

NINETIETH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1981-82)

(SEVENTH LOK SABHA)

FOOD FOR WORK PROGRAMME

MINISTRY OF RURAL DEVELOPMENT

[Para 6 of the Advance Report of the Comptroller &
Auditor General of India for the year 1979-80, Union
Government (Civil)]



Presented to Lok Sabha on.....

Laid in Rajya Sabha on.....

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PART—II*

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INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Ninetieth Report of the Public Accounts Committee on para 6 of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil) relating to Food for Work Programme (Ministry of Rural Development).

2. The Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil) was laid on the Table of the House on 27 April, 1981. The Committee examined the above paragraph (reproduced in Appendix I) at their sitting held on 15 December, 1981. The Committee considered and finalised this Report at their sitting held on 30 March 1982. Minutes of the sittings form Part II* of the Report.

3. The Report highlights some of basic deficiencies/weaknesses noticed during the course of implementation of the Programme viz. inadequacy of the administrative infrastructure; failure to draw up shelves of projects based on the felt needs of the people; absence of an effective monitoring/control mechanism; inability of some of the States to achieve the additionality to the extent of resources provided in the shape of foodgrains and malpractices in distribution/diversion of foodgrains for unauthorised purposes, creation of a large number of non-durable assets in violation of the guidelines etc. etc.

4. For reference facility and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix IV to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

6. The Committee would also like to express their thanks to the Officers of the Ministry of Rural Development, Department of Food and the Planning Commission and to the representatives of State Governments of Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Rajasthan, Uttar Pradesh and Manipur, for the cooperation extended by them in giving information to and tendering evidence before the Committee.

NEW DELHI

April 7, 1982

Chaitra 17, 1904(S)

SATISH AGARWAL

Chairman

Public Accounts Committee

*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.)

REPORT

[*Audit Paragraph 6 of the Advance Report of the C&AG of India (Civil), 1979-80 on which this Report is based is reproduced in Appendix I*]

1. Objectives and achievements

1.1 The Food for work programme was started by the Government of India in April 1977 as a Non-Plan scheme with the basic objectives of generating additional gainful employment for large number of unemployed and underemployed persons in the rural areas, to create durable community assets and to strengthen the rural infra-structure which would result in higher production and better living standards in the rural areas. Under the scheme, foodgrains were made available to the State Governments/Union Territories free of cost for supplementing their budgetary provisions for maintenance of public works on which large investments had been made in the past. In December, 1977, the scheme was liberalised, as it could not make much headway initially, to include all on-going Plan and non-plan works and new items of public and community works, which would constitute durable community assets.

1.2 In addition to maintenance of public and community works, all types of works like construction of various irrigation projects, flood protection and drainage works, soil and water conservation, land reclamation projects, afforestation and social forestry works, rural roads, school and dispensary building and Panchayat Ghars, Community Centres, drinking water supply schemes and irrigation channels etc. were included under the revised scheme.

1.3 Giving a genesis of the programme and its achievements, the Secretary, Ministry of Rural Development stated in evidence :

“The programme started in the year 1977-78. The genesis of the programme is that the country had a huge stock of foodgrains—more than 20 million tonnes. Therefore, it was considered as to how this foodgrain stock could be utilised. A decision was taken to maintain the assets created in the rural areas. As these had not been maintained properly, a decision was taken that the stocks should be utilised for the maintenance of Government assets that had been created in the rural area. This is how the programme started. A meeting was held at the Cabinet Secretary's level and the States were consulted and finally the programme was launched on 1st April, 1977. Since the accent was on the maintenance of public works, a decision was taken that whatever provision has been made for the maintenance, 30 per cent of that would be provided in the shape of foodgrains. The States were asked to indicate the budget provision they had made for maintenance. Simultaneously, without waiting for those figures, *ad hoc* allocations were made to them and they were asked to start the programme. In the first year, 12 States participated. It was also made clear to them that the foodgrains should not be utilised

on the on-going plan works and the utilisation was restricted to the maintenance of the assets that had been created. 2 lakh tonnes of foodgrains were made available in 1977-78 and utilisation was 1.29 lakhs. The expenditure incurred was Rs. 10 crores, and the employment generated was 440 lakh mandays. The programme was reviewed in December and a decision was taken that the scope of the programme should be widened and the foodgrains could be utilised for the on-going and non-plan works also. In 1978-79, 19 States participated, foodgrains released were 13.39 lakh tonnes, and the utilisation was 12.44 lakh tonnes. The expenditure rose from Rs. 10 crores to Rs. 123 crores and the employment generated was 3532 lakh mandays. Then in 1979-80 when the content of the programme was more or less the same as it was in 1978-79, the allocation made was more systematic in the sense that the States were told that whatever was available with us, 50 per cent would be distributed in proportion to the rural population and 50 per cent on the basis of the performance shown by them in the earlier years.

The country faced a very serious drought in 1979 and it was decided that a special Food for Work Programme should be launched. This was announced in October, 1979 and additional food allocations were made, with the result that in 1979-80, 29 lakhs tonnes were released. 25 States participated and the utilisation rose from 12 lakh tonnes to 23 lakh tonnes. The expenditure rose from Rs. 123 crores to Rs. 377 crores and it generated 5817 lakh mandays of employment. This was an year when our works were going on at more than 50 thousand places in the country and 40 lakh persons were working. But for this programme, there would have been acute distress in the country arising out of the scarcity conditions”.

1.4 In reply to a question about the Ministry's evaluation of the usefulness of the programme, the Secretary, Ministry of Rural Development stated :

“This was one programme which acted as an instrument of direct attack on rural poverty. The plan documents have clearly established that the benefits of growth have not trickled down to the poor. This Programme has done immense good to the poor people. This has been amply borne out in the evaluation studies. It has provided direct employment to the poor people who have nothing to provide by way of an economic investment. In 1979, our programme was going on at more than 50,000 places and 40 lakh people were working under it. Their wages were not allowed to go down in the lean season. The nutritional standards of the family went up considerably. The price level in the villages was properly maintained. The migration of labour from villages to urban areas was stopped. We took up works which have provided a good economic base in rural areas. These will result in more production and productivity in the years to come. There

is a lot of difference between paying in cash and in foodgrains. If a labourer is paid in cash, he is tempted to use it for things for which it should not be used. But this could not happen if foodgrains are supplied."

1.5 The representative of the Planning Commission added that the Programme Evaluation Organisation which had undertaken an evaluation of the Food for Work Programme in July 1979, had covered ten States and in each State they had selected two districts where again they selected two blocks and in each block they selected two villages for comprehensive study. Thus, there was a sampling of 80 villages in ten States. The Evaluation Team had found that the Food for Work Programme had resulted in generating gainful employment and augmenting the income of the beneficiaries of the rural areas. The Programme had also made an impact on the consumption levels. With the construction of village roads, there was considerable improvement in the community life in the rural areas.

1.6 The Food for Work Programme has been replaced by the National Rural Employment Programme since October, 1980 and included the Sixth Five Year Plan. The new programme is being implemented as a Centrally Sponsored Scheme with equal contributions from the Centre and the States. From 1981-82 Central assistance is given not only in the form of foodgrains but also in cash for material component for works executed under the programme.

II. Administrative set up

2.1 The Union Ministry of Rural Reconstruction (since redesigned as Ministry of Rural Development) acted as the coordinating agency at the Central level. In the States, the programme was administered at three levels, namely district, block and village, with state level authorities issuing general policy guidelines.

2.2 The Committee desired to know about infrastructure created for the proper monitoring and implementation of the programme before the scheme was liberalised in December, 1977 to include all sorts of new items of public community works. The Ministry of Rural Development have stated :

"The Food for Work Scheme started operating with effect from 1st April, 1977. Very little progress was, however, made till the scheme was modified in December, 1977. The foodgrains under the programme were given to the States/Union Territories as a new resource for generating better employment opportunities in the rural areas and strengthening the infrastructure for rural development. Ever since then we have been impressing upon the State Governments/Union Territories Administrations that the staff should be strengthened at all levels. At the Central level, no additional staff was created for the programme to begin with...." Through readjustments, staff was made available for handling the work relating to the programme at the State level. At the District level the work was entrusted to the District Development Officers. During the field visits to the States by the officers of the Ministry of Rural Reconstruction, shortage of staff

(both technical and administrative) was noticed in most of the States. This was pointed out to the State Governments a number of times. With the programme growing in size, the States kept on deploying more staff for the work. At the Block level, however, hardly any additions to the normal staff were made. A decision has since been taken that to enable the States to implement the rural development programmes effectively the staff at the Block level should be augmented and the expenditure on this should be shared between the centre and the States on 50 : 50 basis. A communication to all the State Governments/Union Territories Administrations has already gone for sending necessary proposals”.

2.3 In reply to a question whether the machinery for implementation of the programme was geared up sufficiently in each State to handle the heavy load of work, the Ministry have stated :

“...no cash funds were given to the States under the programme and as such the strengthening of the staff for implementation of the programme was the sole responsibility of the State Governments. The State-wise details of the additional technical staff created by them are not readily available. It may, however, be mentioned that in most of the States rural engineering organisation/rural engineering service exists which mainly provides the technical supervision. Some of the States which could not develop this sort of organisation in the past are now trying to do so in the interest of effective implementation of the programme”.

2.4 During evidence, the Committee enquired whether the irregularities mentioned in the Audit para and also in the evaluation study of the programme undertaken by the Programme Evaluation Organisation of the Planning Commission had taken place during implementation of the programme because the administrative structure in the rural areas was incapable of implementing the scheme on such a massive scale. The Secretary, Ministry of Rural Development replied :

“It has to be accepted that the administrative structure in the rural areas is weak, because of various reasons like, for instance, urban areas; most of the Government officials are from the cities; they do not belong to the rural areas and they do not know the problems of the poor people. So, they are not sympathetic to them. The fault also lies with our educational and recruitment policy, which has no bias in favour of the rural people. The result is that the rural infrastructure is very weak. When we take up programmes in these areas, these irregularities happen. Even in established works like irrigation, PWD, where massive investments are made, we are not utilising every rupee that we are investing”.

2.5 In reply to a further query, the witness stated :

“We are aware of this problem. Not only in the context of NREP, even in the Integrated rural development programme, wherein the investment is likely to be of an order of Rs. 4,500 crores by 1985, our infra-structure at the block and village level is

weak. We must accept it. The block administration used to be strong in the fifties and sixties. When the block programme became weak, the department re-established the vertical hierarchy. The result was that the integrated approach, which should have been there at the Block level, got destroyed. We are again trying to re-assemble the block team. We have taken this decision and informed all the State Governments that if they strengthen the staff at the village and block level, 50 per cent of the expenditure would be borne by the Centre. Unless there is a very strong organisation at the village and block level, not only this programme but none of the poverty alleviation programmes will be entirely successful".

2.6 In reply to a question whether the Ministry had undertaken any study regarding the infrastructural requirements before undertaking the programme, the Secretary, Ministry of Rural Development stated :

"The infrastructure that existed is more or less known. No study as such was undertaken. The infrastructure requires to be strengthened....."

2.7 The Food for Work Programme was launched in April, 1977 with the basic objectives of providing gainful employment opportunities to the poorer sections of the rural community, creating durable community assets and strengthening the rural infrastructure leading to higher production and better living standards in the rural areas. Conceived in the context of comfortable food stock position, the programme was taken up as an integral part of the strategy for a direct attack on the problem of rural unemployment and poverty. It has been claimed that but for this programme, there would have been acute distress in the countryside during 1979-80 which was a year of unprecedented drought. In October, 1980 the programme was replaced by the National Rural Employment Programme (NREP) which is now an integral part of the Sixth Five Year Plan.

2.8 Under the scheme, foodgrains were made available to the State Governments/Union Territories free of cost for supplementing their budgetary provisions for maintenance of public works on which large investments had been made in the past. As not much headway could be made initially, the scheme was liberalised in December, 1977 to include all on-going and non-plan works and new items of public and community works which would constitute durable community assets.

2.9 The Committee find that no additional staff was provided either at the State level or at the Block level for ensuring proper implementation and monitoring of the programme. At the district level, the work was entrusted to District Development Officers. "Since the administrative structure particularly at the grass-roots level in the rural areas is known to be very weak, the Committee consider that while launching such a programme, it was imperative that adequate attention was paid to the strengthening of the administrative infrastructure and to provide the necessary training and proper orientation to the staff with regard to the problems and needs of the rural community. It was conceded by the Secretary, Ministry of Rural Development during evidence that "the block administration used to be strong in the

50s and 60s. When the block programme became weak, the department re-established the vertical hierarchy. The result was that the integrated approach, which should have been there at the block level, got destroyed. We are again trying to re-assemble the block team”.

2.10 The Committee understand that a decision has been taken recently by the Central Government to provide funds to the extent of 50 per cent to the State Governments for strengthening the staff at the block level. The estimated outlay under the new National Rural Employment Programme during the Sixth Plan is as high as Rs. 4500 crores. It is obvious that the implementation machinery would have to be attuned to the challenging task by providing to it the necessary skills and orientation, which is essentially a management task, so as to ensure successful implementation of the programme. The Committee therefore, consider that Government must face this problem squarely and persuade State Government to take concerted steps to develop a cadre of managers drawn largely from rural areas for planning and execution of the development schemes for the poor and unemployed sections of the rural community under the National Rural Employment Programme. The Committee consider that the Union and State Governments have distinctive roles to play in this sphere. While senior executives who belong to All India Services are to be trained and given the necessary orientation in Central institutions, it is equally important that the supporting staff who are employees of the State Government's are also properly equipped for the task. The Committee trust that the training facilities available in the National Institute of Rural Development, Hyderabad and other similar institutions in the country would be made full use of. Mention has been made in the annual report of the then Ministry of Rural Reconstruction for the year 1980-81 of a new Centrally sponsored scheme for establishment or strengthening of State centres for training and research in rural development. The Committee desire that the matter should be pursued vigorously with the State Governments with a view to expediting the setting up of such centres. The Committee would like to be apprised of the precise steps taken in this direction.

III. Planning of requirements

3.1 The Programme Evaluation Organisation of the Planning Commission have observed in their Evaluation Report on Food for Work Programme that the departmental projects undertaken were chosen by the States in a casual manner out of on-going projects without going into the basic needs and priorities of the village community. In this context, the Committee enquired whether any areawise survey was conducted at least to identify the rural unemployed and under-employed persons before initiating the programme, the Ministry have stated :

“No specific survey to identify the rural unemployment and under-employment had been conducted before initiating the programme. However, broad indications in this regard were available from some of the surveys conducted by the National Sample Survey Organisation and identification done of small and marginal farmers, landless labourers etc. under SFDA programme. In any case, at the State level, information was available about the pockets of acute unemployment/under-employment. At the district level, this sort of identification could easily be done on the basis of information available from the field. In fact, the

programme gained popularity first in those areas/States where the problem of unemployment/under-employment was worst. Nearly 50% of the rural families are living below the poverty level is already a well known fact."

3.2 It is observed that the scheme was liberalised in December, 1977 to include all on-going plan and non-Plan works and new items of public and community works which would constitute durable community assets.

3.3 Asked why it was thought necessary to include non-plan schemes in the Programme, the Ministry have replied :

"Even before the scheme was liberalised in December, 1977, to include all on-going plan and non-plan works under new items of public and community works which could be taken up under it, the scheme provided for taking up of non-plan works. In fact, according to the original scheme, formulated under Government of India letter dated 11-3-1977, the additional resources in the shape of foodgrains were to be utilised mainly on the maintenance of public works in the rural areas. The reasons for this were two fold. Firstly this was meant to ensure better maintenance of public assets involving large investment created in the past in the rural areas and secondly it would result in the generation of additional employment opportunities for the rural unemployed/under-employed. As a result of liberalisation in December, 1977 (vide Deptt. of Rural Development letter dated 8-12-1977) on-going plan and non-plan works and new items of public and community works were permitted to be taken up under the scheme."

3.4 The Committee desired to be furnished a break-up of the value of the foodgrains utilised for works falling under plan and non-plan schemes separately (year-wise and State-wise). The Ministry have stated :

"While the information relating to the total expenditure under plan and non-plan items was being collected from the States/UTs through the quarterly reports/returns, the break-up of the value of foodgrains utilised for works falling under plan and non-plan schemes separately was not being collected. As the programme has been under implementation for almost 5 years now, it will be a very lengthy exercise to collect the detailed information regarding break-up of the value of the foodgrains utilised for works falling under plan and non-plan schemes separately for the past years. It is also felt that the results likely to be achieved through this exercise will not be commensurate with the labour involved in it. Hence it is for consideration whether this information need be called for from the States at this stage."

3.5 During evidence, the Committee enquired whether the basic needs of the unemployed/under-employed were taken into account when the programme was taken up. The witness replied :

"No Sir. When the programme was started, there was no question of taking into consideration the basic needs of the people. The emphasis then was on the creation of assets, because it was a maintenance programme."

3.6 Asked as to when the State Governments were asked to draw up a shelf of projects, the witness replied :

“When the coverage of the programme was enlarged in December, 1977, instructions were issued that there should be proper planning and a list of works that should be taken up should be drawn up . . . the modified scheme for generating gainful employment was launched on 8 December, 1977.”

3.7 Asked as to how much time it took to stabilise the scheme, the witness replied :

“I would frankly admit that we got stabilised only at the end of 1979-80 because the whole year we went on facing the drought situation in the country. Otherwise, the policies and programmes, kept on changing, that is, modifications continued to be made in 1978 and 1979.”

3.8 The Committee enquired why shelf of projects based on the needs of the people was not prepared before the works were undertaken under the Programme. The Ministry have stated :

“Under the Food for Work Programme the foodgrains given to the States were allowed to be utilised on all the on going as well as on new works. As such, no separate shelf of works was considered necessary at that stage. However, when it was observed that a systematic basis has not been followed for taking up the work in different States, it was considered necessary to issue specific instructions that they should prepare a shelf of projects. It became all more necessary when the normal type of on going works were excluded from the purview of the programme.”

3.9 The Committee enquired about the position regarding preparation of a shelf of projects under the New National Rural Employment Programme (NREP) and the arrangements made for maintenance of the assets. In a note, the Ministry have stated :

“Under the National Rural Employment Programme, it has now been made obligatory for the States to prepare shelf of projects based on the felt needs of the people. Most of these States have now prepared the shelves of projects or master Plans for area development for each block/district. Some of the States which have not prepared these shelves of projects yet are doing so now. By the end of the current year it appears certain that all the States would have prepared necessary shelf or projects and from beginning of next year they would be strictly executing the works out of the shelf of projects only. The expenditure on maintenance being non-plan item, it is squarely the responsibility of the State Governments to maintain the assets created under the programme. This has been amply clarified in the new guidelines of the programme issued some time back. All the same, it has been decided that until the concerned departments of the State

Governments take over the assets for proper maintenance, the executing agencies under N.R.E.P. should not treat the works as complete. The maintenance cost incurred on these works by appropriate departments should be treated as debitable to NREP expenditure."

3.10 "The Committee note with dismay that the Food for Work Programme was initiated without carrying out any specific survey with regard to the scale and magnitude of rural unemployment/under employment. The Committee are surprised to note that no efforts were made to draw up a shelf of projects based on the needs of the rural community after carrying out detailed field surveys and collecting the requisite data. Since these schemes were meant for the rural poor it was also necessary that those who were to be the beneficiaries of the scheme were chosen in a more careful manner."

The Evaluation Report of the Programme Evaluation Organisation has also pointed out that the departmental projects undertaken were chosen by the States in a casual manner out of on-going projects without going into the basic needs and priorities of the village community.

3.11 The Committee understand that it is only recently that instructions have been issued making it obligatory for the States to prepare a shelf of projects based on the felt needs of the people. The Committee expect that the Ministry of Rural Development as the nodal Ministry in-charge of the rural development programme would ensure that funds are released to the States only after satisfying themselves that well thought out shelves of projects have been prepared by the agencies concerned with the implementation of the programme.

