95

INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP)

MINISTRY OF RURAL DEVELOPMENT

PUBLIC ACCOUNTS COMMITTEE 1994-95

NINETY-FIFTH REPORT

TENTH LOK SABHA

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PUBLIC ACCOUNTS COMMITTEE
(1994-95)

(TENTH LOK SABHA)

Integrated Rural Development Programme (IRDP)

MINISTRY OF RURAL DEVELOPMENT

सत्यमेव जयते

Presented to Lok Sabha on 25-4-1995
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LOK SABHA SECRETARIAT
NEW DELHI

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COMMITTEE(TENTH LOK SABHA)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf this Ninety-fifth Report on Paragraph 6.1 of the Report of Comptroller and Auditor General of India for the year ended 31 March, 1993, (No. 2 of 1994), Union Government (Civil) relating to "Integrated Rural Development Programme."

2. The Report of the Comptroller and Auditor General of India for the year ended 31 March, 1993, (No. 2 of 1994), Union Government (Civil) was laid on the Table of the House on 13 May, 1994.

3. In this Report, the Committee have identified certain major areas of concern under IRDP requiring immediate governmental attention. Briefly these are low *per capita* investment, non-preparation of five year perspective and annual plans, failure to conduct household surveys for identification of beneficiaries, coverage of ineligible families, non-provision of assistance for second milch animal, failure to conduct proper physical verification of assets and misutilisation of assistance, short comings in infrastructural development, shortcomings in the administration of subsidy, diversion of funds meant for IRDP to other programmes, lack of proper monitoring and evaluation of IRDP and overlapping of programmes etc. The Committee have observed that despite the general acceptance of the objectives and the extensive organisational apparatus built to translate them into reality, the IRDP has not achieved the desired results. In their opinion the fact that only 14.81% of the beneficiaries of IRDP had been able to cross the existing poverty-line of Rs. 11,000 per annum as per the findings of the Fourth round of Concurrent Evaluation is a glaring indicator of the failure of the programme in achieving the objectives. Expressing their serious concern over the failure of IRDP to act as a major instrument in the alleviation of rural poverty, the Committee have desired that the Ministry of Rural Development in the light of the facts contained in this report and the findings of the Fourth Round of Concurrent Evaluation, the interim report of the Mehta Committee and other similar documents should take adequate steps and revamp the programme for the alleviation of India's rural poverty.

4. The assistance to beneficiaries under IRDP comprised of loan and subsidy. The major part of the investment in the form of loan was to come through institutional credit. The Committee have noted with concern that

the flow of credit and institutonal financial assistance under IRDP were beset with certain serious shortcomings such as rejection of loan applications, low per capita disbursement of loans inordinate delays in sanctioning/disbursal of loan, fixing of repayment period unrealistically, poor recovery of IRDP loans etc. The Committee have emphasised that IRDP has been described as a credit based self-employment programme with an element of subsidy rather than a programme based on subsidy supplemented by bank credit. Therefore, mobilisation and flow of credit is vital for the successful implementation of the programme. The Committee have desired the authorities concerned to ensure that the loan appraisals are made more effective and that the applications are not rejected in a rather routine manner or on flimsical grounds and also to check malpracticers on this score, if any. Emphasising the need for avoiding under financing of IRDP projects and for prompt sanction and disbursal of IRDP loans, the Committee have also recommended that the question of enhancing the minimum repayment period from the existing stipulated period of three years should be considered. They have further suggested that for improving the recovery performance of IRDP loans, a strategy involving a suitable blend of firm line of action against wilful defaulters and provision of suitable incentives for prompt repayment/recovery may be drawn up.

5. The Committee have regretted to note that the implementation of IRDP was also considerably hampered due to widespread financial deficiencies. These included non-reconciliation of expenditure with banks, incurrence of administrative expenditure beyond the prescribed limits, wasteful/excess expenditure on construction of training centres, infrastructure, cash awards etc. The Committee have emphasised the need for proper maintenance, periodical reconciliation and regular auditing of accounts of DRDAs.

6. The Audit para was examined by the Public Accounts Committee at their sittings held on 27 October, 10 November (FN & AN) and 24 November, 1994. The Committee considered and finalised the Report at their sittings held on 18 April, 1995. Minutes of the sitting form Part II* of the Report.

7. For facility of reference and convenience the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also reproduced in a consolidated form in Appendix-III of the Report.

8. The Committee express their thanks to the officers of the Ministries of Rural Development and Finance (Department of Economic Affairs—Banking Division) for the cooperation extended by them in furnishing information and tendering evidence before the Committee.

9. The Committee also place on record their appreciation of the assistance rendered to them in the matter by ther office of the Comptroller and Auditor General of India.

NEW DELHI;
21 April, 1995
1 Vaisakha, 1917 (Saka)

BHAGWAN SHANKAR RAWAT
Chairman,
Public Accounts Committee.

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REPORT

INTEGRATED RURAL DEVELOPMENT PROGRAMME

I. *Introductory*

Recognising lack of productive assets as a major cause of poverty and unemployment, the Integrated Rural Development Programme (IRDP) was introduced in 1978 as an important anti-poverty programme aimed at providing income generating assets and self-employment opportunities for the rural poor. The programme was initially introduced on a pilot basis in 20 selected districts. Subsequently, it has been extended to cover all the 5092 blocks of country. It has taken under its umbrella other related programmes for Small/Marginal Farmers (SFDA/MFAL), National Scheme of Training of Rural Youth for Self Employment (TRYSEM), Development of Womens and Children in Rural Areas (DWCRA) etc.

2. The objective of IRDP is to enable identified rural poor families to take-up productive activities to augment the family income on a sustained basis and to ultimately come out of the poverty syndrome. This objective is sought to be achieved by providing productive assets and inputs to a specific target group of beneficiaries which would generate additional income and employment. The target group of IRDP consists of families of small and marginal farmers, agricultural labourers and rural artisans whose family income is below the pre-determined poverty line, which at present is set at Rs. 11,000/- per annum.

3. A widespread of activities are eligible under the programme. These range from traditional land based activities such as dairy and livestock farming, individual and community minor irrigation projects, etc. to the not so traditional projects such as pisciculture, sericulture, floriculture, beekeeping etc.

4. From 1979-80 IRDP has been a centrally sponsored scheme and expenditure is shared equally by the Centre and the States. Allocation of funds to the States is made according to the incidence of poverty. The funds in trun are released to the District Rural Development Agencies (DRDAs) by the concerned States. The programme is implemented through the DRDAs. The economic activities under IRDP are financed through a package of subsidy and credit. Funds for the expenditure on subsidy and other items relating to administrative and infrastructural expenditure are provided by the Government and credit by the banking instutitions. Normally, subsidy is provided at the rate of 25 per cent of the project cost for small farmers; 33.3 per cent for agricultural labourers; marginal farmers and rural artisans; and 50 per cent to SC/ST beneficiaries and the physically handicapped. Since the inception of IRDP bank credit

of Rs. 13330 crores and Government subsidy amounting to Rs. 8202 crores aggregating Rs. 21432 crores had been provided to 447 lakh families below the proverty line, till the end of financial year 1994.

Earlier Report of PAC

5. The implementation of IRDP covering the period 1978-79 to 1983-84 was examined by the Public Accounts Committee (Eighth Lok Sabha) and their findings reported in the 91st Report (1986-87) which was presented to Parliament on 27 April, 1987. The action taken by Government on the recommendations was reviewed by the Committee in their 37th Report (10th Lok Sabha) which was presented to Parliament on 21 December, 1992.

Audit Paragraph

6. The present Report is based on Audit Paragraph 6.1 of the Report of C&AG of India for the year ended 31 March, 1993 (No. 2 of 1994) Central Government (Civil) relating to Integrated Rural Development Programme which seeks a review of the implementation of the programme on the basis of test checks conducted by C&AG in 21 States and four Union Territories with particular reference to the transactions during 1985—93. The Audit paragraph has been reproduced as Appendix-I. The various aspects arising out of the examination of the Audit paragraph by the Committee are dealt with in the succeeding sections.

II. *Financial Outlay and Progress*

7. The details of total allocation, utilisation, central share of releases, total credit mobilised, number of beneficiaries targetted and actually assisted during 1985-86 to 1992-93 were as under:—

(Rupees in crores)

Year	Total allocation	Total utilisation	Central Share	Central Releases	Credit mobilised	Number of beneficiaries: Targeted to be assisted (Number in lakhs)	Number of beneficiaries: Actually assisted (Number in lakhs)
1985-86	407.36	441.10	205.93	207.10	730.15	24.71	36.60
1986-87	543.83	613.38	277.31	279.67	1014.88	35.00	37.47
1987-88	613.38	727.44	310.60	299.72	1175.35	39.64	42.47
1988-89	687.95	768.47	345.00	330.84	1231.62	31.94	37.72
1989-90	747.75	765.43	375.00	347.92	1220.53	29.09	33.51
VII Plan	3000.27	3315.82	1513.84	1465.25	5372.53	160.38	181.77

(Rupees in crores)

Year	Total allocation	Total utilisation	Central		Credit mobilised	Number of beneficiaries	
			Share	Releases		Targeted to be assisted	Actually assisted
						(Number inlakhs)	
1990-91	747.31	809.49	374.56	346.59	1190.03	23.71	28.98
1991-92	703.61	773.08	352.66	321.31	1147.33	22.52	25.37
1992-93	662.22	693.68	331.65	336.69	1036.80	18.75	20.68
Total:	2113.14	2276.25	1058.87	1004.59	3374.16	64.98	75.03

8. The Committee desired to know the reasons for reduction in allocation of funds in 1991-92 and 1992-93. The Ministry of Rural Development in a note stated that the Indian economy in the early phase of economic reforms enforced several economic measures to correct fiscal imbalance. These included substantial cuts in public expenditure. However, in order to prevent any undue hardships to the poor on account of structural reforms, the declining trend in allocations was reversed subsequently. According to the Ministry, allocations on IRDP were stepped up substantially to Rs. 1093 crores in 1993-94 and Rs. 1098 crores in 1994-95 to further strengthen the programme and ensure increased flow of benefits to the rural poor.

III. *Low per capita investment*

9. One of the main objectives of IRDP was to take up a package of schemes which would generate enough additional income to enable the beneficiaries to go above the poverty-line once and for all. In 1986-87 the Planning Commission assumed 2.7 as the incremental capital output ratio and on this basis, the Ministry assumed that an investment of about Rs. 13,000—14,000 per beneficiary would be required to achieve this.

10. The Public Accounts Committee in their 91st Report (1986-87) (8th Lok Sabha) had recommended "the level of assistance and manner of implementation should be such that a household progresses beyond poverty-line in one-go and not resort to second dose of assistance as at present contemplated by the Government which in truth is impracticable. A programme which does not help poor households to cross the poverty-line in one-go, cannot carry any credibility as to its validity. Hence credible outlays are the elementary need of IRDP."

11. It has been pointed out by Audit in the present review that as against the per capita investment of Rs. 13,000—14,000 per beneficiary as assessed in 1986-87 which was required to generate additional income to a family to enable it to cross the poverty-line in one-go, the actual annual All-India average per capita investment (both credit and subsidy) was Rs. 4569 during the Seventh Plan and Rs. 7151 during 1990—93 despite the

inflationary trends. In none of the years did the investment touch the level assumed in 1986. Thus, according to Audit the Ministry did not make any efforts to raise the per capita investment level either by allocating more funds or by reducing the numerical targets. It had laid more stress on a wider coverage in terms of numbers of beneficiaries and, in fact, they had all along over achieved the targets. The test check of records by Audit in the States of Andhra Pradesh, Arunachal Pradesh, Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal revealed that the State Governments also continued to assist the beneficiaries with inadequate funds.with the result that a large number of IRDP beneficiaries could not cross the poverty-line.

12. Commenting on the points raised by Audit the Ministry of Rural Development in a note stated that according to the monitoring of the programme done by them, a total disbursement of Rs. 13360.29 crores (subsidy Rs. 4613.59 crores; loan Rs. 8746.70 crores) was made to 256.81 lakh beneficiaries under IRDP during the period 1985-86 to 1992-93. The actual annual All-India average per capita investment (both credit and subsidy) was Rs. 4569 during the Seventh Plan and Rs. 7151 during 1990-93. The Ministry stated that they had made several efforts to raise the level of investment per family. According to them soon after the Public Accounts Committee gave their recommendations, the physical targets were reduced from a peak level of 39.64 lakh families in 1987-88 to 18.75 families in 1992-93. As a result, level of investment per family rose from Rs. 4470 to Rs. 7889. However, the Ministry felt that investment per family could be raised still further in accordance with the recommendations of the Public Accounts Committee. Consequently during the current financial year 1994-95 not only have the physical targets been reduced from the previous years level; but also instructions have been issued by the Ministry to all State Governments to raise the average level of investment to Rs. 12,000 per family. Additional measures have been taken to ensure that this sharp increase in investment levels actually fructifies at the field level. The Ministry further stated that these measures include:-

(a) extention of the family credit plan to 213 districts of the country where NABARD has DDM Offices. The objective is to achieve higher level of investment by assisting more than one member of a family through provision of multiple assets. The level of investment under this scheme is to be of the order of Rs. 15000 to 25000 on an average.

(b) at the instance of the Ministry the RBI has raised the limit of security free loan from Rs. 10000 to Rs. 15000 in case of multiple assets and Rs. 2000 to Rs. 5000 in the case of non-multiple assets.

13. The Committee asked as to why the Ministry continued to lay more stress on achieving the numberical fiscal targets through thin distribution of

funds with the result that in most of the States the majority of assisted families could not cross the poverty line. The Ministry of Rural Development in a note stated that the physical target was reduced from 39.6 in 1987-88 to 21.1 lakhs families during the current financial year. According to them greater emphasis was now being given to qualitative aspects of the programme and not mere achievement of physical targets.

14. The Committee wanted to know the reasons for the delay in implementing their recommendations referred to above. In a note the Ministry stated *inter alia*:-

> "......it should be recognised that the target group for IRDP are poor families with meagre assets base and fragile conditions of existence. Some times exogenous factors such as droughts, floods, crop failures etc. impose severe hardship on this group and erode further their already meagre asset base. Such families do require a second dose of assistance. In some cases, however, the beneficiaries have not been able to cross the poverty line because of inadequate credit mobilisation leading to under financing of projects. This aproblem was specially aggravated after the loan waiver scheme in 1989 following which the credit atmosphere in several parts of the country was vitiated. The Ministry has taken up the matter with Reserve Bank of India and NABARD to ensure adequate mobilisation of credit for the programme. A high-powered committee has been set up under the chairmanship of Deputy Governor, RBI Shri D.R. Mehta to review IRDP in general and also give its recommendations on supplementary assistance to those IRDP beneficiaries who need a second dose of assistance to rise above the poverty line."

15. When asked about the efforts made by the Ministry to ensure that credible outlays were being made, the Ministry in a note stated that they had constantly been emphasising during Annual Plan discussions with the Planning Commission to increase the outlays on IRDP. According to them, though there was a sharp reduction in allocations during the first two years of economic reforms i.e. 1991-92 and 1992-93, at the instance of the ministry, allocations for 1993-94 were enhanced considerably by almost 65%.

16. The Committee were informed that poverty-line was estimated by the task force on Projections of Minimum Needs and Effective Consumer Demand set up by the Planning Commission. The task force defined poverty-line as that per capita expenditure level at which the average per capita outlay calory intake was 2,400 calories in rural areas and 2,100 calories in urban areas. The poverty-line is constantly updated on the basis of consumer price index to drive poverty-line at current prices. Thus at 1984-85 prices the poverty-line was estimated at Rs. 6,400 per annum per family. The poverty-line at 1991-92 prices has been estimated at Rs. 11,000 per annum per family of five.

17. The Committee desired to know the amount of loan and subsidy required to enable a family to cross the poverty-line. The Ministry of Rural Development stated that it depends on (a) Pre assistance level of income of the family, (b) Quantum of investment and (c) Return on investment (ICOR). Estimates of income generation capacity of assets and the quantum of investment needed to enable a family to cross the poverty line are expected to be made at the time of project formation for individual beneficiaries. The desired subsidy credit is 1 : 2. For instance, if the size of investment is Rs. 12000 subsidy should be around Rs. 4000 and loan about Rs. 8000. Assuming this size of investment and a return of about 30% on this (corresponding to ICOR of 2.7 estimated during the Seventh Five Year Plan), a family having pre-assistance income of Rs. 6500 and above will be able to cross the poverty line. The Concurrent Evaluation in their findings have observed that the ICOR varied in different activities, sometimes even as low as one.

18. Asked whether the Ministry had State-wise figures of the assisted beneficiaries crossing the poverty line and if not the reasons for not obtaining and monitoring this vital information, the Ministry stated that it was available in the Concurrent Evaluation Survey of the Ministry. When asked further whether the Ministry had periodical information on the increase in the income level of the IRDP beneficiary, the Ministry stated that such data was available among the information collected during the course of Concurrent Evaluation Surveys. To a specific question about the number of people who had crossed the poverty line and were still continuing above the poverty line the Secretary, Ministry of Rural Development in evidence stated that "such details were not generated in the Concurrent Evaluation Rounds."

19. The Committee wanted to know the reasons for IRDP not having been able to make any significant improvement in bringing the poor above the poverty-line. In a note furnished to the Committee, the Ministry of Rural Development stated that the performance of the programme should be judged in the context of enabling assisted families to enhance their income levels and improve their living standards and not necessarily by their ability to cross the poverty-line. According to them, following the Antoyadaya approach, during the Seventh Five Year Plan only those families having income below the cut off line of Rs. 4,800 could be assisted. Some of these families did not possess necessary skills for self-employment and could therefore not retain assets acquired by them on a long-term basis. Furthermore, in order to sustain the activities sponsored under IRDP and enable adequate generation of income, infrastructure development in villages was very essential for the programme. Though the Government of India had allowed 10% of allocations to be spent on infrastructural development, actual level of expenditure under this head was merely 3-4% during the Seventh Five Year Plan. The Ministry stated that both these factors contributed to reducing the efficacy of the

programme as a result of which fewer people could cross the poverty-line. In this connection, it is seen from the Government of India, Ministry of Agriculture, Department of Rural Development, New Delhi publication "Self Employment Programmes IRDP, TRYSEM & DWCRA" that in August, 1985 the Prime Minister stated in Parliament that the IRDP had been modified so that the beneficiaries can cross the poverty line with one dose of assistance.

IV. *Non-Preparation of Five Year Perspective and Annual Plans*

20. For the success of IRDP, proper planning, project identification and beneficiary selection prior to its implementation were considered very essential. The IRDP guidelines envisaged preparation of a comprehensive Five Year Perspective Plan containing an inventory of local resource after identifying the development potential and major potential thrust areas which could be tapped and evolving of suitable programmes for assisting the rural poor.

21. In addition to the preparation of Five Year Perspective plans, Annual Plans were also to be prepared and were to follow the Five Year Plans and the identification of beneficiaries because these plans were to match the resource profile and needs of the beneficiaries to provide them income generating activities.

22. According to the Audit Paragraph, the planning evaluation organisation has pointed out in May, 1985 that the Five Year Perspective Plans and the Annual Plans were not being prepared in time and had been delayed considerably. The Audit has also pointed out that in the States of Assam, Arunachal Pradesh, Bihar, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Meghalaya, Orissa, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal the Five Year Perspective/Annual plans were either not prepared or prepared with inadequate data. While agreeing that preparation of Five Year Perspective Plans and Annual Plans in a detailed and meaningful manner is essential to the success of the programme, the Ministry of Rural Development stated that they have been emphasising from time to time for the preparation of the same. The Ministry stated that the issue was time and again discussed at the Project Directors Workshops. The Ministry further stated that the feed-back from the DRDAs in these years Project Directors Workshops was that advance notification of the target during the current financial years contributed to timely preparation of annual action plans at the district level. According to the Ministry they had not released the second instalment unless they are satisfied that the Annual Plan had been prepared. Since the Five Year potential link credit plans are now prepared by NABARD, DRDAs, use those as long term plans and prepared annual plans within these perspective plans.

23. In this cotext, it was however seen that one of the major conclusions of the National Workshop of Project Directors in June-July, 1993 was that

the PDs, DRDAs, and their APOs and BDOs are not trained and equipped to formulate meaningful plans with technically feasible and economical viable projects for IRDP beneficiaries. Although the documents called Annual Action Plans were being prepared each year by the DRDAs, this was nothing more than putting together of the plans prepared by the blocks. Moreover, these were not consistent with the District Credit Plans prepared by the lead bank officers.

V. Household Survey for Identification of Beneficiaries

24. For ascertaining the economic status and income of the selected target groups, the IRDP guidelines envisaged a comprehensive household survey. The survey was to cover every family seemingly poor in the village. Though the household survey was a pre-requisite for the proper implementation of Integrated Rural Development Programme (IRDP) and identification of the poorest amongest the poor, the Audit para has revealed that the same was not conducted in Arunachal Pradesh, Haryana, Karnataka, Maharashtra, Sikkim and Tripura. In Andhra Pradesh, Rajasthan, Tamil Nadu and West Bengal it was partly done. However, the Ministry continued to release financial assistance without ensuring such household surveys. In many States like Assam, Himachal Pradesh, Kerala, Madhya Pradesh, Punjab, Sikkim, Pondicherry and Uttar Pradesh where the household survey was conducted the Antyodaya aproach for covering the poorest among the poor first was generally not followed.

25. The Committee enquired about the circumstances under which the Ministry continued to release funds to States without ensuring the completion of household surveys. The Ministry of Rural Development in a note stated that the Below Poverty Line Survey (BPL) initiated at the beginning of Eighth Plan was completed by all States excepting Maharashtra and Uttar Pradesh by 1993-94. The surveys in Maharashtra and Uttar Pradesh were expected to be completed before the close of the current financial year.

26. As regards Antyodaya approach, the Ministry stated that with the considerable step up in allocation for wage employment programmes such as Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS) etc., the employment needs of the poorest of the poor could perhaps be better met through these schemes rather than self-employment projects requiring a minimum of skills, entreprenurial drive and risk taking ability. consequently, a decision was taken by the Ministry of Rural Development to abolish the "cut-off" line under IRDP and to make assistance available to any family having income below the poverty line of Rs. 11,000 and not necessarily to the poorest of the poor as under the "Antyodaya" approach. Explaining further, the Ministry in a note furnished after evidence stated that the Antyodaya approach was followed under IRDP since the beginning of the programme. Under this approach the poorest of the poor families had to be assisted first. Only when such families had been covered

could assistance be given to the next income category. Furthermore, a cut-off line was defined which was much below the poverty line. Only those families could be assisted who had income below the cut-off line. Hence, a large number of poor who had income below the cut-off line were excluded from the purview of the programme. One of the important reasons why fewer people were able to cross the poverty line during the Seventh Five Year Plan was because a number of those below the poverty line (but above the cut-off line) possessing necessary skills and capability to manage credit based assets were excluded from the programme. In order to correct this aberration which had crept into the programme, the cut-off line was abolished in May 1994 enabling all those below poverty line to be assisted under IRDP.

VI. Coverage of Ineligible Families

27. A test check made by Audit revealed that in the States of Andhra Pradesh, Arunachal Pradesh, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan and Tripura assistance of Rs. 3.38 crores was given to 11082 ineligible families having either annual income in excess of prescribed limits or whose names were not appearing in the approved list of identified beneficiaries. The Audit paragraph also revealed misuse of the scheme by middle-man society acting as agents of the beneficiaries and having misapropriated subsidy portion of the assistance.

28. The Committee wanted to know whether the State Governments had been asked to comment on the audit observation that ineligible families had been granted loan/subsidy. The Ministry of Rural Development stated that the relevant paras of C & AG Report on coverage of ineligible families had been circulated to the State Governments for comments.

29. Since a mere test audit had revealed coverage of as many as 11082 ineligible families having extended IRDP assistance worth Rs. 3.38 crores the Committee asked whether the Ministry did not consider it to be a significant distortion of the programme. The Ministry of Rural Development agreed that coverage of ineligible families introduces a distortion in the programme and should be earnestly avoided.

30. Asked whether Government had initiated any action to ascertain if the incidence of inelegible families assisted was larger than what was revealed in a limited test check by Audit, the Ministry of Rural Development stated that the Ministry carried out the Concurrent Evaluation Survey at regular intervals to ascertain various aspects of implementation including whether benefits of the programme were accruing to elegible families and according to Concurent Evaluation Survey (1989) ineligible families were assisted in 16 percent cases at the national level Ministry have also stated that they had initiated several steps to ensure that incidence of eneligible families assisted was reduced. During evidence the Secretary, Rural Development stated that ineligibility arises

on account of very rigid norms. He, however, stated that the percentage of inelegible persons assisted had come down.

31. The Committee enquired whether there was any administrative mechanism to check coverage of ineligible families and the concrete steps initiated by the Ministry to reduce the incidence of eneligible families having been given IRDP assitance, the Ministry of Rural Development have stated as follows:—

> "The Ministry is of the view that increased public participation and democratisation of the process of selection of beneficiaries would help in checking coverage of ineligible families. As a step in this direction, detailed instructions are being issued to the state governments spelling out the procedure of selection of beneficiaries through Gram Panchayats and Gram Sabhas. Simultaneously, enhanced publicity drive has been undertaken by the Ministry to generate greater awareness about the programme among the rural population. This is expected to increase the accountability of the administrative machinery to the people and correct distortions such as assistance to ineligible families under the programme."

VII. Non-provision of Assistance for Second Milch Animal

32. The guidelines issued by the Ministry envisaged grant of subsidy to purchase of milch animals by the beneficiaries. It further stressed that two milch animals should be supplied in succession to the same beneficiary the second as soon as the lactation period of one animal was over, as otherwise the beneficiary would experience a fall in his income and slip back into poverty. This was also expected to ensure uninterrupted income from the sale of milk and consequently enable the beneficiary to repay the loan regularly.

33. In response to the observation of the Public Accounts Committee in their 91 Report (8th Lok Sabha) that the provision for second milch animal was not followed, the Ministry of Rural Development had assured that this item was a check point for concurrent evaluation. The Audit test check, however, revealed that despite the above, assistance for the second milch animal was not given to 1,66,727 beneficiaries in several states including Bihar, Haryana, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Pubjab, Tamil Nadu, Uttar Pradesh and West Bengal etc.

34. When asked to indicate the circumstances under which the Ministry did not ensue compliance of the assurance given to the Committee, the Ministry of Rural Development stated *inter-alia* that since repayment was not done in a large number of cases the second milch animal was not given. Under such circumstances it was felt that emphasis should be given more on supply of quality breed of animals and constant follow-up with the beneficiary. According to the Ministry instructions have been given to the DRDAs to procure good breeds of milch animals and also to make available to the beneficiaries other facilities such as cattle insurance,

veterinary care and marketability of product. They also stated that enhancement of security free norms and increased development investment per animal would facilitate purchase of two animals in future. The Ministry further stated that NABARD has also since issued instructions to banks for providing assistance for three animals, two of which were provided initially.

