriately, in the following areas:

- a) Improving the Coordination and Management of Statistical Activities in the States/UTs.
- b) Human Resource Development.
- c) Developing Statistical Infrastructure.
- d) Investing in Physical Infrastructure, including Information Technology, and
- e) Improving Statistical Operations, especially those supporting the cause of improvement in the quality and dissemination of statistical data.

**Box- 1.1**

The Expenditure Finance Committee decided to recommend the proposal for implementation of the Scheme viz. „India Statistical Strengthening Project“ as a Centrally Sponsored Scheme during the remaining part of the Eleventh Plan period (2007-12) at an estimated cost of Rs. 650.43 crores (Rupees six hundred and fifty crores and forty three lakhs only) of which 80% would be funded through a World Bank loan and 20% would be borne by the Government of India.

**1.1.6** As the States/UTs had wide disparities and heterogeneities in statistical developments and as they were allowed to participate in the project, as and when they took the decision to do so, the Scheme started to be implemented in only 13 States and 1 UT with an allocation of Rs. 648.97 crore out of total allocation of Rs. 650.43 crores. Allocations were finalized on State to State basis by the respective State High Level Steering Committees (SHLSCs) under the Chairmanship of Chief Secretary of the State and by the High Level Steering Committee (HLSC) on ISSP chaired by Secretary, S&PI and finally approved by the Hon“ble Minister in charge of MoSPI. Thereafter MoUs were signed between the MoSPI and the concerned State/UT.

**1.1.7** The States were divided into 3 groups based on an assessment of their current statistical capabilities viz. their participation in the National Sample Survey (NSSO) Rounds, and the extent of their processing capabilities and dissemination of the results.

**Box- 1.2**

**Group 1-** Not participating in NSS.

Andaman & Nicobar, Dadra & Nagar Haveli, Lakshadweep

**Group II-** Participating in NSS though matching State sample, but not tabulating results

Arunachal Pradesh, Bihar, Chandigarh, Jharkhand, Madhya Pradesh, Manipur, Mizoram, Nagaland, Puducherry, Punjab, Sikkim, Tripura

**Group III-** Participating in NSS as well as tabulating results

Andhra Pradesh, Assam, Chhattisgarh, Delhi, Daman and Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Maharashtra, Meghalaya, Odisha, Rajasthan, Tamil Nadu, Uttarakhand, Uttar Pradesh and West Bengal

**1.1.8** It was envisaged that the project would help both in improving compilation of national level socio economic statistics and indicators based thereon and also in improving the execution of State level planning and policy formulation tasks. Twenty key statistical activities had been identified for being taken up in the Project. A list of the key activities has been placed at **Box-1.3**. However, keeping in view that effectively only two years' time period was left under the XI plan, the States/UTs were requested to priorities the activities while preparing their State Strategic statistical Plans (SSSPs)

<b>Box-1.3</b>	
<b>20-Key Statistical Activities</b>	
<b>Sl. No.</b>	<b>Core Statistical Activity</b>
1	Estimation of State Domestic Product
2	Estimation of Capital Formation and Savings
3	Estimation of District Domestic Product
4	Estimation of the Contribution of Local Bodies
5	Compilation of Data on Major Fiscal Variables
6	Participation in conduct of the Annual Survey of Industries
7	Compilation of Index of Industrial Production
8	Estimation of Crop Area and Production Statistics
9	Compilation of Wholesale Price Index numbers
10	Compilation of Consumer Price Index numbers
11	Collection and compilation of Health, Morbidity, Mortality & Family Welfare Statistics
12	Collection and compilation of Education & Literacy Statistics
13(a)	Labour Statistics
13(b)	Employment Statistics
14	Collection and compilation of Housing Statistics
15	Birth and Death Registration Statistics and Population
16	Compilation of Electricity Production & Distribution Statistics
17(a)	Forestry Statistics
17(b)	Water Supply and Sanitation Statistics
18	Participation in Surveys of the National Sample Survey Office
19(a)	Motor Vehicle Registration Statistics
19(b)	Road Statistics
19(c)	Traffic Accident Statistics
19(d)	Passenger Traffic Statistics
20	Collection and compilation of Statistics for Local Area Planning