IV. Monitoring and evaluation

(a) *Steering Committees*

4.1 The guidelines laid down by the Ministry provided setting up of Steering Committee at the State level headed by the Chief Secretary/Development Commissioner or any other Senior Secretary. Likewise at the District level, District Steering Committees were required to be set up with the District Magistrate/Collector as the head. The main function of the State level Steering Committees was to plan overall implementation of the programme by various agencies and to see that the progress of the works was not allowed to suffer for any reason. The State level Steering Committee had also to make suitable arrangements for monitoring efficient implementation of the programme. The identification of works under the programme was to be done at the District level and works to be taken up under the programme in a district were to be approved by the District level Steering Committee only. The Committee enquired whether the Steering Committees were formed in time and if not how the works were planned and their progress monitored. The Ministry of Rural Development have replied :—

"In some of the States, the State/District level Steering Committees could not be constituted in time. However, these Committees were constituted almost in all the States. Wherever separate Steering Committees for NREP were not constituted, the functions of the Steering Committees were discharged by some other similarly constituted Committees."

4.2 The Report of the Programme Evaluation Organisation which studied the performance in 10 States gives the following details regarding the dates of constitution of State Level Steering Committees and the number of meetings held during 1977-78, 1978-79 and 1979-80 :

Details of Steering Committees at State Level

Name of State	Date of Constitution	No. of meetings held		
		1977-78	1978-79	1979-80 (till Aug., 1979).
1	2	3	4	5
Andhra Pradesh	Feb., 1979	..	1	1
Bihar	May, 1978	Only three meetings in all. Dates not available.		
Gujarat	Not available	..	4	1
Haryana	Feb., 1979	..	6	3
Madhya Pradesh	May, 1978	..	3	..
Maharashtra	Jan., 1979	1
Orissa	Aug., 1978	..	1	1
Rajasthan	Nov., 1978	..	4	3
Uttar Pradesh	1977-78 (Exact date not available)	5	9	3
West Bengal	Not available	..	1	..

(b) Progress Reports

4.3 The Committee enquired whether monthly and quarterly progress reports on the implementation of programme required to be submitted by the States as per the guidelines were received regularly and in time from each of the States. The Secretary, Ministry of Rural Development stated :

“The position about the receipt of monthly statements and quarterly statements is by no means satisfactory. There were defaulting States, Manipur and Nagaland have not sent us any statement for the last one year.”

4.4 In a note subsequently furnished to the Committee the Ministry of Rural Development have furnished the following details of delays in submission of monthly and quarterly progress reports by the various States.

4.5 1. *Details indicating period of delay in submission of monthly progress reports by various States during the period 1977-78, 1978-79 and 1979-80 under Food for Work Programme are given below :—*

S. No.	Name of the State	Period of delay in months		
		1977-78	1978-79	1979-80
1	2	3	4	5
1.	Andhra Pradesh	—	1 to 4	2 to 21
2.	Assam	14 to 17	7 to 18	2 to 13
3.	Bihar	5 to 8	1 to 7	1 to 5
4.	Gujarat	—	1 to 6	1 to 3
5.	Haryana	—	—	1 to 3
6.	Himachal Pradesh	9 to 12	1 to 12	1 to 5
7.	Jammu & Kashmir	—	N.R.	1 to 4
8.	Karnataka	1 to 6	1 to 4	1 to 6
9.	Kerala	2 to 5	1 to 4	1 to 3
10.	Madhya Pradesh	3 to 8	1 to 3	1 to 2
11.	Maharashtra	—	—	1 to 3
12.	Manipur	—	—	1 to 3
13.	Meghalaya	—	—	—
14.	Nagaland	—	—	1 to 5
15.	Orissa	1 Month	1 Month	1 Month
16.	Punjab	2 to 5	1 to 4	1 to 3
17.	Rajasthan	2 to 4	1 to 4	1 to 3
18.	Sikkim	—	—	—
19.	Tamil Nadu	—	—	1 to 4
20.	Tripura	—	4 Months	1 to 3
21.	Uttar Pradesh	4 to 9	1 to 2	1 to 4
22.	West Bengal	9 Months	1 to 7	1 to 4
23.	A & N Islands	—	—	3 Months
24.	Arunachal Pradesh	—	—	4 to 15
25.	Mizoram	—	1 to 5	1 to 4
26.	Pondicherry	—	—	1 Month

II. *Statement indicating period of delay in submission of quarterly progress reports by various States during the year 1977-78, 1978-79 and 1979-80 under Food for Work Programme.*

S. No.	Name of the State	Period of delay in months		
		1977-78	1978-79	1979-80
1.	Andhra Pradesh	—	3 to 9	1 to 3
2.	Assam	14 Months	12 to 21	3 to 10
3.	Bihar	3 Months	2 to 6	2 to 5
4.	Gujarat	—	1 to 7..	1 to 4
5.	Haryana	—	1 month	1 to 4
6.	Himachal Pradesh	8 months	2 to 11	4 to 13
7.	Jammu & Kashmir	—	N.R.	—
8.	Karnataka	1 to 4	1 to 2	2 to 6
9.	Kerala	13 months	2 to 5	2 to 5
10.	Madhya Pradesh	—	2 months	4 months
11.	Maharashtra	—	2 to 5	2 to 7
12.	Manipur	—	—	N.R.
13.	Meghalaya	—	—	—
14.	Nagaland	—	—	3 to 7
15.	Orissa	1 month	1 month	2 months
16.	Punjab	1 month	2 to 6	1 to 7
17.	Rajasthan	2 to 3	2 to 3	1 to 3
18.	Sikkim	—	—	—
19.	Tamilnadu	—	—	1 to 2
20.	Tripura	—	3 months	3 months
21.	Uttar Pradesh	2 months	1 to 4	1 to 6
22.	West Bengal	4 months	1 to 4	1 to 6
23.	A & N. Island	—	—	1 month
24.	Arunachal Pradesh	—	—	1 to 3
25.	Mizoram	—	1 to 6	2 to 3
26.	Pondicherry	—	—	2 to 3

4.6 The Committee find that constitution of State/District Level Steering Committees was delayed in some States while in certain others such Committees were not set up at all. The Committee are dismayed to find that even in States where State Level Steering Committees were set up, these committees met very infrequently. "Therefore, the inescapable conclusion seems to be that the task of ensuring efficient implementation of the programme through a system of close monitoring and supervision was not taken seriously by the State Govts. concerned nor insisted upon by the Central Government". At the District level, the identification of works under the programme was to be done by the District Level Steering Committees. The report of the Programme Evaluation Organisation points out that these Committees had not been set up in all districts and wherever they had been set up, they were not quite active except in a very few cases. In certain places, the district committees did not meet even once after their constitution. The Committee consider that activation of Steering Committee both at the State and District levels is essential for effective monitoring and for devising on course corrective measures as may be called

for from time to time. "The Committee consider that the rural poor and their organisations must be represented on these Committees. Voluntary agencies should also be involved in the task of rural development. The Committee recommend that instructions in this behalf should be integrated into the directives/guidelines given to the States for compliance".

4.7 The guidelines laid down by the Central Government provided for submission of monthly and quarterly progress reports to serve the needs of planning and administration of the scheme to enable the authorities both at the Centre and in the States to keep a close watch on trends and to apply corrective steps. They were also to form the basis for further release of foodgrains under the scheme. The details furnished to the Committee in this regard reveal a very sorry state of affairs. Almost all the States defaulted in furnishing these reports in time. The monthly progress Reports for 1979-80 were delayed by as many as 2 to 21 months by Andhra Pradesh, 2 to 13 months by Assam and 4 to 15 months by Arunachal Pradesh. The quarterly reports were also delayed by 3 to 10 months by Assam and 4 to 13 months by Himachal Pradesh—in fact both these States had been consistent defaulters throughout the period of operation of the programme. What is worse, certain States like Jammu & Kashmir and Manipur did not file any quarterly reports at all. The Committee fail to appreciate why foodgrains were released to the defaulting States in disregard of the guidelines consistently over a period of time. Obviously, the Ministry themselves did not take these defaults seriously and allowed not only the guidelines to be violated but the monitoring system itself to get vitiated and diluted. This is indeed unfortunate. "The Committee need hardly point out that for the States themselves, timely receipt of progress reports would have helped better monitoring of the programme".

4.8 The Committee trust that in such Centrally sponsored programmes which are in fact national programmes, due vigilance will be exercised by the beneficiary States. The Central Government on their part should also devise in built checks to ensure that further release of funds or assistance in kind is not permitted unless the requisite progress reports are forthcoming in time. The Committee would like to be apprised of the specific steps taken in this regard.

V. Physical Assets created

5.1 As mentioned earlier, one of the basic objectives of the Food for Work Programme was to deploy idle manpower for creation of productive durable assets and strengthen the rural infrastructure leading to higher production and better standard of living in rural areas. A durable community assets as defined in the guidelines issued by the Ministry of Rural Development in this regard would benefit not an individual but either the entire community or a considerably large section of the community who deserve to be helped and which would be of lasting or durable nature. A purely 'katcha' road which has no culverts or bridges, according to the guidelines, even though required would not be a durable community asset unless proper culverts and bridges etc. are provided and a minimum top soling is done on it. The works generally undertaken by most of the States were soil conservation and afforestation, flood protection, major and minor irrigation, roads, school buildings, panchayat ghars, community halls and houses for the weaker sections.

5.2 The guidelines further provided that since black topping of thousands of miles of roads to be constructed under the programme will not be immediately possible, it will be sufficient if a top soling of such local materials as stone, gravel, bricks, morrum, cinder or 'Kankar' as per the standards laid by the Central Road Research Institute, is provided for the time being. The guidelines further state that the cash component required for the works viz. part payment of wages of labour in cash, purchase of materials like cement, bricks, coaltar etc. tools and implements, machinery like road rollers and other overheads on staff and vehicles etc. will have to be met by the States.

5.3 Audit have pointed out that many of the roads constructed were not provided with the minimum top soling as per the standards laid down for the purpose and also had no culverts and bridges and hence could not be considered durable community assets as defined in the guidelines. The Project Evaluation Organisation of the Planning Commission has also found out during the course of their sample study that as much as 46.6 per cent of the works under taken were non-durable. Pointing out that one of the basic objectives was to create durable community assets, the Committee asked why foodgrains were utilised on creation of non-durable community assets. In reply, the Ministry of Rural Development have stated :

“Under the Food for Work Programme, only expenditure on wages for execution of works was being met through foodgrains supplied under the programme. No funds for material component were being provided. Although the State Governments were expected to find necessary resources for making the works durable, the funds made available by the State Governments were not adequate and as such some of the works could not be made durable. Even otherwise, top soling over the roads is possible only after the earth work is properly compacted and also it is a normal practice that soling or metting are taken up in different financial years depending on the availability of resources. There is nothing peculiar that earth work in case of food for work programmes was done in one particular year and metting or soling was being done in the subsequent years.”

5.4 In reply to another query from the Committee as to why a large number of Kutch roads built in Uttar Pradesh were not provided with top soling to make them durable assets, the Secretary, Ministry of Rural Development stated in evidence :—

“.....The situation is very unsatisfactory. Because of the drought situation in the State, they carried out construction of the roads in a most haphazard manner. We brought it to the notice of the State Government that they should have proper plan, otherwise in one or two rains, earth work will get washed away and there will be a colossal waste of money. The U.P. State have constructed 40,000 kms. of roads and I am sure they will take several years for top dressing and soling. I do not think the State will have the resources to make these roads pucca even in the next four to five years.”

5.5 Asked to indicate the value of such works, state-wise and year-wise, the Ministry have informed the Committee as follows :—

“... Since under the FWP, entire requirement of funds for completing the works was not being met by us under the programme, it would be difficult to indicate the value of the assets created particularly because the funds from more than one source have been utilised. The total expenditure incurred by the States/UTs on the works taken up under the food for work programme is being collected. However, no assessment of the value of such work has been done so far.”

5.6 The Committee enquired how in the absence of information about the value of assets created under the programme, the Central Government satisfied itself that the assets created and employment generated were commensurate with the quantum of foodgrains utilised. In reply, the Ministry have stated :—

“Under the Food for Work Programme the Government of India was only providing foodgrains to the States for taking up of Works which resulted in creation of durable community assets. The expenditure on the material component was to be met by the State Governments. The State Governments were also required to furnish monthly/quarterly information in regard to the foodgrains utilised over all expenditure incurred, employment generated and physical target achieved etc. In so far as the value of the individual assets created under the programme is concerned, it was for the State Governments/UT Administrations to see that the assets created were commensurate with the quantum of foodgrains and other expenditure incurred on each of these. However, a broad view about the assets created being commensurate with the foodgrains could be had from the information that was received from the States through monthly/quarterly reports wherein overall figures of expenditure including the value of the foodgrains was available. Also, the field visits by the officers from the Ministry of Rural Reconstruction clearly indicated that the value of assets created through utilisation of foodgrains under the programme was substantially more than the foodgrains utilised. It was also observed that since the execution of works was done mostly through the Panchayats the assets were created at a cost much lower than the assets constructed through other agencies, where execution was through the contractors.”

5.7 The Committee enquired about the steps taken to convert the non-durable assets into durable ones. The Ministry have stated :

“On field visits to various States, when it came to notice that quite a large number of assets created under the programme were not durable, it was decided that cash funds for material component should also be provided. It is in pursuance of that decision that provision of funds under the programme is now made both for payment of wages and purchase of material etc. in the ratio of 60 : 40 in case of individual works and 66 : 33

in case of overall expenditure. During the year 1980-81, a total amount of Rs. 105.00 crores was made available to the States for making the assets created under the programme durable. The State Governments have been asked to make the assets already created under the programme durable with the help of these funds and also utilise the funds being made available for material component during the year 1981-82. Special monitoring for this purpose has also been prescribed *vide* letter No. G.25011/1/80-FW dated the 13-4-1981."

5.8 Asked why provision of cash component in addition to foodgrains was not thought of initially while formulating the programme, the Ministry have stated :—

"When the Food for Work Programme was started, the basic idea was to utilise the surplus foodgrains for generation of employment opportunities in the rural areas and to create durable assets, which will strengthen the infrastructure for rural development. It was then visualised that the additional resources given to the States in the form of the foodgrains would enable the State Governments to create larger assets of durable nature by paying the wages in foodgrains and meeting the cost of the materials from the funds available in the State Budget. Provisions of cash component had to be thought of when it was found that the State Governments were not able to make all the assets created under the programme durable."

5.9 Asked about the action taken under NREP to make these assets durable, the Ministry have stated :—

"During the year 1980-81, special cash grants were given to the States/Union Territories under NREP to make the non-durable assets created under the programme durable. State Governments have also been asked to furnish reports in respect of works already made durable being made durable, now and those which are yet to be made durable. From 1-4-81 regular material component to the extent of 40% in case of individual works with an overall ceiling of 33% for the State as a whole are being given. Special monitoring for this purpose has also been prescribed *vide* letter No. G.25011/1/80-FWP dated the 13th April, 1981."

5.10 One of the basic objectives of the Food for Work Programme was to establish durable community assets which however, was not done. The Report of the Programme Evaluation Organisation has revealed that as much as 46.6% of the works undertaken in the blocks/districts selected for study were non-durable. Construction and repair of village roads and streets and drainage programme accounted for the maximum number of non-durable works. This has been explained as due to the reason that while foodgrains were supplied by the Centre, adequate funds were not made available by the State Governments for the material component *viz.* cement, bricks, steel etc. as well as skilled labour, technical supervision etc.

5.11 The Secretary, Ministry of Rural Development stated in evidence that in U.P. for example, as much as 40000 kms. of Kutch roads were constructed as a measure of drought relief "in a most haphazard manner." "We brought it to the notice of the State Government that they should have

proper plan, otherwise in one or two rains, earthwork will get washed away and there will be a colossal waste of money they will take several years for top dressing and soling. I do not think the State will have resources to make these roads pucca in the next four to five years."

5.12 The performance budget of the then Ministry of Rural Reconstruction for the year 1980-81 has also pointed out that for want of adequate financial provision in most of the States for giving a part of the wages in cash and for financing the material components of work, it had become a practice to build kuccha roads on a large scale. These roads will not be able to survive even one or two monsoons and cannot by any standard be termed as durable assets.

5.13 The Committee regret to observe that no data is available with the Ministry as to the value of such non-durable assets. The Ministry have contended that "In so far as the value of the individual assets created under the programme is concerned, it was for the State Governments/Union Territory Administrations to see that the assets created are commensurate with the quantum of foodgrains and other expenditure incurred on each of these." The Committee are unable to accept the explanation provided by the Ministry and are of the view that it is an attempt to divert themselves of all responsibility in the matter.

5.14 Considering that a large number of non-durable assets were created under the Food for Work Programme, the Committee desire that an assessment should be made of the value of such works to enable a proper cost benefit study to be carried out and also to ascertain the actual State of such works and the requirements of funds for making them durable. The Committee would therefore urge the Ministry to undertake such an exercise immediately and report back the results thereof. The Ministry of Rural Development should, in consultation with the Ministries of Industry and Steel draw up the details of requirements of cement and steel and the Centre should earmark specifically a portion of the allotment in respect of these commodities to the States for use under this programme.

5.15 The Committee understand that in 1980-81 special cash grant was given to the States/Union Territories under NREP to make the non-durable assets created under the programme durable. From 1-4-1981 regular material component to the extent of 40% in case of individual works within an overall ceiling of 33% for the State as a whole, is being given. It is therefore, incumbent on the Ministry to ensure that all non-durable works are made durable under a time bound programme. Proper monitoring of the progress in this regard must be done both at the Central and State levels and release of further funds for new schemes made contingent on the progress in the completion of the unfinished works.

VI. Employment Generated

6.1 Government had estimated the generation of employment at the rate of 2.5 kgs. of wheat per head per day. The audit para has pointed out that there was a shortfall of 14% in 1977-78, 28% in 1978-79 and 47% in 1979-80 i.e. an overall shortfall of 39% during the period the food for work programme was in operation considering the actual mandays generated vis-a-vis the quantity of foodgrains utilised.

6.2 Explaining the reasons for shortfall in the generation of employment, the Ministry of Rural Development have stated :

“According to the guidelines for food for work programme the payment of wages could be made wholly or partly in foodgrains. As such, the question of any relationship between the foodgrains supplied and employment generated does not arise, particularly because it was left to the discretion of the States to pay the wages wholly or partly in form of foodgrains. It was purely on a rough calculation that an estimate for employment likely to be generated was worked out at an average of 2.5 kg. per day per head. However, some of the major States paid workers wages entirely in foodgrains, which was permitted under the guidelines. Hence the expectation of generation of employment at the rate of one manday for every 2.5 kg of foodgrains did not come true. The up-to-date position of employment generated being 9793.22 lakhs mandays upto 31-3-1980, the shortfall works out to be less than the figure quoted by the Audit.”

6.3 During evidence the Committee drew the attention of the witness to the Forward to the publication “Food for Work Programme—A guideline” wherein the then Secretary, Ministry of Agriculture and Rural Development had observed *inter-alia* that in view of the overall investment of Rs. 200 crores in 1978-79. “It should result in generating additional employment of approximately 400 million mandays reckoning at 2½ kg. wheat per head per day on an average.”

6.4 A statement to the same effect was also contained in the Performance Budget of the Deptt of Rural Development, Ministry of Agriculture and Irrigation for 1979-80. The Committee therefore enquired about the reasons for shortfall *vis-a-vis* the prescribed targets. The Secretary, Ministry of Rural Development replied :

“Personally I do not concur with the view that we should take an average of 2.5 kgs. In 1980-81 when we were not in a position to issue foodgrains in the required quantity, we informed the State Governments that our liability was to meet the expenditure equal to 3 kg. This figure of 2.5 kgs. may be for rough calculation. It only gives a general assessment of the situation. In 1977-78 the foodgrains distributed was 1.29 lakh tonnes. The employment likely to be generated was 51 million mandays, but the actual employment generated was 44 million; it was less than the figure works out on the basis of 2.5 kgs. In 1978-79 the employment which should have been generated was 500 million mandays; the actual generation was 353 million. There was shortfall of 33%. In 1979-80 it should have been 942 million mandays, but actual generation was 581 million mandays, *i.e.* 55%. Although it was at the back of our mind when we used to calculate on the basis of 2.5 kg. it has never been achieved and it could never be achieved. You know the rural areas better than we do. How can you expect a man to work on 2.5 kg. of foodgrains, *i.e.* for about Rs. 3 per day.”

