



## Concept Note

# India Statistical Strengthening Project

## Tier-II

Government of India  
Ministry of Statistics and Programme Implementation  
Central Statistical Organization  
Social Statistics Division

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## Executive Summary

<b>Project Title</b>	India Statistical Strengthening Project Tier-II.		
<b>Duration</b>	Five years 2008-2012		
<b>Location</b>	India		
<b>Executing Agency</b>	National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.		
<b>Co-operating agency</b>	State Statistical Bureaus, State Governments.		
<b>Funding</b>		In US\$ Million	@ Rs. Crore
	Government of India Fund(20% of the total cost)	30	135.00
	World Bank(80% of the total cost)	120	540.00
	State Governments <i>(It is proposed that State Governments will provide land free of cost for building and all recurring costs)</i>	13*	58.5*
	<b>TOTAL COST (Excluding Land and maintenance cost)</b>	<b>150</b>	<b>675.00</b>

*(@ The one US \$ is taken equivalent to Rs. 45/-)*

*\* - Notional cost of free land and maintenance services not added on the overall cost.*

India Statistical Strengthening Project (ISSP) was formulated with the assistance from the World Bank for strengthening of Indian Statistical System as follow up of the some of the measures suggested by the National Statistical Commission for improving the statistical system with primary focus on strengthening of State Statistical System. Besides, it had other component of National interest. The ISSP has a 2-Tier approach for the implementation. In Tier-I, those activities were taken up for study, which were necessary to provide adequate details for the formulation of Tier-II activities, besides providing some positive and useful results for which NSO can go ahead otherwise for implementation. The activities in the Tier-I were implemented under the scheme "Technical Assistance for Economic Reform".

Implementations of individual activities were taken up separately commencing from December, 2004.

Tier-I of the ISSP addressed the issues of working out technical and operational details of Tier-II activities. As a follow up of the Tier-I, the Tier-II will be exclusively for the Strengthening of State Statistical Bureaus with primary focus on a) Infrastructure development and b) Capacity development of the states in order to provide reliable, timely and credible data for policy analysis and policy advocacy.

The cost component to fill the data gaps would be mainly on account of the following:

- i) Augmentation of infrastructure in terms of hardware, software and network facilities for data processing.
- ii) Setting up of administrative infrastructure such as building facilities, IT-specific structure etc.
- iii) Training of Statistical personnel.
- iv) Minimum staff requirement for the State Governments for data collection, compilation, tabulation, processing and dissemination in addition to the existing strength.

The expenditure required for strengthening the state statistical system would be met through plan funding by the Central Government. For this purpose a Central Sector Scheme (externally aided) has been formulated by the MOS&PI. The expenditure on the staff requirement will be met by the concerned State Governments on their own. The ISSP will cover only item i) to iii) of above and other incidental to implementation of the project. The project will be implemented and completed in the five year period during the 11<sup>th</sup> Five Year Plan.

**CONCEPT PAPER**  
**INDIA STATISTICAL STRENGTHENING PROJECT - (TIER-II)**

**1. BACKGROUND**

Over the years, Indian Statistical System has built an elaborate statistical structure to capture the wide varieties of data generated in the household and non-household sectors in the large decentralized economy. Establishment of the Central Statistical Unit (1949), later converted into the Central Statistical Organization (1956), the Computer Centre (1967) and the National Sample Survey (1950) are some significant development, after independence, towards building a modern statistical system.

The National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MOSPI) is the apex body in the official statistical system in the country, which has been set up in 2006 on the basis of the recommendation of the National Statistical Commission under Dr. C. Rangarajan. NSO is composed of CSO and NSSO. As a nodal agency, it has responsibilities for planned development of the statistical system in the country and coordination of statistical activities in respect of the Ministries/Departments of Government of India (GOI) and the State Statistical Bureaus or generally designated as Directorates of Economics and Statistics (DES) through CSO.

**2. Main Development issues**

2.1 In the context of growing concern about the credibility, timeliness and adequacy of the Indian Statistical System and emerging data requirements in a fast changing economic and administrative order, the National Statistical Commission was set-up under the Chairmanship of Dr. C. Rangarajan, to identify the deficiencies of the existing system and to suggest the measures for its revamping. The Commission made a comprehensive review of the statistical system and made several recommendations aimed at the following:

- Improving the reliability and timeliness of data sets available from various data sources;

- Expanding the database of Indian economy to meet the emerging needs;
- Improving the data dissemination system on various aspects of national economy;
- Strengthening the institutional capacity to gather, process and disseminate statistical information;
- Improving the quality and performance of statistical personnel both in the Central and State Governments;
- Introducing innovative technologies and standardisations to produce official statistics of the highest quality.