35. When asked why such steps were not initiated earlier when the assurance was given to PAC, the Ministry of Rural Development stated as follows:—

> "In fulfilment of the assurance given to earlier PAC the Ministry of Rural Development stressed very clearly in the IRDP Manual in 1991 that assistance should be given to at least two animals. This point was further emphasised in subsequent meetings of Central Level Coordination Committee, High Level Credit Committee and National Workshop of Project Directors. On getting a feed back from the field that non repayment of dues and low limit for security free norms were the major constraints in financing of the second animal, prompt steps were taken by the Ministry to ease these difficulties."

36. The Committee desired to know the present position regarding the provision of second milch animal, the Ministry of Rural Development in a note stated that at present micro level details such as the number of cases in which the second milch animal has not been provided was not being monitored at the central level. When asked as to how in the absence of such details the Ministry was able to ensure that the scheme becomes meaningful in the real sense, the Ministry of Rural Development stated that monitoring of provisions of the second milch animal was being done by the Ministry through its concurrent evaluation survey from the fourth round onwards and that was to ensure better implementation of the scheme.

37. On the question of the quality of the animals supplied, the Secretary, Ministry of Rural Development stated in evidence:—

> "I am of the personal view that supply of local animals of traditional breeds should be discontinued in the IRDP. This is breeding corruption, leakage etc. The same buffalo moves from family to family and eats the subsidy. We should not supply indigenous animals. I was insisting on that and they diluted a little bit. Only upgraded animals should be supplied. In some districts this has been effectively implemented. If you go to Kolar you will not be able to see a single local animal being supplied under this programme. They are all upgraded."

38. In reply to a question of the Committee, the Ministry of Rural Development in a note stated that the proprotion of farm related and

animal husbandry activities under IRDP has gone up from 41.16 per cent in 1987-88 to 53.27 per cent in 1993-94.

VIII. Failure to conduct proper Physical Verification of Assets and Misutilisation of Assistance

39. According to Audit DRDAs/Financial Institutions had not conducted physical verification of assets in many states and in some states only partial verification of assets was done. 1,44,266 cases involving misutilisation of assistance amounting to Rs. 14.33 crores were noticed in test-audit. (States involved Arunachal Pradesh, Bihar, Assam, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharastra, Punjab, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal).

40. Commenting on the Audit objections, the Ministry of Rural Development stated that "the assets created under IRDP are not found intact in some cases." During evidence, the Secretary, Rural Development added:

> ".........We are conscious of the fact that assets are not operating in a large number of cases."

41. When the Committee asked about the percentage of families whose assets have been physically verified, the Ministry of Rural Development stated that this was not being monitored by the centre.

42. In reply to a question about the availability of mechanism with the Ministry and in the States to verify whether the assistance was properly utilised, the Ministry of Rural Development stated that DRDAs and Block level machinery is to ensure that funds were utilised for the purpose they were sanctioned. A bond/pronote is filled up for subsidy portion by the beneficiary to guard against misutilisation of subsidy or misappropriation of the asset. The bond/pronote is enforceable under the provisions of local law such as Land Revenue Recovery Act/Public Demand Recovery Act etc.

43. When asked as to how many cases of misutilisation of subsidy or misappropriation of assets were detected in the past and in how many cases bond/pronotes were enforced, the Ministry of Rural Development stated that information regarding signing/enforcing of bonds/pronotes by beneficiaries was available at block and district level and they received from time to time cases regarding misutilisation/misappropriation of fund by officers.

44. On being asked about misutilisation, the Secretary, Rural Development stated in evidence:—

> "I must submit that it is true that the sickness or misutilisation of assets is more than the tolerable limit in IRDP..... I would like to go to the extent of saying that it is alarming".

45. According to the Ministry the quarterly report of action taken on

misutilisation, malpractices and corruption under IRDP was being sent by the State to the Ministry for monitoring purposes. It was also stated that the Officers of the Ministry have also been instructed to visit beneficiaries under the Area Officers Scheme and inspect the status of their asset, cases of misutilisation etc. When asked about the assessment of the Ministry on the extent of misutilisation, malpractices and corruption under IRDP on the basis of the facts emerging from the quarterly reports submitted during last five years and the action taken by the Ministry on such cases so as to minimise misutilisation and malpractices, the Ministry of Rural Development stated as follows:—

> "Cases of misutilisation of IRDP assistance is viewed with great seriousness by the Ministry of Rural Development. Instructions are issued from time to time regarding proper maintenance of accounts. Observations of Chartered Accountants on utilisation of subsidy is carefully scrutinised at the time of release of second instalment of funds and in case of irregularities the explanation of DRDA is called for. In those cases where irregularities are of a serious nature funds are not released until the DRDA takes necessary action to rectify these."

IX. Infrastructural Development

46. A pre-requisite of the planning process visualised for IRDP was the assessment of the existing infrastructure available in the district for the effective implementation of the programme. While the major investments on infrastructure was expected to be made by the State Governments as part of their normal plans, crucial gaps in infrastructure were to be met out of IRDP funds without which the programme could not be implemented successfully. Some of the items of infrastructure identified for more effective implementation were artificial insemination centres, chilling/collection centres, transport vehicles etc. The funds under IRDP are required to be utilised for filling up the critical gaps in the infrastructure which were directly related to the projects of IRDP beneficiaries. The Audit para revels various shortcomings in the states of Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Orissa, Tamil Nadu, Uttar Pradesh, West Bengal etc. on this score.

47. A proportion of funds earmarked for infrastructure was irregularly spent on projects which were either to be met from the State budget of the concerned department or for augmenting resources of the State Government. Delay in creation of infrastructural support, non-functioning of created assets, non existence of infrastructure, non-obtaining of utilisation certificates for the amount advanced to various executing agencies etc. were the other shortcomings noticed.

48. Replying to related questions the Ministry of Rural Development stated that not all the funds earmarked for infrastructural development are necessarily spent according to the prescribed guidelines. The actual

expenditure incurred on development of infrastructure was four percent as against 10 per cent of the allocations earmarked for the purpose. They also stated that in May, 1993 powers were delegated to DRDAs to spend upto Rs. 10 lakhs for creation of infrastructural facilities without waiting for the approval of State Level Coordination Committee (SLCC). Divisional Commissioner is empowered to approve scheme upto Rs. 25 lakhs. The limit has been raised from 10% of allocation to 25% in deserving cases. According to the Ministry, the enhancement in limits for infrastructural investment and decentralisation of powers at the district level for making these investments will result in minimising delays, introducing greater responsibility and accountability and establishing a direct line of control over effective implementation of infrastructural projects.

49. The Committee asked whether the increased delegation of earmarking of funds not generate wage employment rather than self-employment in the first instance and whether it would not be desirable to shift 25% of allocations to JRY rather than IRDP. The Ministry of Rural Development in a note stated that several projects like setting up of chilling plants, food processing plants, oil extraction plants etc. are technology oriented and may not generate any substantial wage employment. According to the Ministry, infrasturctual projects required for IRDP were capital intensive and therefore, different from the infrastructure erected under JRY which was labour intensive and hence, it was not desirable to shift allocation from IRDP to JRY for infrastructural development.

50. On perusal of a list of infrastructural projects undertaken by various States under IRDP furnished by the Ministry after evidence it was however seen that the expenditure incurred was mainly on construction activities.

X. Shortcoming in the Administration of Subsidy

51. The payment of subsidy under IRDP was linked to credit/loan obtained from financial institutions upto 1990-91 and DRDAs were required to keep their amounts in savings bank account in the principal branches of the participating banks so as to avoid idling of funds without earning interest. Since disbursement of money, in cash to a beneficiary improves his bargaining power and has the added advantage of reducing delays and malpractices prevalent in the existing disbursement system, the Ministry permitted from 1991-92 disbursement of loan and subsidy in cash to IRDP beneficiaries. At least half the blocks in a district were to be identified for cash disbursement by the district level by the Coordination Committee keeping in mind the location of the block, availability of the infrastructure etc. A test check of records by Audit in various states revealed cases of excess payment of subsidy, incorrect application of prescribed percentage of subsidy and non application of maximum monetary ceiling, payment of money to voluntary agency and not directly to the beneficiary for purchase and distribution of raw material/assets,

release of subsidy without obtaining bonds, large amount of unutilised subsidy lying with banks, sanction of money without project proposals etc. The States involved were Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Karanataka, Madhya Pradesh, Maharashtra, Punjab, Uttar Pradesh and West Bengal.

52. The Committee enquired about the extent of irregularities in the administration of subsidies emerging from the reports received from various states. The note received from the Ministry of Rural Development revealed that the comments from the states concerned were yet to be received fully by the Ministry.

53. Commenting on the shortcomings pointed out by Audit, the Ministry of Rural Development in a note stated that the problem of leakages in subsidy in the present system of administration has been of great concern to them. According to the Ministry in order to check such leakages in subsidy payment they have adopted the following approach:—

(i) Additional funds are to be earmarked for publicity and awareness creation so that the beneficiaries are aware of their rights and are not duped at the time of sanction of assistance.

(ii) With the passing of the Panchayati Raj Act and holding of elections to Panchayati Raj Institutions it is hoped that greater accountability could be introduced into the system.

(iii) A scheme of Back and Subsidy is being actively considered to minimise leakages of front and capital subsidy.

54. Under the proposal the subsidy amount will be adjusted in the loan in the final instalments of payments. No subsidy would be disbursed directly to the beneficiary as this would be deposited in the bank and adjusted against the loan portion in the final instalment of the payment. With the introduction of back and subsidy the extent of leakages are expected to be reduced. The Ministry added that they have taken a strong view on non-reconciliation of DRDA accounts with banks, un-adjusted subsidy and interest amounts, advances given for non-IRDP activities, under financing of subsidy etc. Strict action is to be taken against erring officials in the case of mis-utilisation of funds. In case of those DRDAs which have yet to reconcile the accounts the Ministry have instructed that release of further funds would be made only when these stipulations have been met. Further more instructions have been issued to State Governments to appoint an Accounts Officer wherever they are not currently posted in the DRDAs. The Accounts are also to be regularly audited by Chartered Accountants and the position is reviewed carefully at the time of releasing second instalment of funds. In this connection, the Secretary, Rural Development deposed in evidence:—

"Subsidy has given rise to all sorts of tools; middlemen and also populism. There is lot of political pressure on the DRDA."

55. The Secretary, Ministry of Rural Development in reply to a related question further deposed that several instances had come to the notice of the Ministry where middlemen had exploited the assistance sought to be given to the beneficiaries under IRDP. When enquired as to what steps the Ministry proposed to take to check exploitation by middlemen of the IRDP assistance extended to the beneficiaries, the Ministry of Rural Development stated as follows:—

> "With a view to minimising the role of middlemen, the Ministry initiated a scheme of direct Cash Disbursement to beneficiaries. Under this scheme instead of a Purchase Committee being involved in acquisition of an asset, the beneficiary is given the entire assistance in cash to purchase the asset of his choice. The scheme of Direct Cash Disbursement is in operation in almost 50 per cent of the blocks in the country which will be extended to all the blocks of the country by 1995-96."

XI. Diversion of Funds

56. The Audit Report pointed out several instances in the states of Bihar, Gujarat, Himachal Pradesh, Haryana, Karnataka, Kerala, Madhya Pradesh, Mizoram, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal where funds involving Rs. 66.21 crores earmarked for IRDP had been spent on other schemes, kept as civil deposits, treasury deposit accounts, deposit in Post Offices Savings Accounts or used for purchase of household luxury items and construction of office buildings etc. It has also been pointed out by Audit that in contravention to the guidelines issued by the Ministry in the states of Haryana, Himachal Pradesh, Madhya Pradesh and Orissa, funds amounting to Rs. 15.42 lakhs were irregularly spent to wards recurring expenditure as against the stipulation that only the fixed cost of the infrastructure was to be met out of IRDP funds.

57. Enquired whether the individual cases reported by Audit had been investigated and about the action taken thereon, the Ministry of Rural Development stated that the observations of C&AG have been circulated to the State Governments for investigation, fixation of responsibility and necessary action. Offering his comments on the issue of diversion of funds, the Secretary, Rural Development stated in evidence:—

> "This diversion of funds for other purposes, that is, to meet the ways and means balance, is not tolerated by us. We will strictly monitor it. We will get the report."

58. On being further enquired whether the Ministry have obtained reports from the State Governments on the instructions referred to above and the action taken thereon the Ministry of Rural Development stated in a subsequent note that the Action Taken Reports from the States are still awaited.

59. As regards the remedial steps taken, the Ministry in a note stated

that the instructions had been issued emphasising the need to reconcile the accounts with the banks, bring the unadjusted balance upto date, appointment of Accounts Officers, regular audit by Chartered Accountants, internal income from subsidies not to be utilised by DRDA/ Staff but only for programme purposes etc. According to the Ministry, wherever irregularities are reflected in the audit reports of DRDAs, the second instalment of funds was with held until regularisation of accounts.

XII. Flow of Credit/Institutional Finance

60. The assistance to beneficiaries under IRDP comprised of loan and subsidy. The major part of the investment in the form of loan was to come through institutional credit. The size of loan to the bencficiaries was to be determined by the requirements of the project. The loan amount granted to the beneficiary was equal to the total project cost minus the amount of subsidy admissible to the beneficiary. The unit cost of some major activities was to be prepared by a small group comprising of representatives of NABARD, Lead Banks, DRDA and District Industries Centre. Timely repayment of IRDP loans was important for recycling bank funds. The repayment period of the loan was at least three years. Commercial Banks (including Regional Rural Banks and Co-operative Banks) were eligible to get refinance from NABARD for the loans disbursed under IRDP upto 90% of the quantum of loans. Risk fund assistance was also provided to the banks to the extent of 10% of the consumption loans disbursed to weaker sections of the society.

61. The test check of records in DRDAs/Financial Institutions by Audit revealed that there was heavy rejection of loan application, per capita disbursement of loan was low and that there were delays in disbursement of loans. It was revealed that in a number of cases, applications were rejected without assigning reasons or for wrongly recommended cases or on the grounds that the beneficiary already had a loan liability or the scheme was not viable or target of banks had already been achieved or the applicant was ineligible on grounds of having income higher than povert line etc.

62. Reacting to the Audit objections the Ministry of Rural Development in a note stated that they were aware and concerned that there was a gap between the number of cases forwarded by DRDAs and the number of cases actually accepted by bank for sanction of assistance. The main reason for rejection of loan applications was the difference in perception/opinion of bankers and DRDAs staff regarding choice of bank, selection of activity to be sponsored and paucity of funds in certain banks.

63. When enquired about the precise steps taken to ensure that rejection of applications by banks is reduced to a minimum, the Ministry of Rural Development in a note stated that the issue was discussed in the meetings of High Level Credit Committee of which banks and representatives of State Governments are Members. As a result of these deliberations

according to the Ministry it has now been decided to plan IRDP activities on credit based targets from 1995-96 onwards and this should not leave any scope for mismatch between targets given to bankers and those available with DRDAs. Furthermore in view of the resource crunch faced by some banks, RBI at the behest of Ministry of Rural Development has allowed other banks to fullfil the target of the Lead Banks which are not able to do so because of paucity of funds.

64. Offering their comments on the issue the Ministry of Finance (Department of Economic Affairs - Banking Division) in a note stated that while the sponsoring agencies normally do a preliminary scrutiny the Bank branches to whom applications are sent have to necessarily do proper appraisal of the loan applications as they are ultimately responsible for sanction and recovery of loan. As per the guidelines issued by the RBI to banks on advances to priority sector, Branch Managers may reject applications (except in respect of SC/ST) provided the case of rejection are verified subsequently by the Divisional/Regional Managers. In the case of proposals from SC/ST rejection should be at high level higher than Branch Managers. According to the Banking Division although it is true that per capita investment has been low the quantum of loan granted to a beneficiary would depend mainly on the level of activity, project cost, unit cost and repaying capacity of the borrowers. The Ministry further stated that RBI have recently advised all the banks to provide timely and adequate finance to the IRDP beneficiaries. Similarly, the banks have also been advised to fix the repayment period in a realistic manner.

65. The Audit had pointed out that there had been delays in sanctioning/disbursal of loan, in certain cases the delay had gone up to 36 months. There had also been cases where loan sanctioned were not disbursed actually or when such sanctioned loans were pending for more than five years. When enquired as to how the Ministry of Finance explained these inordinate delays the Special Secretary (Banking Division) deposed in a note:-

> "I accept, I submit that there can be no explanation for a delay of 36 months".

66. In a note furnished to the Committee the Banking Division further stated that in order to ensure that applications are not rejected on flimsy grounds RBI have emphasised upon banks to ensure that the rejection of the applications by the branches is done on valid grounds and the same is invariably examined by the Regional/Divisional Managers during their branch visits. It has further been envisaged that the Regional Manager may furnish a certificate to the Zonal/Head Offices to the effect that the rejected applications have been looked into by him and he is satisfied about the reasons for rejection. In case the Regional Manager is not satisfied in a particular case he may advise the Branch Manager to reconsider the application in question.

67. Enumerating the steps taken to prevent inordinate delays in sanctioning/disbursal of the loan the Ministry of Finance stated that RBI has in the directions issued on 21.12.1994 directed all the Regional Officers to undertake a sample study in a few blocks to find out total number of applications received by banks for loan in IRDP and the number of applications out of this disposed of within the prescribed period of fortnight. The Ministry also stated that the sample study will also examine the cases where the period of repayment of IRDP loans was fixed less than three years by the banks.

XIII. Non-Recovery of Loan under IRDP

68. The Audit para revealed that there had been large scale overdue/ non recovery of loan in respect of some of the States like Haryana, Karnataka, Meghalaya, Orissa, Punjab, Tamil Nadu and West Bengal. According to Audit, the main reasons for shortfall/non recovery of loans were waiver of loans which had become due upto October, 1989 under loan waiver schemes etc. and a general tempo being created in the mind of the borrowers that loan given would be waived off by the Government, misutilistion of assistance, poor income generation, fixation of low unit cost, sale of assets, weak financial position of the borrowers etc. The Audit paragraph *inter alia* revealed that IRDP loan granted to certain beneficiaries in a State (West Bengal) amounting to Rs. 3.34 lakhs in respect of 92 projects were stated to have been repaid on the same day. Similarly, in another State (Orissa) the loans were repaid after just four days. According to Audit, the intention behind the early repayment appeared to be tap the subsidies instead.

69. One of factors attributed by the Ministry of Rural Development to the non-recovery of loans was the implementation of loan waiver Scheme in 1989. From the data made available to the Committee, it is, however, seen that the percentage of recoveries of IRDP loans in each of the years from 1986 to 1993 were 1986 (42.8), 1987(45.3), 1988(40.9), 1989(39.11), 1990(30.8), 1991(41.3), 1992(31.8), 1993(30.87).

70. The Committee pointed out that although the loan waivers were effected in 1989-90, the level of recoveries in 1992 and 1993 were also of the same order. Offering their comments, the Ministry of Finance stated that the announcement and implementation of the Agricultural Rural Debt Relief (ARDR) Scheme, 1990 had affected the recovery climate. In almost all the banks, the recovery had come to a grinding halt. The farmers and others whose loans were written off refrained from paying dues in respect of loans obtained subsequently of even those not covered under the scheme. This followed the expectation that the Government may ultimately cover such loans also under the purview of the scheme. Among other reasons, this could be a prime cause for the fall in recoveries during the years immediately following the ARDR Scheme. According to the Ministry, Government have, however,

conveyed the message through media that there would not be any more waiver scheme.

71. In reply to a question about what was the assessment of the Ministry on the poor recovery performance of IRDP loans and the steps proposed to be taken to improve the recoveries, the Ministry of Finance stated that the recovery performance under IRDP has been far from satisfactory. The question of recovery has also been examined by the Expert Committee on IRDP. In its Interim Report, the Committee have recommended the following steps for improving the recovery position of the banks.

(i) Rebate may be given for timely repayment of the loan by the borrower.

(ii) Defaulters may not be allowed to hold public offices.

(iii) Group loans may be encouraged.

(iv) Special recovery tribunals may be set up.

(v) Rescheduling of loans may be considered where necessary.

(vi) Provisions of R.R. Act may be more stringently enforced.

(vii) Loan waivers may not be declared by Governments.

(viii) Wilful defaulters should not be given assistance under any other scheme.

(ix) More attention may be devoted to appraisal of loans.

(x) Wherever required, adequate gestation period or moratorium should be allowed in such a way that the commencement of recovery coincided with accrual of incremental income from the project.

(xi) In case of projects where accrual of income is low in the beginning but goes up over a period of time, size of the loan instalments in the initial period should be suitably reduced.

(xii) With a view to enabling the borrower to utilise a higher percentage of incremental income for his own consumption, wherever possible, longer repayment period may be allowed subject to the economic life of the asset.

(xiii) With a view to monitoring the recovery position under IRDP on a quarterly basis, a separate Committee under the Chairmanship of Chief Officer Rural Planning and Credit Department, consisting of representatives or banks/Government/Voluntary Organisations/SHGs may be constituted.

The above recommendations of the Expert Committee are under examination of RBI."

XIV. Financial Deficiencies and Shortcomings

72. The Audit para has pointed out several financial deficiencies such as non reconciliation of expenditure with banks, wasteful/excess expediture on construction of training centres, infrastructure, cash awards etc. in the States of Andhra Pradesh, Assam, Arunachal Pradesh, Kerala, Maharashtra, Meghalaya, Mizoram, Orissa, Punjab and Pondichery.

73. The Committee desired to know whether the Ministry were aware that most of the States were not reconciling the IRDP expenditure. The Ministry of Rural Development in a note stated that they were aware that several DRDAs did not reconcile their accounts with banks in the post and that DRDAs have been instructed to reconcile their accounts with banks for all previous years.

74. When enquired about the status position in respect of reconciliation of expenditure by DRDAs, the Ministry of Rural Development stated that out of 455 DRDAs 371 DRDAs had reconciled their accounts with banks. For the remaining 84 DRDAs which have not reconciled their accounts, the Ministry has told them to do so at the earliest. The available reconciliation certificats according to the Ministry revealed misutilisation of funds in respect of DRDA Junagarh.

75. 10 to 15% of IRDP allocation was to be utilised for meeting expenditure on administrative infrastructure at DRDA level as per State norms. Administrative infrastructure was to include expenditure on establishment and officers in DRDAs and blocks. The States norms of office expenses, equipment, vehicles, hiring of accommodation of office building etc. was to be made applicable to DRDAs/blocks. The State Level Co-ordination Committee was to regulate this expenditure within the overall permissible limits. The test check of records by Audit revealed that the prescribed administrative expenditure had exceded the limit in several States like Arunachal Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Mizoram, Meghalaya, Punjab, Rajasthan, Sikkim and Uttar Pradesh by Rs. 7.90 crores.

76. Replying to related questions, the Ministry of Rural Development stated that they were aware of some DRDAs incurring expenditure in excess of the norms for administrative infrastructure. Presently there was a ceiling on administrative expenditure ranging between 10–15% of allocation to the DRDA. In some cases if the allocation is small *i.e.* less than Rs. 1 core, the DRDA experiences genuine difficulties in meeting fixed overheads such as salaries of minimum staff required for running the programme. The Ministry added that they were considering to revise the ceiling limit on administrative expenditure to take into account all the problems encountered by smaller DRDAs which normally incur administrative expenditure in excess of the norms.

77. As regards wasteful expenditure, the Ministry stated that such cases

are thoroughly investigated when they are brought to the notice of the Government and that concerned States have been asked to investigate them and submit an action taken report.

XV. Overlapping of Programmes

78. Apart from IRDP a number of other allied programmes aimed at improving the lot of rural masses such as Minimum Needs Programme, Jawahar Rozgar Yojana, Integrated Tribal Development Programme, Special Component Programme, DWCRA, Drought Prone Area Programme etc. are also being implemented in the country. All these programmes are aimed at overlapping target groups. The Public Accounts Committee in paragraph 1.24 and 1.25 of their 91st Report (8th Lok Sabha) had observed that effective implementation of IRDP could best be achieved only if there was integrated planning and coordinated implementation; it was imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes were integrated and brought under the Ministry to avoid overlapping and to enable the Government to have an effective control over these programmes and these must be an integral part of a single development authority and for whose effective implementation a single authority was responsible and accountable. The Ministry had while tendering evidence before the Committee at that time had admitted that all the rural development programmes had fairly large extent of duplicate activities and components and were being implemented by different Ministries.

79. It has been pointed out by Audit that despite the recommendations of PAC, Government were yet to act on them and all the programmes continued to be implemented in parallel. The Audit paragraph had also referred to a report of a high-level Committee set up by the Planning Commission which had recommended the concept of integrated district planning and creation of a post of District Development Commissioner to look after and co-ordinate all the developmental activities in the district.

80. Reacting to the Audit observations the Ministry of Rural Development in a note stated that the programmes of the Ministry of Rural Development aimed at improving the lot of rural masses can broadly be classified as under:—

(a) Employment Generation Programmes (both wage and self-employment) namely JRY, EAS, IRDP and DWCRA

(b) Area Development Programmes namely DPAP, DDP and Waste Land Development

(c) Minimum Needs Programmes namely ARWSP, CRSP and Rural Housing

81. The Ministry furhter stated that they fully agreed that Rural Development Programmes should not be implemented in an isolated

manner and there should be proper integration and co-ordination at all levels among allied departments and among the programme activity and infrastructure available. According to them, attempts were being continuously made to integrate programmes and to bring them under a single umbrella for implementation. However, the Ministry were of the view that the ultimate responsibility of dove-tailing schemes can best be fulfilled only at the district level. This was also suggested by the G.V.K. Rao Committee of the Planning Commission which stated that effective horizontal co-ordination between different agencies would be possible only under single umbrella body at the district level. The Ministry added that with the election of responsible and responsive Zila Parishads, strengthening of district/block/village level Planning Committees and greater participation of the people in implementation of Rural Development Schemes, it could be further possible to integrate and co-ordinate all Rural Development Schemes in a better way.

82. When enquired about the relationship envisaged between DRDAs and Zila Parishads the Ministry in a note stated that the Zila Parishads and the DRDAs are to work in close co-ordination so that they complement each other on the efforts being made for rural development. The actual administrative arrangements between the two organisations however, have to be evolved by the State Governments themselves based on the provisions of the legislation on Panchayati Raj.