6.5 Clarifying the position further, the Secretary Ministry of Rural Development stated :

“.....They made the calculation on the basis that one manday employment is created if 2.5 kgs of foodgrains were issued. This

was never the case; and we never informed the State Governments that this should be the basis for calculation. There is a mention about this figure in one of the paras written by the then Secretary in the Ministry, in the guidelines that were issued. But you will kindly appreciate that the wages paid were not uniform in all the States. In Madhya Pradesh and Orissa the minimum wage was Rs. 4/-. That would take care of about four kg. of rice. What happened was, since at that time no restriction was imposed on a worker, or a carpenter or a camel cart owner, had to be paid about 17 kg. of foodgrains. He was supplying camel carts for transportation of stone grit etc.”

6.6 As all those turning up for employment at worksite could not be provided jobs, the Committee enquired whether the Ministry had carried out any exercise to ascertain the potentiality of the programme to generate employment if its scope were to be widened. The witness replied :

“No specific study has been made. I entirely agree with you that there is a much greater need to provide employment than we are doing now because, as you know, there are nearly 20 million families of landless in our rural areas. Then we have marginal farmers and small farmers. The marginal farmers need employment in the off-season. Therefore, if we are able to provide more resources, certainly we will be able to provide more employment of which the need is clearly established. But we have now given instructions to the State Governments that an assessment should be made of the employment that should be provided and they should plan their works accordingly. But I am sure the resources do not permit provision of employment to all those who are seeking employment.”

6.7 Audit have pointed out that according to Government's own estimates, generation of additional employment was expected to be at the rate of 2.5 kgs. of wheat per head per day. Since the total quantity of foodgrains utilised during the three years of operation of the Food for Work Programme (1977-78 to 1979-80), was 37.32 lakh tonnes, it should have generated 14930.28 lakh mandays. As per latest figures furnished to the Committee, the actual achievement was 9793.22 lakh mandays i.e. on overall shortfall of nearly 34.5%. According to the Ministry, payment of wages could be made wholly or partly in foodgrains and as such the question of any relationship between the foodgrains supplied and employment generated, does not arise and that “it was purely on a rough calculation that an estimate for employment likely to be generated was worked out at an average of 2.5 kg. per day per head”. The Secretary, Ministry of Rural Development added in evidence that the State Governments were never told that this would be the basis for calculation. Moreover, the wages paid were also not uniform in all the States.

6.8 The Committee observe that an altogether different set of statistics were furnished to Parliament in this regard. The Performance Budget of the Ministry for the year 1980-81 shows that additional employment generated under the programme was to the extent of 4.38 crore mandays in 1977-78, 37.39 crore mandays in 1978-79 and was expected to be around 100 crore mandays in 1979-80—thus making a total of 141.77 crore mandays which is much higher than the figure of 97.93 crore mandays now

furnished to the Committee. The Committee consider such a wide discrepancy to be symptomatic of the failure of the monitoring system and would like the matter to be explained to committee's satisfaction at the earliest.

6.9 The Committee would also stress that the Ministry should examine in depth the reasons why the programme did not succeed in generating employment to the extent anticipated. Such a study is essential for avoiding the pitfalls in execution of the present National Rural employment Programme and in ensuring that substantial dent is made during the Sixth Plan period into the problem of rural unemployment/underemployment which happens to be one of the items of the new 20-Point Programme announced recently by the Prime Minister.

The Committee suggest that the Ministry should set up a study team consisting of officials and eminent economists as members to study the scale and magnitude of rural unemployment/under-employment. The Study Group should be asked to submit its report within a reasonable period of time".

VII. Allocation of food grains to States and their utilisation

7.1 The Committee desired to know the basis adopted for allocation of foodgrains to various States and whether any evaluation/appraisal of the works was undertaken before further allocation of foodgrains. In a note, the Ministry have stated :

"In the first two years (1977-78 and 1978-79) the allocations of foodgrains to various States was made on the basis of realistic requirements received from them. In the 3rd year (1979-80) 50% of the foodgrains were allocated on the basis of rural population in each State and 50% on the basis of their performance in the previous year. Later on, a formula was worked out under which weightage of 75% is given to the number of agricultural labourers/marginal farmers and 25% weightage to incidence of poverty in each State while working out State-wise allocation of foodgrains. Release of the foodgrains as also further allocations were made to the States/Union Territories on the basis of the utilisation reports. No yearly evaluations were, however, conducted before making the allocations."

7.2 A statement indicating the foodgrains allocated, foodgrains actually released by FCI and the foodgrains actually utilised/distributed by the States/U.Ts for the year 1977-78, 1978-79, 1979-80 are enclosed as per Appendices . . II . . . A, B & C. Explaining the reasons for the variations in the figures and how the unreleased foodgrains were actually utilised, the Ministry have stated :

"Variation between the figures indicating the quantities allocated and actually released is mainly due to the fact that release of foodgrains out of the allocated quantities was made on the basis of the utilisation reports received from the States. Also, actual supplies from FCI depended on the availability of foodgrains at various godowns spread all over the country. The variation between the quantities actually released by FCI and those distributed to workers under the programme is because certain

quantities of foodgrains remained in the pipeline. However, the variation in between the quantities allocated and actually supplied by FCI is only marginal except in some cases. As will be observed from the enclosed statements, in some cases the state Governments utilised foodgrains in excess of releases on the expectation that the supplies of the foodgrains released under food for work programme would be received shortly. The excess utilisations was out of the stocks available with the State Governments either under public distribution system or from their own stocks."

7.3 During evidence, the Committee drew attention of the representatives of the Ministry to the audit observation to the effect that the Ministry paid Rs. 511.91 crores to the Food Corporation of India during the years 1977—80 but the records did not show the quantity for which payment was made and that no reconciliation was made of the quantities of foodgrains released to the State Governments with those actually received by them, and enquired about the action taken in the matter. The Secretary, Ministry of Rural Development stated :

"The quantity released will be more than the quantity that has been received in the State. The mechanism is like this. We first make the allocation. It is by way of informing the State Government that they are likely to get such and such quantity of foodgrains. When we see the performance and satisfy ourselves in regard to the norms laid down by us, then we issue the release order. That is sent to FCI, which actually delivers the foodgrains to the State Governments. The State Governments are sometimes not in a position to lift the entire quantity released to them because of administrative reasons. Sometimes they do not have adequate machinery to go and collect the quantity from the FCI godowns. In that case, the quantity actually utilised is less than the quantity released."

7.4 The Committee further pointed out that during the above mentioned period the total amount of foodgrains released was 44.07 lakh tonnes while the utilisation had been of the order of about 37 lakh tonnes. Asked to state the position regarding the remaining 7 lakh tonnes, the Secretary, Ministry of Rural Development stated :

"...In 1980 our policy was that if any foodgrains remained unutilised, in a particular year, it was carried forward to the next financial year. So, it is not that the food allocations got lapsed as soon as the financial year was over. So, whatever remained unutilised upto 1979-80 was carried forward to 1980-81. But 1980-81 was the year when the stocks in the country were not in that happy position as they were in the earlier years and the releases were 23 lakh tonnes in 1979-80 and 20.48 lakh tonnes in 1980-81."

7.5 Asked whether the Ministry were in a position to vouch for the receipts against the releases, the witness stated :

"There are two checks. Regarding utilisation of foodgrains, we get monthly reports and also quarterly reports from the State Governments. That is one check. The other check is that the FCI bills us on the basis of the foodgrains released by them to

the State Governments and when they send their bills, they also furnish the consignee receipt taken at every godown. This receipt shows us the quantity released and it also contains the receipt of the person who has received the foodgrains. On that basis only we make payment to the FCI."

7.6 Referring to the audit observations that in Andhra Pradesh and Karnataka, release of foodgrains by the FCI and other agencies was delayed the Committee enquired whether these cases were examined and if so, what action was taken. In a note, the Ministry have stated :

"It is fact that in certain cases supply of foodgrains to States under Food for Work Programme was delayed. The main reason for this was difficulty in rail movement of foodgrains from Haryana and Punjab. In spite of weekly review meetings under the Chairmanship of Additional Secretary (Food) along with all concerned officers belonging to Railway, FCI and the Liaison Commissioners of the State Govts., it became very difficult to ensure supply of adequate quantity of foodgrains to all States/UTs. Thus all possible efforts were made to ensure timely supply of entire quantity of foodgrains allocated to different States. This certainly caused innumerable problems in smooth execution of works under the programme."

7.7 Asked to explain the reason why the Food Corporation of India could not maintain regular supplies of foodgrains allocated and released by the Ministry to the various States, the Secretary, Department of Food stated in evidence :

"The report has brought out only two States—Andhra Pradesh and Karnataka. You will appreciate that the total amount of foodgrains that the FCI had handled in those years was very large. For example, the instances mentioned from Andhra, Pradesh and Karnataka in two or three years came to about 55,000 tonnes. It is very small fraction of the total amount that the FCI distributed, namely, 44 lakh tonnes in those two or three years. The period starting from September, 1979 to June 1980 was the worst period when the FCI had to handle a huge amount of foodgrains. In one year i.e. 1980, the total distribution, including the public distribution system, went up to more than 14 million tonnes. The movement became the most difficult problem. As you know, the FCI stocks, by their very nature, lie in the northern region—Punjab, Haryana and to some extent in U.P. That year with drought being prevalent throughout the country, the stocks had to be moved to all parts of the country. While moving to the South, there was the railway bottleneck also. For example, south of Balharshah, the Railways could not move—they had their own constraints—more than 2/1/2 rakes per day whereas the need was 3/1/2 or four rakes per day. That was the difficulty that was faced, and added to that problem came the difficulty that supplies under the Food for Work Programme had to be made in those days. The rice of the long bold variety was not available much in the south; it is mostly available in Punjab. Therefore, the movement had to be from

there. Further, even while stocks were lying in Andhra Pradesh, near about Hyderabad—I personally know because I had gone to those areas at that time—the movement to the needy areas in Rayalaseema of Andhra Pradesh became a tremendous problem, with metre gauge line not being able to carry the full requirement. Then some local difficulties had arisen but I would submit that in such huge operations the instances of not being able to supply the full needs were very few and whenever they came to our notice they were taken care of.”

7.8 Asked whether any discrepancies had been noticed between the figures of release by FCI and the actual deliveries to the States, the Secretary Ministry of Rural Development stated :

“Sir, we have been tallying the accounts from year to year from 1977-78. With regard to the foodgrains given to the States by the FCI, 1978-79 reconciliation is in progress. I cannot say that all the accounts have been settled.”

He further added :

“..... For 1977-78 we finalised things about 3 or 4 months ago. It has taken time because we get incomplete reports, both from the State Governments and also from the FCI. But our registers are all in tact. In fact, it has also been brought to the notice of the audit that they are free to come and check.”

7.9 In reply to a further question, the Secretary, Ministry of Rural Development stated :

“.....the accounting instructions were issued very late almost for 9 months after the circular was issued. That was the mistake made by us. We should have issued accounting instructions immediately.”

7.10 The Committee enquired as to why accounts were not reconciled from month to month. The witness replied :

“We make entries, but the final closing of accounts can be done only when figures tally with those obtained from State Governments and the claims made on us by the FCI.

The godowns are located at hundreds of places in the country. The regional offices are located at the State capitals. The godown-keeper will intimate the district officer who will intimate the regional manager who, in turn, will report to the head office. Sometimes, accounts get mixed up in regard to special Food for Work Programme with the normal Food for Work Programme. Accounting errors do take place.

It is a fact that we have not been able to finalise accounts for three years. 1978-79 accounts we have not been able to close. For 1980-81, we are getting the accounts reconciled. This process is going on with respect to all these 3 or 4 years.”

7.11 The Ministry of Rural Development have in a subsequent note, informed the Committee that the reconciled figures of foodgrains released and actually received by the various States/Union Territories during the

year 1977-78 to 1979-80 have been received only from the States of Tamilnadu and Gujarat so far. The quantity of foodgrains lifted by these states is as under :

State	Quantity of foodgrains (in MT) lifted during		
	1977-78	1978-79	1979-80
Gujarat	14991	43439	4811
Tamil Nadu	—	—	64649.277

7.12 The final reconciled figures from the other States are yet to be received. Those will be furnished as soon as received. (still awaited)

7.13 The Committee observe that during 1977-78, heavy shortfalls in utilisation of foodgrains occurred in practically all the 12 States participating in the programme. Maharashtra, in fact showed nil utilisation against an allocation of 11,940 tonnes and actual release of 9358 tonnes. In 1978-79, 16 out of 19 States/Union Territories reported under-utilisation—the shortfall being heavy in Karnataka, Andhra Pradesh, Assam, Bihar, Kerala, Orissa, Rajasthan, Uttar Pradesh and West Bengal, Certain other States such as Gujarat, Jammu & Kashmir and Tripura reported over-utilisation by drawing extra foodgrains from the public distribution system. In 1979-80, all the States/Union Territories excepting four reported under-utilisation. The above-mentioned 9 States again accounted for most of the shortfall. For the entire period of 3 years taken as a whole, there was a shortfall of 7.07 lakh tonnes *vis-a-vis* the total releases of the order of 44.07 lakh tonnes.

7.14 The Committee find that there have been wide variations in the quantity of foodgrains allocated *vis-a-vis* those released by FCI and utilised by the States/Union Territories. While on the one hand, allocations which were to have been made on the basis of utilisation reports continued to be made irrespective of the receipt of such reports, supplies from FCI depended on the other hand, on the availability of foodgrains in various godowns spread all over the country. Besides, supply of foodgrains particularly to Andhra Pradesh and Karnataka was affected due to difficulty in rail movement from Haryana and Punjab. The Ministry have admitted that "this certainly caused innumerable Problems in smooth execution of works under the programme.

7.15 The Committee appreciate that movement of foodgrains from the North to far flung areas in the South during 1979-80 which was the year of unprecedented drought, did pose difficult problems. However, complaints continue to be voiced about delayed and faulty distribution of foodgrains by the FCI. The Committee therefore, consider that streamlining of operations on the part of FCI is essential for the successful implementation of such programmes. The Ministries of Agriculture and Rural Development should set up a standing coordinating machinery comprising the representatives of the Food Corporation of India as well as Railways to sort out the day-to-day problems in movement of foodgrains by rail.

7.16 The Committee find that in terms of money value, the Ministry paid Rs. 511.91 crores to the Food Corporation of India for the foodgrains released under the programme during the years 1977-78 to 1979-80. Audit have pointed out that the records did not show the quantity for which payment was made and that no reconciliation was made of the quantity of foodgrains released to the State Governments with those actually received by them.

7.17 The Committee have been informed that while the accounts for 1977-78 were finalised some months back, the reconciliation in respect of 1978-79 is in progress. Only two States viz. Gujarat and Tamilnadu have been able to furnish reconciled figures for all the three years. Timely submission of monthly and quarterly reports having been in a state of disarray, it is no surprise that reconciliation of figures of foodgrains released by FCI and those actually received/utilised by the State Governments has become so difficult. What is still more surprising is the fact that even the second check whereby the bills submitted by the FCI were required to be accompanied by consignee receipts has also proved to be of little avail. Obviously, the prescribed procedures have not been followed by the FCI also. It was admitted in evidence by the representative of the Ministry of rural development that accounting errors do take place since FCI godowns are located at hundreds of places in the country while regional offices are located at the State Capitals. The accounts in regard to food for work programme also sometimes got mixed up with those of special food for work programme. It was also admitted in evidence that the accounting instructions were issued very late—almost 8 or 9 months after the circular was issued. That was the mistake made by us. We should have issued accounting instructions immediately.

7.18 The Committee desire that the question of reconciliation of accounts should be pursued vigorously with the FCI and the State Governments at a high level and finalised expeditiously in consultation with the Accountant General of the State concerned. It should also be ensured that the lacunae and deficiencies noticed in the present system are remedied without delay so that the NREP Programme is not faced with similar problems.

VIII. Additionality

8.1 The utilisation of foodgrains was directly linked with the augmentation of financial resources by the State Governments. The State Governments, Union Territory Administrations were required to intimate clearly that expenditure on existing Plan and Non-Plan schemes, new items of capital works etc. had been augmented to the extent of the amount of additional resources made available to them in the shape of foodgrains calculated at specified rates. In case the total expenditure including the value of foodgrains was only equal to or less than the financial provision which already existed in respect of the works undertaken under the programme, the value of foodgrains released was recoverable from the State Governments. Referring to the observation in the audit paragraph that during test check in audit it was noticed that this essential condition was not satisfied by certain States viz. Kerala, U.P., Maharashtra, Bihar, Himachal Pradesh and Karnataka, the Committee enquired about the present position in the matter and whether the requisite information about the creation of additionality had since been furnished by the concerned States. The Ministry of Rural Development have stated :

“The fulfilment of condition of additionality in respect of the States which implemented the programme could be ascertained only at the end of the year and when the State Governments were

able to collect complete information from the various executing agencies in all the Blocks/Districts. Broadly, it may be stated in this regard that almost all the States have been furnishing information. However, in some cases there were considerable delays in receipt of the same. Each case is, however, carefully examined when this information is received. In case any shortcomings are observed in fulfilment of the condition of additionality, the same are pointed out to the State Government concerned and necessary clarifications from them are sought. The cases of determination of additionality by each State Government during various years of implementation of the programme are at various stages of examination. While quite a few cases have been finalised, many others are still under correspondence."

Kerala

8.2 It is seen from the audit paragraph that the additionality created by Kerala Government in 1977-78 fell short by Rs. 40.60 lakhs which was refundable to the Government of India. Asked if the Government of Kerala had refunded the amount and if not, what action had been taken in the matter, the Ministry have stated :

"The State Government of Kerala has since furnished complete information after verifying the figures with the State Finance Department and the reconciled expenditure figures kept in the office of the Accountant General, Kerala. The State Government utilised 3501.123 M.T. of foodgrains valuing at Rs. 36.52 lakhs. During the year 1977-78, the State Government had provided Rs. 169.36 lakhs in its annual budget and total expenditure including the cost of the foodgrains was Rs. 239.52 lakhs. Thus, the State Government had achieved the additionality of Rs. 70.15 lakhs during the year 1977-78 and fulfilled the condition of additionality. The case is at present under reference to Internal Finance Division.

In view of the position stated in the foregoing para, there is no question of recovery of value of foodgrains in this case."

Uttar Pradesh

8.3 The audit para further points out that the Government of Uttar Pradesh did not make any budget provision for the works taken up under the programmes by Rajya Krishi Utpadan Mandi Parishad and the Department of Agriculture and Panchayati Raj, the State Government was therefore, to pay the cost of foodgrains amounting to Rs. 5238.36 lakhs to the Government of India. Asked why no additionality was created by the Government of Uttar Pradesh and why refund of the above amount was not asked for by the Government of India, the Ministry have stated :

"According to Government of Uttar Pradesh, it is not correct to say that no budget provision was made for works to be taken up under the programme by Rajya Krishi Utpadan Mandi Parishad, which is a Government sponsored body and not a voluntary organisation. It has been stated that the State Government did make budget provision on behalf of the Rajya

Krishi Utpadan Mandi Parishad and incurred expenditure of Rs. 577.33 lakhs during the year 1977-78 to 1979-80 with matching contribution at the rate of 20% of the total cost made by Mandi Samities. In addition, Mandi Samities have spent Rs. 200.75 lakhs from their own resources for brick pavement of the link roads. As such it would not be correct to say that necessary additionality was not created. However, further details have been called for from the State Government and a final view in the matter would be taken on receipt of the same. The question of recovery of value of the foodgrains would also arise only after the question of achieving the additionality is finally settled."