### **3. India Statistical Strengthening Project**

3.1 India Statistical Strengthening Project (ISSP) was formulated with the assistance from the World Bank for strengthening of Indian Statistical System as follow up of the some of the measures suggested by the National Statistical Commission for improving the statistical system with primary focus on strengthening of State Statistical System. Besides, it had other component of National interest. The ISSP has a 2-Tier approach for the implementation. In Tier-I, those activities were taken up for study which were necessary to provide adequate details for the formulation of Tier-II activities, besides providing some positive and useful results for which NSO can go ahead otherwise for implementation. The activities in the Tier-I were implemented under the scheme "Technical Assistance for Economic Reform". Implementations of individual activities were taken up separately commencing from December, 2004.

#### **Achievements of Tier-I**

3.2 The specific activities/components implemented and outcome achieved in Tier-I are as follows:

- (i) **Study for identifying Specific Requirements for Strengthening of State Statistical Bureaus:** The study was aimed at documenting the existing

statistical activities of the **State Statistical Bureaus**, assessing the efficacy of resource allocation for various activities and development of a comprehensive proposal for strengthening the state statistical system to raise to a minimum level of standard. Field work for documenting existing activities and efficacy of allocation of resources for various activities of all the State Statistical Bureaus has been completed. Based on above output a position paper based on analysis of the existing status of the statistical activity including data gaps, possibility of producing current output with better quality (timeliness, reliability, etc.), along with resources required, data improvement in the effectiveness of transmission of raw data, improving data dissemination quality and the possibilities of improving the capital stock of computing equipment, human skills and physical facilities is being prepared. The work is expected to be completed as per the revised schedule by the end of March, 2007 before Tier-II is implemented in the 11<sup>th</sup> Fiver Year Plan.

- (ii) **Study of the Creation and Maintenance of a Business Register:** The study aimed at preparing a blueprint for the creation and maintenance of the Business Register in India. The study for 'Creation and Maintenance of Business Register'; undertaken under tier-I, has already been completed successfully. Following the outcome of the study, a Business Register Unit has been created in Central Statistical Organization to establish liaise with the Income Tax Department for obtaining data through PAN and TAN database for creating a Business Register which will be used as a reliable sampling frame for organising establishment/enterprise surveys. There is no need for any further study under Tier-II.
  
- (iii) **Study for Improvement of Service Sector Statistics:** The study aimed at developing a system of periodical surveys of the Services Sector, covering one or more activities every year, with a view to improve the availability and quality of service sector statistics, particularly in the measurement of its contribution to the GDP. In Tier-I three activities, viz. 'Goods Transportation by Road', 'Motion Picture and Video Film Production' and 'Advertising', were selected for undertaking exploratory study. The reports of all three surveys have been finalised. A consolidated report has been prepared by the CSO

which would be placed before the Advisory Committee on National Accounts and Steering Committee of National Sample Survey Organization for vetting the survey methodology to be followed for the service sector. The survey methodology approved/ recommended by the Advisory Committee on National Accounts and Steering Committee would be put to test in large scale surveys in all the States particularly for 'Goods Transportation by Road' by using dual frame approach. This there is no necessity to continue the scheme in Tier-II.

- (iv) **Study for assessing the Survey Capabilities of Private Sector:** The study has two components. The first component of the study, aimed at documenting the availability of private organizations engaged in sample surveys and assessing their capabilities to undertake large surveys including data processing, data analysis, etc. on a fairly regular basis has been completed. The analytical report and database software has been finalised.

The second component of the study report on "Setting up of a Consultancy Services Wing" is under finalisation and is expected to be completed by March 2007. With this, the Study stands completed.

- (v) **Study for the Establishment of an All India Statistical Network:**

The study was originally aimed at preparing a detailed project report for the establishment of an all India Computer Network for statistical data-flow after a detailed study of the existing statistical system involving Central Statistical Organisation, National Sample Survey Organisation, Ministries/ Departments at the Centre and Directorate of Economics and Statistics (DES) of States, the hardware and software resources presently available with them, various technology options available and related advantages and disadvantages, etc. This component was de-linked from ISSP subsequently. The Ministry has decided to tie up the LAN and INTRANET components with the Tier-II of Strengthening of State Statistical Bureaus along with their infrastructure development.

#### **4. Rationale and Objectives of the Project**

4.1 Under the federal structure, Indian Statistical System has significant linkage with State Statistical System, since the data in major areas of official statistics are generated under decentralized system, for which the State Statistical Bureaus are directly concerned, being the state level nodal statistical authority.

4.2 The proposed development of State Statistical System lies in strengthening the infrastructure facilities & the capacity of the Indian Statistical System at sub-national level in order to provide reliable, timely and credible socio-economic statistics for decision making within and outside government, to stimulate research and to promote socio-economic development.