## **1.2 Revisiting and Extension of the Scheme:**

**1.2.1** Till August 2014, while an amount of Rs.171 crore had been released to the 14 States, the utilization was extremely slow and only around Rs.127 crore had been utilized. The Ministry was continuously emphasizing the importance of the project period to the individual States and the need to stick to doable

activities which could be completed within the time period. As the activities were still to be completed for all States, the project period needed to be extended. Additionally it was noted that though the scheme was intended to cover the entire country, the remaining 19 States/UTs who had shown their willingness to participate could not be taken on board due to non-availability of funds.

**1.2.2** While approving the extension of the Scheme for the XII Plan period, i.e up to March, 2017, the Competent Authority had stipulated certain mid-term corrective measures to address the implementation issues.

**1.2.3** Accordingly, States were requested to revisit and revise their SSSPs as per the approved project parameters. Information was also elicited from the states on the completed/ongoing/yet to be started activities. Then a major review-cum revisiting exercise of the SSSPs/MoUs of the currently implementing States was carried out based on the revised proposals/the information on activities received from the States, and keeping in mind the under mentioned principles :

- (i) adhering to the ceilings fixed for capital costs (Civil and IT infrastructure) to the extent feasible,
- (ii) adhering to the sharing pattern between Centre and State for Civil infrastructure,
- (iii) considering only doable activities that could be completed within time frame,
- (iv) giving priority to core statistical activities to the extent possible,
- (v) wherever expenditure had been incurred in accordance with the existing MoU, in civil infrastructure, including from States funds in anticipation of Central funds, the expenditure was to be taken into consideration.

**1.2.4** From the revisiting exercise, a revised allocation to the currently implementing states of Rs.287.34 crore was made (Table-1).As Rs. 172.48 crore has already been released, an amount of Rs. 114.85 crore only was now the liability/ funds to be released. Meanwhile, the UT of Lakshadweep had expressed its inability to participate in the ISSP and therefore on its withdrawal, the amount allocated to the UT was (Rs. 6.299 crore) also a saving. From a total allocation of Rs. 650.43 crore for the project, subtracting an amount of Rs. 287.34 crore required for these currently implementing States, the balance amount of Rs. 360.90 crore was allocated/earmarked for the remaining willing States (Table-1). As by then the bifurcation of the State of Andhra Pradesh into Telangana and Andhra Pradesh had been finalized, the funds, activities/functions and functionaries i.e. officials for the Scheme had to be bifurcated on mutually agreed terms. Revised allocation in the table therefore gave cognizance to this bifurcation and separate allocations were provided.

**Table-1****Statement on allocation for States/UTs implementing SSS****(in Rs. Crore)**

<b>Currently implementing States</b>			<b>New States/UTs</b>	
<b>State/UT</b>	<b>Original GoI allocations as per MoU</b>	<b>Revised GOI allocation as per revisiting exercise</b>	<b>State/UT</b>	<b>GOI allocation</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Karnataka	32.8468	27.0696	Andaman & Nicobar	3.11
Gujarat	53.0155	28.56775	Dadra & Nagar Haveli	3.11
Andhra Pradesh*	35.02	14.9909	Arunachal Pradesh	15.99
Telangana*	25.36	12.3994	Madhya Pradesh	37.55
Tamil Nadu	39.34	19.415575	Nagaland	15.99
Bihar	92.20	20.2339	Puducherry	8.05
West Bengal	48.74	20.522	Punjab	19.39
Kerala	49.3718	15.0925	Tripura	15.99
Mizoram	24.595	15.27	Assam	25.38
Sikkim	40.3639	16.6849	Chhattisgarh	25.03
Lakshadweep	6.399	0.1	Delhi	14.14
Rajasthan	60.97	34.7127	Daman and Diu	1.66
Odisha	58.6688	28.9118	Haryana	20.95
Jharkhand	49.0834	12.67885	Himachal Pradesh	18.82
Manipur	32.9986	20.69	Jammu and Kashmir	21.94
<b>Total</b>	<b>648.9728</b>	<b>287.339875</b>	Maharashtra	38.56
			Meghalaya	11.02
			Uttarakhand	20.38
			Uttar Pradesh	43.86
			<b>Total</b>	<b>360.90</b>

\* The MoU allocation of Rs. 60.38 crore for undivided Andhra Pradesh has been bifurcated as Rs. 35.02 crore for AP & Rs. 25.36 crore for Telangana, as per information received from the States of AP and Telangana.