8.4 During evidence, Secretary, Ministry of Rural Development further clarified :

"... Budget provision is made for the plan and non-plan works but for the works that are taken up at the Panchayat level, no budget provision is made. This is an organisation of the Mandi Committees. When we made the allocation, the State Government passed it on to the Parishad and the Parishad got the work executed by the Mandi Committees. The Committees have themselves contributed to the extent of Rs. 2 crores. We have satisfied ourselves that additionality is there and there is no misutilisation of any kind."

8.5 It is further observed that in Uttar Pradesh the expenditure incurred by the Public Works, Irrigation and Forest Departments during the years 1977-78, 1978-79 and 1979-80 was not augmented to the extent of the amount of additional resources worth Rs. 41.42 lakhs, 261.22 lakhs and 1191.93 lakhs respectively, received from the Central Government.

8.6 Asked to state why additional provision was not made for the additional resources received from the Central Government by the concerned Departments of the State Government, the Ministry have replied :

"In Irrigation Department, the foodgrains were mainly utilised for repair and maintenance works of canals and flood protection works. The cost of foodgrains utilised over and above the inadequate provision for repairs and maintenance in the budget is as under :—

Year	(Rs. in lakhs)			
	Budget provision (Non-Plan)	Total Expenditure (non-plan)	Excess over (Non-plan)	Contribution of Foodgrains
1977-78	2480.91	2912.27	431.36	24.03
1978-79	2787.66	3212.66	425.00	104.37

It would be seen from the above table that the additionality by utilisation of foodgrains had been duly achieved, in case of irrigation works if repairs and maintenance is taken as a separate sub-head. However, some further details have been called for from the State Government and a final view in the matter would be taken on receipt of the same."

Maharashtra

8.7 Referring further to the audit objection with regard to the foodgrains supplied to the Government of Maharashtra, the Committee enquired how in the absence of separate data, the augmentation in expenditure to the extent of the amount of additional resources made available to the State Government in the shape of foodgrains was verified by the Central Government. The Ministry have replied :

“It is true that foodgrains supplied under Food for Works Programme were utilised on works under Employment Guarantee Scheme as the Food for Work Programme in Maharashtra has been dovetailed into Employment Guarantee Scheme. However, the State Government have been furnishing to us the information in regard to generation of employment and creation of assets in the prescribed proforma separately. Presumably, these figures are based on the proportionate expenditure met from the resources provided under the two schemes. There is no reason to dispute the methodology adopted by the State Government in this regard. In case the additionality achieved can be clearly known from the budget provision for Employment Guarantee Scheme and total expenditure incurred including the foodgrains under Food for Work Programme by the State Government during any particular year.

The State Government of Maharashtra did not utilise any foodgrains during 1977-78. Hence the question of achieving additionality during that year did not arise. During the year 1978-79, the State Government utilised a total quantity of 52240 M.T. of foodgrains valuing Rs. 605.98 lakhs. Against this the State Government had achieved an additionality of Rs. 1071.88 lakhs. Thus, the condition of additionality was fulfilled for the year 1978-79.”

West Bengal

8.8 It is seen from the audit paragraph that additionality achieved by the West Bengal Government fell short by Rs. 509.45 lakhs as the foodgrains actually consumed were shown as additionality received from Government of India instead of foodgrains actually released by the Food Corporation of India, contrary to the provision of the accounting procedure laid down by the Government of India. The Committee desired to know the action taken with regard to the shortfall in additionality in this case. The Ministry of Rural Development have stated :

“The Government of West Bengal were released a total quantity of 51,200 MTs. of wheat during 1977-78 under food for work Programme. Out of this, the State Government could utilise a quantity of 44,959 MTs. only. It may be clarified here that the additionality in expenditure has to be calculated with reference to the quantity of foodgrains actually consumed during the year and not with reference to the quantity supplied by the Food Corporation of India. According to the reports received from the State Government the total budget provision (i.e. B.E. 1977-78) for the scheme under which the foodgrains assistance was utilised in West Bengal was of the order of Rs. 663.71 lakhs.

The total expenditure including the cost of foodgrains distributed to the workers was of the order of Rs. 1044.35 lakhs. The additional expenditure was thus, of the order of Rs. 380.64 lakhs. As against this, the value of foodgrains utilised calculated at the prescribed rate for computing the additionality, came to Rs. 494.55 lakhs. Thus, there was a shortfall of Rs. 113.91 lakhs only.

The shortfall was explained by the State Government as being due to failure on the part of the implementing agencies to make arrangements for purchase/collection of road rollers, building materials like bricks, boulders etc. The State Government's Finance Department also supported the argument advanced by the Administrative Department. The matter was examined at length and it was ultimately decided in consultation with Integrated Finance Division that the condition of additionality may be waived in this case in accordance with the guidelines for the programme. As such the matter stands finally closed."

Bihar

8.9 The audit para further states that the Government of Bihar was supplied foodgrains worth Rs. 7409.16 lakhs during 1977-78 to 1979-80, but records on the basis of which actual expenditure and additionality were reported, were not shown to Audit. The Ministry of Rural Development have informed the Committee :

"It is surprising that the State authorities failed to produce their records required by the Audit during their inspection. Reference was made to the Bihar Government in this regard as soon as the audit observations were received in their first Review Report. No reply has been received from the State Government so far. They were asked to furnish explanation by middle of August, '81. The same has not been received so far. The State Government have been reminded again to furnish it urgently. In any case, the reasons for not showing the records to Audit during their inspection by the State authorities would be communicated as soon as these come to our knowledge."

8.10 During evidence, the representative of Bihar Government submitted :

"... I would like to submit that all records were shown but in case any records were not shown I apologise for that and we will all such records available..."

8.11 Asked about the action taken by various States with regard to the condition of additionality, the Secretary, Ministry of Rural Development stated during evidence;

"... Only in the case of few States, the additionality has yet to be established. We have given a statement showing our examination of the additionality position in regard to each State. We are not satisfied. It is not necessary to make budget provision to establish additionality, but we have to carry out a check. When we give them money, they should not withdraw their own money, just because Central assistance is available, otherwise there would be no gain to the community."

8.12 Referring to the observations made in this regard by the Programme Evaluation Organisation in their Report, the representative of the Planning Commission stated :

“ They have looked into the additionality problem. The conclusion in regard to these 10 States show that in two States out of 10, there was negative additionality and in the other States there was positive additionality. In Gujarat and Uttar Pradesh there is negative additionality. In Gujarat, the budgeted figure was Rs. 56 crores. The value of foodgrains utilised was Rs. 167 crores. They should have had a minimum expenditure of Rs. 57.69 crores. They actually had an expenditure of Rs. 52.09 crores. There was a negative additionality for Rs. 5.6 crores. In the case of Uttar Pradesh the Budget estimate was Rs. 310 crores. They utilised foodgrains worth Rs. 14.35 crores. So, they should have spent a minimum of Rs. 324.71 crores. They actually spent Rs. 321.88 crores. There has been a negative additionality for Rs. 2.83 crores.”

8.13 The Committee enquired as to what action had been taken to obtain refund of the value of foodgrains from those States in whose case the condition of additionality had not been satisfactorily explained. The Ministry of Rural Development have stated (January 1982) that the latest position in regard to fulfilment of condition of additionality in respect of States of Uttar Pradesh, West Bengal, Maharashtra, Bihar, Himachal Pradesh and Karnataka for the year 1977-78 and 1978-79 is as under :

Statement showing the Latest Position of Additionality cases of various State Governments for the years 1977-78 and 1978-79

States	Latest Position of Additionality Cases	
	1977-78	1978-79
Uttar Pradesh	Condition of additionality broadly fulfilled. Some minor details are, however, being checked up.	Condition of additionality broadly fulfilled. Some minor details are, however, being checked up.
West Bengal	The shortfall in the additionality achieved by the State Government was satisfactorily explained and the condition has since been waived off in consultation with Finance.	Do.
Maharashtra	Did not participate.	Condition of additionality already fulfilled.
Bihar	Condition of additionality already fulfilled.	Do.
Himachal Pradesh	Do.	Do.
Karnataka	Condition of additionality broadly fulfilled. Some minor details are however, being checked up.	Condition of additionality broadly fulfilled. Some minor details are, however, being checked up.

8.14 The Ministry have further informed the Committee that so far as the year 1978-79 is concerned, besides the States mentioned above, the States of Assam, Kerala, Madhya Pradesh, Orissa, Punjab, Rajasthan and Mizoram have also fulfilled/broadly fulfilled the condition of additionality. The Government of Jammu and Kashmir have not furnished the complete information in spite of repeated requests. They have been asked to refund the cost of the foodgrains utilised during the year 1978-79 else the same will be deducted from their current year's share.

8.15 The note further states :

“The cases pertaining to fulfilment of condition of additionality which have not yet been settled are at various stages of examination still. The question of making recoveries and to obtain refund of the cost of foodgrains from the States would arise only when it is ultimately found that the condition of additionality has not been fulfilled by them and also if they fail to explain satisfactorily the reasons for shortfall. However, it has been made clear to the State Governments that they will have to refund the amount of shortfall if it is finally determined that they have failed to fulfill the condition and also have not been able to explain the reasons for the shortfall satisfactorily.”

8.16 The State Governments/Union Territory Administrations had to intimate clearly that expenditure on existing Plan and Non-Plan schemes etc. had been augmented to the extent of the amount of additional resources made available to them in the shape of foodgrains calculated at specified rates. In case the total expenditure including the value of foodgrains was only equal to or less than the financial provisions which already existed in respect of the works undertaken under the programme, the value of foodgrains released was recoverable from the State Governments.

8.17 The Committee are concerned to note that the cases of determination of additionality in respect of many State Governments have taken a long time to finalise on account of either non-submission or delay in furnishing of relevant information by them.

8.18 The Committee observe that so far as the year 1977-78 is concerned, the condition of additionality is reported to have since been fulfilled or broadly fulfilled by all the States whose cases have been commented upon by Audit viz. Kerala, Arunachal Pradesh, Uttar Pradesh, Maharashtra and Karnataka. In the case of West Bengal, there was a shortfall of Rs. 1.14 crores (as against Rs. 2.03 crores mentioned in the Evaluation Report Budget) due to failure of the implementing agencies to make arrangements for purchase/collection of road-rollers, building materials etc. It has been decided to waive the condition of additionality in this case in consultation with the Integrated Finance Division. The discrepancy in figures however needs to be explained to the Committee.

8.19 In regard to the year 1978-79, the Committee observe from the Performance Budget of the then Ministry of Rural Reconstruction that two States viz. Gujarat and U.P. showed negative additionality to the tune of Rs. 5.60 crores and Rs. 2.83 crores respectively whereas according to the information now furnished to the Committee, the condition has been fulfilled or “broadly fulfilled” by all the States. In regard to the State of Jammu & Kashmir, the Ministry have, however, stated that the State Government have

not furnished complete information inspite of repeated reminders. They have been asked to refund the cost of foodgrains utilised during the year 1978-79 or else the same will be deducted from their current year's share.

8.20 The Committee are shocked to learn that Bihar Government which was supplied foodgrains worth Rs. 74.09 crores during the years 1978-79 to 1979-80 did not show any records to Audit during their inspection on the basis of which additionality and actual expenditure were reported. The Secretary, Ministry of Rural Development stated in evidence that a reference made to the State Government in this regard as soon as the audit observations contained in their first review report were received, did not elicit any response. Subsequent reminders sent by the Ministry had also not been replied to (December 1981).

8.21 The Committee urge that a time limit may be set for finalisation of cases of additionality in respect of these two States and in case the requisite information is still not forthcoming, the shortfall should be made good by adjusting the same against future allocations.

8.22 In the case of Maharashtra, the Committee find that separate records were not kept by the State Government regarding the utilisation of foodgrains under the Food-for-Work Programme and the Employment Guarantee Scheme of the State Government since the former was devetailed into the latter. The figures in regard to generation of employment and creation of assets are "presumably" based on the proportionate expenditure met from the resources provided under the Scheme. According to the Ministry there is no reason to dispute the methodology adopted by the State Government in this regard.

8.23 Secretary, Ministry of Rural Development stated in evidence that 'it is not necessary (for the State Govts.) to make Budget provision to establish additionality, but we have to carry out a check. When we give them money, they should not withdraw their own money, just because Central assistance is available, otherwise there would be no gain to the community'.

8.24 The Committee consider that in the light of the experience of operation of Food-for-Work Programme, the matter needs to be considered further so that situations of the type encountered in Bihar, Jammu & Kashmir, West Bengal, Maharashtra etc. can be obviated, the Committee are of the opinion that revised guidelines may be issued in this regard.

8.25 No information has been furnished to the Committee with regard to pending cases of additionality for the year 1979-80. The Committee expect that these cases will be finalised expeditiously. The Committee would like to be apprised of the position in this regard within three months.

8.26 The Committee consider it imperative that the reporting as well as monitoring system is adequately strengthened and streamlined at all levels. The Committee would like the Ministry to examine the matter in all its aspects in consultation with the Planning Commission and the State Govts. and take concerned measures to rectify the shortcoming without delay.

IX. Malpractices in distribution/utilisation of foodgrains

9.1 Assistance under the programme was intended for public and community works which would serve the infrastructural needs of the rural areas. Drawing attention to the various instances mentioned in the Audit para that foodgrains were applied to purposes other than those covered under the programme viz. construction of houses of weaker sections and that foodgrains were distributed to regular staff of the implementing agencies much against the guidelines issued in this regard by the Ministry, the Committee desired to know the reasons for such unauthorised diversion of foodgrains. In reply, the Ministry of Rural Development have stated :—

“It is true that the assistance under the programme was intended to have public and community works which would serve the infrastructural needs of the rural areas. However, on demand from many of the States, that this should be allowed to be utilised for taking up individual beneficiary works also, particularly which help the scheduled castes and scheduled tribes, it was considered at one stage that part of subsidy permissible on works benefiting the target groups like construction of houses for scheduled castes and scheduled tribes etc. may also be paid from foodgrains supplied under Food-for-Work Programme. This point was a subject of discussion in a meeting held by the then Minister of State for Agriculture and Rural Reconstruction. On the basis of these discussions some of the State Govts. started taking up such like works without a final decision having been taken in the matter. Finally, when a decision was taken not to include those works under the programme, it was decided that the expenditure already incurred by some of the State Govts. on these works may be allowed to be written off.

In so far as the distribution of foodgrains to work-charged staff was concerned, the matter came up for consideration on a request having been made by Govt. of Uttar Pradesh in this regard. It was finally decided that there would be no objection to the payment of part of the salary in kind to the work-charged staff and labour engaged under the Food-for-Work Programme. However, savings resulting in the salary bills of the concerned employees were to be utilised for making the assets durable and shall not be treated as savings in the State Budget. . . . It has been noticed from the information furnished by the State Govts. that the expenditure incurred on execution of works under the programme in most of the cases is more than the value of the foodgrains, utilised for the same. As such, it is clear that the resultant savings were utilised for making the assets created under the programme durable.”

9.2 The Audit para has pointed out that in Assam foodgrains valued at Rs. 12.67 lakhs were issued in 1977-78 for clearance of outstanding bills of contractors for period prior to the introduction of the programme viz. 1973-74 to 1976-77. In reply to a question in this regard, the Ministry have informed the Committee that on receipt of Audit observations the matter was referred to the State Government and that ‘the

position will be clarified as soon as the reply from the State Govt. is received.' (still awaited).

9.3 Following receipt of complaints about malpractices in distribution of foodgrains by contractors, the Central Government issued instructions to all States that distribution of foodgrains through contractors or middlemen should be stopped forthwith. The Committee desired to know the steps taken to ensure proper distribution of foodgrains and maintenance of accounts by contractors. The Ministry of Rural Development have stated :

"In the early stages of the programme it was thought that the labour employed by the contractors should also get the advantage of foodgrains being made available at comparatively cheaper prices. However, when certain malpractices came to the notice, the distribution of foodgrains through contractors was stopped. The guidelines for Food-for-Work Programme contained the clear condition that if the foodgrains were distributed to workers through contractors, it should be ensured by the implementing agencies that the contractors maintain proper accounts and do not misuse or divert the foodgrains meant to be distributed to the workers. The State Govts. were also advised that fair price shops be opened at each worksite and wheat to the workers be distributed on the basis of 'coupons' issued by the officer incharge of the works irrespective of the fact whether the work is being executed by Government agency or a contractor. This was suggested to avoid chances of any malpractice in distribution of the foodgrains to workers as their wages. The distribution of foodgrains through contractors had to be discontinued when it was found that instructions issued in this regard were not followed by the States in their spirit".

9.4 The Committee enquired why the account of foodgrains (value Rs. 61.40 lakhs) issued to contractors/convenors in Rajasthan, Andhra Pradesh and Kerala for distribution to labour was not called for and what the present position in the matter was. The Ministry have replied.

"The State Government of Rajasthan, Andhra Pradesh and Kerala were asked to explain as to why the accounts of foodgrains issued to contractors/convenors for distribution to labourers were not called for by them. They have since furnished their replies. These are as under :—

Rajasthan It is true that no specific procedure was prescribed for obtaining accounts of the foodgrains distributed under the programme. However, it was ensured that the quantity of foodgrains given was strictly on the works under the programme. It would not therefore be correct to say that care was not taken in ensuring that the foodgrains were utilised only for payment of wages of the workers.

Andhra Pradesh Muster rolls were being maintained generally with a view to associate the labourers directly with the execution of works. Some works were however entrusted to

persons heading group of labourers. In such cases, in view of the illiteracy on the part of the individuals, the muster rolls could not be maintained properly in all cases. The quantity of foodgrains to be allotted for the year was also not always indicated in advance. In some cases, there being delay in receipt of foodgrains from FCI, the contractors got the work done by arriving at an understanding with the labourers that grains portion of the wages would be disbursed later by paying certain advance. There are not complaints from any labourers that foodgrains were not distributed to them. In any case, as the execution of works through contractors under the programme has since been banned completely, there is no chance of recurrence of any deficiency in this regard in future.

Kerala. Implementation of food for work programme in Kerala is not altogether a new experience. The State Govt. has been implementing schemes involving foodgrains as part of wages for quite sometime in the past and there have been adequate detailed instructions for implementation of the schemes with a view to avoiding malpractices. These schemes were originally being implemented with the wheat supplied by CARE and when the CARE wheat was stopped, the foodgrains supplied under food for work programme were utilised for execution of works under the programme. These works are not executed through contractors in the State but through convenors of beneficiary committees. No malpractices in issue of foodgrains have been committed. Whenever any complaints were received, action was taken against the defaulting officers. The muster rolls are kept by convenors at site which are frequently checked/verified by Assistant Extension Officers/Village Extension Officers and BDOs. In every muster roll, a column is given for cash payment and another for foodgrains. The State Govt. have provided payment for the cash part in addition to the foodgrains supplied by the Government of India. This cash was being paid to the convenors of the beneficiary committees in advance which could be paid to labourers at the close of the day's work. No irregularities are reported to have taken place in the payment of cash portion of the wages.

Further details explaining the specific instances are being called from the State Govts. of Rajasthan, Kerala and Andhra Pradesh. The same will be furnished as soon as received.

Execution of works through contractors having been banned under the programme, there is no question of distribution of foodgrains through them any more. At present foodgrains are distributed through either the Panchayats or through the different departments of the State Government and complete accounts are kept by them along with the accounts of the cash fund."

9.5 In reply to a further question why foodgrains (0.83 lakh tonnes) were issued to contractors in Rajasthan, Assam and Andhra Pradesh even after this practice was stopped in March, 1979, the Ministry have stated :

“In a programme like Food for Work/National Rural Employment Programme, it is not possible to enforce the instructions issued by Central Govt. immediately from the date of their issue. It takes sometime before the information reaches the far corners in every State where the works are already in hand. It is reported by the State Govt. that by the time instructions were issued that the contractors should not be entrusted with the execution of works under food for work programme any more, some works were already put on ground duly entered into the agreement. The ban is however reported to have since been imposed by the State Govts.

In Rajasthan, the orders to ban the contractors from execution of works under the programme were issued by the State Govt. on taking up any new work w.e.f. 21-4-79. These instructions are stated to have been followed strictly thereafter.