83. The Committee enquired whether the Ministry agreed that a Collector/Deputy Commissioner heading the DRDAs who is himself pre-occupied with law and order, revenue collection and protocol functions can run the agency single handed and on a whole time basis. The Ministry of Rural Development in a note *inter alia* stated:—

> "......though the Collector is the Chairman of the DRDAs, in several States such as U.P., in Maharashtra, Karnataka etc. the Chief Development Officer/Chief Executive Officer is incharge of all development functions at the district level. He in turn is assisted by the staff of the DRDA.....however, the Ministry thus agree that there is need to further strengthen the staff support at the district, the block and the village level. Instructions have been issued to State Governments to fill up vacancies, recruit professional staff, and augment the overall strength of implementing staff of developmental agencies."

XVI. Development of Women and Children in Rural Areas (DWCRA)

84. DWCRA, a sub-scheme of IRDP, was started in 1982-83 with the Primarly objective of focussing attention on the women members of rural families below the poverty line with a view to providing them with opportunities of self employment on a sustained basis. A distinguishing figure of DWCRA was group strategy as against family as a unit of assistance under IRDP. Under DWCRA, women formed groups of 10-15

women each for taking up economic activities suited to their skills, aptitute and local conditions. The groups strategy under DWCRA was adopted to motivate the rural women to come togehter and to break social bonds which had denied them income generating and self-fulfilling opportunities. Audit Para has revealed that a large number of women groups formed in several States *viz*, Arunachal Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal under DWCRA were either defunct/dormant or had not taken up any income gnerating commercial activities.

85. On being asked whether they were aware that in most of the States Women groups formed had become defunct, the Ministry of Rural Development replied in affirmative and stated that remedial action has since been taken to revive the defunct groups. According to the Ministry, the remedial measures taken for reviving the defunct groups included:

(a) If certain members have left the group on valid grounds, the group was free to induct fresh members into the group.

(b) In case furhter training was required by the members of group they were permitted to be retrained under TRYSEM.

(c) In case the earlier economic activity taken up by the group was not very viable the group was permitted to change the activity or even taken up multiple activities in the group.

(d) In case of a part release of revolving fund having been made and for genuine reasons the group could not make a profit from their activity, the group could utilise the balance part of revolving fund for fresh economic activity.

86. When asked as to how the defunct women groups have been revitalised as a result of remedial action taken the Ministry of Rural Development stated that all States have been instructed through various circulars and letters of the importance of reviving DWCRA groups and maintaining cohesiveness and homogenity among group members.

87. The Eighth Plan document mentioned that results under DWCRA had not been satisfactory on account of inadequate investment and selection of unvialbe activities. When asked whether the Ministry were aware of this and why no concrete action had been taken for increasing the investment level, the Ministry of Rural Development stated that they were aware of the fact that in certain cases there has been inadequate investment in the DWCRA groups and also selection of unviable activities. They have also stated that in order to remedy the situation from the year 1994-95 onwards, the revolving fund for the groups has been enhanced from Rs. 15,000/- to Rs. 25,000/- in all cases of groups which have taken an active interest in their activity. According to the Ministry, this permits the groups to go in for non-traditional activities with higher level of

investment and also invest the requirement of additional working Capital. Similarly, arrangement has been worked out with Reserve Bånk of India to enable DWCRA groups to get bank loans. Consequently, the Ministry stated that, DWCRA groups are now availing bank loan facility etc.

XVII. Training of Rural Youth for Self-Employment (TRYSEM)

88. TRYSEM has launched by the Government in 1979 as a centrally sponsored scheme to provide technical and entrepreneur skills to rural youth from families below poverty line to enable them to take up self-employment in the fields of Agriculture and allied activities, industries, services and business activities. The objective was enlarged to include wage employment. Financial assistance during training under TRYSEM was given as stipends, suitable tool kits to the trainees, honorarium to training institutions/master craftsmen and payment towards purchase of raw materials required for training. Assistance was also provided to training institutions for augmenting the training infrastructure. The coverage of youth from Scheduled Caste and Scheduled Tribe communites, women and handicapped persons capable for taking up self/wage employment was to be at least 50 per cent, 40 per cent and 3 per cent respectively. DRDA was responsible for the implementation of TRYSEM and a sub-committee of the State Level Coordination Committee was constituted exclusively for TRYSEM. It is seen from Audit Paragraph that a large number of trained persons under TRYSEM could not secure gainful employment in almost all the States where test audit was conducted.

89. The Committee enquried the reasons for the trainees not getting employment. The Ministry of Rural Development admitted that a large number of trainees under TRYSEM have not succeeded in getting self employment or wage employment. The reasons for this were poor quality of training infrastructure available in districts, non-linkage of training programme with the market potentials in the district over saturation of certain trades, difficulties in getting bank loans for TRYSEM trainees for self employment ventures. They also stated that instructions have been issued on 25 March, 1994 to the States to improve the quality of training and increase the involvement of ITIs, Community Polytechniques, Engineering Colleges and Krishi Vigyan Kendras, Agricultural Colleges etc. in TRYSEM training.

90. When asked about the precise steps taken to revitalise the training infrastructure, the Ministry of Rural Development in a note stated that they have been emphasising that loan application to TRYSEM trainer for assistance under IRDP must be completed and processed while training was still in progress so that loan is disbursed immediately on completion of the course. The Ministry also stated that the most guidelines formulated to inform TRYSEM *inter-alia* included, DRDA required to prepare resource inventory of training facilities and to assess the training potential of these institutions, setting up of sub-committee under SLCC exclusively for

TRYSEM, the marketability of trades to be kept in view which imparting training, revision of norms relating to stipend, honorarium, reward, allowance for raw material, tool kits etc.

XVIII. *Monitoring*

91. The Committee enquired about the organisational set up available for effective monitoring of IRDP at the Centre, State and District levels. The Ministry of Rural Development in a note stated that the overall responsibility of monitoring the programme at the Central, the State, the District and the Block levels was given to the Central Level Coordination Committee (CLCC), the State Level Coordination Committee (SLCC), the District Level Coordination Committee (DLCC) and the Block Level Coordination Committee (BLCC) respectively.

92. It has been pointed out by Audit that the monitoring of IRDP was inadequate/ineffective at different levels.

93. At the Central level, despite being aware of the fact that the per capita investment was too low and the Public Accounts Committee had made a recommendations for increasing the per capita investment so as to help the beneficiary to cross the poverty-line in one-go, the Ministry continued to act as before, to distribute funds thinly and was neither able to increase the investment nor reduce the numerical coverage of the beneficiaries under the programme.

94. The State Level Coordination Committee (SLCC) was to review the findings emerging out of qualitative monitoring of the programme as standing agenda for quarterly or half yearly meeting. The Audit Para however, revealed that the SLCC in the States of Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu, West Bengal, Dadra & Nàgar Haveli and Pondichery had not met regularly as prescribed. When asked about the reasons, the Ministry in a note stated that in the last one year the State Level Coordination Committee in most States had been meeting regularly every quarter or once in a six months.

95. An annual physical verification of assets is required to be undertaken at the end of every year at Block/DRDA levels. The Audit Para has however, revealed that the envisaged physical verification of assets created by the beneficiaries was not carried out in Himachal Pradesh, Rajasthan, Dadra & Nagar Haveli, Maharashtra and West Bengal. It has also been pointed out by Audit that monitoring of IRDP was inadequate in Andhra Pradesh, Arunachal Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Kerala, Maharashtra, Madhya Pradesh, Meghalaya, Mizoram, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Dadra & Nagar Haveli, Lakshadweep and Pondichery. In West Bengal monitoring of the programme at the State level was reportedly not carried out during 1985-93.

96. The IRDP scheme envisaged distribution of 'Vikas Patrikas' (identity

cum monitoring cards) to all beneficiaries to enable the implementing agency to watch the progress of the beneficiaries assisted under the programme. Test check of records by Audit in various States, however, revealed that the State Governments of Gujarat, Maharashtra, Tripura and Union Territory Administration of Andaman & Nicobar Islands did not monitor or assess the progress of IRDP beneficiaries who had crossed the poverty-line. The State Governments had also not ensured distribution of Vikas Patrikas. Further, in many States, "Vikas Patrikas" were neither issued nor updated.

97. Commenting on the inadequacies pointed out by Audit in relation to monitoring of IRDP, the Ministry of Rural Development in a note stated that a scheme of Area Officers has recently been started in the Ministry under which senior officials of the Ministry are required to visit States/District/Villages and report points on which action needs to be taken to improve the implementation of rural development schemes. Collectors/CEOS/DDOS have been urged to take greater interest in implementation and monitoring of these schemes and their achievements and involvement is to be assessed/recorded in the confidential report. Meetings of governing body of DRDAs and CLCC are to be regularly held and to be attended by the Area Officer deputed for the State. The Ministry added that initiatives have also been taken recently to reduce physical targets and increase investment per family. The Ministry added that monitoring of the programme through Concurrent Evaluation is a regular feature since 1985 and will continue to be so in the years to come.

XIX. *Evaluation*

98. The audit paragraph has revealed certain inadequacies in the evaluation of the Integrated Rural Development Programme. From the information made available to the Committee it is seen that the evaluation of IRDP is undertaken by the Ministry through the Concurrent Evaluation Survey. The Survey is conducted by Independent Research Institutions in all States/Union Territory of the country. Concurrent Evaluation Surveys had been completed in four rounds in 1985-86, 1987, 1989 and 1992. The findings of the fourth survey is yet to be formally published. According to the Ministry the fifth survey of the evaluation is to be taken up during 1995. The Committee were also informed that follow-up action on the evaluation survey was done through reviewing meetings with State Secretaries.

99. The State Governments were also stated to be required to take evaluation studies from time to time to ascertain impact of the programme and to measure the extent to which beneficiaries had derived additional income and employment directly attributable to the investment made under IRDP. However, according to Audit, despite instructions from the Ministry, no evaluation study was got conducted in Arunachal Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Orissa,

Punjab, Rajasthan, Sikkim and Andeman & Nicobar Islands. The Audit Paragraph further revealed that follow-up action taken to the surveys undertaken in certain other States were either inadequate or deficient.

100. Considering the act that no evaluation of IRDP had been completed since 1989 till 1994, the Committee asked whether the Ministry agree that the present system for evaluation for assessing the overall performance and impact of the programme left a lot to be desired particularly in view of the sizeable expenditure incurred on it. The Ministry of Rural Development in a note *inter alia* stated that evaluation of IRDP which was being implemented in all the blocks of the country is a time consuming exercise. Selection of Institutes which would undertake the study, compliation of a schedule for canvassing to beneficiaries, drawing of a representative sample, compilation and processing of data and finally analysis of results takes a minimum of two years if not more.

101. During the course of examination, the Ministry of Rural Development had contradicted the findings of the Concurrent Evaluation on certain aspects.

XX. *Highlights of findings from Concurrent Evaluation Fourth Round*

102. The Committee were informed that the Fourth Round of Concurrent Evaluation of IRDP was carried out in all States and Union Territories during September 1992 to August 1993 by associating 44 independent and reputed research institutions. A note on highlights of findings of the same made available to the Committee is shown as Appendix-II. The survey *inter alia* revealed that only 14.81% of the IRDP beneficiary families could cross the revised poverty-line of Rs. 11,000, the beneficiary families for giving assistance under IRDP were selected by the Gram Sabha in 51.48% cases, the extent of annual income from the assets created under IRDP was more than Rs. 2,000 in about 56.58% cases, that 29% of the families did not report any income from these assets, 58% of the beneficiary families were not aware of the insurance cover provided under the scheme, repayment of IRDP loans was not all that good, overdues were reported in about 42% cases, only in about 15% cases after-care support was found to have been given to the beneficiaries and in 52% cases the beneficiaries did not receive the support though they needed it, average per family investment including subsidy and bank credit was found to be maximum Rs. 7613 in tertiary sector, followed by primary sector Rs. 7268 and Rs. 6307 in secondary sector, the extent of training given to IRDP beneficiaries under TRYSEM and DWCRA was not found quite encouraging. Only about 4% beneficiaries reported to have received any training under TRYSEM and about 2.13% only in DWCRA where women were assisted to take up programmes under the scheme etc.

XXI. *Irregularities in Implementation*

103. The Audit paragraph under examination reveals several irregularitie/shortcomings in various States/Union Territories in the implementations of IRDP. The Committee desired to be furnished with the comments in respect of each of the individual irregularities contained therein. In reply, the Ministry of Rural Development stated that the relevant extracts were circulated to the State Governments on 16 and 18 August, 1994. Since then several reminders had been sent to expedite their comments. Only the State of Andhra Pradesh, Kerala, Haryana, Karnataka and Himachal Pradesh had forwarded their comments. During evidence when the need for pursuing and obtaining the comments of the states concerned were brought to his attention, the Secretary, Rural Development had stated "I will do that". In a subsequent note furnished, the Ministry while intimating non-receipt of the requisite information stated:—

> "Last reminder to states was issued on 21.12.1994. A status report on replies received from States will be furnished within six months."

XXII. *Report of the Expert Committee on IRDP*

104. During the course of examination the Committee were informed that following the consultation between the Ministry of Rural Development, Government of India and the Reserve Bank of India, an Expert Committee under the Chairmanship of Shri D.R. Mehta, Deputy Governor was constituted by RBI on 29.9.1993 to review the Integrated Rural Development Programme and to recommend suitable measures for strengthening it with a view to making it more effective for alleviation of poverty. Later, the Committee were provided with a copy of the interim Report of the aforesaid Expert Committee. Briefly, the Mehta Committee in their Report had *inter alia* recommended:

1. The poor without skills and experience in handling assets should be segregated into a separate category by a Committee comprising the representatives of blocks, Panchayats, lead banks, school masters, postmasters, prominent villagers and grass-root NGOs; such poor people should be initially provided wage employment under various schemes of State Governments and Jawahar Rozgar Yojana. They should also be supported by providing for greater social consumption expenditure. They would be provided with assistance under IRDP subject to their acquiring of upgrading their skills. The other segment of the poor *i.e.* families above the poorest of the poor which has reasonable measure of skills and experience may be provided assistance under IRDP straight away. The relatively new entrants to job market may be provided training under TRYSEM or other programmes followed by assistance under IRDP (*vide* 3.4 and 3.5).
2. For doing away with leakages and malpractices, the Committee

recommends switch over from front-end to back-end system of subsidy. The benefit of subsidy should also be available to borrowers who prefer to avail themselves of working capital finance (*vide* 7.3 and 7.4).

3. For improving recovery, Government of India may consider linking of certain percentage of subsidy allocation of recovery performance. Special recovery officers may be appointed by Governments. Enactment of Model Bill as recommended by Talwar Committee by remaining State Governments may be expedited. Loan waivers may not be declared. DRDAs, VOs and SHGs may help banks in recovery. Utilisation-Reporter-cum-Recovery Facilitators may be appointed on commission basis (*vide* 8.2, 8.4 and 8.7).
4. The working relating to identification of investment opportunities and preparation of project profiles may be undertaken by district level Technical Group to be set up by DRDAs (*vide* para 4.4).
5. DRDAs must prepare a perspective plan of infrastructure in consultation with DCC and BLBC. The limit of expenditure for setting up of infrastructure may be raised to 20% of budgetary allocation. Atleast one mini ITI or Rural Polytechnic may be set up in each block for imparting training to poor rural youth. Private sector may be associated with the task of setting up such institutions. Additional shifts for TRYSEM should be opened in all ITIs and other training institutions (*vide* para 5.7 and 5.9 and 5.13).
6. Democratic character of IRDP should be resorted and strengthened by ensuring greater involvement of Panchayats and village population as also by imparting to the process of identification of beneficiaries a greater degree of transparency (*vide* para 3.3).
7. Banks may be authorised to finalise targets in respect of IRDP under service area plans on the basis of previous years' actual figures after adding 10% for cushioning, without waiting for targets from Government of India (*vide* para 4.5).
8. Banks should fix realistic repayment schedules and provide for gestation period where required. Working capital assistance in the form of cash credit limits may also be provided where necessary. The repayment period for IRDP loans should not be less than 5 years. Banks may encourage group loans for various activities under IRDP. The limit for non-obtention of mortgage may be fixed at Rs. 25,000/- for all activities under IRDP. Collateral security way not be insisted for loans up to Rs.50,000/-. Banks may be given freedom to select the beneficiaries from BPL list on a pilot basis (*vide* para 6.2, 6.3, 6.4 and 6.5).
9. The level of per family/enterprise investment under IRDP should

be enlarged by providing larger credit as also higher amount of subsidy (*vide* para 4.8 and 4.9).

10. Non-firm, tiny/small enterprises and services sector may be further promoted under IRDP (*vide* para 4.12).
11. DRDAs must be reorganised into compact teams of professional and technical experts (*vide* para 6.8).
12. Voluntary organisations and Self-help Groups may be associated with the implementation of IRDP. In the case of projects approved by CAPART a few V.O.S. can be on pilot basis given list of BPL families for identification of borrowers ensuring availability of backward/forward linkages, as also verifying end use of credit (*vide* para 6.12 and 6.13).
13. Banks should provide loans under IRDP for acquisition of land (*vide* para 4.6).
14. Cash disbursement under IRDP may be extended throughout the country. Family credit Plan Scheme should be further encouraged (*vide* para 4.13).
15. Supplementary doses of assistance under IRDP may be provide to beneficiaries who have not crossed the poverty line with initial assistance (*vide* para 4.14).
16. Panchayati Raj Institutions at grass-root or middle levels should be involved in the implementation of IRDP (*vide* para 6.11).
17. A new dimension should be added to IRDP through Information Education and Communication for which a separate budget should be provided (*vide* para 9.2).

105. When enquired about the action taken on the report of the Mehta Committee the Ministry of Rural Development in a subsequent note stated that same were being discussed and final action was expected to be completed soon.

XXIII. *Need for revamping of IRDP*

106. Under IRDP assistance was given to individual beneficiaries for acquisition of assets while one-third was in the form of subsidy two-thirds was in the form of bank loans. Hence the banks needed to assess the economic viability of the assets proposed for creation before giving assistance. According to Audit because of the entire focus on wide coverage with scarce resources made such an exercise futile. There was need for the matter to be viewed from the supply side identifying activities which are appropriate to the skills of the beneficiaries, the infrastructure and the linkages available wherever skills are not of the required standards his upgradation could be facilitated under TRYSEM. In short IRDP needed to be viewed as a credit based self-employment programme with an element of one time

subsidy rather than as a programme based on subsidy supplemented by bank credit.

107. Reacting to the Audit observations the Minsitry of Rural Development in a note stated that they agreed with the viewpoint that IRDP was mainly a credit based programme where subsidy is given only to reduce the project cost to the beneficiary. The Ministry also stated that they were in full agreement that wide coverage of beneficiaries without regard to quality of assets created has been a major shortcoming of the programme.

108. The Committee desired to know the perception of the Ministry about the area of shortcomings/weaknesses in the implementation of IRDP in the light of the facts contained in the Audit paragraph under examination, the interim report of Mehta Committee and the Fourth Round of Concurrent Evaluation and also the steps proposed to improve the implementation of the programme. In reply, the Ministry stated that according to their perception the major areas of concern under IRDP could be listed as follows:—

(i) Shortcomings, in proper selection of beneficiaries;
(ii) Lack of proper planning of IRDP activities;
(iii) Inadequate and poor technical staff in DRDAs;
(iv) Over emphasis on physical targets;
(v) Low level of per capita investment;
(vi) Leakages in administration of subsidy;
(vii) Gaps infrastructural development;
(viii) Poor recovery and inadequate credit.

109. The Ministry in their note further recounted the various steps taken or proposed to be taken by them on each of the above mentioned limitations as, the identification and selection process of beneficiaries to be made more vigorous, a technical committee to be set up to decide the investment profile of blocks/district after taking into account the resource endowments, the skills and capabilities of the selected families, infrastructural requirements, raw material and marketing types etc., re-structuring of DRDAs and improving the staff, de-emphasis on achievement of physical targets and rising level of investment, introduction of back-end subsidy, more emphasis on infrastructural development, enhanced flow of credit and improvement in re-payment etc.

110. Integrated Rural Development Programme (IRDP) is a countrywide programme for the upliftment of the rural poor. The programme was initially launched in 20 selected districts of the country in 1978. Subsequently, it has been extended to the whole of rural India and taken under its umbrella other related programmes for Small/Marginal Farmers, Training of Rural Youth for Self Employment Development of Women and Children in Rural Areas etc. The objective of IRDP is to progressively raise rural families above the poverty line by creating assets which can generate

recurring income. The target group of IRDP consists of families of small and marginal farmers, agricultural labourers and rural artisans whose income is below the pre-determined poverty line, which at present, inset at Rs. 11,000 per annum. Under the Programme, acquisition of assets by the poor in the primary, secondary and tertiary sectors is enabled through financial assistance in the form of credit advanced by banks and subsidy provided by the Government. From 1979-80 IRDP has been a centrally sponsored schemes and expenditure is shared equally by the Centre and the State. The Programme is being implemented through the District Rural Development Agency (DRDA).

111. The implementation of IRDP covering the period 1978-79 to 1983-84 ws examied by the Public Accounts Committee (Eighth Lok Sabha) and their findings reported in the 91st Report (1986-87) which was presented to Parliament on 27th April. 1987. The Audit paragraph under examination seeks a review of the implementation of the programme on the basis of test checks conducted by C&AG in 21 States and four Union Territories with particulars of reference to the transactions during 1985-93. A total disbursement of Rs. 13360.29 crores (subsidy Rs. 4,613. 59 crores; loan Rs. 8746.70 crores) was made to 256.81 lakh beneficiaries under IRDP during the period 1985-86 to 1992-93. The Ministry of Rural Development were unable to furnish the comments of the States/Union Territories on the specific points raised by Audit relating to them. However, the Committee's examination of the Audit paragraph has revealed that the design and implementation of IRDP continues to be afflicted by serious shortcomings which are summed up in the succeeding paragraphs.

112. The level of income generation from any economic activity *inter alia* depends of the quantum of investment made. Emphasising the need for enabling the beneficiaries to go above the poverty line once and for all, the Committee in 1986-87 in their 91st Report had recommended for credible outlays under IRDP. The Ministry of Rural Development had on the basis of the incremental capital output ratio assumed during the Seventh Plan, in the year 1986-87 assessed that a *per capita* investment of Rs. 13,000-14,000 was required to generate additional income for a family to enable it to cross the poverty line at one go. The Committee note that as against this, the actual annual all India average *per capita* investment was Rs. 4569 during the Seventh Plan and Rs. 7151 during 1990-93. In fact, in none of the year, did the investment touch the level assumed in 1986. The Ministry of Rural Development, on the contrary laid more stress on wider coverage in terms of number of beneficiaries and had all along over achieved the targets. Besides, the allocation of IRDP came down since 1990-91 and was sharply reduced during 1991-93. The credit mobilised under IRDP also behaved in a similar pattern showing a downward trend during the said period. Various State Governments are also stated to have continued to assist beneficiaries with inadequate funds with the result that a large number of IRDP beneficiaries could not cross the poverty line. The Committee are extremely

unhappy to note that, yet, no efforts were made by the Ministry to readjust the targets so as to make them compatible with the level of investment for achieving better results. Clearly, this made IRDP an expenditure oriented programme rather than result oriented through thin distribution of funds.

113. While admitting over-emphasis on physical targets as a major area of concern, the Ministry of Rural Development stated that the physical targets were reduced from a peak level of 39.64 lakh families in 1987-88 to 18.75 lakh families in 1992-93. This has resulted in the level of investment rising from Rs. 4,470 to Rs. 7889. Further, according to the Ministry during the current financial year, not only the physical targets have further been reduced but instructions have also been issued by the Ministry of all State Governments to raise the average level of investment to Rs. 12,000 per family. Also, additional measures like extension of the family credit plan to 213 districts, upward revision of norms for security, raising the limit of security free loan etc. were stated to have been taken by the Ministry to ensure that the sharp increase in investment levels actually fructifies at the field level. The Ministry also stated that while there was a sharp reduction in allocation during the first two years of economic reform, i.e. 1991-92 and 1992-93, it was stepped up substantially to Rs. 1093 crores in 1993-94 and Rs. 1098 crores in 1994-95 in order to further strengthen the programme and ensure increased flow of benefits to the rural poor. The Committee welcome the steps taken to increase the level of investment and would await their impact on the effectiveness of the Programme. They are, however, constrained to point out that the Ministry had delayed considerably in acting upon the earlier recommendations of the Committee and thereby allowed serious distortions to be crept into this vital poverty alleviation programme. The Committee would like the Ministry to remain in constant consultation with the Reserve Bank of India and the Ministry of Finance in order to monitor and ensure proper synchronisation of investment to be made and fixation of targets for better achievement of the objectives. They would also like to be informed of the latest position in respect of the level of *per capita* investment made.

114. In this connection, the Committee would also like to point out that the basis for arriving at the present per capita investment requirement of Rs. 12000 also does not seem to be reasonable. On the basis of an incremental capital out put ratio of 2.7 assumed during the seventh plan the Ministry had earlier stated that the *per capita* investment required was Rs. 13000-14000. Obviously, the level of present assumption is less than those figure despite the inflationary trends and also the findings of the Concurrent Evaluation on incremental capital out put ratio in different activities, sometimes even as low as one. The Committee therefore, have their own doubts whether the assumption of present level of per capita investment requirement has been made after taking into account those factors as also the experience gained by the Ministry over the years.

115. The one yardstick for evaluating the efficacy of IRDP in alleviation

of rural poverty is to assess it in terms of the number of beneficiaries who are able to cross the poverty line. The poverty line is constantly updated on the basis of consumer price index to derive it at current prices. The poverty line at 1991-92 prices has been estimated at Rs. 11,000 per annum per family of five. One sorry fall out of the inadequate *per capita* investment and ineffective implementation of IRDP was that the number of families crossing the poverty line actually declined from 28% in 1989 to 14.81% in 1992-93. The Committee are, however, astonished at the contention of the Ministry that the performance of the programme should be judged in the context of enabling assisted families to enhance their income levels and improve their living standards and not necessarily by their ability to cross the poverty line. Since the IRDP contemplated enbaling the families below the povery line with loans and subsidies to cross the line at one go, the Committee consider the above views of the Ministry of Rural Development as not acceptable.

116. The Committee are also surprised to note that, presently, there is not mechanism available with the Ministry to concurrently monitor the figures of the assisted beneficiaries crossing the poverty line. During evidence, the Secretary, Rural Development stated that even the Concurrent Evaluation rounds do not generate data pertaining to the number of beneficiaries who are able to sustain after crossing the poverty line. This is not a satisfactory situation and requires suitable rectification.