**1.2.5** The allocations for the remaining 19 States/UTs, who wanted to join the project was worked out on an objective basis keeping in mind the approved Cabinet norms, namely :

i. The EFC/Cabinet had approved allocation for 3 Groups of States based on their participation in NSSO activities [Box 1.2]. The savings/funds made available, from the revisiting exercise, for each Group of States has therefore been arrived by considering the Group totals approved by the cabinet.

ii. Amount to individual State, within each group, is then calculated on the basis of the number of districts in each State, excepting in Group I [where

the allocation has been done equally for both the UTs which have 1 or 2 districts].

iii. For groups II and III, if the allocation to a State is more than double of the group average (allocation per state) allocation for such states is restricted to the double of the group average.

iv. Considering the group-wise average allocation and also number of smaller and bigger States in the respective Group on the basis of number of districts, if the allocation is more than Rs. 15 crore for Group II and Rs. 20 crore for Group III, then allocations as obtained at (ii) above are retained.

v. Remaining amount in each of Group II and Group III is re-distributed proportionately on the basis of number of districts to the remaining States/UTs.

**1.2.6** By this system of allocation, the item-wise proportions within each group was maintained, as approved by the Cabinet. The financial break-up of the revisiting exercise and its consequential tentative allocations to the remaining but willing States was also approved by the Competent Authority.

**1.2.7** Consequent to the completion of the revisiting exercise in December, 2014, the revised allocations were intimated to the currently implementing states, with a request to revise their MoUs and targets accordingly. Then in early January, 2015, the new States were intimated of their respective allocations and they were requested to finalize their State Programmes and MoUs.

**1.2.8** While the implementation of ISSP was approved for the XII Plan period, i.e. up to March, 2017 the individual project periods of the current implementing States have been considered for extension. As explained above, extension of the project period up to March, 2017 is being given for the currently implementing States whose project period was up to March, 2014 or March, 2015 or March, 2016.

**1.2.9** In the meantime another Scheme of the Ministry, the BSLLD (Basic Statistics for Local Level Development) which was being carried out as a pilot survey, in most of the States for last 2-3 years was completed and it was decided to merge this Scheme with the ISSP and to rename it as Support for Statistical Strengthening (SSS)

### **1.3 SSS Is now a Central Sector Scheme:**

**1.3.1** Following up a letter regarding the Funding Patterns of Central Sponsored Scheme of the Ministry of Finance, it was informed that the Scheme Support for Statistical Strengthening was no more a Centrally Sponsored Scheme of the Government of India. However, given the importance of Strengthening Statistical System in the Country among the rationalized Schemes, SSS was made a Central Sector Sub-Scheme with 100% funding from the Centre under the umbrella Scheme „Capacity Development“ of the Ministry.

**1.3.2** It was pointed out that under the revised scenario, a number of changes were needed to be brought into the Scheme pertinent among which were: (i) Who should be the implementing Authority for the Scheme (ii) Funding to be 100% by Central Government (iii) decision regarding ownership of constructed Building/Capital assets (iv) Process of flow of funds from the Central Government to the implementing authority, the vendors and other agencies, spending the funds and the process of the acceptance of Utilization Certificate. Accordingly, it was decided that funds could no longer be released through the major head 3601 and 3602. It was also proposed to make the State Directorate of Economic and Statistics, the implementing agencies for the Scheme. Different other operational formalities in the changed scenario are to be firmed up and documented guidelines have to be prepared. Together this document should lay down the modalities that henceforth all releases to the State should be through the PFMS [Public Financial Management System] and Utilization Certificate will be received electronically.