In Assam, instructions to ban the execution of works were issued by the State Govt. for implementation of the scheme soon after issue of the orders by the Govt. of India. While most of the Divisions immediately complied with these instructions, a few others had to continue payment of wages through contractors for some time in order to fulfil their commitments made to the contractors.

Andhra Pradesh. By the time, instructions were issued that the contractors should not be entrusted with the execution of works under food for work programme, a large number of works put on ground with due agreement with the contractors. These contracts could not be closed abruptly due to contractual obligations. Any contrary move would have resulted in litigation. A ban was, however, imposed by the State Government on taking up any new works with effect from May 1979 which resulted in non-entrustment of further works to any contractor.”

9.6 It has been reported by Audit that in a large number of cases, the muster rolls were not made available to the State Accountant General.

The Committee enquired why these records could not be made available and whether any instance had come to the notice of Ministry of such records not having been kept at all. The Ministry have replied :

Only one case relating to the non-production of records to the State Accountant General in respect of Bihar has come to notice through audit report. Here also, it has not been indicated that the muster rolls for payment of wages of the works were not available. The Govt. of Bihar has been requested to furnish reasons for non-production of the records in question. Their reply is still awaited. The same will be furnished as soon as it is received from the State Government (still awaited).

No instance has come to the notice of the Ministry of Rural Reconstruction where no records were maintained in respect of the foodgrains utilised by the State/UTs under the programme”.

9.7 Referring to the instances brought out by Audit about misutilisation of foodgrains for purposes such as building Rest Houses, repair and maintenance of buildings, purchase of crockery etc. The Committee enquired during evidence if such instances had come to the notice of the Ministry, and if so, what remedial steps were taken. The Secretary, Ministry of Rural Development stated :

“Our officers have gone to the States and have found misutilisation. Some officers lifted foodgrains but sold them in the market. Foodgrains meant for labour did not reach them. We have also noticed that the earth work that was reported was not there.”

9.8 Asked about complaints of short-weighment of foodgrains, the witness stated :

“We issued instructions to the State Governments that in regard to weight of the foodgrains and the quality, they must carry out a check when they lift them from the godown. We did not receive complaints about the quality. But when the foodgrains reached the work-centres, the labourers complained that the quality was sub-standard. We have also received complaints that, when the foodgrains were weighed to be given to the labourers, short-weighment was done by corrupt people.”

9.9 In reply to a question the Secretary, Ministry of Rural Development admitted :

“In regard to Bihar, the irregularities are of a very serious nature.”

9.10 Asked about the steps contemplated by the Ministry to recover the value of foodgrains utilised for unauthorised purposes by the States the Secretary, Ministry of Rural Development stated :

“Irregularities have been committed by almost all State Governments. But we have made clear that if they are not within the four corners of this scheme, we will not approve them. We have told this to U.P., Bihar, Manipur and all other States. We will not accept this kind of expenditure to be debited to this programme, and we will deduct this money from our other allocations.”

9.11 At the instance of the Committee the Ministry subsequently furnished a statement showing the deficiencies/malpractices observed during the field visits by the officers of the Central Government. The same is reproduced in Appendix. III.

9.12 A large variety of cases of mis-utilisation of foodgrains and/or their diversion for unauthorised purposes have come to light as a result of the probings made by Audit and the Programme Evaluation Organisation of the Planning Commission. The officials of the Ministry of Rural Development during their field visits had also noticed several shortcomings in the actual implementation of the programme. Erratic distribution of foodgrains, malpractices in distribution particularly by contractors, poor quality of foodgrains, delays in payment due to inadequate arrangements for measurement of earthwork; inflation of muster rolls, sale of foodgrains in open market etc. were some of the common complaints. The Committee apprehend that the

irregularities, malpractices in distribution of foodgrains etc. that have come to light represent only a tip of the iceberg. Considering that the country suffered from a severe drought in 1979-80, there can be no doubt that misuse of foodgrains was on a scale much larger than what has been officially admitted.

9.13 As for diversion of foodgrains for unauthorised purposes such as taking up of individual beneficiary works, payment of part of salary in kind to the work charged staff and labour, misutilisation of foodgrains for repair and maintenance of office buildings, purchase of crockery, furniture etc. referred to in the C&AG's Report the Secretary, Ministry of Rural Development admitted that irregularities had been committed by almost all State Governments. He assured the committee that the Ministry would not accept this kind of expenditure to be debited to this programme.

9.14 The Committee find that it was as late as in March, 1979 that instructions were issued to stop distribution of foodgrains through contractors or middlemen. It would appear that no supervision was exercised to ensure proper maintenance of accounts by the contractors nor action was taken to open sufficient number of fair price shops at the worksites. The method of distribution of foodgrains on the basis of coupons issued by the Officer-in-charge of the work was also not followed by several States. "The Committee are of the opinion that individual cases of default should be processed by the appropriate agencies for remedial action. The Committee recommend that the various deficiencies in the distribution system, maintenance of accounts etc. should be examined in depth by the Ministry of Rural Development and necessary steps taken to streamline the system".

The Committee are of the view that the net-work of fair price shops in the rural areas needs to be augmented so that foodgrains are within the easy reach of the people and malpractices are minimised.

X. Retentions of Gunny bags by distributing agencies

10.1 According to Audit paragraph the cost of gunny bags was included by the Food Corporation of India in the issue price of foodgrains charged from the Central Government. These gunny bags were retained by the distribution agencies like contractors, fair price shops etc. Since the Ministry of Rural Development paid the price of these gunny bags, the sale proceeds of empty gunny bags should have been remitted to Government of India. Computing the cost of these gunny bags (440.7 lakhs in number) @ Rs. 2.50 per bag i.e. approximately half the cost of new ones the unintended benefit to the distributing agencies works out to Rs. 11.02 crores for the years 1977-78 to 1979-80. Subsequently, the Ministry of Agriculture (Deptt. of Food) intimated to Audit that the average value of empty gunny bags used as well as unused for the years 1977-78 to 1979-80 was as under :—

(Average price for 100 gunny bags in Rs.)

Year	New bags	used bags
1977-78	484.25	363.19
1978-79	504.50	373.38
1979-80	608.50	456.38

10.2 The Committee desired to know why instructions for the recovery/adjustment of the cost of gunny bags were not issued. The Ministry of Rural Development have stated :

“The cost of the gunny bags was included in the issue price of wheat and rice by the FCI. As such the foodgrains were passed on to the States with gunny bags with the expectation that bags will remain with the Panchayats who were supposed to execute the works. In any case, a decision has since been taken that these will become the property of the panchayats so that their resources can be augmented to the extent of the value of the empty gunny bags which become available in each panchayat area.”

10.3 In reply to a query from the Committee, on this point the Secretary, Ministry of Rural Development stated during evidence :

“The situation was not all that alarming as had been pointed out by Audit. What actually happened was that the work was carried on by three or four agencies, the panchayats and other agencies. When the foodgrains were lifted by the panchayats, whatever gunny bags they had, they sold them and they utilised the cash on the works that were going on in the areas. Coming to the departments, in the beginning most of the work was given to the departments particularly in States like Gujarat, West Bengal, etc. There is a procedure laid down. This was not for the first time that gunny bags were being handled by the departments. Lakhs and lakhs bags of cement are used. There is a procedure laid down for the disposal of empty gunny bags. The empty bags are auctioned and the cash proceeds are credited. The wages were paid once in a fortnight and sometimes once in a month even. Such cases are within our knowledge. When a labourer, a worker, and his family got about 1 quintal of foodgrains in terms of wages, he also took away the gunny bag. It is not that it was just free for all. The gunny bags were sold and the money was utilised on the works. The departments cannot just do that. The Audit will catch them. This is what we have explained; this is what we have seen in the field.”

10.4 Asked whether any instructions were issued by the Ministry at the initial stage with regard to disposal of gunny bags, the witness replied :

“We did not issue instructions because there is a procedure laid down. So far as the departments are concerned, the procedure is laid down in the accounting rules.”

10.5 In a note subsequently furnished to the Committee, the Ministry have explained the position as under

* * *

“First of all it needs to be explained in this regard that the cost of gunny bags is included in the cost of one quintal of foodgrains. In case of Public distribution system where the foodgrains are supplied to general public through various fair price shops,

gunny bag is left with the fair price shopkeeper who is given only a commission apart from the gunny bags. As such, wherever the foodgrains were distributed to the workers under the food for work programme through fair price shops, the gunny bags automatically became the property of the fair price shopkeeper.

In so far as distribution of foodgrains through departmental agencies is concerned, there is already a laid down procedure that the empties are kept in the department and these are subsequently auctioned. The money recovered from auctioning the empties is deposited into the public treasury. This procedure is followed in case of bags containing cement, lime and other building material by departmental agencies. As such, wherever the foodgrains were distributed through departmental agencies, the gunny bags were presumably handled in accordance with the prescribed procedure unless they were passed on to the workers in case they were paid their wages in full bags for a group or accumulated wages for a few days. In case of execution of works by the Panchayats, the gunny bags became the property of the Gram Panchayats and they could also dispose them of and utilise the amounts so recovered for meeting the cost of material components etc. on the works executed by them.

In this connection, attention may be invited to para 3.34 and 3.35 of the report of the evaluation study made by the Programme Evaluation Organisation of the Planning Commission. According to the information contained in these paragraphs, 32.2% beneficiaries received foodgrains through fair price shops, about 30.4% received the foodgrains through Village Panchayats and 15.5% through Panchayats Samities. Only 16.9% are reported to have received the foodgrains through the contractors. Only in those cases where the foodgrains were passed to contractors for direct distribution by them, the gunny bags might have been retained by them. But in such cases, the cost of the gunny bags was included in the cost of the foodgrains charged from the contractors. The works under the programme are no longer executed through the contractors. The implementing agencies have also since been told that the empty gunny bags will become the property of the Gram Panchayat in whose jurisdiction the works are executed."

10.6 Audit have pointed out that even though the Ministry of Rural Development paid the price of gunny bags—440.7 lakhs in number to the Food Corporation of India, the sale proceeds of the empty bags were not remitted to the Government of India. The Committee find that the unintended benefit to the distributing agencies works out to be much higher than the figure of Rs. 11.02 crores, mentioned by Audit. The figures furnished by the Ministry show that the average value of the used bags ranged between Rs. 3.63 and Rs. 4.56 per bag during the period in question. Computed on an average of Rs. 4/- per bag (instead of Rs. 2.50 per bag adopted by Audit), the total cost of the empty bags works out to nearly Rs. 17.62 crores. The Ministry have explained that the foodgrains were passed on to the States with gunny bags "with the expectation that bags will remain with the Panchayats who were supposed to execute the works."

10.7 The Committee understand that instructions have since been issued that the empty gunny bags will become the property of the Gram Panchayat in whose jurisdiction the works are executed so that their resources can be augmented to the extent of the value of the empty gunny bags. The Committee are of the view that these instructions should have been issued much earlier. This was clearly lapse on the part of the Ministry which could have been easily avoided. The Committee would like to be apprised as to what percentage of foodgrains were actually distributed by Panchayats or other Government agencies and the extent to which the expectation of the Ministry that the sale proceeds of the empty bags would be utilised to augment the resources under the programme, was in fact realised.

NEW DELHI;

April 7, 1982

Chaitra 17, 1904 (Saka)

SATISH AGARWAL

Chairman

Public Accounts Committee

Appendix I

Audit Para

FOOD FOR WORK PROGRAMME

1.1 Food for work programme was started by the Government of India in April 1977 as a non-Plan scheme under which foodgrains were made available to the State Governments/Union Territories free of cost for supplementing their budgetary provisions for maintenance of public works on which large investments had been made in the past. On review of the progress and difficulties expressed by the State Governments, the scheme was liberalised (December 1977) to include all on-going Plan and non-Plan works and new items of public and community works, which would constitute durable community assets. The foodgrains were to be utilised for payment of a part or whole of the wages of workers engaged on the above works. The foodgrains obtained under the programme were not to be sold by the State Governments in the open market.

1.2 The basic objectives of the scheme were to generate additional gainful employment for large number of unemployed and under-employed persons in the rural areas, to create durable community assets and strengthen the rural infra-structure which would result in higher production and better living standards in the rural areas. In the first year (1977-78) of its implementation, 11 States participated in the programme; in 1978-79, 7 more States/Union Territories joined it and on 1979-80 in all 24 States/Union Territories received foodgrains under the programme.

1.3 During 1977-78 to 1979-80, 2.04 lakh tonnes, 13.99 lakh tonnes and 28.04 lakh tonnes of foodgrains were released to different States/Union Territories under the programme out of which 1.30 lakh tonnes, 12.47 lakh tonnes, and 23.56 lakh tonnes respectively were reported to have been utilised during these years. During 1977-78 to 1979-80, the provision of funds under this programme and expenditure thereagainst were as follows :—

Year	Budget provision	Actual expenditure (In crores of rupees)
1977-78	29.00	10.42
1978-79	100.00	123.87
1979-80	350.00	377.62

(Source : Performance Budgets, 1979-80 and 1980-81).

2.1 *Organisation.*—The State/Union Territory Governments were to assess and intimate their requirements of foodgrains for the full year to the Central Government with information regarding existing provision in their budget estimates for works covered under the programme on which foodgrains were to be utilised. The latter then made the allocation and released the foodgrains through the Food Corporation of India (FCI) and expenditure thereon was treated as 'grants-in-aid to State Governments'. The State/Union Territory Government had also to intimate the Central Government that the expenditure on the works covered under the programme had been augmented to the extent of the amount of additional resources made available to them in the form of foodgrains at rates specified for the purpose (hereafter referred to as additionality).

2.2 Steering Committees were formed at the State level and district level to plan the works and to monitor their progress. The State level committee was headed by the Chief Secretary/Development Commissioner and consisted of heads of departments operating the programme, a representative of the Department of Rural Development, Government of India, and the Senior Regional Manager of the FCI. The FCI was to plan supplies in such a way that the works did not suffer for want of foodgrains. The exact administrative machinery for implementation and monitoring of the programme in each State was left to the State Government. To enable proper planning and administration of the programme both at the Centre and the State/levels, the following reports were to be submitted by the State/Union Territory Government.

- (i) Monthly report showing trend of utilisation of foodgrains;
- (ii) Quarterly report showing progress of expenditure on each scheme/sector, progressive employment generated; and
- (iii) Half yearly proforma for monitoring assets created and employment generated under the programme.

3.1 *Additionality*.—The value of foodgrains released to the State Government was charged by the FCI to the Central Government at the current issue price thereof. The extent of additionality to the State/Union Territory Governments was calculated at the rate at which these Governments distributed various foodgrains prescribed by the Central Government from time to time. These rates were, however, lower than those paid by the Central Government to the FCI, allowing for a margin for handling and administrative charges, etc.

In case, total expenditure during a particular year was only equal to or less than the provision which already existed in respect of works undertaken under the scheme, the value of quantity of foodgrains released under the scheme was recoverable from the State/Union Territory Government. In certain circumstances this condition could be relaxed. During test-check audit it was noticed that in the following cases this essential condition had not been satisfied by the following State Government.

— According to the quarterly progress report for the period ending March 1978, the Government of Kerala had provided an additionality of Rs. 0.52 lakh for certain works during 1977-78 whereas foodgrains valued at Rs. 41.12 lakhs were utilised on these works during the year. The additionality created fell short of the cost of foodgrains utilised on the works during the year by Rs. 40.60 lakhs which was, therefore, refundable to the Government of India. Again, no additionality was provided during the year 1978-79 though 11,310 tonnes of wheat and 687 tonnes of rice (value : Rs. 151 lakhs) had been utilised on the works executed during the year. The Ministry stated (December 1980) that the State Government was being requested to refund the value of foodgrains supplied under the programme.

In Himachal Pradesh, 1,162.57 tonnes of foodgrains (value Rs. 15.69 lakhs) were utilised during 1977-78 to 1979-80 on 125 works where the expenditure was less than the budget provision. Further 787.378 tonnes of foodgrains worth Rs. 9.98 lakhs were utilised on 31 works for which no provision was made in the budget of the concerned divisions of the State Government. Thus, Rs. 25.58 lakhs were to be refunded by the State Government (November 1980).

- In Uttar Pradesh, no budget provision was made for works to be taken up under the programme by the Rajya Krishi Utsadan Mandi Parishad (Voluntary Organisation) and departments of Agriculture, Cane and Panchayati Raj. No additionality was, therefore, created and the State Government was, therefore, to pay the cost of foodgrains (Rs. 5,238.36 lakhs) to the Government of India, which had not been asked for by the latter (October 1980). Besides, the expenditure incurred by the Public Works, Irrigation and Forest Departments during the years 1977-78, 1978-79 and 1979-80 was not augmented to the extent of the amount of additional resources worth Rs. 41.42 lakhs, Rs. 261.22 lakhs and Rs. 1,191.93 lakhs respectively received from the Central Government. The State Government, however, did not indicate any reasons for the shortfall, nor did it refund the amount.
- The Government of Maharashtra had been issued total 2.13 lakh tonnes of foodgrains (value : Rs. 2,573 lakhs) during 1977-78 to 1979-80. It undertook (1977-78 to 1979-80) mainly three categories of works, viz. soil conservation and afforestation (6.60 lakh hectares), construction of intermediate/main drains, field channels and land levelling, etc. in irrigation command areas (0.98 lakh hectares) and construction of roads (4,667 kms.). It did not indicate additionality in respect of various schemes as required under the guidelines for the programme and, therefore, the physical targets achieved and additional employment generated commensurate with the quantity of foodgrains utilised could not be ascertained.
- The Government of Karnataka also similarly did not furnish the requisite information about additionality in respect of various schemes during 1977-78 to 1978-79 and the information for 1979-80 was furnished only in respect of 9 implementing officers. Without obtaining full particulars of schemes taken up under the programme by the State Government, the Central Government allotted to the State Government 0.72 lakh tonnes of foodgrains (value : Rs. 1,102 lakhs) during 1977-78 to 1979-80. Out of this 0.10 lakh tonnes (value : Rs. 155 lakhs) of foodgrains were, however, diverted to other schemes of the State Government viz. employment affirmation scheme and scarcity relief works.
- In West Bengal, foodgrains actually consumed were shown as additionality received from Government of India instead of foodgrains actually released by the FCI, contrary to the provision of the accounting procedure issued by Government of India. Thus, additionality achieved by the State Government short by Rs. 504.45 lakhs.

3.2 The Government of Bihar were supplied foodgrains valuing Rs. 7,409.16 lakhs during 1977-78 to 1979-80. No records were produced to Audit to indicate how the actual expenditure and additionality in respect of the works undertaken under the programme were arrived at and shown in the statements sent to the Central Government.

4. As a result of a test check of the accounts of 24 States/Union Territories implementing the programme and of the Ministry of Rural Reconstruction the salient points noticed are mentioned in the succeeding paragraphs.

5.1 *Employment generated.*—Government had estimated the generation of employment at the rate of 2.5 kgs. of wheat per head per day. The actual number of mandays of employment generated during 1977-78 to 1979-80, however fell short of the mandays estimated on the quantity of foodgrains utilised during the period reckoned at the above rate, as shown below :

(In lakh mandays)

Year	Quantity of foodgrains utilised (Tonnes)	Mandays at 2.5 kgs. per head per day	Actual mandays generated	Difference (mandays)	Percentage of shortfall
1977-78 . . .	1,29,835	519.34	444.34	75.00	14
1978-79 . . .	12,47,133	4,988.53	3,556.97	1,431.56	28
1979-80 . . .	23,55,604	9,422.41	4,980.08	4,442.33	47
	37,32,572	14,930.28	8,981.39	5,948.8	39

*Note :—17 States (up to March 1980), including State which furnished figure for one department only, 2 States (up to December 1979), 1 State (up to September 1979), no report from 3 States, and one State did not furnish figures for 1979-80.

The actual mandays generated shown in the above table were based on the reports received by the Ministry of Rural Reconstruction from the State Governments, but were not susceptible of verification in audit for want of related records like muster rolls in some States.