117. For the success of IRDP, proper planning, project identification and selection of beneficiaries are considered very essential. The IRDP guidelines envisaged preparation of a comprehensive five year perspective plan containing an inventory of local resource after identifying the development potential and major potential thrust areas which could be tapped and evolving of suitable programmes for assisting the rural poor. Further, Annual Plans were also to be prepared and were to follow the Five Year Plans and the identification of beneficiaries, as these Plans were to match the resource profiles and needs of the beneficiaries to provide them income generating activities. The Committee are concerned to note that in serveral States the Five Year Perspective/Annual Plans were either not prepared or prepared with inadequate data. They are surprised as to how funds were released to the DRDAs without ensuring that the plans were drawn in time. Considering the crucial importance of planning and project formulation in the implementation of IRDP, the Committee desire that the Ministry should look into this vital area and take effective steps for ensuring that the prescribed perspective/annual plans are prepared in time and any aberration on this score should be viewed seriously.

118. In this connection the Committee find that one of the major conclusions of the National Workshop of Project Directors in June-July, 1993 was that the Project Directors, DRDAs and their APOs and BDOs were not trained and equipped to formulate meaningful plans with technically feasible and economically viable projects for IRDP beneficiaries.

Although the documents called Annual Action Plan were being prepared each year by the DRDAs this was nothing more than putting together of the plans prepared by the blocks. Moreover, these were not consistent with the District Credit Plans prepared by the lead bank officers. The Committee would, therefore, recommend that the Ministry should consider the feasibility of making use of the services of renowned professional agencies like Indian Institute for Management, Institute of Rural Management etc. to drawn up a single Action Credit Plan for Five Year periods for each district.

119. The Committee note that the guidelines issued for the implementation of IRDP envisaged a comprehensive household survey for ascertaining the economic status and income of the selected target groups. The survey was to cover every family seemingly poor in the village. Though the household survey was a pre-requisite for the proper implementation of Integrated Rural Development Programme and identification of the poorest amongst the poor, in most of the States the same was not conducted and the Ministry continued to release financial assistance without ensuring such household surveys. Further in many States, the Antyodaya approach for covering the poorest among the poor first was also not followed. The Ministry of Rural Development stated that the below poverty line (BPL) surveys initiated at the beginning of the Eighth Plan was completed by all States (excepting Maharashtra and U.P.) by 1993-94 and the surveys were expected to have been completed by Maharashtra and U.P. before the close of the financial year 1994-95. The Committee cannot help expressing their serious concern over the manner in which the Ministry released financial assistance without satisfying themselves that the eligible beneficiaries have been correctly identified on the basis of the prescribed income criteria. The Committee are of the considered view that appropriate identification on beneficiaries is the foundation of the IRDP and any flaw in this process will gravely vitiate its very objective. They, therefore, desire the Ministry of Rural Development to approach the issue with more seriousness and take appropriate corrective action. The Ministry should also consider withholding of assistance to the defaulters pending completion of the requisite surveys.

120. As regards the failure of the different States to follow the Antyodaya approach, the Ministry have stated that with the considerable step up in allocation for wage employment programmes like Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS) etc., the employment needs of the poorest of the poor could perhaps be better met through these schemes rather than self-employment projects like IRDP requiring a minimum of skills, enterprenurial drive and risk taking ability. Consequently, a decision was taken by the Ministry of Rural Development in May, 1994 to abolish the "cut-off" line under IRDP and to make assistance available to any family having income below the poverty line of Rs. 11,000 and not necessarily to the poorest of the poor as under the Antyodaya approach.

Since the Antyodaya approach was followed under IRDP right from the very beginning of the programme, in the opinion of the Committee, this significant shift in approach of the Ministry would tantamount to a self admission of the fact that the poorest of the poor have not hitherto been benefited from IRDP. They desire that this, however, should not exclude the poorest of the poor from the purview of IRDP. The Committee also do not view this change in policy as promising since the employment generated under JRY as per the Annual Report of the Ministry of Rural Development for the year 1993-94 has been just 13.31 days per year per person during the preceding three years. They would, however, await the impact of this change in the focus of IRDP.

121. The Committee are concerned to note from a limited test check by Audit that in certain States assistance of Rs. 3.38 crore was given to 11082 ineligible families having either annual income in excess of prescribed limits or whose names were not appearing in the approved list of identified beneficiaries. While the Ministry of Rural development were unable to apprise the Committee of the precise position in respect of those cases, they admitted that coverage of ineligible families introduced a distortion in the programme and should be earnestly avoided. According to the Ministry the increased public participation and democratisation of the process of selection of beneficiaries would help in checking coverage of ineligible families and, therefore, detailed instructions are being issued to the State Governments spelling out the procedure of selection of beneficiaries through Gram Panchayats and Gram Sabhas. The Committee are of the view that the democratic character of the IRDP should not only be put into practice in reality but also strengthened by ensuring greater involvement of village population and by imparting to the process of identification a greater degree of transparency. They would also recommend that the Ministry should evolve a suitable administrative mechanism to check coverage of ineligible families.

122. The guidelines issued by the Ministry of Rural Development envisaged grant of subsidy to purchase milch animals by the beneficiaries. It further stresses that two milch animals should be supplied in succession to the same beneficiary. In response to the observation of Public Accounts Committee in their earlier report that the provision for second milch animal was not followed, the Ministry of Rural Development had assured that this item was a check point for concurrent evaluation. The Committee are however, concerned to note that despite the above, assistance for the second milch animal was not given to 1,66,727 beneficiaries. Offering their explanation for the non-compliance of the assurance to the Committee, the Ministry stated that the second milch animal was not given as repayment was not done in a large number of cases. They also stated that steps have been taken recently to provide two milch animals initially itself. The Committee cannot accept the explanation of non-repayment since it contradicted with the findings of the third round of concurrent evaluation

that the proportion of repayment of loan in general was very high. While expressing their displeasure over the lack of promptitude on the part of the Ministry in acting upon their recommendations, the Committee desire that the steps taken recently in this direction should be properly monitored considering the importance of the matter to the IRDP beneficiaries who have opted for animal husbandry activities.

123. In this context the Ministry of Rural Development also stated that emphasis should be given more on supply of high quality animals instead of local and traditional breeds. Since such better breeds also require higher fodder and other provisions, the Committee wonder whether the Ministry's approach on the issue is realistic keeping in view the fact that the IRDP beneficiaries are those who are below the poverty line.

124. The Committee are also surprised to note that details regarding provision of second milch animal etc. are presently not monitored by the Ministry at their level. According to the information made available to the Committee, the proportion of farm related and animal husbandry activities under IRDP has gone up from 41.16 per cent in 1987-88 to 53.27 per cent in 1993-94. This clearly indicates that in the perception of the beneficiaries, the importance of animal husbandry activities has gone up. The Committee would, therefore, like the Ministry to evolve suitable procedures for effectively monitoring the matter.

125. The Committee are concerned to note that DRDAs/Financial Institutions had not conducted physical verification of assets in many States and in some States only partial verification of assets was done. 1,44,266 cases involving misutilisation of assistance amounting to Rs. 14.53 crores were noticed in test audit. While admitting this deficiency, the Secretary, Rural Development described the sickness or misutilisation of assets as "alarming" and stated that "it is more than the tolerable limit in IRDP". Surprisingly, no mechanism exists in the Ministry and the States for verifying proper utilisation of the assistance. Although the Ministry were stated to have been getting quarterly reports from the States and that the officers of the Ministry were visiting the beneficiaries under the Area Officers Scheme and inspecting the status of their assets, the Committee are yet to be apprised of the Ministry's assessment of the extent of misutilisation of the assistance emerging from those reports. While taking a serious view of these shortcomings/deficiencies, the Committee desire that the situation has to be remedied forthwith.*

126. Availability of adequate infrastructural support is a *sine qua non* for the successful implementation of projects under IRDP. The Committee however, note with concern several shortcomings on this score. The deficiencies included, delay in creation of infrastructural support, non-functioning of created assets, non-existence of infrastructure, non-obtaining of utilisation certificates for the amounts advanced to various executing agencies etc. What has further concerned them is that in several States, a

portion of funds earmarked for infrastructure was irregularly spent on projects which were either to be met from the State budget or for augmenting resources of the State Government. The Ministry of Rural Development admitted that not all the funds earmarked for infrastructural development are necessarily spent according to the prescribed guidelines. The Committee deplore the failure on the part of the Ministry in ensuring that the IRDP funds are spent judiciously as per the stipulated pattern. They are convinced that the shortcomings in developing the infrastructure for projects of IRDP beneficiaries should be looked into further with a view to minimising delays, introducing greater responsibility and accountability and also ensuring effective implementation.

127. The Ministry of Rural Development have, in this connection stated that they have recently enhanced the limits for infrastructural investment and delegated powers at the district level for making these investments. It was stated that the ceiling limit has been raised from 10 per cent of allocation to 25 per cent in deserving cases. Similarly, powers have been delegated to DRDAs to spend upto Rs. 10 lakhs for creation of infrastructural facilities without waiting for the approval of the State Level Co-ordination Committee and the Divisional Commissioner has been empowered to approve schemes upto Rs. 25 lakhs. It was however, seen that most of the activities related to the infrastructure development are by way of civil construction. If construction is undertaken in a labour intensive manner it is likely to generate wage employment rather than self-employment and, therefore, the Committee would like the Ministry of Rural Development to consider shifting of 25 per cent of allocation from IRDP to JRY.

128. Another major area which has caused considerable concern to the Committee related to the administration of subsidy. A test check of records by Audit in various States revealed several cases of excess payment of subsidy, incorrect application of prescribed percentage of subsidy and non-application of maximum monetary ceiling, payment of money to voluntary agency and not directly to the beneficiary for purchase and distribution of raw material/assets, release of subsidy without obtaining bonds, large amount of unutilised subsidy lying with banks, sanction of money without project proposals etc. During evidence, the Secretary, Ministry of Rural Development admitted that subsidy had "given rise to all sorts of touts middlemen and also populism". He also conceded that several instances had come to the notice of the Ministry where middlemen had exploited the assistance sought to be given to the beneficiaries under IRDP. The Committee take a serious view of the aberrarion in the administration of subsidy under IRDP and desire that all the cases of irregularities should be thoroughly investigated and responsibility of the erring officials fixed for the lapses.

129. Presently, subsidy is disbursed alongwith the loan to enable the IRDP beneficiary to meet the full project cost. Thus, the present system of

subsidy disbursement is front-end based. In the perception of the Ministry of Rural Development based on their experience and as per the findings of certain expert committees, the present front-end subsidy system has caused leakages and malpractices besides encouraging beneficiaries to clandestinely dispose of assets. The Ministry, therefor, propose to shift to a system of back-end subsidy whereby the subsidy would not be disbursed directly to the beneficiary but would remain deposited in the bank and adjusted against the loan portion in the final instalment of the payment. According to the Ministry, after the introduction of the back-end subsidy, the extent of leakages are expected to be reduced. Any move that seek to check malpractices in the subsidy disbursement would be welcome from the Committee's point of view. However they would like to be assured that with the introduction of the proposed system of back-end system, the beneficiaries would in no manner be subjected to avoidable bureaucratic and or other harassments.

130. The Ministry of Rural Development further stated that with a view to minimising the role of middlemen they had initiated a scheme of direct cash disbursement to beneficiaries. Under that scheme, instead of a purchase Committee being involved in the acquisition of an asset, the beneficiary is given the entire assistance in cash to purchase the asset of his choice. According to the Ministry, the scheme which is in operation in almost 50 per cent of the blocks in the country will be extended to all the blocks of the country by 1995-96. The Committee would like to be informed of the progress made.

131. The Committee in this context, also feel that there is a pronounced need to create an awareness among the beneficiaries of their rights and reponsibilities through an effective communication strategy with a view to ensuring that they are not exploited by unscrupulous middlemen and facilitating better implementation of the programme.

132. The Committee are deeply distressed to note that funds involving Rs. 66.21 crores earmarked for IRDP had been spent on other schemes, kept as civil deposits, treasury deposit accounts, deposit in Post Offices savings account, or used for purchase of household luxury items and construction of office buildings etc. The fact that a mere test audit has unearthed such large scale diversion would seem to indicate that the actual dimension of this malady is manifold. During evidence, the Secretary, Rural Development stated "this diversion of funds" will not be "tolerated". To their dismay, the Committee, however, find that the Ministry of Rural Development are yet to obtain explanation from the States concerned. The Committee strongly deprecate the failure of the Ministry to act sternly against such gross financial irregularities. They desire that the matter should be vigorously pursued for investigation, fixation of responsibility and necessary follow-up action. The Ministry should also ensure that the accounts of DRDAs are maintained properly, reconciled periodically with banks and got audited regularly.

133. The assistance to beneficiaries under IRDP comprised of loan and subsidy. The major part of the investment in the form of loan was to come through institutional credit. The Committee note with concern from the Audit paragraph that the flow of credit and institutional financial assistance under IRDP were beset with certain serious shortcomings. It was revealed that in a number of cases applications were rejected without assigning reasons or for wrongly recommended cases or on the grounds that the beneficiary already had a loan liability or the scheme was not viable or target of banks had already been achieved or the applicant was ineligible on the grounds of having income higher than poverty line etc. While responding to these shortcomings the Ministry of Rural Development stated that they were aware and concerned that there was a gap between the number of cases forwarded by DRDAs and the number of cases actually accepted by bank for sanction of assistance. According to them the main reason for rejection of loan applications was, difference in perception/opinion of bankers and DRDA staff regarding choice of bank, selection of activity to be sponsored and paucity of funds in certain banks. Enumerating the remedial steps taken, the Ministry stated that it has now been decided to plan IRDP activities on credit based targets from 1995-96 onwards and this should not leave any scope for mis-match between targets given to bankers and those available with DRDAs. Furthermore in view of the resource crunch faced by some banks, RBI has allowed other banks to fulfil the target of the lead banks which are not able to do so because of paucity of funds. The Committee cannot remain contented merely with this. They would like to emphasise that IRDP has been described as a credit based self-employment programme with an element of subsidy rather than a programme based on subsidy supplemented by bank credit. Therefore, mobilisation and flow of credit is vital for the successful implementation of the programme. The Committee, therefore, desire the authorities concerned to ensure that the loan appraisals are made more effective and that the applications are not rejected in a rather routine manner or on flimsical grounds and also to check malpractices on this score, if any.

134. The Reserve Bank has enjoined upon all the banks that the applications for IRDP loans must be disposed of within a fortnight. However, it has been reported by Audit that there had been inordinate delays in sanctioning/disbursal of loans (in certain cases the delay had gone upto 36 months). There had been several cases where IRDP loans sanctioned were not disbursed at all actually or where such sanctioned loans were pending disbursement for more than five years. During evidence the representative of the Ministry of Finance (Banking Division) admitted the delays. The Committee desire that the specific cases reported in the Audit Paragraph should be enquired into further and concrete steps taken to ensure that IRDP loans are sanctioned and disbursed in time.

135. Loans under IRDP are treated as mid-term loans. The repayment period of loan should atleast be three years. According to RBI instructions

the repayment period of loans should be fixed in a realistic manner having regard to all relevant factors such as the type of activity, quantum of loan, income generating capacity of the assets, life of assets, repaying capacity of the borrowers and also taking into account NABARD norms regarding disbursal/repayment period for similar activities. However, it has been observed that in actual practice some banks do not adhere to these guidelines and instances where the period of repayment prescribed by banks was less than three years had been noticed. The tight repayment schedule was stated as one of the main reasons for non-viability of the projects. Further, some of the banks have been found to have fixed number of instalments of repayment of loans in relation to the total amount including the subsidy receivable from government which resulted in the instalment being high and disproportionate to the income generated. The Committee recommend that these dediciencies in the credit delivery system needs to be remedied. In this connection, the Committee note the recommendation of the Expert committee on IRDP appointed by RBI that the repayment period for the IRDP loans may be fixed at five years as against the present stipulated period of three years. Similarly, in their findings, the Fourth Round of Concurrent Evaluation has found that 11% of loan are repaid after five years. The Ministry should, therefore, consider the question of enhancing the minimum re-payment period from the existing stipulated period of three years.

136. Enumerating the steps taken to prevent delays in sanction/ disbursement of loan and also to ensure that the period of re-payment of IRDP loans was not fixed unrealistically, the Ministry of Finance stated that RBI as on 21.12.1994 directed all the Regional Offices to undertake a sample study in a few blocks to find out the total number of applications received by the banks for loan in IRDP and number of applications out of this disposed of within the prescribed period of time. The sample study will also examines the cases of fixation of re-payment period less than the prescribed three years. The Committee would like to be apprised of the results of the sample study.

137. The size of the IRDP loan to the beneficiary should be determined by the requirements of the Project. To avoid under-financing of the IRDP Project and purchase of sub-standard asset and consequent low incremental income, unit cost Committees for the farm sector have been constituted in the various Regional Offices of NABARD. The project profiles so compiled are to be adopted by all the Financing Baks in each district. The Committee however, found that there had been wide variations in the unit cost approved by the Technical Committee of NABARD and the amount actually sanctioned by the Banks. The Committee desire that these cases should be looked into with a view to finding out whether they had exceeded the prescribed flexibility limits and taking necessary corrective steps.

138. Another disquieting feature observed by the Committee related to the recovery performance of the advances granted towards IRDP by the

public sector banks. The recovery performance in respect of IRDP loans granted by public sector banks as a percentage to demand declined from 41.34% as at the end of June, 1991 to 30.87% as at the end of June, 1993. The main reasons for shortfall/non-recovery of loans were waiver of loans which had become due upto October, 1989 under loan waiver schemes etc., mis-utilisation of assistance, poor income generation, fixation of low unit cost, sale of assets and weak financial position of the borrowers etc. The Ministries of Rural Development and Finance attributed the non-recovery primarily to the loan waiver scheme. The Committee are not inclined to agree fully with the said contention as the loan recovery effected during the years 1992 and 1993 were almost of the same level as that of 1990. They however, recognise that poor recovery of loans hinders effective re-cycling of funds by banks and consequently they would remain unenthused about enhancing their rural lending. The Committee would, therefore, suggest that for improving the recovery performance a strategy involving a suitable blend of firm line of action against wilful defaulters and provision of suitable incentives for prompt re-payment/recovery may be drawn up. In this connection, they note that the expert committee appointed by the RBI has in their recently submitted report recommended several steps for the consideration of Government for improving the recovery position of banks. The Committee trust that those recommendations will be examined expeditiously and suitable action taken to improve the recovery performance.

139. The Committee were astonished from the Audit Paragraph that IRDP loans granted to certain beneficiaries in a State (West Bengal) amounting to Rs. 3.34 lakhs in respect of 92 projects were stated to have been repaid on the same day. Similarly, in another State (Orissa) the loans were repaid after just four days. The intention behind the early repayment appeared to be to take the subsidies instead. The Committee desire that these specific cases should be enquire into with a view to checking such undesirable practices.

140. The Committee regret to note that the implementation of IRDP was also considerably hampered due to widespread financial deficiencies. These included non-reconciliation of expenditure with banks, incurrence of administrative expenditure beyond the prescribed limits wasteful/excess expenditure on construction of training centres, infrastructure, cash awards etc. The Ministry of Rural Development admitted that they were aware of these shortcomings. The Committee were informed that several DRDAs were yet to reconcile their accounts. The Committee would emphasise that the Ministry should take a strong action against those DRDAs who are yet to do the reconciliation and ensure that the task is completed within a specified time frame. They would like to be informed of the number of DRDAs whose accounts are yet to be reconciled and also the assessment of the Ministry over the position emerging from reconciliation.

141. The Committee desire that the Ministry of Rural Development

should tighten their control and take effective steps to check incurrence of wasteful expenditure. They further recommend that all cases of wasteful expenditure reported in the Audit Paragraph should be thoroughly investigated and action taken against those found guilty. The Committee would like to be informed of the action taken in the matter.

142. As regards excess incurrence of administrative expenditure, the Ministry stated that presently there is a ceiling on administrative expenditure ranging between 10-15 per cent of allocation to the DRDA. The Ministry were however, considering to revise the ceiling limit to take account of the problem encountered by smaller DRDAs which normally incur administrative expenditure in excess of the norms. The Committee desire that the cases of excess expenditure reported by Audit should be probed and action taken reported to them. Since disproportionate administrative expenditure will further reduce the actual availability of the scarce funds for IRDP projects and distorts the entire programme, the Committee recommend that the cases pointed out by Audit should be analysed further and ways and means found out for restricting the administrative expenditure within reasonable limits.

143. The Committee note that apart from IRDP a number of other allied programmes such as Minimum Needs Programme, Jawahar Rozgar Yojana, Integrated Tribal Development Programme, Special Component Programme, DWCRA Drought Prone Area Programme etc. aimed at improving the lot of rural masses were also being implemented in the country. All these programmes were aimed at overlapping target groups. Emphasising the need for integrating effective implementation of these programmes and avoiding overlapping, the Committee in their 91st Report (Eighth Lok Sabha) had recommended that there must be an integrated post of a single development authority and for whose effective implementation, a single authority was responsible and accountable. The Committee regret to observe that adequate steps have not been taken so far on the line desired by them and that the different programmes continued to be implemented in parallel. The Ministry of Rural Development stated that they fully agreed that rural development programmes should not be implemented in an isolated manner and there should be proper integration and co-ordination at all levels among allied departments and among the programme activity and infrastructure available. According to them attempts were being made to integrate programmes and to bring them under a single umbrella for implementation. However, they were of the view that the ultimate reponsibility of dovetailing schmes can best be fulfilled only at the district level. They added that with the election of responsible and responsive Zila Parishad, strengthening of district/block/village level planning Committees and greater participation of the people in implementation of rural development schemes it could further be possible to integrate and co-ordinate all rural development schemes in a better way. While the Committee would welcome and await the implementation of these measures,

they are constrained to point out that the Ministry have not put forth any concrete proposal for implementation so far. The Committee therefore, desire that the Ministry should address this issue with more promptitude and seriousness in order to ensure that the different poverty alleviation programmes are dealt with in an effective and co-ordinated manner.

144. In this connection, the Committee find that a high level Committee set up by the Planning Commission had recommended the concept of integrated district planning and creation of a post of District Development Commissioner to look after and co-ordinate all the development activities in the district. Considering the fact that a Collector/Deputy Commissioner who is presently heading DRDA is himself pre-occupied with law and order, revenue collection and protocol functions, the Committee feel that the above mentioned concept needs detailed examination for suitable implementation.

145. The Committee note that Development of Women and Children in Rural Areas (DWCRA) was started in 1982-83 as a sub-scheme of IRDP with the primary objective of focussing attention on the women members of rural families below the poverty line with a view to providing them with opportunities of self employment on a sustained basis. A distinguishing feature of DWCRA was group strategy as against family as a unit of assistance under IRDP. Under DWCRA, women formed groups of 10-15 womens each for taking up economic activities suited to their skills, aptitude and local conditions. The groups strategy under DWCRA was adopted to motivate the rural women to come together and to break social bonds which had denied them income generating and self fulfilling opportunities. The Committee are deeply concerned to note that a large number of women groups formed in several states under DWCRA were either defunct/ dormant or had not taken up any income generating commercial activites. Significantly, the Eighth Plan document mentioned that results under DWCRA has not been satisfactory on account of inadequate investment and selecting of unviable activities. Clearly, the Ministry had not adequately monitored the scheme so as to ensure timely action before the groups getting defunct. The Ministry stated that they were aware that in some of the states, the women groups formed under DWCRA had become defunct. Accrdingly in 1994-95 the revolving for the groups had been enhanced from Rs. 15000/- to Rs. 25000/- in all cases of groups which have taken an active interest in their activity which would permit the groups to go in for non-traditional activities with higher level of investment and also provides additional working capital. The Committee cannot remain satisfied with this. Concrete steps should be taken to revitalise the defunct groups. There is also an imperative need to constantly monitor the functioning of DWCRA groups so that corrective steps are taken at the very initial signals of groups getting defunct.

146. The Committee note that Training of Rural Youth for Self Employment (TRYSEM) was launched by the Government in 1979 as a centrally sponsored scheme to provide technical and entrepreneur skills to

rural youth from families below poverty line to enable them to take up self employment in the fields of Agriculture and allied activities, industries, services and business activities. The objective was enlarged to include wage employment. Financial assistance during training under TRYSEM was given as stipend, suitable tool kits to trainers, honorarium to training institutions, payment towards purchase of raw materials required for training etc. The Committee regret to note that a large number of trained persons under TRYSEM could not secure gainful employment. The Ministry of Rural Development while admitting that a large number of trainess under TRYSEM had not succeeded in getting self employment on wage employment have stated that instructions have been issued on 26 March, 1994 to the States to improve the quality of training and increase the involvement of ITIs, Polytechniques and Krishi Vigyan Kendras etc. In view of the failure of the programme to secure gainful employment to the trainees, the Committee desire that the Minsitry should thoroughly look into the reasons therefor and revamp TRYSEM with a view to making it more intergrated with the job opportunities available in the area. The need for revitalising the training infrastructure has also to be looked into in greater depth. The Ministry should also consider the feasibility of involving Non Governmental Organisations (NGOs) in certain selected training activities.

147. Another deficiency in the implementation of IRDP observed related to the quality of monitoring done at Central/State/District/Block levels. At the Central Level, despite being aware that the per capita investment was too low and the recommendation of the Public Accounts Committee for increasing the per capita investment so as to help the beneficiary to cross the poverty line in one go, the Ministry continued to act as before, to distribute funds thinly and was neither able to increase the investment nor reduce the numerical coverage of the beneficiaries under the programme The State Level Co-ordination Committee which was to review the findings emerging out of qualitative monitoring of the programme as standing agenda for quarterly or half yearly meeting, had not met regularly at the prescribed intervals in many states. An annual physical verification of assets required to be undertaken at Block/DRDA levels, was not carried out in several states. Distribution of "Vikas Patrika" to the beneficiaries envisaged under IRDP to enable the implementing agencies to watch the progress of assistance was neither done nor properly administered in several states. Establishment of farward and backward linkages also required much more attention. Evidently, the system of monitoring under IRDP was inadequate and leaves a lot to be desired. The Committee, therefore, desire that the Ministry of Rural Development should ensure regular and effective monitoring of the Programme at all levels. Steps should also be taken to improve the quality of monitoring.

148. Yet another area of IRDP implementation which required improvement is the system of evaluation and its follow up action. Presently, evaluation of IRDP is undertaken by the Ministry through the Concurrent

Evaluation Surveys got conducted through independent research institutions. Concurrent Evaluation Surveys conducted in 1985-86, 1987 and 1989 have been officially published so far. The findings of the fourth survey conducted in 1992 are yet to be formally made public. The State Government were also required to take evaluation studies from time to time to ascertain the impact of the programme and to measure the extent to which beneficiaries had derived additional income and employment directly attributably to the investment made under IRDP. The Committee, however, regret to note that while the evaluation studies were not conducted in many states in several others, the follow-up action taken were either inadequate or deficient. Considering the long time consumed in collecting data and in the ultimate publication of the findings in the present survey process and also its resultant delay in taking follow-up action, the Committee would like the Ministry to examine the question of evolving a more reliable and effective system of evaluation in the form of a permanent mechanism for assessing the overall performance and impact of the IRDP. This is also necessary in view of the contradictions subsequently made by the Ministry on certain findings of the Concurrent Evaluation.