#### **5. Proposed outline of project design**

5.1 Tier-II project will be implemented and completed in five years period during the 11<sup>th</sup> Five Year Plan and it will be exclusively for the Strengthening of State Statistical Bureaus. The detail of the proposed project for the Tier-II is as follows:

##### **Strengthening of State Statistical Bureaus including Statistical Net-working**

5.2 In Tier - I of the project, a study for Identifying Specific Requirements for Strengthening of State DES was taken up and the detailed reports are expected to be available by March, 2007. The data gaps in each State's current output and the national minimum requirement would be identified. An action plan to systematically fill in the identified data gaps for each State along with the cost required for filling these data gaps in respect of each state would be available. In Tier-II, State Statistical System in the country will be strengthened by raising their level to a national minimum

statistical standard and to improve the reliability, quality and timeliness of statistics collected by States/UTs.

5.3 The cost component to fill the data gaps would be mainly on account of the following:

- i) Augmentation of infrastructure in terms of hardware, software and network facilities for data processing.
- ii) Setting up of administrative infrastructure such as building facilities, IT-specific structure etc.
- iii) Training of Statistical personnel.
- iv) Minimum staff requirement for the State Governments for data collection, compilation, tabulation, processing and dissemination in addition to the existing strength.

5.4 The expenditure required for strengthening the state statistical system would be met through plan funding by the Central Government. For this purpose a Central Sector Scheme (externally aided) has been formulated by the MOS&PI. The expenditure on the staff requirement will be met by the concerned State Governments on their own. The ISSP will cover only item i) to iii) of Para 5.3 and other incidental to implementation of the project.

5.5 The implementation plan will be executed through the State Government. A senior level officer would be nominated to effectively monitor the implementation plan for each state.

5.6 It is expected that the World Bank contribution will be prepared and delivered as part of the STATCAP program. Formally this will mean that the ISSP will be considered as a STATCAP phase and for this to be done certain conditions will need to be met. In particular it will be necessary for the MOSPI, with assistance from the

World Bank if required, to prepare a Statistical Master Plan (SMP). The SMP will provide a baseline assessment of the statistical situation in India and will set out the progress that can be made through the implementation of the project. It will set out the overall strategy to be adopted and will include a detailed implementation plan and work program for the needed investments.

5.7 The deficiencies in the present statistical system in the States would get redressed to ensure availability of reliable and timely statistics by the States for a minimum set of core statistical activities.

## **6. Implementation arrangements:**

6.1 The Social Statistical Division in the Central Statistical Organization will have the nodal responsibility for implementing the project. The Ministries/Departments/Organizations of the Central and State/UTs Governments selected for carrying out various programmes will be associated in the process of implementation.

6.2 A Steering Committee under the Chairmanship of Chief Statistician of India, will steer Tier-II project. The functions of the Steering Committee are as under:

- Formulate and issue all policy directives and prescriptions related to the implementation of the Project;
- Approve proposed schedules and time frames tabled by the bodies it supervises;
- Approve the selection of consultants, (both individuals and institutions);
- Approve any reports on the state of the project's implementation required by the Project's stakeholders (GOI, World Bank);
- Settle any conflicts that may arise involving those in charge of implementing the project; and
- Provide rulings on matters in which the project's objectives or TOR are not as clear as required for operational purposes.
- Take follow up action on the Tier-I studies; and
- Take action on the preparation and implementation of Tier-II.

6.3 Task Force would also be constituted for execution, operationalisation of the project, briefing of the consultants, monitoring of their activities and providing guidance.

## 7. **Budget**

7.1 The expected expenditure in Tier-II for strengthening the State Statistical Bureaus would be around Rs. 675 crores. However, the actual expenditure will be known only after the phase-II of Tier-II study on Strengthening of State Statistical Bureau's is over. It is envisaged to take up all the States simultaneously for strengthening and the sectors like agriculture, social services etc. will be covered in a phased manner spread over a period of five years. The detail of the budget is as given below:

Sl.No.	Item	US\$ million	in @ Rs. Crore
1.	Government of India Fund(20% of the total cost)	30.00	135.00
2.	World Bank(80% of the total cost)	120.00	540.00
3.	State Governments (It is proposed that State Governments will provide land free of cost, if there would be any provision for building)	13.00*	58.5*
4.	TOTAL COST (excluding land and maintenance cost)	150.00	675.00

*(@ The one US \$ is taken equivalent to Rs. 45/-)*

*\* Notional cost of free land and maintenance services not added on the overall cost.*

A budget provision has also been kept in the 11<sup>th</sup> Fiver Year Plan proposal.