5.2 *Physical assets created.*—Out of 24 State Governments/Union Territories which received assistance under the programme, only 22 had reported the assets created by them under the programme during 1977-78 to 1979-80 to the Central Government. But the value of assets created was not available with Government. The Governments of Manipur and Andaman and Nicobar which received 4,000 and 175 tonnes of foodgrains respectively did not report the assets created by them. The works generally undertaken by most of the States were soil conservation and afforestation, flood protection, major/minor irrigation, roads, school buildings, panchayat ghars and community halls. Tamil Nadu had reported construction of mainly school buildings (4,493); Nagaland and Assam which received 8,500 tonnes and 22,5000 tonnes of foodgrains respectively mainly undertook construction/improvement of roads (604 kms. and 1,803 kms. respectively). Smaller States/Union Territories of Arunachal Pradesh, Mizoram and Pondicherry undertook works under two or three categories only against release of 500 tonnes, 2,200 tonnes and 700 tonnes respectively. The Programme Evaluation Organisation of the Planning Commission had observed (December 1979) in this connection that the departmental projects undertaken were chosen by the States in a casual manner out of on-going projects without going into the basic needs and priorities of the village community. The Ministry stated (December 1980) that it had since been

made an essential condition of the national rural employment programme that the shelf of projects based on the needs of the people would have to be prepared before the works could be taken up under the programme.

5.3 Non-durable assets.—During 1977-78, only 0.47 lakh kms. of roads were constructed/improved in 7 States. During 7.02 lakh kms. (1.05 lakh kms. in 1978-79 and 0.97 lakh kms. in 1979-80) of roads were constructed in 20 States/Union Territories during test-check in audit of the accounts of the States/implementing agencies that many of the roads constructed were not provided with minimum top soling as per standards laid down for the purpose and also had no culverts/Bridges, and hence could not be considered as durable community assets as defined in the guidelines of the programme. It was also seen that some works have either remained incomplete or were stopped/abandoned halfway. A few such cases observed during test-check in audit are indicated below :

- In Karnataka, 1,058 works estimated to cost Rs. 74.08 lakhs in 16 blocks related to formation of kachha roads without providing top soling, culverts or bridges.
- In Rajasthan, 5,449 tonnes of foodgrains were utilised till March 1980 on 1,435 kachha works costing Rs. 61.93 lakhs.
- In Andhra Pradesh, 1,935 kachha roads were constructed at a cost of Rs. 111.37 lakhs without cross drainage.
- In Bihar, out of 6,388 earth works taken up to the end of 1979-80, 3,093 works remained incomplete. Roads of about 9,000 kms. were without top soling. out of 3,242 irrigation works, 945 works remained incomplete. Out of 577 schemes were dropped after incurring an expenditure of Rs. 2.88 lakhs.
- In 8 blocks in Kerala, 466 roads constructed or improved utilising 1,266.46 tonnes of foodgrains (value : Rs. 13.93 lakhs) did not have top soling, gravel and culverts.
- In Uttar Pradesh, 7,281 kms. of kachha roads were completed by Public Works Department up to February 1980, out of which top soling had not been done on 5,819 kms. and culverts were constructed over a length of 370 kms. only. Another 31,161 kms. of link roads were constructed by the civil departments without top soling with only 1,738 culverts out of 10,000 (March 1980). The slow progress was attributed to delay in supply of foodgrains, delay in approval of plans and shortage of cement, coal and diesel. Besides, foodgrains valuing Rs. 5.12 lakhs were rendered unproductive as the works, on which they were utilised, had not been approved by the District Steering Committee.
- In Maharashtra, 675 road works (expenditure : Rs. 1,400.67 lakhs) were undertaken which did not provide for culverts, bridges or cross drainage. The Collectors of the concerned districts stated that such works were treated as durable assets under the State employment granatee scheme.
- In West Bengal, works mainly on repairs and construction of roads, levelling of grounds, etc. involving utilisation of 17,248

tonnes of foodgrains (value : Rs. 199.98 lakhs) were not made durable by top soling, consolidation of earth work, etc.

The Ministry stated (December 1980) that with a view to making all the works taken up under the programme durable, it had since been decided to give the State Governments/Union Territories cash component for material purchases required for making the works durable in addition to foodgrains.

6. Works beyond the scope of the scheme-Assistance under the programme was intended for public and community works which would serve the infra-structural needs of the rural areas. During audit of the records of implementing States/agencies, some instances (mentioned below) were noticed where foodgrains were applied to other purposes not covered under the programme and foodgrains were distributed to regular staff of the implementing agencies :

- (i) In Bihar, 6 forest divisions and two district soil conservation offices undertook (1978-79 and 1979-80) works involving construction and repairs of office buildings etc. The value of wheat distributed for such works worked out to Rs. 4.17 lakhs.
- (ii) In Gujarat, foodgrains (value : Rs. 32.79 lakhs) received under the programme were utilised for a State rural housing scheme not covered under the programme. Besides, 83 tonnes of wheat (value : Rs. 0.82 lakhs) were distributed to clerks, tracers, chowkidars, etc. borne on the work-charged establishment under a circle office. In 4 offices, foodgrain coupons (value : Rs. 0.44 lakhs) were issued for works in the urban areas, contrary to the conditions of the programme.
- (iii) In Andhra Pradesh, foodgrains (value : Rs. 171.68 lakhs) were utilised on construction of irrigation wells (621) and huts for people belonging to weaker sections (58,421) which would ultimately belong to individuals and could not be treated as community assets. Three building works were taken up in urban areas in a district, with an estimated cost of Rs. 0.33 lakh including foodgrain component of Rs. 0.20 lakh.
- (iv) In Rajasthan, out of 960 tonnes of foodgrains (value : Rs. 11.05 lakhs) distributed to casual labourers, 31 tonnes were distributed to labourers engaged on works located in urban areas contrary to the conditions of the programme. Similarly, 2,386 tonnes of foodgrains (value : Rs. 27.25 lakhs) were issued to the regular employees, work-charged staff of the Public Health Engineering Department and Public Work Department of the State. This amounted to giving of foodgrains at cheaper rates in lieu of their wages to the regular and work-charged employees, which was an unintended benefit.
- (v) 183.148 tonnes of foodgrains (value : Rs. 2.22 lakhs) were utilised on construction of National Highways, residential/official buildings, roads in the urban areas and running/maintenance of machinery/workshop in Himachal Pradesh, which were not covered under the programme. Besides, 54.44 tonnes of foodgrains (value : Rs. 0.66 lakhs) were issued (at cheaper rates) to work-charged staff.

- (vi) In 3 Public Works Divisions of Uttar Pradesh (two at Pithoragarh and one at Bahraich), 191,382 tonnes of foodgrains (value : Rs. 2.63 lakhs) were given to Class IV employees in lieu of part of their salaries. Besides, in Zila Parishad (Bareilly) foodgrains valuing Rs. 1.29 lakhs were distributed to labourers engaged at a brick-kiln owned by a private owner. Despite instructions prohibiting taking up work in urban areas under the programme, beautification of a block (Lakhimpur) and maintenance and repair works of the collectorate building at District Headquarters, Lakhimpur Kheri, were got done and foodgrains valuing Rs. 0.19 lakh distributed to the labourers. Part construction of class IV Government servants' quarters by forest department (in Jhansi, Varanasi, Hamirpur and Nainital Districts), Part-construction of court rooms, treasury block godown, Junior Officers' quarters; Police line buildings, Superintending Engineer's Office building, annual repairs to officers hostel, construction of type IV quarter at District Judges Compound, etc. were got executed by the Public Work Department in Azamgarh, Deoria, Gorakhpur and Bulandshahr Districts, and purchase of crockery and utensils was made for Inspection bungalow etc. by the Irrigation department (in Bijnor and Jaunpur Districts) by selling foodgrains; the total of such expenditure amounted to Rs. 37.44 lakhs.
- (vii) 172,515 tonnes of foodgrains valued at Rs. 2.33 lakh had been distributed to work-charged establishment in 6 divisions of Karnataka.
- (viii) In Maharashtra also, a scheme of the State Government, viz. employment guarantee scheme, was in operation since 1972-73. It was noticed during audit that neither the State Government, nor the implementing agencies maintained separate statistics to show the additional employment generated/assets created by utilisation of foodgrains issued under the programme as the programme was mixed with the State Government scheme.
- (ix) In Assam, during 1977-78, 1,079.98 tonnes of foodgrains valued at Rs. 12.67 lakhs were issued by 4 roads and buildings divisions and one flood control division for clearance of outstanding bills of contractors for periods prior to the introduction of the programme, viz. 1973-74, to 1976-77.
- (x) In Nagaland, 2 road works were completed in 1977-78 and payment of Rs. 6.02 lakhs was made in cash to the contractors in March 1978 as per schedule of rates of 1973-74. In March 1978, the works cost was revised to Rs. 9.56 lakhs due to revision of schedule of rates. The difference of Rs. 3.54 lakhs was partly paid by rice coupons (value : Rs. 2.81 lakhs) issued between July 1979 and March 1980 and the balance in cash in March 1980. Thus, no additional work was done, nor was any additional employment generated by utilising the foodgrains (value : Rs. 2.81 lakhs) issued under the programme.

7. Delay in release of foodgrains—For efficient implementation of the programme, timely release of foodgrains to State/Implementing agencies was essential. During test-check in audit it was noticed that in the following 2 States the release of foodgrains by the FCI and other agencies was delayed, thus frustrating the end objective of the programme.

- (i) In Andhra Pradesh, as against the requirement of 1.85 lakh tonnes of foodgrains (worth Rs. 25.83 crores), only 1.33 lakh tonnes of foodgrains (value : Rs. 18.56 crores) were received during the years 1978-79 and 1979-80 by the panchayati Raj institutions in 7 districts resulting in 27,463 works out of 1,05,492 remaining incomplete (July 1980).
- (ii) In 2 blocks of Karnataka, 241 works for creating 180,830 additional mandays were not taken up for execution due to non-availability of foodgrains (rice) estimated at 609 tonnes valuing Rs. 7.65 lakhs. Besides, though 103 works were completed (March 1980) 158.35 tonnes of foodgrains (value : Rs. 2.12 lakhs) required for distribution to the labour had not been released by the FCI up to July 1980. The Ministry stated (October 1980) that the matter had been taken up with the Department of Food more than once and that the main reasons for this had been the difficulty in movement of foodgrains to different areas.

8. Retention of gunny bags by distributing agencies—The FCI released foodgrains in gunny bags to various State Governments for implementing the programme. These bags were retained by the distributing agencies like contractors, fair price shops, etc. The Ministry of Food clarified that the issue price shops, foodgrains fixed by the FCI was inclusive of the cost of gunny bags. Since the cost of gunny bags was included in the issue price of foodgrains paid for by the Ministry, the sale proceeds of the empty bags should have been remitted to the Government of India. The Programme Evaluation Organisation of the Planning commission had estimated (December 1979) the cost of the empty bag containing 100 kgs. of foodgrains at Rs. 5 per bag. Computing the cost of used bags at half of that rate the unintended benefit to the distributing agencies on this account (440.7 lakh bags) worked out to Rs. 11.02 crores for the years 1977-78 to 1979-80.

9. Foodgrains issued at prices lower than those fixed by the Central Government—Though the State Government had the discretion to fix the notional price of foodgrains to be distributed to the labourers, it was not to be less than the rate prescribed for calculating the additionality. In the following 2 States, excess distribution of foodgrains was made due to non-adherence to the prescribed rates.

- (i) Seven public works divisions of Rajasthan issued 1,680 tonnes of wheat during 1st December 1978 to 9th February 1979 to contractors, work-charged staff and permanent gangs at Rs. 100 per quintal as against the prescribed rate of Rs. 110 per quintal resulting in less recovery of Rs. 1.68 lakhs. During the same period the Gram Panchayats of 3 districts of the State distributed 11,700 tonnes of wheat to labour in lieu of wages at Rs. 100 per quintal, against the prescribed rate of Rs. 110 per quintal. This resulted in excess distribution of 1,063.6 tonnes of wheat (value : Rs. 11.70 lakhs).

- (ii) The Government of India communicated (November 1978) the rates to be adopted by the State Government for computing the quantity of rice to be issued in lieu of wages at Rs. 115 per quintal, for coarse variety and Rs. 130 per quintal for fine variety. The issue prices of rice charged by the FCI per quintal for coarse, medium and fine varieties being Rs. 135, Rs. 150 and Rs. 162 respectively, the rates to be charged from the labourers under the programme should have been Rs. 115, Rs. 130 and Rs. 142 per quintal respectively (Rs. 125, Rs. 140 and Rs. 152 respectively from 22nd March 1979). Thus, no separate rate for the medium variety was fixed by the Government of India for computing the quantity of rice in lieu of wages. In the absence thereof, the field agencies in Andhra Pradesh charged the rate applicable to coarse variety i.e. Rs. 115 per quintal, for the medium variety also. This resulted in issue of 625 tonnes of rice (value : Rs. 8.13 lakhs) to Rs. 130 (reckoned with reference to FCI rate for that variety) been adopted.

Valuation of wheat was required to be done at Rs. 115 per quintal up to November 1978, at Rs. 110 per quintal up to March 1979 and at Rs. 120 thereafter. In 39 panchayat samities and one engineering division of 3 districts, rates lower than these (ranging from Rs. 105 to Rs. 115) had been adopted for valuation of wheat issued to contractors during October 1978 to July 1979. The revised rates of 22nd March 1979 were also not implemented in time. As a result of adoption of incorrect rates, foodgrains valued at Rs. 60.98 lakhs were, thus, issued in excess during September 1978 to March 1980.

10. *Malpractices in issue of foodgrains through contractors.*

10.1 The foodgrains made available under the programme could also be utilised for payment of wages (in part or whole) in kind to labour engaged by contractors provided it was ensured that the contractors maintained proper accounts and did not misuse or divert the foodgrains meant to be distributed to workers. Following receipt of complaints about malpractices in distribution of foodgrains by contractors, the Central Government issued instructions (March 1979) to all States that distribution of foodgrains through contractors or middlemen should be stopped forthwith.

During test-check in audit of the accounts of various States/implementing agencies, it was noticed that in a number of cases accounts of distribution of foodgrains to the labour were not obtained from the contractors by the officers executing the works.

- (i) In Rajasthan, out of 71 road works sanctioned under the programme and test-checked in audit, 20 works were executed by 7 public works division through 322 contractors and 3,300 tonnes of foodgrains (value : Rs. 37.95 lakhs) were issued by these divisions to these contractors without relating the issues to specific works under the programme. Accounts of distribution of foodgrains to the labour were not obtained from 320 contractors. The accounts rendered by the remaining 2 contractors

showed that 31.1 tonnes of foodgrains (value : Rs. 0.36 lakh) were sold by them in bulk to individuals. No control was exercised by the divisions to ensure proper distribution the foodgrains by the contractors.

- (ii) In Assam, 3,711.625 tonnes of foodgrains (value : Rs. 38.19 lakhs) were issued after the completion of works and so there was little scope for the contractors to distribute the foodgrains to the labourers actually employed on the works. The divisions never asked the contractors to maintain proper accounts of the foodgrains, nor did they call for the accounts from them.

Out of 18 division, in 10 divisions cent per cent claims (Rs. 26.85 lakhs) and in 5 divisions 3 to 95 per cent claims (Rs. 12.06 lakhs) of contractors, including element of profit and the cost of material supplied by them were paid in foodgrains. This was in violation of the prescribed condition for the use of the foodgrains for payment of wages of workers engaged on works covered under the programme.

- (iii) In Andhra Pradesh, contractors were allotted foodgrains in lump sum quantities on receipt of notice of arrival of each consignment. The executive officers did not call for accounts of these foodgrains, nor did they work out the labour component before allotting the foodgrains to the contractors. 1,513 tonnes of foodgrains worth Rs. 19.52 lakhs were supplied to contractors long after the completion of the works. The contractors also did not keep any acquittance obtained from the labour in taken of receipt of foodgrains.
- (iv) In Kerala, according to the muster rolls of labour obtained by the conveners, full wages had been paid in cash. The manner in which 328.44 tonnes of foodgrains valuing Rs. 3.93 lakhs were utilised by the conveners was not verified by the block.

10.2 It was noticed in audit that the practice of distribution of foodgrains through contractors continued in some States even after the issue of instructions (March 1979) for the stoppage of this practice.

- (i) In Rajasthan, 737 tonnes of foodgrains were issued to contractors in 1979-80.
- (ii) In 17 out of 18 divisions in Assam, 5,086.7 tonnes of foodgrains (value : Rs. 61.03 lakhs) were distributed through contractors till February 1980.
- (iii) The practice continued in all the district and divisions of Andhra Pradesh test, checked (June 1980) whereas 77,584 tonnes of foodgrains (value : Rs. 10.84 crores) were issued to contractors since April 1979.

11. Irregularities in issue of foodgrains to Panchayats etc.

(a) A test-check in audit in Karnataka revealed that the muster rolls containing acknowledgements of receipt of foodgrains by the labourers were not sent by Village Panchayats, contractors and subordinate block officials

and 2 Public Works Sub-divisions for the following quantities (value : Rs. 28.66 lakhs).

	Quantity (Tonnes)	Value (Rs in lakhs)
Chairman of 10 village panchayats	790.99	10.60
Contractors	267.81	2.78
Subordinate officials	184.42	2.80
Acknowledgements not obtained in 15 blocks and 2 Public Works Sub-Divisions	983.81	12.48
	2,227.03	28.66

(b) A Collector in Rajasthan issued (during 1978-79 and 1979-80) 195.1 tonnes of wheat (value : about Rs. 2 lakhs) to two voluntary organisations. Details of wheat lifted by the organisations, distributed to the labour, works undertaken and their progress, labour employed and the additional employment generated were not obtained from the organisations.

12. Non-reconciliation of receipt of foodgrains from the FCI and issues thereagainst. The following discrepancies in quantities received from the FCI and issues thereagainst were noticed :—

- (i) From the records maintained by the Ministry it was observed that payment to the FCI was made for Rs. 511.91 crores as under :—

Year	Payment (Rs. in crores)
1977-78	10.42
1978-79	123.87
1979-80	377.62
	511.91

The total quantity of foodgrains against which payments were made to the FCI could not, however, be worked out from various registers maintained by the Ministry.

The Government of India released 44.07 lakh tonnes of foodgrains up to 1979-80 (viz. 2.04 lakh tonnes in 1977-78, 13.99 lakh tonnes in 1978-79 and 28.04 lakh tonnes in 1979-80) to the State Governments/Union Territories through the FCI. No reconciliation of the figures of foodgrains released to State Governments with those shown as received by them in their accounts with by the Ministry. When pointed out in audit (May 1980), the Ministry stated (July 1980) that the FCI was requested to obtain from its Regional Managers a monthly statement of total quantity of wheat issue to the State Governments during a month against the demands placed by the Ministry by 10th of each month, but that the FCI was not able to furnish the statements as all its depots spread all over the country were involved in furnishing the information.

- (ii) In Kerala, the quantity of wheat utilised to the end of 1979-80 was 18,970 tonnes against 18,478.8 tonnes lifted. It was not explained as to how the quantity of wheat reported as utilised exceeded the quantity lifted from the FCI.

13. *Non-accountal and shortages.*—Foodgrains released were not accounted/short accounted or excess charged for the departmental records of the following 3 States :—

- (i) Out of 7,202.142 tonnes of foodgrains, 289.470 tonnes valued at Rs. 3.90 lakhs as released by the FCI, were not accounted for in the departmental records in Karnataka.
- (iii) In 5 blocks in Kerala, 1,453.882 tonnes of foodgrains (value : irrigation divisions in Bihar as foodgrains were, in many cases, directly taken to the work sites and in other cases, issue orders of the State Civil Supplies Corporation were directly handed over to contractors for lifting the stocks.
- (iii) In 5 blocks in Kerala, 1,453.882 tonnes of foodgrains (value : Rs. 19.18 lakhs) did not reach the block headquarters. Entries of receipt of foodgrains from the FCI and issue to the conveners were, however, made in stock register of foodgrains maintained in block headquarters on the assumption that the stock would have been lifted by the conveners from the FCI and distributed to the labourers.