149. The Audit Paragraph under examination revealed several irregularities/shortcomings in various States/Union Territories in the implementation of IRDP. The Committee regret to note that the relevant extracts were however, circulated to the States/ Union Territories concerned for their comments in August, 1994 only, i.e. after the Committee had decicded to take up the subject for detailed examination. Even after that, the Ministry have not been able to obtain the requisite comments from most of the states. The Committee deplore the failure of the Ministry on this score and would like to be furnished with a detailed status report in respect of the remedial/corrective action taken by the States/ Union Territories concerned on each of the individual irregularities mentioned therein and also the action taken against officers concerned for the various omissions and commissions.

150. During the course of examination the Committee were informed that the Reserve Bank of India had on 29.9.1993 constituted an expert committee under the chairmanship of Shri D.R. Mehta the then Deputy Governor to review the Integrated Rural Development Programme and to recommend suitable measures for strengthening it with a view to making it more effective for alleviation of poverty. Later, the Committee were provided with a copy of the interim report of that expert committee. The highlights of the recommendations of the expert committee have been given elsewhere in the report. The Committee have been informed that the recommendations were being processed and also

that the final report will be submitted by the expert committee shortly. The Committee desire that the recommendations of the expert committee should be examined and appropriate follow up action taken expeditiously. They would also like to be apprised of the action taken in the matter as also the fate of the final report of the expert committee.

151. The facts stated in the foregoing paragraphs clearly identify certain major areas of concern under IRDP requiring immediate governmental attention. Evidently, despite the general acceptance of the objectives and the extensive organisational apparatus built to translate them into reality, the IRDP has, not achieved the desired results. Significantly, the Fourth Round of the Concurrent Evaluation of IRDP conducted by the Government has revealed that only 14.81% of the beneficiaries had been able to cross the existing poverty-line of Rs. 11,000 per annum. This glaring indicator clearly be speaks of the failure of the programme in achieving the objectives. The Ministry of Rural Development while admitting the deficiencies identified that major areas of concern as; shortcomings in proper selection of beneficiaries, lack of proper planning of IRDP activities, inadequate and poor technical staff in DRDAs, over-emphasis on physical targets, low level of per capita investment, leakages in administration of subsidy, gaps in infrastructural development, poor recovery and inadequate credit etc. The Committee express their serious concern over the failure of IRDP to act as a major instrument in the alleviation of rural poverty. They desire that the Ministry of Rural Development in the light of the facts contained in this report and the findings of the Fourth Round of Concurrent Evaluation, the interim report of the Mehta Committee and other similar documents should take adequate steps and revamp the programme with a view to making it an effective instrument in the alleviation of India's rural poverty.

NEW DELHI;
21 April, 1995

1 Vaisakha, 1917 (Saka)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.

APPENDIX I

MINISTRY OF RURAL DEVELOPMENT

6.1 Integrated Rural Development Programme

6.1.1 Introduction

6.1.1.1 The concept of an integrated programme of rural development with the avowed objective of alleviation of rural poverty and based on local needs, resource endowments and potentials alongwith wage employment and special area development programmes was first introduced in 1976. It is now known as the Integrated Rural Development Programme (IRDP). IRDP was initially launched in 20 selected districts. The nodal authority is the Ministry of Rural Development. IRDP was reviewed in 1978-79 to integrate the methodology and approach of three major ongoing special programmes: Small Farmers Development Agency (SFDA), Command Area Development Programme and Drought Prone Areas Programme (DPAP) and was extended to 2300 blocks all over the country. From October, 1980 IRDP was extended to cover all the 5092 blocks of the country and the ongoing SFDA programme was merged with it. Simultaneously the National Scheme of Training of Rural Youth for Self Employment (TRYSEM), launched in August, 1979, was also made a part of IRDP. In 1982, the programme of Development of Women and Children in Rural Areas (DWCRA) was also included in IRDP in selected districts.

6.1.1.2 The main objective of IRDP was to raise families in identified target groups above the poverty line and to create substantial additional opportunities of employment in the rural sector. The target groups comprised of families with annual income level below Rs. 6400 (till 1991-92) and Rs. 11000 (from 1992-93) with the 'Antyodaya' approach of covering those below the cut-off line of Rs. 4800 in the first instance. The coverage emphasis among the identified target groups was on scheduled castes, scheduled tribes, women, liberated bonded labourers and physically handicapped persons. At least 50 per cent of those assisted were to be from scheduled caste and scheduled tribe families while liberated bonded labourers were to be given overriding priority and at least 3 per cent of the assisted families were to be those of physically handicapped persons. To promote women's participation in rural development at least 40 per cent of the beneficiaries were to be women.

Typical schemes to be undertaken under IRDP were minor irrigation works (individual and community), supply of milch animals, poultry, sheep, piggery, goats and ducks units, etc. Assistance was also admissible for taking up activities under secondary and tertiary sectors like pottery, carpentry, machinery repair and maintenance, shoe repair, tailoring, rickshaw pulling, etc.

6.1.1.3 From 1979-80, IRDP has been a Centrally Sponsored Scheme and the expenditure is shared equally by the Centre and the States. Allocation of funds to the States is made according to the incidence of poverty. The funds in turn are released to the District Rural Development Agencies (DRDAs) by the concerned States. The economic activities under IRDP are financed through a package of subsidy and credit. Funds for the expenditure on subsidy and other items relating to administrative and infrastructural expenditure are provided by the Government and credit by the banking institutions.

TRYSEM is a Centrally Sponsored Scheme since its inception (August, 1979). The expenditure under DWCRA was funded slightly differently. Subsidy and loan were provided as in IRDP to the DRDA. DWCRA work centres were also permitted for funding under the Jawahar Rozgar Yojana (JRY). UNICEF provided special assistance of 33 per cent for group revolving funds, some implements for the work centre, one vehicle and reimbursement of expenditure on DWCRA staff and on their training.

6.1.2 Organisational set up

The Ministry was responsibly for overall policy formulation, monitoring and evaluation of the programme and for release of central share of funds. A Central Level Coordination Committee on IRDP, TRYSEM and DWCRA was also constituted with Secretary of the Ministry as Chairman and 15 members drawn from other Ministries and State Secretaries of Rural Development Departments and other organisations like CAPART, KVIC, NABARD and RBI for framing and revising guidelines, ensuring effective implementation of the programme and to provide a forum for continuous dialogue with the State Governments.

At the State level the Department of Rural Development or any other department to which the subject of rural development had been allocated was responsible for planning, implementation, monitoring and evaluation of the programme. A State Level Coordination Committee (SLCC) was to assist this Department and to provide leadership and guidance to the DRDAs in the planning, implementation and monitoring of the programme. At the district level, IRDP, TRYSEM and DWCRA were implemented by the DRDA headed by the District Collector/Deputy Commissioner and its governing body included the local MP, MLA and other concerned representatives.

6.1.3 Scope of audit

The implementation of the programme covering the period 1978-79 to 1983-84 was reviewed in the report of the Comptroller and Auditor General: Union Government (civil) for the year 1983-84. The review was considered by the Public Accounts Committee (Eighth Lok Sabha) (PAC) and its findings included in the Ninety First report presented to Parliament in 1987. In the present review, the implementation of the programme, was test-checked by Audit in the Ministry and a few blocks and DRDAs in 21 States and 4 Union Territories with particular *reference to the transactions during 1985-93. Important findings are discussed in the succeeding paragraphs.*

6.1.4 Highlights

— A total disbursement of Rs. 14338.76 crores (subsidy: Rs. 5592.07 crores; loan : Rs. 8746.69 crores) was made to 256.80 lakh beneficiaries under the Integrated Rural Development Programme during the period 1985-86 to 1992-93. The Ministry assessed in 1986-87 that per capita* investment of Rs. 13000-14000 was required to generate such additional income to a family to enable it to cross the poverty line in one go. The actual annual All India average per capita investment (both credit and subsidy) under IRDP was only Rs. 4780 during Seventh Plan and Rs. 7531 during 1990-93.

— The Ministry did not make any effective efforts either to raise the investment level or to reduce the coverage of families, and laid more stress on achieving the numerical targets through thin distribution of funds with the result that in most of the States a majority of the assisted families could not cross or stay above the poverty line.

— Though proper planning, project identification and beneficiary selection were essential prerequisites to implementation of IRDP, comprehensive Five Year Perspective and Annual Action Plans containing an inventory of local resources after identifying the development potential and major thrust areas which could be tapped for assisting the rural poor were either not formulated or were delayed.

— Audit test-checks of records at a few selected districts and blocks all over the country showed some typical shortcomings. In what follows, the figures cited are the totals of the results of audit from these selected samples.

— In most of the States household survey for identification of families below poverty line was not conducted but the Ministry continued to release financial assistance without ensuring such household surveys. In many States the 'Antyodaya' approach for covering the poorest amongst the poor first was generally not followed.

— In a number of States assistance of Rs. 3.38 crores was

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* In this audit review the expression "per family" and "per capita" are used as having equivalent connotation except for DWCRA and TRYSEM.

given to 11082 ineligible families having either annual income in excess of prescribed limits or whose names were not appearing in the approved list of identified beneficiaries.

— Though under the programme two milch animals were to be supplied in succession to the same beneficiary to continue the lactation income and avoid sliding back into poverty, assistance for the second milch animal was not given to 166727 beneficiaries.

— DRDAs/Financial Institutions did not conduct physical verification of assets created in various States, 144266 cases involving misutilisation of assistance amounting to Rs. 14.53 crores were also noticed.

— Funds under the programme were to be utilised for filling up critical gaps in the infrastructure directly related to the projects of IRDP beneficiaries but an amount of Rs. 19.95 crores was irregularly spent on projects which were either to be met from the State Budget of the concerned department or to augment resources of the State Government. Delay in creation of infrastructural support, non-functioning of created assets, non-existence of infrastructure, non-obtaining of utilisation certificates for the amounts advanced to various executing agencies, etc. were the other shortcomings noticed.

— Rs. 66.21 crores were diverted to other schemes/activities not connected with IRDP or kept in deposit accounts.

— There was widespread rejection by the banks/financing institutions of loan applications sponsored by DRDAs, besides delayed and low per capita disbursement of loans.

— The position of recovery of loans and overdues from IRDP beneficiaries was far from satisfactory because of misutilisation of assistance, poor income generation out of loan funds utilised, fixation of low unit cost, sale of assets by the loanees, weak financial position of the borrowers etc.

— The reduction in unit costs and quantum of loans below viability levels coupled with the facts of widespread rejection of loan applications and poor repayment revealed that IRDP credit schemes failed to generate enough income for the assisted. In effect IRDP had become largely a relief programme instead of achieving the objective of poverty alleviation.

— Some of the State Governments/DRDAs did not adhere to the norms for incurring expenditure on administrative infrastructure and had incurred Rs. 7.90 crores in excess of the prescribed limits.

— Government was yet to take any concrete action to effectively merge the various programmes so that similar ongoing programmes could be integrated and brought under the Ministry as recommended by the Public Accounts Committee in 1987. This was essential to avoid overlapping and for exercising effective control and to ensure that all programmes were executed by a single development authority.

— Under DWCRA, a large number of women groups formed in Arunachal Pradesh, Assam, Bihar, Gujarat, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal were either defunct/dormant or had not taken up any income generating commercial activities. No action was taken either to revitalise the groups or to recover the huge investment in revolving funds of defunct/non-functional groups. In many States adequate staff for manning the programme were not positioned, suggesting half-hearted implementation of the programme.

— A large number of youth trained under TRYSEM could neither get self employment nor wage employment in many States. In Andhra Pradesh, Assam, Maharashtra and Punjab, utilisation certificates for the funds (Rs. 2.34 crores) provided to various institutions for creating training infrastructure/imparting training were yet to be obtained.

— Monitoring of the implementation of IRDP was inadequate/ineffective both at the Central and State levels. In many States 'Vikas Patrikas' to the beneficiaries were neither issued nor their maintenance and updating ensured.

— The impact of the programme had not been evaluated in most of the States after 1989 to ascertain the extent to which beneficiaries had derived additional income and employment directly attributable to the investments made. This was despite strident criticism by parliamentary committees and an established mechanism for concurrent evaluation.

6.1.5 *Financial Outlay and Progress*

The details of total allocation, utilisation, Central share and releases, total credit mobilised, number of beneficiaries targeted and actually assisted during 1985-86 to 1992-93 were as under:

Table 6.1.5.1

(Rupees in crores)

Year	Total allocation	Total utilisation	Central		Credit mobilised	Number of beneficiaries	
			Share	Releases		Targeted to be assisted	Actually assisted
						(Number of lakhs)	
1	2	3	4	5	6	7	8
1985-86	407.36	441.10	205.93	207.10	730.15	24.71	30.60
1986-87	543.83	613.38	277.31	279.67	1014.88	35.00	37.47

1	2	3	4	5	6	7	8
1987-88	613.38	727.44	310.60	299.72	1175.35	39.64	42.47
1988-89	687.95	768.47	345.00	330.84	1231.62	31.94	37.72
1989-90	747.75	765.43	375.00	347.92	1220.53	29.09	33.51
VII Plan	3000.27	3315.82	1513.84	1465.25	5372.53	160.38	181.77
1990-91	747.31	809.49	374.56	346.59	1190.03	23.71	28.98
1991-92	703-61	773.08	352.66	321.31	1147.33	22.52	25.37
1992-93	662.22	693.68	331.65	336.69	1036.80	18.75	20.68
Total:—	2113.14	2276.25	1058.87	1004.59	3374.16	64 98	75.03

The coverage of scheduled castes, scheduled tribes and women under IRDP during 1985-93 was as follow:

Table 6.1.5.2

Year	No. of SC families	No. of ST families	No. of women beneficiaries
1985-86	977955	345165	303440
1986-87	1199811	480259	567050
1987-88	1341090	557637	829555
1988-89	1205723	544284	873564
1989-90	1101409	443866	858744
1990-91	1022492	423544	895125
1991-92	915098	380958	841084
1992-93	759794	303816	690856
Total:—	8523372	3479529	5859418

6.1.6 *Low Per Capita Investment*

6.1.6.1 One of the main objectives of IRDP was to take up a package of schemes which would generate enough additional income to enable the beneficiaries to go above the poverty line once and for all. In 1986-87 the Planning Commission assumed 2.7 as the incremental capital output ratio and on this basis, the Ministry assumed that an investment of about Rs. 13000-14000 per beneficiary would be required to achieve this. It was, however, seen that while the ceiling of subsidy ranged between Rs. 3000 and Rs. 5000 per beneficiary during Seventh Plan period, the targeted allocation of funds made while formulating the Seventh Plan by the Ministry was Rs. 2358.81 crores for IRDP with which insufficient subsidy of only Rs. 1179 per family could be provided to the targeted 200 lakh families (100 lakh new families and another 100 lakh families which had been assisted earlier with insufficient funds). Taking the total investment of Rs. 8688.34 crores (subsidy: Rs. 3315.81 crores and credit: Rs. 5372.53 crores) and 181.77 lakh families assisted during Seventh Plan period, the actual all India average per capita investment worked out to only Rs. 4780 despite inflationary trends. During the period 1990-93 the funds allocated (Rs. 2113.14 crores) for assisting 64.98 lakhs families (target) were also inadequate (Rs. 3252 per family) to serve the purpose of raising the poorest amongst the poor above the poverty line (annual income level net at Rs. 6400 till 1991-92 and Rs. 11000 from 1992-93).

In 1986-87 the Public Accounts Committee in their 91st Report on paragraph 4 (IRDP) of the Report of the Comptroller and Auditor General of India: Union Government (Civil) for the year 1983-84 recommended. **"The level of assistance and manner of implementation should be such that a household progresses beyond poverty line in one go and not resort to a second dose of assistance, etc. as at present comtemplated by Government, which in truth is impracticable. A programme which does not help poor households to cross the poverty line in one go, cannot carry any credibility as to its validity. Hence credible outlays are the elementary need of IRDP".**

6.1.6.2 Despite the inflationary trends, increase in the cost index, the annual all India average per family investment during 1985-86 to 1992-93 ranged between Rs. 3345 and Rs. 7889 in respect of new families and between Rs. 3590 and Rs. 5888 in respect of old families during 1986-93 as indicated below:

Table 6.1.6.2

Year	Per family investment in respect of	
	New families	Old families
	(Rs. per family)	
1985-86	3545	Not available
1986-87	4511	3590
1987-88	4470	3784
1988-89	5068	4348
1989-90	5507	4548
1990-91	6422	4674
1991-92	7141	4962
1992-93	7889	5888

In Assam and Orissa, the per family investment made to 4.45 lakh beneficiaries and 6.74 lakh beneficiaries during 1985-93 and 1988-92, ranged only between Rs. 2345—Rs. 4002 and Rs. 1161—Rs. 2891 respectively.

6.1.6.3 IRDP had, thus, built in constraints of funds as the outlay and actual investment during 1985-93 was far below the assumed (in 1986) investment of Rs. 13000-14000 per family required to raise and sustain the beneficiaries above the poverty line and till 1992-93, in none of the years did the investment touch the level assumed in 1986. The Ministry also did not make any efforts to raise the per capita investment level either by allocating more funds or by reducing the numerical targets (families). It had laid more stress on a wider coverage in terms of numbers of beneficiaries and in fact it had all along over-achieved the targets as could be seen from Table 6.1.5.1: numerical targets and achievements (last two columns). This made

IRDP an expenditure oriented programme rather than result oriented, through thin distribution of funds.

In reply to a question by the Public Accounts Committee in 1986-87 as to why targets should not be reduced keeping in view the limited resources at disposal, the Ministry deposed that **"the moment the target is reduced *ipso facto* the allocation gets reduced then the whole thing gets reduced".**

6.1.6.4 The test-check of records in various States revealed that the State Governments also continued to assist the beneficiaries with inadequate funds with the result a large number of IRDP beneficiaries could not cross the poverty line as detailed below:

Table 6.1.6.4

(Numbers in lakhs)

State	Period	Families assisted	Families crossed poverty line of Rs. 6400
1	2	3	4
Andhra Pradesh	Till 1991-92	29.56	5.23
Arunachal Pradesh	1985-90	0.36	0.03
Bihar	1985-91	29.48	1.10
Gujarat	1990-92	1.45	0.15
Karnataka	1988-92	5.24*	*
Madhya Pradesh	1985-92	24.07	1.60
Maharashtra	No information regarding the number of families who had crossed the poverty line was available.		
Punjab	1985-91	3.92	0.36
Rajasthan (5 districts)	1985-90	1.58	0.49
Sikkim	1980-90	0.23	0.06
Tamil Nadu	1985-92	15.67	1.16
Tripura	1985-92	1.20	Not available
Uttar Pradesh	1988-92	22.89	2.93
West Bengal (3 DRDAs)	1986-93	0.66	No specific survey was done

* There was reduction in the income level in respect of 0.41 lakh beneficiaries while there was no change in income level in respect of 1.19 lakh beneficiaries.

6.1.6.5 The poverty line was determined on the basis of minimum standards of living compatible with the maintenance of physical well-being. A task force on 'Minimum Needs and Effective Consumption Demand', constituted by the Planning Commission determined (1979) the poverty line on the basis of per capita daily calorie requirement of 2400 in rural areas and 2100 in urban areas. At 1984-85 prices, the poverty line was estimated at Rs. 6400 per annum per family. This poverty line was adopted in the Seventh Plan as well as the subsequent Annual Plans. The poverty line of rural areas was revised to Rs. 11000 at 1991-92 prices during the Eighth Plan.

6.1.6.6 According to various experts and the Planning Commission and the quinquennial surveys of consumption expenditure by the National Sample Survey, the number of people living below the poverty line since 1977-78 was as under:

Table 6.1.6.6(a)

Year	Population below poverty line			
	Rural	Total	Rural	Total
	(number in millions)		(Percentage)	
1977-78	253.1	306.8	51.2	48.3
1983-84	221.5	271.0	40.4	37.4
1987-88	195.9	237.7	33.4	29.9

Based on the 43rd round of National Sample Survey (1987-88), the States had been grouped according to the incidence of poverty as indicated below:

Table 6.1.6.6 (b)

Incidence of rural poverty	States/UTs
Below 20 per cent	Arunachal Pradesh, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Punjab, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and all UTs.
20 per cent to 30 per cent	Assam, Gujarat, and Rajasthan.
30 per cent to 40 per cent	Andhra Pradesh, Tamil Nadu, West Bengal, Karnataka, Maharashtra and Uttar Pradesh.
40 per cent to 50 per cent	Bihar, Orissa and Madhya Pradesh.

From the above details of rural population below poverty line, it would be evident that in terms of absolute numbers of people, the decline had been insignificant. After 40 years of planned development about 20 crores were still poor in rural India (as in 1987) having per capita monthly expenditure of only Rs. 131.80.

6.1.7 *Non-preparation of Five Year Perspective and Annual Plans*

6.1.7.1 For the success of IRDP, proper planning, project identification and beneficiary selection prior to its implementation were considered very essential. The guidelines envisaged preparation of a comprehensive Five Year Perspective plan containing an inventory of local resources after identifying the development potential and major potential thrust areas which could be tapped and evolving of suitable programmes for assisting the rural poor. The inventory of local resources was to include analytical notes on demographic trends and human resources, area and location specific data, economic activities with details of institutions engaged in these activities and social and institutional infrastructure including the status of voluntary action groups. The perspective plans were also to contain information about the ongoing programmes both under Plan and non-Plan schemes together with their potential in offering opportunities for economically viable activities either through creation of direct employment opportunities or through provision of backward-forward linkages and infrastructural support, assessment of the likely activities under the programmes of the development departments in the next few years and impact of the previous IRDP activities on the economic environment and the quality of the life of the poor people.

6.1.7.2 In addition to the preparation of Five Year Perspective Plans, Annual Plans were also to be prepared and were to follow the Five Year Plans and the identification of beneficiaries because these plans were to match the resource profile and needs of the beneficiaries to provide them income generating activities. Annual Plans were to contain details of the economic profile of the block/district spelling out thrust areas, profiles of the beneficiary families categorising them according to their aptitudes and choice of the remunerative projects, sources and mechanism for procurement of raw materials and disposal of finished goods, linkages with other ongoing programmes like DPAP, DP, JRY, etc. and the infrastructure support drawn from these programmes. The Annual Plan for a financial year was to be ready by the month of February of the preceding year.

6.1.7.3 The Planning Evaluation Organisation stated (May 1985) that the Five Year Perspective Plans and the Annual Plans were not being prepared in time and had been delayed considerably. In the following States Five Year Perspective/Annual Plans were either not prepared or prepared with inadequate data as shown below:

Table 6.1.7.3

State	Position of preparation of Five Year Perspective Plans	Position of preparation of Annual Plans.
1	2	3
Assam	Not prepared in 4 test-checked DRDAs (Darang, Goalpara, Jorhat and Sonitpur)	Not prepared in time and did not include a review of the previous year's performance.
Arunachal Pradesh	Not prepared	Not prepared in respect of many of the blocks in Lower and Upper Subansiri, East and West Siang districts. In DRDA Pasighat the Annual Plans were prepared between the months of May and July, and in Khonsa in April instead of February each year.
Bihar	Not prepared in districts test-checked	..
Himachal Pradesh	Not drawn up in Hamirpur, Shimla, Solan and Una districts test-checked	..
Karnataka	Not prepared either at block level or at the district level.	Annual Action Plans prepared were defective.
Kerala	Not prepared in any of the 7 DRDAs and 21 blocks test-checked.	..
Madhya Pradesh	Not prepared in 6 test-checked districts (Bilaspur, Jhabua, Mandsaur, Morena, Sagar and Shahdol).	In Mandsaur and Shahdol districts Annual Block Plans were not prepared except during 1991-92.
Meghalaya	Not prepared	Preparation of Annual Action Plan delayed.
Mizoram	Not prepared	Annual District/Block Plans prepared but were not got approved by the concerned department Plans prepared were defective.
Orissa	Not prepared	..
Rajasthan	Not prepared	Annual Plans were not prepared in any of the blocks test-checked.
Tamil Nadu	Not prepared by blocks and DRDAs	Annual Blocks/District Plans prepared were not got approved for certain years due to non-convening of meeting of the Governing Bodies in Coimbatore, Madurai, Nagapattanam, Quaid-E Milleth, Salem, South Arcot, Thanjavur and Tirunelveli Kattabomman districts.
Tripura	Prepared with inadequate data.	Prepared with inadequate data.
Uttar Pradesh	Not prepared in 9 districts test-checked	Prepared with inadequate data.
West Bengal	Not Prepared	Prepared with inadequate data.

6.1.8 *Household survey for identification of beneficiaries*

6.1.8.1 For ascertaining the economic status and income of the selected target groups, the guidelines envisaged a comprehensive household survey. The survey was to cover every family seemingly poor in the village. The surveyed families were to be categorized into three income groups: upto Rs. 2250, Rs. 2251-Rs. 2501 and Rs. 3501-Rs. 4800. With the raising of poverty line from Rs. 6400 per annum to Rs. 11000 per annum from 1992-93, the household survey was to be conducted afresh by the end of June 1992 and the revised cut-off line was Rs. 8500 (instead of Rs. 4800) and families whose income is below Rs. 6000 were to be assisted first.

6.1.8.2 Though the household survey was a pre-requisite for the proper implementation of IRDP and identification of the poorest amongst the poor, it was, however, not conducted in Arunachal Pradesh, Haryana, Karnataka, Maharasthtra, Sikkim, and Tripura. In Andhra Pradesh, Orissa, Rajasthan, Tamil Nadu and West Bengal it was partially done while in Meghalaya and Uttar Pradesh, survey conducted was defective and in Mizoram the survey was conducted without following the norms. As such these States deviated from the 'Antyodaya' approach of covering the poorest amongst the poor first. In Assam, Himachal Pradesh, Kerala, Madhya Pradesh, Punjab, Sikkim, Pondicherry and Uttar Pradesh where household survey was conducted, the 'Antyodaya' approach was not followed. In Assam, the coverage of poorest families was only 1.97 per cent of the beneficiaries under IRDP. In Orissa, Tamil Nadu and West Bengal families belonging to higher income-groups were covered ignoring the poorest amongst the poor.

6.1.8.3 The Ministry, however, continued to release financial assistance without ascertaining whether the State Governments had taken these preliminary steps. In the absence of income data of the families it was not clear as to how the Ministry or the State Governments satisfied themselves that the benefits were passed on to the eligible beneficiaries and whether the 'Antyodaya' approach was actually followed in the implementation of IRDP.