14. *Monitoring.*—Steering Committee constituted in all the States were required to meet once a month or as often as necessary to deal with allotment of foodgrains, their timely supply and to review progress of works and additional employment generated. It was, however, seen in audit that in 17 States the number of meetings of the State level Steering Committees varied from 1 to 4 since the inception of the programme, which indicated inadequate coordination and progress reporting. In Uttar Pradesh, the Steering Committee did not exercise effective control over selection and implementation of the works as out of 618 works approved by the Committee in 5 districts, 291 works only were taken up (by June 1980) and the remaining 327 new works were left over without assigning any reason. Apart from this, 226 new works were taken up on ad hoc basis. The Programme Evaluation Organisation of the Planning Commission also observed (December 1979) that the departments at the district level worked in isolation from other departments and district collectors; some departments reduced their normal financial provision to the extent of foodgrains made available to them under the programme; and the programme reports of various departments were sent directly to the state heads of departments. The Ministry also observed (May 1980) that sufficient care had not been taken to fit in the works with area development plans and also that selection and execution of works had not generally been done on systematic and planned basis.

The Ministry had asked (December 1977 and March 1978) the State Governments to submit monthly and quarterly reports on the progress of the schemes undertaken by them under the programme by 20th of every succeeding month and within 2 months after the end of the quarter respectively. During test-check in audit, it was seen that the reports were received late, the period of delay ranged from 1 to 8 months and 1 to 6 months in respect of

monthly and quarterly reports. The Ministry stated (October 1980) that the reason given by the State Governments was that they had to collect information from lowest levels, i.e. village panchayats.

15. *Summing up.*—The following are the main points that emerge :
 — The State/Union Territory Governments had to show clearly that expenditure on existing Plan and non-Plan schemes, new items of capital works etc. had been augmented to the extent of the amount of additional resources made available to them in the shape of foodgrains under the programme calculated at specified rates. In case, the total expenditure during a particular year was equal to or less than the provision which already existed in respect of the works undertaken under the programme, the value of foodgrains released was then recoverable from the State Governments. The Governments of Kerala and Uttar Pradesh were supplied foodgrains worth Rs. 6,883.93 lakhs during 1977-78 to 1979-80 without making provision for the additional resources in their budget. Maharashtra also did not indicate additionality in respect of various schemes as required under the guidelines.

Recoveries of Rs. 66.18 lakhs were due from the Government of Kerala and Himachal Pradesh.

The Government of Bihar was supplied foodgrains worth Rs. 7,409.16 lakhs during 1977-78 to 1979-80, but records on the basis of which additionality and actual expenditure were reported to the Central Government were not shown to Audit.

- The actual number of mandays of employment generated from 1977-78 to 1979-80 fell short of the mandays that were estimated on the basis of 2.5 kgs. of wheat per head per day by 14 per cent, 28 per cent and 47 per cent respectively.
- Assets created in a number of States were not durable as required under the programme.
- In a number of States, viz. Andhra Pradesh, Assam, Bihar, Gujarat, Rajasthan, Himachal Pradesh, Uttar Pradesh, Karnataka and Nagaland a number of works beyond the scope of the programme were undertaken on which foodgrains were issued or foodgrains were issued to regular or work-charged staff. In Nagaland, foodgrains were issued for works which had been completed even before the introduction of the programme. In Maharashtra separate statistics to show the additional employment generated/assets created under the programme were not maintained as the programme was linked with the employment guarantee scheme of the State Government.
- In Andhra Pradesh, during 1978-79 and 1979-80, only 1.33 lakh tonnes of foodgrains (value : Rs. 1,856 lakhs) were issued against their requirement of 1.85 lakh tonnes (value : Rs. 2,583 lakhs) resulting in 27,463 works out of 1,05,492 remaining incomplete.

- In Karnataka, 241 works estimated to generated about 1.81 lakh mandays were not taken up due to non-supply of 609 tonnes of foodgrains (value : Rs. 7.60 lakhs) by the FCI. Besides, 168.358 tonnes of foodgrains were released after the completion of 103 works.
- The cost of gunny bags was included by the FCI in the issue price of foodgrains paid by the Central Government, but these were retained by the distributing agencies like contractors, fair price shops, etc. The value of gunny bags so retained by them during 1977-78 to 1979-80 was computed at about Rs. 11.02 crores.
- Foodgrains were issued to the labour at prices lower than those fixed by the Central Government for the purpose which resulted in excess distribution of foodgrains worth Rs. 72.68 lakhs in Rajasthan and Andhra Pradesh and less recovery of Rs. 1.68 lakhs from a contractor in Rajasthan.
- No account of foodgrains issued to contractors or conveners for distribution to the labour was called for in Rajasthan (3,300 tonnes, value Rs. 37.95 lakhs), Andhra Pradesh (Rs. 19.52 lakhs) and Kerala (Rs. 3.93 lakhs). In Rajasthan, Assam and Andhra Pradesh foodgrains (83,407.7 tonnes) continued to be issued to contractors even after this practice was stopped by Central Government in March 1979.
- The Ministry paid Rs. 511.91 crores to the FCI for foodgrains during 1977-78 to 1979-80, but the records did not show quantity for which payment was made. No reconciliation was made of the quantities of foodgrains released to the State Governments with those actually received by them. Reconciliation was also not made in Rajasthan and Kerala of the quantities foodgrains issued to the implementing agencies and those shown as received by the agencies. In Bihar, foodgrains were in many cases directly taken to the work sites and in other cases issue orders of the State Civil Supplies Corporation were directly handed over to contractors for lifting the stores. In Assam and Andhra Pradesh, foodgrains were issued after the completion of works.
- The various works were chosen by the State from the on-going projects without going into the basic needs and priorities of the village community. The programme was, thus, continued in effect on an ad hoc basis. No arrangements were made for financing the cash component of the works undertaken under the programme with the result that the States could not undertake works which could have led to the creation of durable assets.

[C&AG Advance Report (Civil), 1979-80 (Union Govt.) Paragraph-6]

APPENDIX B(A)

**STATEMENT SHOWING FOODGRAINS ALLOCATED ACTUALLY RELEASED
BY F.C.I. AND FOODGRAINS ACTUALLY DISTRIBUTED DURING**

1977-78

(In M. Ts.)

Sl. No.	States	Foodgrain allocated	Foodgrains actually released by FCI	Foodgrains actually utilised
1.	Assam	7500	3718.00	3718.00
2.	Bihar	30000	27374.00	7735.44
3.	Karnataka	1000	704.00	563.00
4.	Kerala	6000	5626.00	3501.12
5.	Himachal Pradesh	940	573.00	303.50
6.	Madhya Pradesh	10000	9887.00	8780.00
7.	Maharashtra	11940	9358.00	Nil
8.	Orissa	30000	26823.00	23106.18
9.	Punjab	8000	1767.00	297.41
10.	Rajasthan	6000	3165.00	2988.00
11.	Uttar Pradesh	42000	36718.00	32684.00
12.	West Bengal	51200	46842.00	44959.00

APPENDIX—II (B)

**STATEMENT SHOWING FOODGRAINS ALLOCATED ACTUALLY
RELEASED BY FCI AND ACTUALLY DISTRIBUTED DURING 1978-79**

(Figures in MTs)

Sl. No.	State/U.Ts.	Foodgrains allocated including un-utilised balance from last year	Foodgrains actually released by F.C.I.	Foodgrains actually utilised
1.	Anthra Pradesh	1,26,000	1,03,352	93,430 ·00
2.	Assam	13,782	9,372	9,372 ·00
3.	Bihar	2,22,264	1,65,331	1,82,140 ·00
4.	Gujarat	15,000	15,000	17,041 ·00*
5.	Haryana	20,000	19,114	15,903 ·00
6.	Himachal Pradesh	2,136	1,591	1,434 ·00
7.	Jammu & Kashmir	6,000	4,978	6,000 ·00*
8.	Karnataka	15,437	7,127	4,459 ·00
9.	Kerala	28239	11,997	11,957 ·05
10.	Madhya Pradesh	1,26,220	1,23,893	1,25,000 ·00
11.	Maharashtra	76,940	58,581	52,240 ·00
12.	Nagaland	1,500	Nil	Nil
13.	Orissa	2,06,894	1,88,400	1,80,745 ·67
14.	Punjab	39,703	35,723	36,713 ·60
15.	Rajasthan	2,64,012	2,47,394	2,50,379 ·00
16.	Tripura	8,000	8,000	8,214 ·00*
17.	Uttar Pradesh	1,45,316	1,36,000	1,31,436 ·00
18.	West Bengal	1,56,241	1,42,348	1,26,356 ·00
19.	Mizoram	1,200	1,200	1,200 ·00

*Excess utilisation was made from the Public Distribution System by drawing Foodgrains.

APPENDIX II (C)

**STATEMENT SHOWING FOODGRAINS ALLOCATED ACTUALLY RELEASED
BY FCI AND FOODGRAINS ACTUALLY DISTRIBUTED DURING 1979-80.**

(In MTs)

Sl. No.	States/U. Ts.	Foodgrains allocated including un-utilised balance from last year	Foodgrains actually released by F.C.I.	Foodgrains actually utilised
1.	Andhra Pradesh	2,57,570 ·00	2,42,800 ·00	1,96,690 ·00
2.	Assam	16,337 ·00	9,372 ·00	9,372 ·00
3.	Bihar	3,86,124 ·56	3,11,100 ·00	3,01,355 ·24
4.	Gujarat	50,541 ·00	41,000 ·00	46,345 ·20*
5.	Haryana	74,097 ·00	68,828 ·00	71,542 ·48
6.	Himachal Pradesh	30,202 ·46	29,182 ·00	29,355 ·37
7.	Jammu & Kashmir	45,000 ·00	36,471 ·00	33,388 ·84
8.	Karnataka	56,978 ·00	35,486 ·00	30,653 ·00
9.	Kerala	48,901 ·11	26,797 ·00	36,099 ·61
10.	Madhya Pradesh	3,51,220 ·00	2,91,762 ·00	2,91,762 ·00
11.	Maharashtra	1,60,700 ·00	1,25,000 ·00	1,70,540 ·00*
12.	Manipur	4,000 ·00	503 ·00	500 ·00
13.	Meghalaya	—	—	—
14.	Nagaland	8,500 ·00	2,000 ·00	1,480 ·34
15.	Orissa	2,57,148 ·15	2,16,724 ·00	2,09,888 ·03
16.	Punjab	31,988 ·99	25,000 ·00	25,849 ·60
17.	Rajasthan	3,19,633 ·00	3,06,000 ·00	2,25,458 ·00
18.	Sikkim	—	—	—
19.	Tamil Nadu	73,000 ·00	63,360 ·00	55,586 ·28
20.	Tripura	22,000 ·00	22,000 ·00	23,056 ·00*
21.	Uttar Pradesh	5,92,885 ·00	5,79,000 ·00	4,63,912 ·89
22.	West Bengal	2,44,885 ·00	1,32,700 ·00	1,49,597 ·00
23.	A & N Island	550 ·00	175 ·00	216 ·57*
24.	Arunachal Pradesh	500 ·00	—	—
25.	Chandigarh	50 ·00	—	—
26.	Mizoram	1,000 ·00	500 ·00	149 ·57
27.	Pondicherry	700 ·00	600 ·00	550 ·02

*Excess utilisation by drawing foodgrain from P.D.S.

APPENDIX III

STATEMENT INDICATING THE SHORTCOMINGS INCLUDING MISUTILISATION OF FOODGRAINS ETC. CAME TO NOTICE DURING FIELD VISITS BY THE OFFICERS FROM THE CENTRAL GOVERNMENT

- (1) Some works were left incomplete due to non-delivery of foodgrains.
- (2) The embankments of the tanks constructed were not properly finished. Merely the earth was piled up on the banks in a loose manner without being properly compacted. Hence, the damager of the earth being washed away during the rainy season.
- (3) In U. P., more than 33,000 kms. of katcha roads were constructed without a proper plan to make them durable.
- (4) Works at some places were left halfway.
- (5) The sign-boards put up on the works done indicated that the works were done under relief programme instead of Food for work Programme.
- (6) Though some roads were only improved, the muster rolls showed as if they were altogether new roads.
- (7) The assets created were not durable.
- (8) Individual beneficiaries works were taken up. In some cases tanks owned by private persons were improved in West Bengal.
- (9) The works executed were not of prescribed standards and specifications. In some cases, only narrow foot paths measuring 4 to 7 feet width were constructed in West Bengal.
- (10) No maintenance arrangements of the assets created were made.
- (11) Detailed district-wise rural employment plans were not prepared in Himachal Pradesh.
- (12) Mostly plan works were taken up for execution in Gujarat and the village improvement works were not selected in consultation with Panchayats etc. for execution under the programme.
- (13) Some cases of wastage, leakage and misutilisation of foodgrains were reported in Haryana. The arrangements for monitoring and implementation of the programme were found to be weak in many cases.
- (14) Reporting of employment generated and physical assets created was found defective.
- (15) Leakages in the foodgrains received were reported at issue point as also on the works sites.
- (16) Some malpractices and misuse of foodgrains by some of the Panchayats functionaries were reported in Rajasthan.
- (17) The execution of works lacked proper planning.
- (18) No shelf of projects were prepared and no system was followed in identifying the works to be taken up.
- (19) In some cases under weighment of foodgrains given to workers were reported.
- (20) Cases came to notice where as many as 4 to 5 members belonging to one family were working on projects under the programme and were taking large quantity of foodgrains everyday which could not be consumed by them and was naturally sold in the market.
- (21) Foodgrains were taken by contractors at prescribed rates and sold in the open market at a premium. They paid the labour in cash at lower rates.
- (22) Foodgrains were brought to the work sites some time and Mate incharge of the work took the delivery of the foodgrains only on paper.

- (23) Distribution of foodgrains through Fair Price Shops was not satisfactory.
- (24) No uniform practice was being followed in regard to the ratio of cash and foodgrains being paid as wages to workers.
- (25) Quantity of foodgrains given as wages under the programme was not the same in different areas.
- (26) Payments were considerably delayed for want of the adequate arrangements for measurement of work by Technical Staff in time.
- (27) Almost entire wages were paid in foodgrains which resulted in the excess quantity being sold in the market.
- (28) Total wages were being paid in foodgrains in Uttar Pradesh.
- (29) Detailed procedure of distribution of wages in foodgrains not followed.
- (30) In some cases, norms of works fixed for a day were reported to be defective.
- (31) Muster rolls were being inflated was reported.
- (32) Muster rolls could not be presented at the block for inspection.
- (33) Food Corporation of India did not have adequate stocks of foodgrains in a number of their godowns.
- (34) The supply of foodgrains was irregular.
- (35) Delay in supply of foodgrains by FCI was reported.
- (36) State Level Steering Committee did not meet at regular intervals.

After the field visits by respective officers, their reactions contained in the tour notes were communicated to the State Governments and they were asked to take suitable steps to remove the deficiencies/defects pointed out. Necessary instructions about timely supply of foodgrains and payment of wages of the Workers within a reasonable time were issued from time to time.

APPENDIX IV

Main Conclusions/Recommendations

Sl. No.	Para of Report	Ministry/ Department concerned	Recommendations
1	2	3	4
1	2.7 to 2.9	Min. of Rural Development	<p>The Food for Work Programme was launched in April, 1977 with the basic objectives of providing gainful employment opportunities to the poorer sections of the rural community, creating durable Community assets and strengthening the rural infrastructure leading to higher production and better living standards in the rural areas. Conceived in the context of comfortable food stock position, the programme was taken up as an integral part of the strategy for a direct attack on the problem of rural unemployment and poverty. It has been claimed that but for this programme, there would have been acute distress in the countryside during 1979-80 which was a year of unprecedented drought. In October, 1980 the programme was replaced by the National Rural Employment Programme (NREP) which is now an integral part of the Sixth Five Year Plan.</p> <p>Under the scheme, foodgrains were made available to the State Government/Union Territories free of cost for supplementing their budgetary provisions for maintenance of public works on which large investment had been made in the past. As not much headway could be made initially, the scheme was liberalised in December, 1977 to include all on-going and non-plan works and new items of public and community works which would constitute durable community assets.</p> <p>The Committee find that no additional staff was provided either at the State level or at the Block level for ensuring proper implementation and monitoring of the programme. At the district level, the work was entrusted to District Development Officers. Since the administrative structure particularly at the grass-roots level in the rural areas is known to be very weak, the Committee consider that while launching such a programme, it was imperative that adequate attention was paid to the strengthening of the administrative infrastructure and to provide the necessary training and proper orientation to the staff with regard to the problems and needs of the rural community. It was conceded by the Secretary, Ministry of Rural Development during evidence that "the block administration used to be strong in the 50s and 60s. When the block programme became weak, the department re-established the vertical hierarchy. The result was that the integrated approach, which should have been there at the block level, got destroyed. We are again trying to re-assemble the block team.</p>

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2	2-10	Min. of Rural Development/ Planning Commission	<p>The Committee understand that a decision has been taken recently by the Central Government to provide funds to the extent of 50 per cent to the State Governments for strengthening the staff at the block level. The estimated outlay under the new National Rural Employment Programme during the Sixth Plan is as high as Rs. 4500 crores. It is obvious that the implementation machinery would have to be attuned to the challenging task by providing to it the necessary skills and orientation, which is essentially a management task, so as to ensure successful implementation of the programme. The Committee therefore, consider that Government must face this problem squarely and persuade State Government to take concerted steps to develop a cadre of rural managers drawn largely from rural areas for planning and execution of the development schemes for the poor and unemployed sections of the rural community under the National Rural Employment Programme. The Committee consider that the Union and State Governments have distinctive roles to play in this sphere. While senior executives who belong to All India Services are to be trained and given the necessary orientation in Central institutions, it is equally important that the supporting staff who are employees of the State Governments are also properly equipped for the task. The Committee trust that the training facilities available in the National Institute of Rural Development, Hyderabad and other similar institutions in the country would be made full use of. Mention has been made in the annual report of the then Ministry of Rural Reconstruction for the year 1980-81 a new Centrally sponsored scheme for establishment or strengthening of State centres for training and research in rural development. The Committee desire that the matter should be pursued vigorously with the State Governments with a view to expediting the setting up of such centres. The Committee would like to be apprised of the precise steps taken in this direction.</p>
3	3-10	Do.	<p>The Committee note with dismay initiated without carrying out any specific survey with regard to the scale and magnitude of rural un-employment/under-employment. The Committee are surprised to note that no efforts were made to draw up a shelf of projects based on the needs of the rural community after carrying out detailed field surveys and collecting the requisite data. Since these schemes were meant for the rural poor it was also necessary that those who were to be the beneficiaries of the scheme were chosen in a more careful manner. The Evaluation Report of the Programme Evaluation Organisation has also pointed out that the departmental projects undertaken were chosen by the States in a casual manner out of on-going projects without going into the basic needs and priorities of the village community.</p>