6.1.9 *Coverage of ineligible families*

Test-check of the records in a small number of selected districts in various States revealed coverage of 11082 ineligible families to whom assistance of Rs. 338.13 lakhs was given as shown below:

Table 6.1.9

Sl. No.	Name of State	Names of districts	No. of beneficiaries	Period	Amount of subsidy paid (Rs. in lakhs)	Remarks
1	2	3	4	5	6	7
1.	Andhra Pradesh	Cuddapa Anantapur Vizianagaram	45	1990-93	1.38	Possessing landed property in excess of the prescribed limits.
2.	Arunachal Pradesh	Lower Subansari Upper Subansari	139 43	1987-88 to1990-91	—	Annual income of the families was above the prescribed limits.
3.	Haryana	Gurgaon Hissar	130 146	1990-91 to1992-93	2.76 4.45	Annual income of the families was above the prescribed limits.
4.	Karnataka	(i) Tumkur, Mysore and Bangalore (Rural)	226	1990-93	4.28	226 families were not approved in the Gram Sabha and 9769 families belonged to higher income group.
		(ii) Mandya, Gulbarga, Bijapur and Dharwad	9769	1987-93	288.76	
5.	Kerala	Kannur and Wynad	89	..	..	Assisted families belonged to higher income groups.

1	2	3	4	5	6	7
6.	Maharashtra	Eight districts	289	. .	16.82 (Loan) 7.37 (Subsidy)	Names of beneficiaries did not appear in the list of below poverty line families.
7.	Punjab	Jalandhar and Sangrur	23	1988-90	0.42	Assisted families belonged to higher income group.
8.	Rajasthan	Various Panchayat Samitis in Alwar district.	166	1990-91	3.93 6.34 (credit)	
9.	Tripura	—		17February 1985 to March 1991	1.62 (including loan)	Assisted families belonged to higher income groups.
	Total:		11082		338.13	

In seven districts of Maharashtra, 185 families were assisted with a total sum of Rs. 37.61 lakhs (loan: Rs. 27.64 lakhs, subsidy : Rs. 9.97 lakhs) for Individual irrigation projects though in the master list these families had no land holdings and were shown as landless labourers. According to DRDAs the information given in the master list was not found to be correct and the beneficiaries were wrongly classified as landless labourers and that in many cases land was acquired by the beneficiaries after survey of the below poverty line families in 1982-83. Contention of DRDAs was not tenable as acquisition of land by labourers would be indicative of their crossing the poverty line and hence not eligible for assistance under the programme.

Though families having more than 2 hectares of land in areas not covered under Drought Prone Areas Programme (DPAP) did not form the target group of IRDP, assistance of Rs. 5.03 lakhs (loan : Rs. 3.93 lakhs, subsidy : Rs. 1.10 lakhs) was extended to 42 families with land holdings exceeding 2 hectares in four districts.

One person of Mahad (Raigad district) acting as an agent for the beneficiaries and a fisherman cooperative society collected an amount of Rs. 8.14 lakhs from the Sangli Bank, Mahad between the years 1982 and 1984 on the basis of applications from 122 beneficiaries. The amount was, however, not passed on to the beneficiaries and the loan portion of Rs. 6.10 lakhs was repaid by the agent to the bank without refunding the subsidy portion of Rs. 2.02 lakhs. The DRDA reported the matter (September 1988) to the police. Again, 12 cooperative societies in Raigad district obtained assistance for 319 beneficiaries which was not passed on to them. While the loan portion of the assistance was refunded by these cooperative societies, the subsidy portion of Rs. 4.66 lakhs was not refunded.

6.1.10 Non-provision of assistance for second milch animal

The guidelines issued by the Ministry envisaged grant of subsidy for purchase of milch animals by the beneficiaries. It further stressed that two milch animals should be supplied in succession to the same beneficiary, the second as soon as the lactation period of one animal was over, as otherwise the beneficiary would experience a fall in his income and slip back into poverty. This would also ensure uninterrupted income from the sale of milk and consequently enable the beneficiary to repay the loan regularly. The PAC had observed that the provision for a second milch animal was not being followed. Despite the observations of the PAC and the Ministry's assurance to the PAC that this item was a check point for concurrent evaluation, the State Governments did not adhere to the instructions. The Ministry too could not prevent the breach of instructions.

During test-check of records in various States it was noticed that in a number of cases, the second animal was not supplied. A few instances are given below:

Table 6.1.10

State	DRDAs Zila Parishads/ blocks	Period	Total number of beneficiaries to whom milch animal was provided	Total number of beneficiaries to whom second milch animal was not provided	Remarks
Bihar	8 blocks	Between 1985-86 and 1992-93	6173	4704	
Haryana	State as a whole	1987-93	91295	NA	Full data not available. 11 applications were rejected by a bank in Hisar district.
Gujarat	5 districts	1985-93	87014	77585	
Himachal Pradesh	5 districts	..	NA	11306	
Karnataka	Mandya and Gulbarga Zila Parishads	1985-93	NA	3544	
Madhya Pradesh	Sahadol district	1985-93	2219	1389	

State	DRDAs Zila Parishads/ blocks	Period	Total number of beneficiaries to whom milch animal was provided	Total number of beneficiaries to whom second milch animal was not provided	Remarks
Punjab	Bhatinda, Jalandhar and Sangrur districts	1985-92	NA	18717	The DRDAs stated (March 1993) that subsidy for the purchase of one milch cattle was disbursed to achieve the target relating to the number of beneficiaries.
Tamil Nadu	7 districts	1985-93	47846	17082	
Uttar Pradesh	State as a whole	1985-93	966000	NA	In four blocks of Gorakhpur only one milch animal was provided.
West Bengal	Birbhum district	1985-92	32450	NA	The Assistant Project Officer (Monitoring) Birbhum observed that average annual income of Rs. 631 only was derived by the beneficiaries.
Total:				166727	

6.1.11 *Physical verification of assets not done or partially done and assistance misutilised*

DRDAs/Financial Institutions did not conduct physical verification of assets in many States and in some States partial verification of the assets was done. 144266 cases involving misutilisation of assistance of Rs. 1452.66 lakhs came to light as detailed below:

Table 6.1.11

State	Districts/ Blocks	Status of physical verification	Year of conducting physical verification	No. of Cases	Cases of misutilization Amount (Rs. in lakhs)	Remarks
1	2	3	4	5	6	7
1. Arunachal Pradesh	4 blocks	Not conducted	—	153	4.76	These cases were noticed during household survey on economic status.
2. Bihar	(i) Dhanbad (8 blocks)	Partially conducted	1991-92	89	—	Assets not acquired.
				177		Assets acquired partially.
	(ii) Samastipur	Partially conducted	1991-92	109		Assets not acquired.
			1992-93	38	..	
	(iii) Purnia	Partially conducted	1990-91	71		
3. Assam	4 DRDAs	Not conducted	—	—	—	
4. Gujarat	(i) 15 blocks in 5 districts	Partially conducted	—	270	13.53	
	(ii) In 5 districts	—	—	927	19.14	The banks were not furnishing physical verification reports.
5. Haryana	(i) 3 districts	Not conducted	—	612	11.85	Utilisation certificates were not obtained in 354 cases.
	(ii) 9 districts	Conducted	—	1132	21.73	

1	2	3	4	5	6	7
6. Himachal Pradesh	9 districts	Conducted	1992	60860 (out of 1.37 lakh cases)	—	
7. Karnataka	(i) 9 implementing agencies	Conducted	1991-92	1503	30.85	
	(ii) 6 blocks of 4 districts	Conducted	—	466	9.95	
8. Kerala	14 DRDAs	Partially conducted	1988-91	32591	694.03	
9. Madhya Pradesh	4 districts	Partially conducted	1985-93	25083	125.62	Out of 5.63 lakh beneficiaries assisted, physical verification of 3.25 lakhs was conducted.
10. Maharashtra	16 blocks	Not conducted	1985-93	—	—	
11. Punjab	5 DRDAs	Partially conducted	1988-92	747	13.88	
12. Tamil Nadu	(i) 5 districts	Partially conducted	1987-90	9195	442.23	

1	2	3	4	5	6	7
	(ii) 3 districts	Partially conducted	1990-93	8412	—	
13. Tripura	5 blocks	Partially conducted	1992-93	118	—	
14. Uttar Pradesh	6 districts	Conducted	1990-93	680	16.57	
15. West Bengal	(i) 8 banks in 3 districts	Not conducted	—	366	13.49	
	(ii) 4 districts	Not conducted	—	248 419	11.44 23.59	
Total misutilisation cases:				144266	1452.66	

6.1.12 Infrastructural Development

A pre-requisite of the planning process visualised for IRDP was the assessment of the existing infrastructure available in the district for the effective implementation of the programme. While the major investments on infrastructure was expected to be made by the State Governments as part of their normal plans, crucial gaps in infrastructure were to be met out of IRDP funds without which the programme could not be implemented successfully. Some of the items of infrastructure identified for more effective implementation were artificial insemination centres, chilling/collection centres, transport vehicles, etc.

Test-check of records in the following States revealed various shortcomings as detailed below:—

(A) Irregular expenditure: Though the funds under the programme were to be utilised for filling up the critical gaps in the infrastructure which were directly related to the projects of IRDP beneficiaries, in the following States IRDP funds were used to augment the resources of the State Governments for creating general infrastructure as discussed below:—

	State	Period	Amout spent (Rs. in Lakhs)	Remarks
1.	Madhya Pradesh	(i) 1986-92	298.05	Funds spent on establishment of frozen semen centres in 35 districts for which specific provisions were made in the State Budget of Veterinary Department for this purpose.
		(ii) 1985-89	1476.86	Funds spent on establishment of 246 sericulture centres though it was to be met out of regular budget of Sericulture Department. Of the 246 centres envisaged for construction only 79 was completed and the remaining were either incomplete or not established. Against 71485 beneficiaries targetted to be benefited through such centres only 2757 (4 per cent) could be benefited. In 47 completed centres the number of beneficiaries was nil.
2.	Maharashtra	1989-93 upto Sept. 1992	129.01	Funds spent to augment resources of the State Government for construction of buildings for veterinary aid centres run by Zila Parishad.
3.	West Bengal	1985-93	91.50	Creation of general infra-structure.
	Total:		1995.42	

(B) Other Shortcomings

Andhra Pradesh: Rs. 82.86 lakhs advanced during 1981-82 to 1991-92 by DRDAs in Ranga Reddy, Vizianagaram, Anantapur and Medak districts to various line departments for filling up the critical gaps in the infrastrcture directly related to the projects of IRDP beneficiaries were lying unadjusted for want of utilisation certificates in the absence of which it was not possible to ascertain even in a general way whether the amounts had been spent for the purposes for which they were given.

For construction of work-sheds/houses for silk weavers in one mandal of Anantapur district, Rs. 30 lakhs were deposited with three commercial banks during June 1989. As per information available on the progress of works (as on April 1991), 731 work-sheds/houses were not started, 210 works were reported to have been completed and 163 works were at various stages of completion. Two banks refunded Rs. 20.49 lakhs (inclusive of interest) in March 1993. DRDA, Anantapur did not maintain vital information regarding the amount of subsidy utilised, the number of units completed and whether the completed sheds had been put to use for the purpose for which they were constructed.

Assam: Four industrial sheds constructed in 1991-92 at a cost of Rs. 14.19 lakhs were not functioning (May 1993). As the sheds were not as per the requirements of the block, the entire expenditure was infructuous.

Bihar: Rs. 22.54 lakhs were spent on construction of a liquid nitrogen plant by DRDA, Purnia during 1987-88. The plant, however, ceased to function from February 1991 for want of running expenses.

Gujarat: Rs. 4.33 lakhs were provided to 20 cooperatives for construction of milk collection centres in Kuchchh and Junagadh districts between 1985-86 and 1991-92. None of the centres had been completed (April 1993). Further, subsidy of Rs. 3.88 lakhs was paid to five milk production cooperative societies in March 1987 for setting up of fodder farms. Of these, 4 societies had not set up the farm.

Karnataka: The work of construction of a lift irrigation scheme sanctioned at a cost of Rs. 7.56 lakhs in 1983-84 was actually entrusted to Karnataka Land Army Corporation in March 1988. The scheme, on completion, was to irrigate 300 acres of land and develop pastures for 1000 to 2000 IRDP beneficiaries for rearing Bandur sheep and crossbred ram. The cost of the works had been revised in February 1993 to Rs. 22.08 lakhs but the work was yet to be completed though Rs. 15.98 lakhs had been spent (August 1993).

Maharashtra: In Jalna district, assistance of Rs. 303.95 lakhs was disbursed to the beneficiaries during 1987-93 for milch animal projects. In September, 1987 the Governing Body of the DRDA, Jalna observed that forward linkages for dairy development activities were practically non-existent as only 58 out of 174 milk collection co-operative societies in the district were functional. Consequently, the beneficiaries were unable to sell the milk and there was no income from the assets given to the beneficiaries.

Orissa: DRDAs, Balasore, Ganjam and Dhenkanal had released Rs. 13.62 lakhs in excess of the prescribed norms to the Orissa Lift Irrigation Corporation. The amount was yet to be recovered (June 1993).

Tamil Nadu: Subsidy totalling Rs. 8.16 lakhs was released in instalments to Periyar District Co-operative Milk Producers' Union (Rs. 7.41 lakhs) and to the Kolli Hills Bee Keepers Industrial Co-operative Society (Rs 0.75 lakh) between September, 1985 and July, 1992 for strengthening the infrastructure. It was observed from the records of the Union and the Society that the number of IRDP beneficiaries was less than 8 and 5 per cent respectively against the prescribed norm of 50 per cent.

Subsidy aggregating Rs. 71.27 lakhs was released to a voluntary organisation 'Land for Tillers Freedom' for providing subsidy to 1894 IRDP beneficiaries against the purchase of surplus land between November, 1990 and March, 1993. But, no information regarding number and names of beneficiaries assisted, dates of creation of assets, subsidy actually utilised, etc. was available.

Uttar Pradesh: During 1986-92, a sum of Rs. 1377.15 lakhs was advanced to different bodies/departments for development of general infrastructure by DRDAs; of this, utilisation certificates for Rs. 510.91 lakhs were still awaited (June, 1993).

The SLCC approved (October, 1986) opening of artificial insemination centres in villages by Bhartiya Agro Industries Foundation (BAIF), Pune with a view to improve the breed of milch cattle from the funds allocated for IRDP infrastructure. It was specifically provided that BAIF centres would only be in those places where centres of either Animal Husbandry or Operation Flood II of Dairy Development were not existing so that duplication of services might be avoided. It was, however, noticed that BAIF opened six centres in places where centres of Animal Husbandry were functioning in Azamgarh and Gorakhpur districts thereby incurring avoidable expenditure of Rs. 21.23 lakhs.

West Bengal: In Jalpaiguri district, the Project Officer, DRDA observed (1986-87) that the irrigation sources (pump sets, tubewells, etc.) created in the district were not viable due to porous and sandy soil. Nevertheless, 1222 irrigation projects were implemented in the district at a cost of Rs 57.85 lakhs during 1985-93. The DRDA had neither maintained any inventory of the assets procured nor assessed the irrigation potential actually created and increase in productivity of the agricultural crops, etc.

An amount of Rs 91.50 lakhs was spent for creation of general infrastructure not contemplated under the programme. In Medinipur district, a sum of Rs. 39.19 lakhs was advanced to 4 implementing agencies including 2 co-operative societies (Rs 9.71 lakhs) for building 4 infrastructure projects between 1986 and 1991. The DRDA neither monitored the utilisation of the funds by the implementing agencies, nor the progress made in the construction of projects.

6.1.13 Administration of Subsidy

The payment of subsidy was linked to credit/loan obtained from financial institutions upto 1990-91 and DRDAs were required to keep their amounts in savings bank accounts in the principal branches of the participating banks so as to avoid idling of funds without earning interest.

Since disbursement of money in cash to a beneficiary improves his bargaining power and has the added advantage of reducing delays and other malpractices prevalent in the existing disbursement system, the Ministry permitted from 1991-92 disbursement of loan and subsidy in cash to IRDP beneficiaries. At least half the blocks in a district were to be identified for cash disbursement by the District Level Coordination Committee keeping in mind the location of the block, availability of the infrastructure, etc.

The test-check of records in various States revealed shortcomings as discussed below:—

(A) Excess Payment of Subsidy

Table 6.1.13 (A)

(Rs. in lakhs,

State	Districts/ DRDAs	Period	No. of beneficiaries	Amount of excess payment of subsidy	Remarks
1	2	3	4	5	6
Andhra Pradesh	(i) Vizianagram Cuddapah Anantapur Medak and Khammam	—	268	2.98	The beneficiaries were wrongly categorised as marginal farmers even though they had landed property in excess of the prescribed limits for marginal farmers.
	(ii) Anantapur	1987-88 to 1990-92	46	0.53	Incorrect application of prescribed percentage of subsidy and non-application of maximum monetary ceiling.
	(iii) Cuddapah	May 1991	90	4.77	Against the approved outlay of Rs. 8 lakhs of which Rs 4 lakhs was subsidy instead Rs 8.77 lakhs was released. The DRDA replied that the scheme was extended to 126 beneficiaries. However, no information as to the identification of the additional beneficiaries by the Gram Sabha was furnished to Audit. The revised outlay was also not got approved by the SLCC (June 1993).

1	2	3	4	5	6
Assam	**Goalpara**	**1986-88 A Voluntary institution**	7.40	The amount was paid to a voluntary institution for purchase and distribution of assets/raw materials to 231 beneficiaries instead of paying it to them in the form of subsidy and loans.	
Himachal Pradesh	(i) 16 blocks of Harmirpur, Shimla Solan and Una districts.	342	2.18	Paid in excess of the prescribed limit.	
	(ii) Kangra and Una	1985-93	—	4.19	Paid in excess of the prescribed limit for purchase of small agricultural implements and inputs.
Karnataka	17 blocks	1987-93	392	2.05	Subsidy paid in excess of the prescribed percentage rates prescribed ceiling, etc.
Uttar Pradesh	Azamgarh, Gorakhpur, Mau and Varanasi	September to December 1989	—	21.43	Paid in excess of the presented limit.
Total			11.38	45.53	

(B) Other points of interest

Andhra Pradesh: In Vizianagaram, Medak, Khammam, Cuddapah and Anantapur districts there was variation of Rs 955.04 lakhs in payment of subsidy as reported by DRDAs and as actually utilised during 1989-93. These DRDAs could not furnish specific reasons for the variations.

The DRDAs reported the sanctioned projects during the years as completed without ensuring their actual completion. 30744 schemes were, thus reported in excess to the Government of India during 1989-93.

Haryana: In Gurgaon district, subsidy amounting to Rs 10.83 lakhs was released during 1991-93 without obtaining bonds or deeds to safeguard against misutilisation of subsidy or misappropriation of assets.

Karnataka: In 3 blocks of Gulbarga district, assistance was provided to 199 beneficiaries during 1990-93 involving an investment of Rs 8.03 lakhs (loan: Rs 4.81 lakhs and subsidy: Rs 3.22 lakhs) for purchase of only bullocks though assistance was to be provided to beneficiaries for procurement of bullocks and carts simultaneously to enable them to generate income to cross the poverty line. Thus the investment made had become economically unviable.

Madhya Pradesh: Information regarding total unspent balance amount lying with the banks out of subsidy amount deposited prior to November 1984 was not available with the Development Commissioner. In one unit (Shahdol) Rs 19.84 lakhs were lying with the bank for a period prior to November 1984 and further reconciliation work was stated to be in progress.

Maharashtra: The reconciliation of the expenditure figures on subsidy with those booked by the banks was not done in Aurangabad, Bhandara and Raigad districts for the past 8 years.

Punjab: DRDAs, Ferozepur, Jalandhar and Patiala released subsidy of Rs. 1208.45 lakhs to the banks in advance during 1986-91 for disbursement to 80074 beneficiaries without ensuring simultaneous sanction of loans to the beneficiaries by the banks.

It was noticed that as of September 1992, subsidy aggregating Rs. 273.37 lakhs released during 1988-92 by all DRDAs in the State was lying undisbursed with the various branches of banks in current accounts instead of in savings bank accounts as envisage under IRDP. The amount lying undisbursed with banks also resulted in loss of interest of Rs. 9.30 lakhs.

Uttar Pradesh: Rs. 231.53 lakhs advanced by DRDAs, Ballia, Banda and Ghazipur to various credit institutions between the year 1989-90 and 1991-92 were lying unadjusted together with interest by the end of March 1992.

West Bengal: Though 0.40 lakh beneficiaries were identified for grant of a supplementary dose of assistance in Jalpaiguri, Medinipur and Purulia districts, the assistance was given to 0.66 lakh beneficiaries during 1986-93.

Thus, supplementary assistance amounting to Rs. 1065.14 lakhs (based on per family investment) was given to 0.26 lakh families in excess; reasons for this were not stated (March 1993).

DRDA, Medinipur provided financial assistance of Rs. 42.39 lakhs during 1992-93 to 471 beneficiaries without consideration of any project proposals and disbursement of assistance to the identified families in these cases was made on an *ad hoc* rate of Rs. 9000 per family.

6.1.14 Diversion of Funds

A: In the following States Rs. 6620.57 lakhs were diverted to other schemes/activities not connected with IRDP or kept in deposit accounts/ Post Office time deposit accounts, etc:

Table 6.1.14 A

(Rupees in lakhs)

Name of State	Name of DRDA	Period	Amount	Remarks
1	2	3	4	5
1. Bihar	(i) 4 DRDAs	1988-92	167.66	Spent on other schemes.
	(ii) State as a whole	1991-93	3059.19	Kept as Civil Deposits.
2. Gujarat	Sabarkanta	1985-86	16.72	Spent on other schemes.
	Ahmedabad	1989-90	3.70	
3. Himachal Pradesh	(i) Hamirpur, Kangra and Una	1986-87	10.00	Construction of artificial insemination centre at State level. The expenditure was not regularised.
	(ii) Una	1987-88	0.46	Spent on NREP Works.
4. Karnataka	Bangalore (Rural) Bijapur, Tumkur, Dharwar, Mandya and Mysore	1985-93	(i) 55.97 (ii) 30.77	Spent on running (i) cattle breeding centres and (ii) other schemes.
5. Kerala	(i) Thiruvananthapuram and Wynad	Between 1986-87 and 1991-92	201.80	Spent on JRY.
6. Madhya Pradesh	(i) Shahdol	1992-93	74.67	Spent on Jeewan Dhara Yojana.
	(ii) Jhabua	1984-85	4.00	Purchase of medicines by Veterinary Department.
	(iii) Shahdol	1986-87	50.00	Deposited in Post Office to augment small savings of the district.

1	2	3	4	5
7. Mizoram	Aizwal	1990-91	1.51	Purchase of Maruti Gypsy.
8. Orissa	Cuttack	1989-90 1991-92	82.23	TRYSEM, DWCRA, etc.
9. Rajasthan	Alwar, Banswara, Bhilwara, Bikaner, Jodhpur, Nagaur & Sawaimadhopur	1985-86 to 1992-93	464.12	Famine Relief Fund, JRY, NREP, deposit in post office savings accounts, Family Planning, Purchase of House decorations, luxury items, etc.
10. Tripura	North District	1990-91 to 1992-93	80.00	Deposited in postal saving account.
11. Tamil Nadu	Coimbatore, Pudukottai, Salem and South Arcot	1991-92	48.00	Construction of office building at Madras for State Government.
12. Uttar Pradesh	Azamgarh	March 1993	25.33	Amount kept in Time Deposit Scheme of the Post Office.
13. West Bengal	(i) Medinipur	1986-92	12.19	Spent on DPAP and other schemes.
	(ii) Birbhum Jalpaiguri Zila Parishads	1985-93	2232.25	Kept in Treasury Deposit Account.
Total:			6620.57	

B: In accordance with the guidelines issued by the Ministry only the fixed cost of the infrastructure and not the recurring expenditure was to be met out of IRDP funds. However, in the following States Rs. 15.42 lakhs were irregularly spent towards recurring expenditure as detailed below:

Table 6.1.14 B

(Rupees in lakhs)

State	District	Period	Amount	Remarks
1. Haryana	Hissar	1985-86 and 1989-92	7.09	Purchase of medicines. Records relating to account and distribution of the medicines were not maintained.
2. Himachal Pradesh	Hamipur	1986-87	4.08	Purchase of medicines for Veterinary centres. The expenditure was not regularised (May 1993).
3. Madhya Pradesh	Jhabua	1984-85	4.00	Purchase of medicines for Veterinary Department. The amount was not returned.
4. Orissa	Cuttack	November 1991	0.25	Purchase of medicines by the General Manager, District Co-operative Milk Producers Union, Cuttack.
Total:			15.42	

6.1.15 Flow of Credit/Institutional Finance

The assistance to beneficiaries under IRDP comprised of loan and subsidy. The major part of the investment in the form of loan was to come through institutional credit. The size of loan to the beneficiaries was to be determined by the requriements of the project. The loan amount granted to the beneficiary was equal to the total project cost minus the amount of subsidy admissible to the beneficiary. The unit cost of some major activities was to be prepared by a small group comprising of representative of NABARD, lead banks, DRDA and District Industries Centre. Timely repayment of IRDP loan was important for recycling bank funds. The repayment period of the loan was at least 3 years. Commercial banks (including Regional Rural Banks and Cooperative Banks) were eligible to get refinance from NABARD for the loans disbursed under IRDP upto 90 per cent of the quantum of loans. Risk fund assistance was also provided to the banks to the extent of 10 per cent of the consumption loans disbursed to weaker sections of the society.

The test-check of records in DRDAs/Financial. Institutions revealed that there was heavy rejection of loan applications, per capita disbursement of loan was low, there were delays in disbursement of loans and at the same time the recovery of loans was also not satisfactory when it was sanctioned as discussed below:

(A) Widespread rejection of loan applications sent by the DRDAs to the Financial Institutions

Table 6.1.15 (A)

State	Period		Loan applications sent by DRDAs/ District	Loan applications sanctioned	Loan applications rejected by the banks	Remarks
1	2	3	4	5	6	7
Arunachal Pradesh	1986-93	Khonsa	1219	836	131	Discrepancy remained to be reconciled.
	1986-90	Pasighat	1726	1562	NA	
Haryana	1988-93	Ambala	28196	17316	10880	Test-check of 1084 rejected applications pertaining to the period 1990-93 revealed that 139 applications were rejected without assigning reasons, 69 were wrongly recommended by DRDAs and 876 on other grounds.
	1985-92	Gurgaon	45573	31869	13704	
	1985-93	Hissar	73482	41431	32051	
	1991-92	Rohtak	4145	2213	1932	
	1992-93	-do-	3813	2166	947	
Kerala	1991-93	11 blocks	4292	3808	484	The main reasons for rejection were that the beneficiaries did not turn up/not interested already had loan liability, schemes were not viable, targets of banks already achieved, etc.
Madhya Pradesh	1989-93	State as a whole	1958079 (Total receipts)	1186361	774950	In five test-checked districts the reasons for rejection were : The annual income of the applicants was more than Rs. 6400, lack of surety, beneficiaries refused to take loans, etc.

1	2	3	4	5	6	7
Maharashtra	1985-93	State as a whole	3011000	1981000	821000	Rejections on vague and unconvincing grounds that the target fixed was already achieved by the bank, applicant was overage, applicant had not land holding even though assistance asked for was far milch animals, etc.
Tripura	1988-92	State as a whole	103885	92925	10960	The percentage of recovery of IRDP loans as per Tripura State Co-operative Banks Limited, ranged between 3 in 1990-91 and 52 in 1986-87.
West Bengal	1988-92	State as a whole	1381000	9840000	72000	Balance with Banks.

(B) Overdue / Non-recovery of Loan

Table 6.1.15 (B)

(Rs. in lakhs)

State	DRDA	Period	Amount of		Remarks
			Loan disbursed	overdue recovery	
1	2	3	4	5	6
Haryana	Gurgaon, Hissar and Rohtak	As of December 1992	—	2593.00	Due from 72155 loanees.
Karnataka	State as a whole	As of November 1992	26864.00	14305.00	The percentage of recovery in 20 districts varied between 3 and 30.
Meghalaya	West Khashi Hills	1987-92	64.57	44.57	The reasons for non-recovery of outstanding loans were not found on record.
Orissa	Ganjam and Balasore	1986-87	12.73	12.73	Rs. 6.87 lakhs were given as subsidy.
	Cuttack and Dhenkanal	1985-92	77.62	77.62	Rs. 38.81 lakhs were given as subsidy.
Punjab	State as a whole	As in March 1992	15689.00	9391.00	Test-check of records in 82 branches of banks revealed that the percentage of recovery of the IRDP loans during 1987-93 varied between 27 and 36.
Tamil Nadu	Salem	1985-93	2243.21	1059.32	Recovery of Rs. 58.44 lakhs was waived off.
West Bengal	State as a whole	1988-92	29363.00	17968.58	The percentage of recovery varied between 30 and 48.

The shortfall/non-recovery of loans were mainly due to:—

- — Waiver of loans which had become due upto October 1989 under loan waiver schemes, etc. and a general tempo being created in the minds of the borrowers that loan given would be waived off by the Government.
- — misutilisation of the assistance.
- — poor income generation.
- — fixation of low unit cost.
- — sale of assets.
- — weak financial position of the borrowers.

(C) Other Points of Interest

Assam: Per capita credit disbursed during 1985-93 ranged between Rs. 2529.74 (1986-87) and Rs. 1451.70 (1985-86) and during 1992-93 it was only Rs. 1681.31. About 87 per cent of families assisted under IRDP had to repay a portion of the loan. In respect of 25.91 per cent households, overdues ranged from Rs. 1001-2000 and 41.97 per cent household assisted had to repay over Rs. 2000 each

Kerala: There were wide variations in the unit costs approved by the Technical Committee of NABARD and the amount sanctioned by the banks. In Thiruvananthapuram the unit cost was reduced arbitrarily in 30 cases; the reduction was upto Rs. 9000.

In six block under DRDAs, Thiruvananthapuram and Kollam, out of 2067 cases of sanction of loans during 1991-92, there were inordinate delays of one month to over six months in sanctioning/disbursing of the loans in respect of 1594 cases; reasons for which were not furnished.

Meghalaya: 6455 applications on which loans were santioned during 1987-88 to 1992-93, were pending disbursement. Of which, 5994 applications pertained to the period 1987-92.

Orissa: In Cuttack and Dhenkanal districts 60 beneficiaries were granted loan assistance of Rs. 1.36 lakhs and Rs. 0.97 lakh respectively which were repaid by them between 4 days and one year. The intention behind the early repayment appeared to be to take the subsidies instead.

Rajasthan: Loans totalling Rs. 18.96 lakhs were written off in Banswara, Jodhpur, Nagaur in respect of 632 loanees. In Bhilwara and Sawaimadhopur out of 40269 and 60509 loan applications sanctioned by the banks, loans were not disbursed to 5011 and 3821 beneficiaries respectively between 1988-93 and 1985-93.

Tamil Nadu: In order to encourage co-popcrative institutions to lend money to the target group under IRDP, the Government of India provided a risk fund at uniform rate of 6 per cent on all loans given. It was, however, seen that the risk fund provided was in excess of 6 per cent of the total loans granted by the co-operative institutions as shown below:—

Table 6.1.15 (C)

(Rs. in lakhs)

Years	Amount of loan disbursed	Risk fund provided
1986-87	769.61	84.42
1987-88	1477.88	92.47
1988-89	1476.14	100.86
1989-90	1236.81	114.60

Risk funds amounting to Rs. 105.42 lakhs were paid in excess to the Salem District Central Co-operative Bank due to relating it to the sanctioned amount of loans instead of correlating it to actual disbursement.

Uttar Pradesh: In six districts, out of 12059 beneficiaries to whom loans were sanctioned during 1991-92 only 4523 beneficiaries (38 per cent) were given loan within one month and the remaining 7536 (62 per cent) after 2 months and upto 12 months.

West Bengal: Scrutiny of records of 149 rural disbursing banks in 4 districts revealed that 71 disbursing banks released Rs. 28.68 lakhs against the project cost amounting to Rs. 45.83 lakhs in respect of 703 projects resulting in under financing/part financing to the extent of Rs. 17.15 lakhs reasons for which were not on record.

Though the programme envisaged disbursement of assistance by the banks within a fortnight from the sanction of loan application; 41 banks disbursed Rs. 148.16 lakhs for financing 2915 projects after a time-lag of 1 to 36 months. The loans amounting to Rs. 3.34 lakhs in respect of 92 projects were repaid on the same day.

According to the Eighth Plan document, the very fact that about half the number of beneficiaries under IRDP have overdues raises doubts about their ability to come out of the debt syndrome. This, it was argued, was due to the low level of assistance which does not generate enough income to repay the loan coupled with subsistence. However, banks were reluctant to raise the credit limit because they were skeptical about the repayment capacity of the target groups. Thus, it was estimated that about one-third of the beneficiaries did not even have the original assets given to them and there was also the possibility that even those who had crossed the poverty line may have relapsed into poverty because of additions to the family, loss of assets and non-viability of the activity chosen for/by them.' The Public Accounts Committee had observed (April 1987) that the main reasons for the non-payment of loan instalments by the beneficiaries were: scaling down of unit cost and project cost resulting in adverse impact on the viability of the scheme, projects generating too small an income to carry a family above the poverty line, inadequate financing, late financing, etc.

6.1.16 *Financial Deficiencies and Shortcomings*

The following financial deficiencies and shortcomings were noticed during test-check of records in various States:—

(A) *Non-reconciliation of Expenditure with the Banks*

DRDAs in the States of Andhra Pradesh (DRDAs Vizianagram and Cuddapah), Arunachal Pradesh (5 DRDAs), Kerala, Maharashtra (DRDAs, Aurangabad, Bhandra and Raigad) and Orissa did not reconcile the figure of IRDP expenditure as per certified accounts and as per the administrative statements/bank reconciliation statements.

(B) Cases of Wasteful/Infructuous/Excess Expenditure

Table 6.1.16 (B)

(Rs. in Lakhs)

Sl No	Name of the State	DRDAs	Period	Amount	Remarks
1	Andhra Pradesh	Rangareddy	1981-85	4.78	Wasteful expenditure on construction of a training centre due to its closure
2	Assam	Goalpara	1992-93	15.95	Infructuous expenditure due to defective planning.
3	Kerala	Thiruvananthapuram, Idukki & Kollam	1984-89	7.98	Abandoned scheme of rabbit rearing.
4	Meghalaya	West Garo Hills	Between 1989-93	0.23	Wasteful expenditure on preparation of drawings and site plan of office building.

1	2	3	4	5.	6
5.	Mizoram	Aizawl and Lunglei	1985-86	1.34	Excess expenditure due to irregular extension of training.
6.	Orissa	Balasore and Ganjam	..	19.64	Wasteful expenditure on construction of 18 lift irrigation points.
7.	Punjab	Sangrur, Ropar, Jalandhar and Ferozepur	1986-90	1.66	Excess expenditure on cash awards.
8.	Pondicherry	Pondicherry	1987-92	10.10	Continuing of the Tree Patta Scheme till December 1991 even though income generation from the scheme was reported (August 1987) to be economically unviable.
	Total			61.68	

(C) Excessive Expenditure on Administrative Infrastructure

Ten to fifteen per cent of IRDP allocation was to be utilised for meeting expenditure on administrative infrastructure at DRDA level as per State norms. Administrative infrastructure was to include expenditure on establishment and offices in DRDAs and blocks.

The State norms of office expenses, equipment, vehicles, hiring of accommodation of office building, etc. was to be made applicable to DRDA/blocks. The State Level Coordination Committee was to regulate this expenditure within the overall permissible limits.

The test-check of records, however, revealed that the following State Governments had not adhered to the norms/permissible limits and had incurred Rs. 790.26 lakhs in excess of the prescribed limits as detailed below:—

Table 6.1.16 (C)

(Rs. in lakhs)

State	DRDAs	Period	Amount of excess expenditure	Range of excess expenditure (Percentage)	Remarks
1	2	3	4	5	6
1. Arunachal Pradesh	State as a whole	1985-93	339.42	*	Block level administration (Rs. 177.85 lakhs). Monitoring Cell (Rs. 7.86 lakhs) and DRDA level (Rs. 153.71 lakhs).
2. Assam	4	1985-93	..	11 (Sonitpur) and 209 (Darrang)	
3. Gujarat	5	1985-93	.	10.39 (Sabarkantha) and 22.10 (Kuchchh)	..

* Percentage of excess not accurately computable.

1	2	3	4	5	6
4. Haryana	Ambala, Gurgaon and Rohtak	1985-93	..	9 (Rohtak in 1989-90) and 22 (Gurgaon)	
5. Himachal Pradesh	12	1990-93	96.26	*	
6. Karnataka	Bangalore Urban	1987-92	..	11 to 60	
7. Kerala	4	1989-92	10.63	†	
8. Maharashtra	5	Between 1985-86 and 1992-93	158.38	*	
9. Madhya Pradesh	Bilaspur and Mandsaur	Between 1985-86 and 1992-93	.	12 and 73	Total allocation was Rs. 2329.03 lakhs.
10. Mizoram	Aizawl & Lunglei	1985-93	31.33	*	
11. Meghalaya	State as a whole	1985-93	31.31	in excess of 10 per cent	
12. Punjab	5	1988-92	57.07	40	The excess expenditure of Rs. 57.07 lakhs was not regularised (July 1993).
13. Rajasthan	Bikaner	1990-91	13.04	14	
14. Sikkim	State as a whole	1988-92	18.18	*	
15. Uttar Pradesh	Ballia & Gorakhpur	1986-93	34.64	*	
Total			790.26		

* Percentage of excess not accurately computable.

† Negligible

(D) Other shortcomings

Andhra Pradesh: The expenditure reported to the Government of India was inflated by Rs. 73.55 lakhs, Rs. 477 lakhs, Rs. 29.23 lakhs in 1989-90, 1990-91 and 1991-92 respectively. The figures of expenditure reported were incorrect due to showing the sanctioned amount as final expenditure.

Bihar: Rs. 305.21 lakhs advanced by 8 DRDAs (test-checked) to different agencies were shown as final expenditure without obtaining the utilisation certificates.

Gujarat: The accountant of DRDA, Junagadh fraudulently drew 7 cheques aggregating to Rs. 29.01 lakhs during November 1992 by forging the signature of the Director, DRDA, Junagadh. All the cheques were for amounts exceeding Rs. 25000. From the records produced to Audit it was seen that the cheque books were kept in the custody of the accountant and not with the Project Officer. The Governing Body of the DRDA had also amended (September 1989) the rules and empowered the Project Officer-cum-Director to sign cheques exceeding Rs. 25000 without any limit which resulted in elimination of a second check to be exercised by the Chairman. The matter was reported to the police in December 1992.

Karnataka: Details of payments of Rs. 42.33 lakhs incurred during 1986-90 and purpose for which the payments were made were not available in the records of the Zila Parishad, Bijapur.

Kerala: DRDA, Kollam had written off Rs. 1.92 lakhs during 1990-91 on the ground that these advances were very old items and the agency was not able to locate and adjust the advances. Sanction from the Ministry had not been obtained for this write-off.

Madhya Pradesh: Investment of Rs. 1942.06 lakhs (loan: Rs. 1009.66 lakhs, subsidy: Rs. 932.40 lakhs) was made for construction of 16511 irrigation wells during 1989-92 of which 12039 wells were still incomplete resulting in a substantial part of the investment becoming infructuous.

Maharashtra: Expenditure on subsidy was booked even though the subsidy amount was not actually disbursed to the beneficiaries and undisbursed amount when refunded by the banks were taken as receipts in the books of DRDAs. The total of such refunds for the years 1989-92 amounted to Rs. 921.84 lakhs.

Mizoram: Rs. 57.46 lakhs released by DRDA, Aizawl to different BDOs during 1985-93 were not entered in the cash book maintained by BDO, Aibawk (Rs. 4.48 lakhs) and Khawzawl (Rs. 23.34 lakhs) and Serchips (Rs. 29.64 lakhs). The BDOs, Serchip and Khawzawl could not furnish cash books relating to IRDP (Serchip: 1985-88) TRYSEM (Serchip: 1985-91 and Khawzawl: 1988-93) and DWCRA (Serchip: 1986-87 and Khawzawl: 1986-93).

Orissa: In Cuttack and Dhenkanal districts test-check of bank records of 100 beneficiaries (to whom subsidy was given in cash) revealed that no beneficiary had submitted any utilisation certificate in support of the assets purchased. Bank officials had also not conducted physical verification of the assets except in respect of 16 beneficiaries where assets were not found.

Rajasthan: In DRDA, Jaipur, suspected embezzlement of Rs. 1.05 crores out of funds of TRYSEM and a State scheme was detected in 1990. The money was released to various societies for imparting training to unemployed youths. The police had recovered about Rs. 38 lakhs in cash/ kind from the accused persons upto June 1990. Eight persons including six Government officials were arrested. Six Government officials were also placed under suspension. The preliminary enquiry report of the Special Secretary, Agriculture Department, Rajasthan, likely to be completed by the end of June 1990, was yet to be submitted.

Tripura: Subsidy of Rs. 26.24 lakhs was shown as expenditure in the receipt and payment account for 1991-92 whereas the expenditure was not actually incurred by the Project Director, DRDA North which remained un-reconciled (July 1993).

Uttar Pradesh: While computing financial progress of IRDP, the State Rural Developemnt department did not work out the unspent (closing) balance of the year. When it was worked out by Audit, it showed a discrepancy and did not tally with the opening balance indicated in the progress reports. There were discrepancies totalling Rs. 509.06 lakhs in DRDAs, Azamgarh, Banda and Varanasi districts.

West Bengal: In Jalpaiguri district intereast aggregating Rs. 17.42 lakhs upto March 1993 on the deposits of DRDA were not credited to the accounts of the programme, the reasons for which were not explained (March 1993). Further, DRDAs, Birbhum, Purulia and Medinipur did not open savings bank accounts and money paid to the banks for disbursement of subsidies to the beneficiaries were kept in non-interest bearing 'Suspense Accounts'. Scrutiny of records of 511 such banks revealed that DRDAs suffered loss of interest aggregating to at least Rs. 61.67 lakhs owing to retention of Rs. 844.93 lakhs in the 'Suspense Accounts' for periods ranging from 3 months to upto 80 months.

6.1.17 *Overlapping programmes*

Apart from IRDP a number of other allied programmes aimed at improving the lot of rural masses such as Minimum Needs Programme, Jawahar Rozgar Yojana (earlier National Rural Employment Programme and Rural Landless Employment Guarantee Programme), Integrated Tribal Development Programme, Special Component Programme, Development of Women and Childern in Rural Areas, Drought Prone Areas Programme, Assistance to Small and Marginal Farmers for increasing agricultural production, Desert Development Programme, Command Area Development Programme, etc. were also being implemented in the country. All these programmes were aiming at overlapping target groups. The Ministry admitted during evidence before the Public Accounts Committee that all these rural development programmes had fairly large extent of duplicate activities and components and were being implemented by different Ministries. An expert of the Indian Institute of Public Administration, had observed, "IRDP is not a sufficiently comprehensive and well integrated programme". A High-level Committee set up by the Planning Commission had recommended the concept of integrated district planning and creation of a post of District Development Commissioner to look after and coordinate all the developmental activities in the district. During study tours of the PAC to various States/UTs it was also suggested that all programmes aimed at poverty alleviation should be merged.

The PAC stated that effective implementation of IRDP could best be achieved only if there was integrated planning and coordinated implementation; it was imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes were integrated and brought under one Ministry to avoid overlapping and to enable the Government to have an effective control over these programmes and these must be an integral part of a single development authority and for whose effective implementation a single authority was responsible and accountable. The Estimates Committee for the Ministry of Rural Development also lent (April 1993) full support to the above recommendation of the PAC. But, despite these recommendations of the PAC and the Estimates Committee, the Government was yet to act on them and all the programmes continued to be implemented in parallel.

6.1.18 *Need for change in the focus of the programme*

Under IRDP, assistance was given to individual beneficiaries for acquisition of assets while one-third was in the form of subsidy, two-thirds was in the form of bank loans. Hence, the banks needed to assess the economic viability of the assets proposed for creation before giving assistance. However, the entire focus on wide coverage with scarce resources made such an exercise futile. There was need for the matter to be viewed from the supply side, e.g., identifying activities which are appropriate to the skills of the beneficiaries, the infrastructure and the linkages available. Wherever skills are not of the required standard this upgradation could be facilitated under TRYSEM. In short, IRDP needed to be viewed as a credit based self employment programme with an element of one-time subsidy rather than as a programme based on subsidy supplemented by bank credit.

6.1.19 *Development of Women and Children in Rural Areas*

The Development of Women and Children in Rural Areas (DWCRA), a sub-scheme of IRDP, was started in 1982-83 with the primary objective of focussing attention on the women members of rural families below poverty line with a view to provide them with opportunities of self employment on a sustained basis. The target group for DWCRA was the same as for IRDP. Women belonging to identified rural families could become members of the DWCRA and also avail of subsidy and credit under IRDP subject to overall subsidy ceilings for various categories of beneficiaries laid down in IRDP guidelines.

A distinguishing feature of DWCRA was group strategy as against family as a unit of assistance under IRDP. Under DWCRA, women formed groups of 10-15 women each for taking up ecomonic activities suited to their skills, aptitude and local conditions. The group strategy was adopted to motivate the rural women to come together and to break social bonds which had denied them income generating and self-fulfilling opportunities. The group approach was extended to all districts from January 1990 for greater coverage of women under IRDP.

DWCRA was initially started with UNICEF assistance as a pilot project in 15 selected districts. In March 1992, DWCRA was being implemented in 241 districts spread over the country.

The selection of activity under DWCRA was left to group members. However, the activity selected was to be a viable one for which forward and backward linkages (skill, training, raw materials and marketing) were available locally.

In addition to the benefits of loan and subsidy of IRDP to individual members each group of women under DWCRA was given a lump sum grant of Rs. 15000 as revolving fund. This amount was contributed in equal shares by the Central and State Governments and UNICEF. The revolving fund amount was meant for use by the group for purchase of raw materials, marketing, creation of infrastructural support for income generating activities, one time expenditure on child care activities, meeting one time expenditure not exceeding Rs. 500 towards travelling allowance of group members, etc. The expenditure on travelling allowance of Rs. 200 (lump sum) to group organisers was also shared equally by the Central and State Governments.

In addition, UNICEF funds were available for salaries of approved staff for a period of 5 years from the date of filling up of the post and supplies and equipment for multi-purpose centres (upto Rs. 50000 per centre).

For financing informal groups, a pilot project was introduced in May 1990 in 16 selected districts. The salient feature of this scheme was as under:

— The minimum number of women of informal group was 5 and each group was entitled to a revolving fund amount on *pro rata* basis at the rate of Rs. 1000 per member, subject to a maximum of Rs. 15000 per group.

— The group was also entitled to subsidy at the rate of 50 per cent, subject to the monetary ceilings under IRDP.

DRDAs were responsible for the implementation of DWCRA. For successful implementation of DWCRA, in every block a 'Gram Sevika' was provided in addition to the existing Community Development Block staff of one 'Mukhya Sevika' and 'Gram Sevika'. At district level, one post of Assistant Project Officer was provided to monitor the progress of the programme and send periodical returns. At the State level a Deputy Secretary/Director was made sole incharge of DWCRA.

Financial outlay: The Government of India and the UNICEF releases of funds were made through demand drafts in favour of Chairman, DRDA. The funds released, expenditure and physical progress during 1985-93 were as under:

Table 6.1.19 (a)

(Rs. in lakhs)

Year	Releases	Expenditure
1985-86	510.30	414.85
1986-87	638.23	755.42
1987-88	506.24	465.57
1988-89	637.24	699.65
1989-90	637.24	788.85
1990-91	773.79	742.08
1991-92	962.72	1072.49
1992-93	1173.23	1284.77

Physical achievement under DWCRA:—

Table 6.1.19 (b) — Women's Groups

Year	Target of groups to be formed	Groups formed	Membership
	(In numbers)		
1985-86	5000	6008	101056
1986-87	7500	5545	96132
1987-88	7500	4959	82265
1988-89	7500	5968	98636
1989-90	7500	5551	90294
1990-91	7500	7139	109557
1991-92	10000	9327	208492
1992-93	7500	9029	128744
Total:	60000	53526	915176

Test-check of records relating to DWCRA revealed the following shortcomings:

Arunachal Pradesh: Out of 35970 families assisted under DWCRA during 1985-90, only 14967 and 2947 families were brought above the poverty line of Rs. 3500 and Rs. 6400 respectively. Out of 391 groups formed till 1992-93 for taking up economic activities, 144 groups were defunct.

No efforts were made to arouse awareness amongst the women below poverty line about the benefits of the scheme. Though 4 groups (formed in August 1993) had not started income generating activities, Rs. 3.21 lakhs was shown March 1989) as spent on income generating activities.

No post of 'Mukhya Sevika' was created in any block. The Scheme was being executed without posting of 'Gram Sevikas' in the blocks excepting for 13 blocks in West Siang, East Kameng and Tirap districts. No Advisory Committee for DWCRA was set up in any of the 5 DRDAs as envisaged under the programme.

Assam: Out of 713 groups formed in the State by providing the revolving funds during 1985-91, only 77 groups had taken up income generating activities. An amount of Rs. 108.37 lakhs was spent under the programme. Groups formed were not carrying out activities as a group. Test-check of 8 bank pass books of groups revealed that neither were there any deposits nor were there any balances bearing their names.

Bihar: In 8 districts, 2313 groups were formed during 1985-93, of which 458 groups had become defunct. No action was taken either to revive the groups or to recover the investment in revolving fund (Rs. 64.75 lakhs) from the defunct groups.

Gujarat: Out of 2211 groups formed after incurring expenditure of Rs. 312.29 lakhs during 1985-93, only 1490 groups started income generating assets and 721 groups (expenditure incurred: Rs. 108.15 lakhs) had become defunct. The staff provided for implementation of DWCRA was inadequate in Ahemdabad, Bhuj and Junagadh districts The post of 'Gram Sevika' at block level was vacant in all the 15 test-checked blocks.

Himachal Pradesh: Out of 61 posts of 'Gram Sevikas' sanctioned for manning block level administration, only 39 were in position.

Karnataka: 3084 groups were formed till end of March 1993. Though the scheme envisaged proper staffing at block/district levels for successful implementation of the programme, as against 14 posts of Assistant Project Officers (APO) and 129 additional 'Gram Sevikas' the total post filled up were 9 posts of APOs and 22 posts of 'Gram Sevikas' till March 1993. At the block level, the posts of DWCRA staff were kept vacant for periods ranging from 2 to 8 years in Bijapur, Mysore and Dharwad districts. In 15 blocks test-checked it was noticed that revolving funds of Rs. 55.40 lakhs had been placed at the disposal of 390 groups during 1983-93, of which Rs. 30.52 lakhs had not been utilised by 217 groups for a period ranging from 2 to 8 years.

Though salary of the approved staff of DWCRA was reimbursible by

UNICEF for the first 5 years from the date of filling up of posts, Rs. 26.51 lakhs spent on salaries of staff due from UNICEF had not been claimed.

A community workshed constructed at a cost of Rs. 2.57 lakhs for DWCRA activities in a block of Bijapur during 1989-90 had not been taken possession of (March 1993).

Kerala: Out of 1094 groups formed upto 31 March 1992, 156 groups were defunct.

Madhya Pradesh: Out of 19 and 233 posts of Projects Officer and 'Gram Sevikas' respectively sanctioned by the Government, only 2 Project Officer and 80 'Gram Sevikas' were in position at the end of March 1993 suggesting the casual manner in which DWCRA was being implemented. Out of 4638 groups formed during 1982-93, only 2252 groups were engaged in income generating activities. In Shahdol district the bank accounts were not opened in the combined names of groups organiser and 'Gram Sevika' and instead these were opened in the name of Project Officer (DWCRA) and group organiser. The Project Officer fraudulently withdrew Rs. 145866 from these accounts during 1985-87.

Maharashtra: Out of 2291 groups formed in the State during 1985-93 (February 1993), only 1518 started income generating activities. In 3 districts out of 686 groups assisted (Rs. 103.43 lakhs), 119 groups were defunct. Revolving funds of Rs. 16.20 lakhs from 108 defunct groups had not been recovered (July 1993).

Punjab: Out of 1662 groups formed during 1985-92, only 1215 had started income generating activities. The staff positioned for the implementation of DWCRA was inadequate.

Rajasthan: Staff deployed for implementation, of DWCRA was inadequate as large number of 'Mukhya Sevikas' and 'Gram Sevikas' were not positioned and the sanctined posts were lying unfilled. 2235 DWCRA groups were reported to have been formed during the 1985-92 by incurring Rs. 178.66 lakhs. The average investment worked out to Rs. 7994 against Rs. 15000 as envisaged under the programme. Out of 691 groups formed in 3 DRDAs, 225 groups became defunct in Banswara (49), Bhilwara (55) and Jodhpur (121). The revolving fund of Rs. 7.72 lakhs made over to these groups was not recovered.

Tamil Nadu: During 1983-93, 4073 DWCRA groups were formed. The staff provided for implementation of the programme was inadequate. It was observed that 449 out of 2473 groups formed in 4 districts during 1983-92 became defunct in 1985-92. The subsidy of Rs. 89.27 lakhs paid to these groups failed to serve the purpose.