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4	3-11	Ministry of Rural Development/Planning Commission	<p>The Committee understand that it is only recently that instructions have been issued making it obligatory for the States to prepare a shelf of projects based on the felt needs of the people. The Committee expect that the Ministry of Rural Development as the nodal Ministry in charge of the rural development programme would ensure that funds are released to the States only after satisfying themselves that well thoughtout shelves of projects have been prepared by the agencies concerned with the implementation of the programme.</p>
5	4-6	Ministry of Rural Dev.	<p>The Committee find that constitution of State District Level Steering Committees was delayed in some States while in certain others such Committees were not set up at all. The Committees are dismayed to find that even in States where State Level Steering Committees were set up, these Committees met very infrequently. Therefore, the inescapable conclusion seems to be that the task of ensuring efficient implementation of the programme through a system of close monitoring and supervision was not taken seriously by the State Govts. concerned or insisted upon by the Central Government. At the District level, the identification of works under the programme was to be done by the District Level Steering Committees. The report of the Programme Evaluation Organisation points out that these Committees had not been set up in all districts and wherever they had been set up, they were not quite active except in a very few cases. In certain places, the district committees did not meet even once after their constitution. The Committee consider that activation of Steering Committee both at the State and District levels is essential for effective monitoring and for devising on course corrective measures as may be called for from time to time. The Committee consider that the rural poor and their organisations must be represented on these Committees. Voluntary agencies should also be involved in the task of rural development. The Committee recommend that instructions in this behalf should be integrated into the directives/guidelines given to the States for compliance.</p>
6	4-7	Do.	<p>The guidelines laid down by the Central Government provided for submission of monthly and quarterly progress reports to serve the needs of planning and administration of the schemes to enable the authorities both at the Centre and in the States to keep a close watch on trends and to apply corrective steps. They were also to form the basis for further release of foodgrains under the scheme. The details furnished to the Committee in this regard reveal a very sorry state of affairs. Almost all the States defaulted in furnishing these reports in time. The monthly progress Reports for 1979-80 were delayed by as many as 2 to 21 months by Andhra Pradesh, 2 to 13 months by Assam and 4 to 15 months by Arunachal Pradesh. The quarterly reports were also delayed by 3 to 10 months by Assam and 4</p>

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			<p>13 months by Himachal Pradesh—in fact both these States had been consistent defaulters throughout the period of operation of the programme. What is worse, certain States like Jammu & Kashmir and Manipur did not file any quarterly reports at all. The Committee fail to appreciate why foodgrains were released to the defaulting States in disregard of the guidelines consistently over a period of time. Obviously, the Ministry themselves did not take those defaults seriously and allow not only the guidelines to be violated but the monitoring system itself to get vitiated and diluted. This is indeed unfortunate. The Committee need hardly point out that for the States themselves, timely receipt of progress reports would have helped better monitoring of the programme.</p>
7	4·8	Ministry of Rural Development	<p>The Committee trust that in such Centrally sponsored programmes which are in fact national programmes, due vigilance will be exercised by the beneficiary States. The Central Government on their part should also devise in built checks to ensure that further release of funds or assistance in kind is not permitted unless the requisite progress reports are forthcoming in time. The Committee would like to be apprised of the specific steps taken in this regard.</p>
8	5·10	Do.	<p>One of the basic objectives of the Food for Work Programme was to establish durable community assets which however, was not done. The Report of the Programme Evaluation Organisation has revealed that as much as 46·6% of the works undertaken in the blocks/districts selected for study were non-durable. Construction and repair of village roads and streets and drainage programme accounted for the maximum number of non-durable works. This has been explained as due to the reason that while foodgrains were supplied by the Centre, adequate funds were not made available by the state Governments for the material component viz cement, bricks, steel etc. as well as skilled labour, technical supervision etc.</p>
9	5·11	Do.	<p>The Secretary, Ministry of Rural Development stated in evidence that in U.P. for example, as much as 40000 kms. of Kutcha roads were constructed as a measure of drought relief "in a most haphazard manner." "We brought it to the notice of the State Government that they should have proper plan, otherwise in one or two rains, earthwork will get washed away and there will be a colossal waste of money... they will take several years for top dressing and soiling. I do not think the State will have resources to make these roads pucca in the next four to five years."</p>

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10,	5,12 & 5,13	Min. of Rural Development	<p>"The performance budget of the then Ministry of Rural Reconstruction for the year 1980-81 has also pointed out that for want of adequate financial provision in most of the States for giving a part of the wages in cash and for financing the material components of work, it had become a practice to build Kutcha Roads on a large scale. These roads will not be able to survive even one or two monsoons and cannot by any standard be termed as durable assets."</p> <p>The committee regret to observe that no data is available with the Ministry as to the value of such non-durable assets. The Ministry have contended that 'In so far as the value of the individual assets created under the programme is concerned, it was for the State Governments/ Union Territory Administrations to see that the assets created recomensurate with the quantum of foodgrains other expenditure incurred on each of these,"</p> <p>The Committee are unable to accept the explanation provided by the Ministry and are of view that it is an attempt to divest themselves of all responsibility in the matter.</p>
11	5-14	Min. of Rural Development Min. of Steel & Mines Min. of Industry	<p>Considering that a large number of non-durable assets were created under the Food for work Programme, the Committee desire that an assessment should be made of the value of such works to enable a proper cost benefit study to be carried out and also to ascertain the actual State of such works and the requirements of funds for making them durable. The Committee would therefore urge the Ministry to undertake such an exercise immediately and report back the results thereof. The Ministry of Rural Development should in consultation with the Ministries of Industry and Steel draw up the details of requirements of cement and steel and the Centre should earmark specifically a portion of the allotment in respect of these commodities to the States for use under this programme.</p>
12	5-15	Min. of Rural Development	<p>The committee understand that in 1980-81 special cash grant was given to the States/Union Territories under NREP to make the non-durable assets created under the programme durable. From 6-4-1981 regular material component to the extent of 40% in case of individual works within an overall ceiling of 33% for the State as a whole, is being given. It is therefore, incumbent on the Ministry to ensure that all non-durable works are made durable under a time bound programme. Proper monitoring of the progress in this regard must be done both at the Central and State levels and release of further funds for new schemes made contingent on the progress in the completion of the unfinished works.</p>
13	6-7	Do.	<p>Audit have pointed out that according to Government's own estimates, generation of additional employment was expected to be at the rate of 2.5 kgs, of wheat per head per day,</p>

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			<p>Since the total quantity of foodgrains utilised during the three years of operation of the food for work programme (1977-78 to 1979-80), was 37.32 lakh tonnes, it should have generated 14930.28 lakh mandays. As per latest figures furnished to the Committee, the actual achievement was 9793.22 lakh mandays i.e. an overall shortfall of nearly 34.5%. According to the Ministry, payment of wages could be made wholly or partly in foodgrains and as such the question of any relationship between the foodgrains supplied and employment generated, does not arise and that 'it was purely on a rough calculation that an estimate for employment likely to be generated was worked out at an average of 2.5 kg, per day per head'. The Secretary, Ministry of Rural Development added in evidence that the State Governments were never told that this would be the basis for calculation. Moreover, the wages paid were also not uniform in all the States.</p>
14]	6-8	Min. of Rural development	<p>The Committee observe that an altogether different set of statistics were furnished to Parliament in this regard. The Performance Budget, of the Ministry for the year 1980-81 shows that additional employment generated under the programme was to the extent of 4.33 crore mandays in 1977-78, 37.39 crore mandays in 1978-79 and was expected to be around 100 crore mandays in 1979-80—thus making a total of 141.77 crore mandays which is much higher than the figure of 97.93 crore mandays now furnished to the Committee. The Committee consider such a wide discrepancy to be symptomatic of the failure of the monitoring system and would like the matter to be explained to Committee's satisfaction at the earliest.</p>
15	6-9	Do.	<p>The Committee would also stress that the Ministry should examine in depth the reasons why the programme did not succeed in generating employment to the extent anticipated. Such a study is essential for avoiding the pitfalls in execution of the present National Rural Employment Programme and in ensuring that substantial dent is made during the Sixth Plan period into the problem of rural unemployment/under-employment which happens to be one of the items of the new 20-Point Programme announced recently by the Prime Minister. The Committee suggest that the Ministry should set up a study team consisting of officials and eminent economists as members to study the scale and magnitude of rural unemployment/under-employment. The study Group should be asked to submit its report within a reasonable period of time.</p>
16	7-13	Do.	<p>The Committee observe that during 1977-78, heavy shortfalls in utilisations of foodgrain occurred in practically all the 12 States participating in the programme. Maharashtra, in fact showed nil utilisation against an allocation</p>

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			<p>of 11,940 tonnes and actual release of 9358 tonnes. In 1978-79, 16 out of 19 States/Union Territories reported under-utilisation-the shortfall being heavy in Karnataka, Andhra Pradesh, Assam, Bihar, Kerala, Orissa, Rajasthan, Uttar Pradesh and West Bengal, Certain other States such as Gujarat, Jammu & Kashmir and Tripura reported over-utilisation by drawing extra foodgrains from the public distribution system, In 1979-80, all the States/Union Territories excepting four reported under utilisation. The above mentioned 9 States again accounted for most of the shortfall. For the entire period of 3 years taken as a whole, there was a shortfall of 7.07 lakhs tonnes <i>vis-a-vis</i> the total releases of the order of 44.07 lakh tonnes.</p>
17	7.14 & 7.15	Min. of Rural Development/ Min of Food.	<p>The Committee find that there have been wide variations in the quantity of foodgrains allocated <i>vis-a-vis</i> those released by FCI and utilised by the states, Union Territories. While on the one hand, allocations which were to have been made on the basis of utilisation reports continued to be made irrespective of the receipt of such reports, supplies from FCI depended on the other hand, on the availability of goodgrains in various godowns spread all over the country. Besides, supply of foodgrains particularly to Andhra Pradesh and Karnataka was affected due to difficulty in rail movement from Haryana and Punjab. The Ministry have admitted that "this certainly caused innumerable problems in smooth execution of works under the programme."</p> <p>The Committee appreciate that movement of foodgrains from the North to far flung areas in the South during 1979-80 which was the year of unprecedented drought, did pose difficult problems. However, complaints continue to be voiced about delayed and faulty distribution of foodgrains by the FCI. The Committee therefore, consider that streamlining of operations on the part of FCI is essential for the successful implementation of such programmes. The Ministry of Agriculture and Rural Development should set up a standing coordinating machinery comprising the representatives of the Food Corporation of India as well as the Railways to sort out the day to day problems in movement of foodgrains by rail.</p>
18	7.16 & 7.17	Do.	<p>The Committee find that in terms of money value, the Ministry paid Rs. 511.91 crores to the Food Corporation of India for the foodgrains released under the programme during the years 1977-78 to 1979-80. Audit have pointed out that the records did not show the quantity for which payment was made and that no reconciliation was made of the quantity of foodgrains released to the State Governments with those actually received by them.</p>

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			<p>The Committee have been informed that while the accounts for 1977-78 were finalised some months back, the reconciliation in respect of 1978-79 is in progress. Only two States viz. Gujarat and Tamilnadu have been able to furnish reconciled figures for all the three years. Timely submission of monthly and quarterly reports having been in a state of disarray, it is no surprise that reconciliation of figures of foodgrains released by FCI and those actually received/ utilised by the State Governments has become so difficult. What is still more surprising is the fact that even the second check whereby the bills submitted by the FCI were required to be accompanied by consignee receipts has also proved to be of little avail. Obviously, the prescribed procedures have not been followed by the FCI also. It was admitted in evidence by the representative of the Ministry of Rural Development that accounting errors do take place since FCI godowns are located at hundreds of places in the country while regional offices are located at the State Capitals. The accounts in regard to food for work programme also sometimes got mixed up with those of special food for work Programme. It was also admitted in evidence that 'the accounting instructions were issued very late—almost 8 or 9 months after the circular was issued. That was the mistake made by us. We should have issued accounting instructions immediately.'</p>
19	7-18	Min. of Rural Development/ Min. of Food	<p>The Committee desire that the question of reconciliation of accounts should be pursued vigorously with the FCI and the State Governments at a high level and finalised expeditiously in consultation with the Accountant General of the State concerned. It should also be ensure that the lacunae and deficiencies noticed in the present system are remedied without delay so that the NREP Programme is not faced with similar problems.</p>
20	8-16 & 8-17	Do.	<p>The State Governments/Union Territory Administrations had to intimate clearly that expenditure on existing Plan and Non-Plan schemes etc. had been augmented to the extent of the amount of additional resources made available to them in the shape of foodgrains calculated at specified rates. In case the total expenditure including the value of foodgrains was only equal to or less than the financial provisions which already existed in respect of the works undertaken under the programme, the value of foodgrains released was recoverable from the State Governments. The Committee are concerned to note that the cases of determination of additionality in respect of many State Governments have taken a long time to finalise on account of either non-submission or delay in furnishing of relevant information by them.</p>

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21	8-18	Min. of Rural Development	The Committee observe that so far as the year 1977-78 is concerned, the condition of additionality is reported to have since been fulfilled or broadly fulfilled by all the States whose cases have been commented upon by Audit viz. Kerala Arunachal Pradesh, Uttar Pradesh, Maharashtra and Karnataka. In the case of West Bengal, there was a shortfall of Rs. 1.14 crores (as against Rs. 2.03 crores mentioned in the Evaluation Report Budget) due to failure of the implementing agencies to make arrangements for purchase/collection of road-rollers, building materials etc. It has been decided to waive the condition of additionality in this case in consultation with the Integrated Finance Division. The discrepancy in figures however needs to be explained to the Committee.
22	8-19	Do.	In regard to the year 1978-79, the Committee observe from the Performance Budget of the then Ministry of Rural Reconstruction that two States viz. Gujarat and U.P. showed negative additionality to the tune of Rs. 5.60 crores and Rs. 2.83 crores respectively whereas according to the information now furnished to the Committee, the condition has been fulfilled or 'broadly fulfilled' by all the States. In regard to the State of Jammu & Kashmir, the Ministry have, however, stated that the State Government have not furnished complete information in spite of repeated reminders. They have been asked to refund the cost of foodgrains utilised during the year 1978-79 of else the same will be deducted from their current year's share.
23	8-20	Do.	The Committee are shocked to learn that Bihar Government which was supplied foodgrains worth Rs. 74.09 crores during the years 1978-79 to 1979-80 did not show any records to Audit during their inspection on the basis of which additionality and actual expenditure were reported. The Secretary, Ministry of Rural Development stated in evidence that a reference made to the State Government in this regard as soon as the audit observations contained in their first review report were received, did not elicit any response. Subsequent reminders sent by the Ministry had also not been replied to (December 1981).
24	8-21	Do.	The Committee urge that a time limit may be set for finalisation of cases of additionality in respect of these two States and in cases the requisite information is still not forthcoming, the shortfall should be made good by adjusting the same against future allocations.
25	8-22 8-23 & 8-24	Do.	In the case of Maharashtra, the Committee find that separate records were not kept by the State Government regarding the utilisation of food grains under the Food for Work Programme and the Employment Guarantee Scheme of the State Government since the former was dovetailed into the latter. The figures in regard to generation of employment and creation of assets are 'presumably'

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			<p>based on the proportionate expenditure met from the resources provided under the Scheme. According to the Ministry 'there is no reason dispute the methodology adopted by the State Government in this regard.'</p> <p>Secretary, Ministry of Rural Development stated in evidence that 'it is not necessary (for the State Govts) to make Budget provision to establish additionality, but we have to carry out a check. When we give them money, they should not withdraw their own money, just because Central assistance is available, otherwise there would be no gain to the community'.</p> <p>The Committee consider that in the light of the experience of operation of food for work programme, the matter needs to be considered further so that situations of the type encountered in Bihar, Jammu & Kashmir, West Bengal, Maharashtra etc. can be obviated. If necessary, revised guidelines may be issued in this regard.</p>
26	8-25	Min. of Rural Development	<p>No information has been furnished to the Committee with regard to pending cases of additionality for the year 1979-80. The Committee expect that these cases will be finalised expeditiously. The Committee would like to be apprised of the position in this regard within three months.</p>
27	8-26	Min. of Rural Development/ Planning Commission	<p>The Committee consider it imperative that the reporting as well as monitoring system is adequately strengthened and streamlined at all levels. The Committee would like the Ministry to examine the matter in all its aspects in consultation with the Planning Commission and the State Govts. and take concerted measures to rectify the shortcomings without delay.</p>
28	9-12	Do.	<p>A large variety of cases of misutilisation of foodgrains and/or their diversion for unauthorised purposes have come to light as a result of the proings made by Audit and the Programme Evaluation Organisation of the Planning Commission. The officials of the Ministry of Rural Development during their field visits had also noticed several shortcomings in the actual implementation of the programme. Erratic distribution of foodgrains, malpractices in distribution particularly by contractors, poor quality of foodgrains, delays in payment due to inadequate arrangements for measurement of earthwork, inflation of muster rolls, sale of foodgrains in open market etc. were some of the common complaints. The Committee apprehend that the irregularities, malpractices in distribution of foodgrains etc. that have come to light represent only a tip of the iceberg. Considering that the country suffered from a severe drought in 1979-80, there can be no doubt that misuse of foodgrains was on a scale much larger than what has been officially admitted.</p>

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29	9-13	Min. of Rural Development	<p>As for diversion of foodgrains for unauthorised purposes such as taking up of individual beneficiary works-payment of part of salary in kind to the work charged staff and labour, misutilisation of foodgrains for repair and maintenance of office buildings, purchase of crockery, furniture etc., referred to in the C & AG's Report the Secretary, Ministry of Rural Development admitted in evidence. . . . programme "admitted that irregularities had been committed by almost all State Governments." He assured the Committee that the Ministry would not accept this kind of expenditure to be debited to this programme.</p>
30	9-14	Min. of Rural Development Min. of Civil Supplies	<p>The Committee find that it was as late as in March, 1979 that instructions were issued to stop distribution of foodgrains through contractors or middlemen. It would appear that no supervision was exercised to ensure proper maintenance of accounts by the contractors nor action was taken to open sufficient number of fair price shops at the work sites. The method of distribution of food grains on the basis of coupons issued by the Officer in-charge of the work was also not followed by several States. The Committee are of the opinion that individual cases of default should be processed by the appropriate agencies for remedial action. The Committee recommend that the various deficiencies in the distribution system, maintenance of accounts etc. should be examined in depth by the Ministry of Rural Development and necessary steps taken to streamline the system.</p> <p>The Committee are of the view that the network of fair price shops in the rural areas needs to be augmented so that foodgrains are within the easy reach of the people and malpractices are minimised.</p>
31	10-6 & 10-7	Min. of Rural Development	<p>Audit have pointed out that even though the Ministry of Rural Development paid the price of gunny bags—440.7 lakhs in number to the Food Corporation of India, the sale proceeds of the empty bags were not remitted to the Government of India. The Committee find that the unintended benefit to the distributing agencies works out to be much higher than the figure of Rs. 11.02 crores, mentioned by Audit. The figures furnished by the Ministry show that the average value of the used bags ranged between Rs. 3.63 and Rs. 4.56 per bag during the period in question. Computed on an average of Rs. 4/- per bag (instead of Rs. 2.50 per bag adopted by Audit), the total cost of the empty bags works out to nearly Rs. 17.62 crores. The Ministry have explained that the foodgrains were passed on to the States with gunny bags "with the expectation that bags will remain with the Panchayats who were supposed to execute the works."</p>

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The Committee understand that instructions have since been issued that the empty gunny bags will become the property of the Gram Panchayat in whose jurisdiction the works are executed so that their resources can be augmented to the extent of the value of the empty gunny bags. The Committee are of the view that these instructions should have been issued much earlier. This was clearly a lapse on the part of the Ministry which could have been easily avoided. The Committee would like to be apprised as to what percentage of foodgrains were actually distributed by Panchayats or other Government agencies and the extent to which the expectation of the Ministry that the sale proceeds of the empty bags would be utilised to augment the resources under the programme, was in fact realised.

20. Atma Ram & Sons,
Kashmere Gate,
Delhi-6.
21. J. M. Jaina & Brothers,
Mori Gate, Delhi.
22. The English Book Store,
7-L, Connaught Circus,
New Delhi.
23. Bahree Brothers,
188, Lajpatrai Market,
Delhi-6.
24. Oxford Book & Stationery
Company, Scindia House,
Connaught Place,
New Delhi-1.
25. Bookwell,
4, Sant Narankari Colony,
Kingsway Camp,
Delhi-9.
26. The Central News Agency,
23/90, Connaught Place,
New Delhi.
27. M/s. D. K. Book Organisations,
74-D, Anand Nagar (Inder Lok),
P.B. No. 2141,
Delhi-110035.
28. M/s. Rajendra Book Agency,
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Old Double Storey,
Delhi-110024.
29. M/s. Ashoka Book Agency,
2/27, Roop Nagar,
Delhi.
30. Books India Corporation,
B-967, Shastri Nagar,
New Delhi.

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