Tripura: Expenditure of Rs. 52.73 lakhs was incurred on DWCRA during 1983-92. Against 405 groups formed, 363 groups in DRDAs North and West Districts were lying defunct.

Uttar Pradesh: Against 8974 groups formed between 1983-84 and 1992-93 in the State, 3676 groups became defunct/dormant (March 1993), as such, revolving funds amounting to Rs. 551.40 lakhs given to these defunct groups were locked up. In DRDAs, Azamgarh, Ballia and Mau districts, no APO (women) or 'Grām Sevikas' were posted.

West Bengal: The DRDAs, Birbhum, Jalpaiguri, Medinipur and Purulia provided revolving funds of Rs. 77.37 lakhs to 493 groups. The DRDAs did not ascertain the details of activities, extent of income generated, etc. against such assistance. In Medinipur and Purulia, 132 groups did not undertake any commercial activities against assistance of Rs. 20.64 lakhs received during 1986—93.

The Eighth Plan document mentioned that results under DWCRA had not been quite satisfactory as the idea of organising women in groups to take up income generating activities had suffered on account of inadequate investment and selection of unviable activities.

6.1.20 Training of Rural Youth for Self Employment

(A) The Training of Rural Youth for Self-employment (TRYSEM) was launched by the Central Government on 15 August, 1979 as a Centrally sponsored scheme to provide technical and entrepreneurial skills to rural youth from families below poverty line to enable them to take up self employment in the broad fields of agriculture and allied activities, industries, services and business activities. The objective was enlarged to include wage employment.

Financial assistance during training under TRYSEM was given as stipends, suitable tool kits to the trainees, honorarium to training institutions/master craftsmen and payment towards purchase of raw materials required for training. Assistance was also provided to training institutions for augmenting the training infrastructure.

The coverage of youth from Scheduled Caste and Scheduled Tribe communities, women and handicapped persons capable for taking up self/wage employment was to be at least 50 per cent, 40 per cent and 3 per cent respectively.

DRDA was responsible for the implementation of TRYSEM and a sub-committee of the State Level Coordination Committee was constituted exclusively for TRYSEM.

The Central allocation for implementation of TRYSEM was matched by the State Government. The State Governments distributed funds to the

DRDAs. The year-wise expenditure incurred during 1985—93 was as under:

Table 6.1.20 (A) (i)

(Rs. in lakhs)

Year	Expenditure	
	Recurring	Infrastructure
1985-86	1996.81	62.04
1986-87	2245.61	493.20
1987-88	2467.84	457.89
1988-89	3047.36	768.29
1989-90	3127.09	653.94
1990-91	3260.93	441.00
1991-92	4879.31	400.00
1992-93	4750.07	600.00

Test-check of records relating to TRYSEM in various States revealed following shortcomings including the fact that in a number of States the number of trainees who secured self employment was low.

Table 6.1.20 (A) (ii)

State	Period	No. of youth trained	Expenditure (Rs in lakhs)	No. of trained youth	
				Self employed	Wage employed
1	2	3	4	5	6
Andhra Pradesh	1985-93	104034	NA	47597	9215
Arunachal Pradesh	1985-93	2366	NA	1769	3
Assam	1985-93	50488	925.05	16742	929
Bihar	1985-93	181432	2206.26	62295	3991
Gujarat	1985-93	119823	NA	39707	14012
Haryana	1985-93	27105	314.75	7705	3188
Himachal Pradesh	1985-93	15231	227.82	8397	——
Karnataka	1985-93	67298	681.97 (during 1991-93)	14632	3391
Kerala	1985-92	39255	1002.07	10596	16285
Madhya Pradesh	1985-93	153641	1542.57	78611	——
Maharashtra	1985-93 (upto Feb.)	114438	1698.63	65033	15370
Mizoram	1985-93	7374	NA	1750	——
Orissa	1985-92	95712	NA	55996	32373
Punjab	1985-93	60448	NA	42820	3813
Rajasthan	1985-93	95445	NA	43071	23325
Sikkim	1985-93	1720	NA	50	297
Tamil Nadu	1985-93	116330	2116.12	30213	38456

1	2	3	4	5	6
Tripura	1985-93	12127	141.77	29.04	467
Uttar Pradesh	1985-93	377000	4054.97	221000	1.56 lakh trained youth could not be exployed (expenditure: 6684.37 lakhs)
West Bengal	1985-93	92000	1216.87	11 to 25 per cent of the trainees could not secure gainful employment.	

According to the Eighth Plan document, upgradation of skills and technology needed to be given a special thrust with the aim of generating employment in new areas where demand was expanding. The Plan document suggested that training needs required to be assessed in terms of activities which can be either started under IRDP or in such fields where there was likely to be an increase in wage employment opportunities, the facility of training should be such as to bring about improvements in the skill endowments of the trainees and for groups of persons to be organised in a particular trade or productive venture so that they can be brought together for training.

(B) Other shortcomings

Andhra Pradesh: Out of Rs. 5.70 lakhs released to a society between 1981-82 and 1982-83 for execution of civil works like hostel building, work shops and houses for instructors at the training centre for artisans at Osmansagar, Rs. 4.78 lakhs were spent on the works. The works were reportedly carried out by August 1984 through Government Agencies. The craft training centre was closed without conducting any training in 1984 itself rendering the entire expenditure infructuous. The balance amount of Rs. 0.92 lakh was also left unrecovered.

DRDAs, East Godavari and Chittoor released Rs. 21.84 lakhs to 6 training institution, centres, poultry farms, etc. during 1982-92 for imparting training to trainees under TRYSEM. It was, however, noticed that no trainee was sponsored by the DRDAs to the institution for training under TRYSEM rendering the outlay of Rs. 21.84 lakhs infructuous.

Rs. 173.82 lakhs were released to 152 institutions for strengthening of training infrastructure during 1986—92 for which the utilisation certificates were awaited.

Assam: Though traditional weaving trade had reached saturation point and it was difficult to derive incremental benefit, DRDAs, Darrang, Goalpara and Jorhat sponsored 512 trainees for training in weaving trade during 1985—93.

10 DRDAs remitted Rs. 6.42 lakhs between April 1991 and October 1991 to Irrigation Department for training of 40 rural youth per DRDA. No information about the number of persons trained was, however, available with any of the DRDAs. DRDAs, Darrang, Goalpara, Jorhat and Sonitpur paid Rs. 74.41 lakhs in excess towards stipends allowed under State Schemes as envisaged under the programme during 1985—93. Rs. 32.95 lakhs was paid by the four DRDAs to the training institution during the above period for purchase of raw material for training. But, there was no record available with DRDAs to indicate whether the training institutions had furnished any account or if the DRDAs initiated any move to ascertain the sale proceed of finished articles though 50 per cent of the sale proceeds was to be given to the trainees.

DRDA, Sonitpur irregularly purchased and distributed 1362 sewing machines valued at Rs. 19.11 lakhs to trainees trained under TRYSEM out of funds earmarked for provision of tool kits required for training purposes though the scheme did not provide for distribution of sewing machines free of cost.

Gujarat: DRDA, Surat released Rs.94.71 lakhs during March 1988, to October 1989 to the Indian Diamond Institute, Surat for creation of infrastructural facilities such as buildings, machineries and equipment, teaching aids, etc. The institute was to impart training in diamond cutting and polishing to 6020 rural youths and then provide employment to them. The Institute could train only 1065 youths during March 1988 to September 1990, and was closed thereafter. The training was unable to provide employment to any of the trainees. The entire expenditure of Rs. 94.71 lakhs, thus, proved unfruitful.

Madhya Pradesh: An amount of Rs. 289.19 lakhs was provided to various training institutions during 1982—93 for imparting training to TRYSEM beneficiaries. As against 43229 trainees expected to be trained till 1992-93, only 4329 trainees (10 per cent) were trained by these institutions.

Maharashtra: An amount of Rs. 31.84 lakhs for purchase of equipment and payment of honorarium to trainers and for miscellaneous expenditure was paid to Mahila Arthik Vikas Mahamandal (MAVIM) during December 1989 to January 1990. MAVIM, however, had not furnished the utilisation certificate as of June 1993.

Punjab: DRDA, Patiala released Rs. 18.06 lakhs to various Industrial Training Institutions during 1989 but the utilisation certificates had not been received from the Institutions.

Rajasthan: Rs. 37.12 lakhs were spent on construction of workshed (Rs. 26.78 lakhs) and hostels (Rs. 10.34 lakhs). The Director ordered (October 1991) that training programme under TRYSEM be suspended. No trainees were sponsored by DRDA threrafter rendering the expenditure unfruitful.

Tamil Nadu: Assistance of Rs. 27.67 lakhs was released to Panchyat Unions and Voluntary Organisations for strengthening their infrastructure facilities for imparting training between the years 1986-87 and 1991-92. The strengthened infrastructure facilities were either not utilised for imparting training (excepting 39 youths in 2 institutions) or worksheds/workshops were not constructed.

Uttar Pradesh: DRDA, Gorakhpur released Rs. 20.78 lakhs between October 1986 and March 1990 to Regional Khadi Gramodyog Centre, Khajni, Gorakhpur for construction of a training centre. No details regarding completion of construction of the centre and imparting training was available with DRDA, Gorakhpur which stated that a sub-committee has been constituted to review the progress of work and proper utilisation of funds.

DRDA, Sultanpur released Rs. 7.35 lakhs between April 1986 and September 1986 to a Public Charitable Trust for construction of worksheds in four training centres to impart training to 140 unemployment youth. DRDA did not release the second instalment as a result the construction work remeined incomplete rendering the entire expenditure infrustuous and wasteful.

West Bengal: Residential accomodation for 40 trainees was constructed by a voluntary organisation in Jalpaiguri district in 1987-88 at a cost of Rs. 3.95 lakhs. During 1988-89 only 25 trainees were accommodated. The voluntary organisation became non-functional from 1989-90 after the declaration of a lock out by the management.

6.1.21 Monitoring

6.1.21.1 The monitoring of performance of IRDP was done through reports and physical verification of the assets at the block and district levels. An annual progress report indicating physical and financial progress and income generation report were also being sent by the State Governments/UT Administrations. At the Central Government level the programme was monitored on the basis of telex/telegraphic reports, monthly key indicator reports, annual progress and annual income generation reports.

6.1.21.2 In order to develop a consistent system of monitoring the implementation of IRDP at block/DRDA level through field visits and physical verification of assets, the formulation of schedule of inspection of families by the various levels of officials was envisaged. On the basis of these inspection reports DRDA was to prepare a consolidated report and place it for discussion and for taking corrective action by the Governing Body of DRDA. Despite the procedures, test-check of records in various States revealed that monitoring of IRDP was inadequate in Andhra Pradesh, Arunachal Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Kerala, Maharashtra, Madhya Pradesh, Meghalaya, Mizoram, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Dadra and Nagar Haveli, Lakshadweep and Pondicherry. In West Bengal monitoring of the programme at the State level was not carried out during 1985—93.

6.1.21.3 The State Level Coordination Committee (SLCC) was to review the finding emerging out of qualitative monitoring of the programme as a standing agenda for quarterly or half yearly meeting. The SLCC, however, did not met regularly as detailed below:

Table 6.1.21.3

State	Period	Remarks
1	2	3
Andhra Pradesh	1985—93	Met only once each year.
Karnataka	1985—93	Only 15 meetings were held and the last meeting was held in November 1991.
Madhya Pradesh	Between 1985-86 and 1992-93	Met only once a year except in 1991-92 and in 1987-88 and in 1990-91 onward two or three metings were held.
Maharashtra	1985—93	Met only once a year during 1985—90 twice in 1991-92 and did not meet in 1990-91
Tamil Nadu	1985—93	Only 9 meetings were held
West Bengal	August 1985 to December 1991	Only 4 meetings were held
Dadra & Nagar Haveli	1985—93	19 meetings were held
Pondicherry	1985—93	Only 9 meetings were held.

6.1.21.4 Envisaged physical verification of assets created by the beneficiaries was not carried out in Himachal Pradesh, Rajasthan (in test-checked districts,) Dadra & Nagar Haveli (upto 1990-91) and in Maharashtra and West Bengal it was inadequate.

6.1.21.5 At the Central level, despite being aware that the per capita investment was too low and the recommendation of PAC for increasing the per capita investment so as to help the beneficiary to cross the poverty line in one go, the Ministry continued to act as before, to distribute funds thinly and was neither able to increase the investment nor reduce the numerical coverage of the beneficiaries under the programme.

6.1.21.6 The scheme envisaged distribution of 'Vikas Patrikas' (Identity-cum-monitoring Cards) to all beneficiaries to enable the implementing agency to watch the progress of the beneficiaries assisted under the programme. Test-check of records by Audit in various States, however, revealed that the State Governments of Gujarat, Maharashtra, Tripura and Union Territory adminstration of A&A Islands did not monitor or assess the progress of IRDP beneficiaries who had crossed the poverty line. The

State Governments had also not ensured distribution of 'Vikas Patrikas'. Further in many States 'Vikas Patrikas' were neither issued nor updated suggesting that the difficulties and peculiar problems so vital for alleviation of poverty were not appreciated and catered for by the implementing agencies. In the absence of proper maintenance of 'Vikas Patrikas', it was not understood as to how the fruition of the assistance rendered to the beneficiaries was monitored.

6.1.22 Evaluation

Subsequent to the presentation of audit findings of 1983-84, Government commissioned concurrent evaluation by independent research institutions throughout the country which were completed in three rounds in 1985-86, 1987-and 1989. In the last evaluation done in 1989, 16568 beneficiary households were covered and 27 research institutions were involved. According to the evaluation, household surveys were not conducted in 7 per cent of villages; only 61 percent of the villages and 50 per cent of the identified poor were covered by the IRDP. Ineligible families were assisted in 16 per cent cases; 80 per cent felt that assets provided to them were of good quality. Adequate infrastructual facilities were not available to the beneficiaries in most of the cases. No insurance was taken out for 25 per cent of the assets requiring insurance. Replacement of perishable assets was not arranged in 6 per cent of the cases and 'Vikas Patrikas' were kept only in 39 per cent cases of which in only 24 per cent cases was updating done. No evaluation has been done since 1989.

The State Governments were also to undertake evaluation studies from time to time to ascertain the impact of the programme and to measure the extent to which beneficiaries had derived additional income and employment directly attributable to the investment made under IRDP. The evaluation work was to be undertaken on a regular basis. Despite instructions from the Ministry, no evaluation study was got conducted in Arunachal Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Orissa, Punjab, Rajasthan (5 districts), Sikkim, A&N Islands (excepting partial evaluation in cash disbursement scheme only; report of which was awaited). In Andhra Pradesh, the concurrent evaluation revealed that there was a steep decline in after care support by the Government. Action taken on the findings was not furnished by the Commissioner, Panchayati Raj and Rural Development. Information regarding conducting of evaluation studies was not made available to Audit by the State Governments of Meghalaya and Uttar Pradesh. In Tamil Nadu most of the deficiencies pointed out in various concurrent evaluation reports continued to persist. No remedial measures/follow up action had been taken by the implementing agencies on shortcomings/defects in concurrent evaluation studies got conducted by the Government of India in Haryana, Mizoram and Tamil Nadu.

APPENDIX II

SUBJECT: A Note on highlights of findings from Concurrent Evaluation of IRDP (4th Rd-Sept. 92—Aug., 93) during first six months period September 92 to Feb., 1993.

Introduction:—

The 4th round of Concurrent Evaluation of IRDP was carried out in all States and UTs during September. 1992 to August, 1993 by associating 44 independed and reputed Research Institutions. According to the sample design, all districits were covered in the survey. Further, two sample blocks were covered from each district and 4 villages per block. At household level from the selected sample village, 5 sample beneficiary families were selected for detailed survey.

The data collected druing the first six months period of the survey have been processed in the Ministry. Some of the highlights from the findings are discussed below:—

1. *Selection of beneficiary families:—*

It is seen that the beneficiary familes for giving assistance under IRDP were selected by the Gram Sabha in 51.48% cases. The remaining families were selected by officials (42.97%) public representatives (4.83%) and other (0.72%).

As regards the annual family income of the assisted familes, as per record, it was seen that 77% of the families had annual income of less than Rs. 4,000/-. Further, about 21.11% of the families were reported to have annual family income between Rs. 4,000/- to Rs. 6,000/-. and families reporting annual income higher than Rs. 6,000/- were negligible. However, the investigators engaged in the concurrent evaluation had independently asked the details of annual family income of the selected families and according to this, it was seen that the percentage of families with annual income less than Rs. 4,000/- was much less at 38.52% as against 77% as per records maintained by the block level/village level officials at the time of providing assistance. It is also seen that in about 3.69% cases, the annual income of the beneficiary families had exceeded Rs. 11,000/- which is the poverty line currently. Thus, this would indicate that there has been some under-estimation of the annual family income of the beneficiary families during the time of providing assistance, as per records maintained by the block level staff.

2. *Classification of families assisted:—*

Classification of beneficiary families was as follows:—

Scheduled Castes	=	27.42%
Scheduled Tribes	=	18.66%
Others	=	53.92%

Further, women beneficiaries constituted 27.43% which is close to the 30% norm fixed for women. Freed bonded labourers accounted for 22.73% assigness of surplus land 43.18% and physically handicapped had a share of 34.09%.

The kind of assistance provided, the survey has revealed, were largely in primary sector (63%) followed by tertiary sector (28.41%) and secondary sector (8.59%). Within the primary sector, milch animal group were the most popular enterprise (22%).

3. Extent of families crossing poverty line:—

Survey has revealed that 50.4% of the families had crossed poverty line of Rs. 6,400/- per annum. However, only 14.81% of the beneficiary families could cross the revised poverty line of Rs. 11,000/-.

4. Income from assets:—

The assets were purchased mostly as per the choice of the beneficiaries (95.58%). It was seen that the extent of annual income from the assets created under IRDP was more than Rs. 2,000/- in about 56.58% cases. Another 9.35% had per annum income ranging from Rs. 1,000/- to Rs. 2,000/-. However, it is also revealed that 29% of the families did not report any income from these assets.

One reason for not having any income in more that 1/4th of the cases could be that the assets were not found to be intact in about 21% cases; only in the rest 79% cases, the assets were found to be intact. The main reason for the assets being not intact could be possible disposal of the asset due to inadequate income.

5. Insurance of the asset:—

The survey revealed that 58% of the beneficiary families were not aware of the insurance cover provided under the scheme. However, in 52.56% cases, the assets had actually been insured, this could be with the persuation of the block officials.

6. Repayment of loans:—

More than 2/3rd of Bank Credit was from Commercial Banks and 27% from Regional Rural Banks. Repayment was not all that good. Overdues were reported in about 42% cases and the rest reporting no overdues. Further, the extent of overdues was more than Rs. 2,000/- in about 21% cases and between Rs. 1,000/- to Rs. 2,000/- in another 8%; the rest had only negligible amount of overdues. The main reasons for overdues were inadequacy of income (17.4%), unforeseen calamity (9.5%) and surprisingly willful default in 41% cases. The repayment period of the loan was found to be more than 5 years in about 41% cases but less than 3 years in 11% cases.

Banks were located in a distance upto 2 Kms in about 1/3rd of the cases and another 1/3rd within the distance of 2 to 5 Kms. However, in about 15% cases, the location of the banks were beyond 10 Kms. from the village.

It was encouraging to note from the survey that wherever repayment of the loans was made, it was largely from income from the asset itself (63.7% cases). The role of the money lender by giving loan to the beneficiaries was almost negligible as seen from the survey; only in 0.08% cases, the beneficiaries had borrowed money from money lenders to repay the loan. However, it was seen that at least 3.8% of beneficiaries had repaid the loan after disposal of the asset.

7. After-care support:—

Only in about 15% cases, after-care support was found to have been given to the beneficiaries and in 52% cases, the beneficiaries did not receive the support though they needed it; in 33% cases, the beneficiaries reported they did not need such support because of the kind of self-employment activity they had taken up.

Availability of input facilities and marketing facilities were reported to be somewhat satisfactory in the self-employment activities taken up in primary sector.

8. Quality of assets:—

Quality of assets was reported to be good in 70% cases, and average quality in 27% and the remaining 3% were reported to be of poor quality. The survey also revealed that there was no difference in the actual cost of the asset and as per beneficiaries 'opinion' in about 86% cases. This would indicate that the beneficiaries had largely no complaints against the actual cost of the assets. However, in about 7% cases, the difference in the cost of the asset and as per beneficiaries 'opinion' was more than Rs. 1,000/-.

9. Adequacy of assistance:—

About 85% of beneficiaries had found the assistance received adequate to take up the economic activities. Those who found the assistance inadequate, arranged additional finances from their own sources (11%) and borrowing from other (about 4%).

10. Per family Investment:—

Average per family investment including subsidy and bank credit was found to be maximum Rs. 7613/- in tertiary sector, followed by primary sector Rs. 7268/- and Rs. 6307/- in secondary sector.

11. Training under TRYSEM

The survey attempted to have a feedback on the extent of training given to IRDP beneficiaries under TRYSEM and also DWCRA. This was found to be not quite encouraging. Only about 4% beneficiaries reported to have received any training under TRYSEM. As regards DWCRA also in about 2.13% of beneficiary families, only, women were assisted to take up programmes under DWCRA.

The survey also revealed that in majority of the cases (56%) IRDP assistance was given for the same activity for which training was given under TRYSEM.

APPENDIX III

Conclusions and Recommendations

Sl. No.	Page No.	Ministry/ Deptt.	Recommendations
1	2	3	4
1.	110	Rural Develop-ment	Integrated Rural Devleopment Programme (IRDP) is a countrywide programme for the upliftment of the rural poor. The programme was initially launched in 20 selected districts of the country in 1978. Subsequently it has been extended to the hole of rural India and taken under its umbrella other related programmes for Small/Marginal Farmers, Training of Rural Youth for Self Employment Development of Women and Children in rural Areas etc. The objective of IRDP is to progressively raise rural families above the poverty line by creating assets which can generate recurring income. The target group of IRDP consists of families of small and marginal farmers, agricultural labourers and rural artisans whose income is below the pre-determined poverty line, which at present, is set at Rs. 11,000 per annum. Under the Programme, acquisition of assets by the poor in the primary, secondary and tertiary sectors is enabled through financial assistance in the form of credit advanced by banks and subsidy provided by the Government. From 1979-80 IRDP has been a centrally sponsored scheme and expenditure is shared equally by the Centre and the States. The Programme is being implemented through the District Rural Development Agency (DRDA).
2.	111	-do-	The implementation of IRDP covering the period 1978-79 to 1983-94 was examined by the Public Accounts Committees (Eighth Lok Sabha) and their findings reported in the 91st Report (1986-87) which was presented to

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			Parliament on 27 April, 1987. The Audit paragraph under examination seeks a review of the implementation of the programme on the basis of test checks conducted by C&AG in 21 States and four Union Territories with particulars of reference to the transactions during 1985-93. A total disbursement of Rs. 13360.29 crores (subsidy Rs. 4,613.59 crores; loan Rs. 8,746 crores) was made to 256.81 lakh beneficiaries under IRDP during the period 1985-86 to 1992-93. The Ministry of Rural Development were unable to furnish the comments of the States/Union Territories on the specific points raised by Audit relating to them. However, the Committee's examination of the Audit paragraph has revealed that the design and implementation of IRDP continues to be afflicted by serious shortcomings which are summed up in the succeeding paragraphs.
3.	112	Rural Development	The level of income generation from any economic activity *inter alia* depends on the quantum of investment made. Emphasising the need for enabling the beneficiaries to go above the poverty line once and for all, the Committee in 1986-87, in their 91st Report had recommended for Credible outlays under IRDP. The Ministry of Rural Development had on the basis of the incremental capital output ratio assumed during the Seventh Plan, in the year 1986-87 assessed that a per capita investment of Rs. 13,000-14,000 was required to generate additional income for a family to enable it to cross the poverty line at one go. The Committee note that as against this, the actual annual all India average per capita investment was Rs. 4569 during the Seventh Plan and Rs. 7151 during 1990-93. In fact, in none of the

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			years, did the investment touch the level assumed in 1986. The Ministry of Rural Development, on the contrary laid more stress on wider coverage in terms of number of beneficiaries and had all along over-achieved the targets. Besides, the allocation of IRDP came down since 1990-91 and was sharply reduced during 1991-1993. The credit mobilised under IRDP also behaved in a similar pattern showing a downward trend during the said period. Various State Governments are also stated to have continued to assist beneficiaries with inadequate funds with the result that a large number of IRDP beneficiaries could not cross the poverty line. The Committee are extremely unhappy to note that, yet, no efforts were made by the Ministry to readjust the targets so as to make them compatible with the level of investment for achieving better results. Clearly, this made IRDP an expenditure oriented programme rather than result oriented through thin distribution of funds.
4.	113	Rural Development	While admitting over-emphasis on Physical targets as a major area of concern, the Ministry of Rural Development stated that the physical targets were reduced from a peak level of 39.64 lakh families in 1987-88 to 18.75 lakh families in 1992-93. This has resulted in the level of investment rising from Rs. 4,470 to Rs. 7889. Further, according to the Ministry during the current financial year, not only the physical targets have further been reduced but instructions have also been issued by the Ministry to all State Governments to raise the average level of investment to Rs. 12,000 per family. Also, additional measures like extension of the family credit plan to 213 districts, upward revision of norms for security, raising the limit of security free loan etc. were stated to have been taken by the Ministry to ensure that the sharp increase in investment levels actually fructifies at the field level. The Ministry also

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			stated that while there was a sharp reduction in allocation during the first two years of economic reform, i.e. 1991-92 and 1992-93, it was stepped up substantially to Rs. 1093 crores in 1993-94 and Rs. 1098 crores in 1994-95 in order to further strength on the programme and ensure increased flow of benefits to the rural poor. The Committee welcome the steps taken to increase the level of investment and would await their impact on the effectiveness of the Programme. They are, however, constrained to point out that the Ministry had delayed considerably in acting upon the earlier recommendations of the Committee and thereby allowed serious distortions to be crept into this vital poverty alleviation programme. The Committee would like the Ministry to remain in constant consultation with the Reserve Bank of India and the Ministry of Finance in order to monitor and ensure proper synchronisation of investment to be made and fixation of targets for better achievement of the objectives. They would also like to be informed of the latest position in respect of the level of per capita investment made.
5.	114	Rural Development	In this connection, the Committee would also like to point out that the basis for arriving at the present per capita investment requirment of Rs. 12,000 also does not seem to be reasonable. On the basis of an incremental capital out put ratio of 2.7 assumed during the seventh plan the Ministry had earlier stated that the per capita investment required was Rs. 13000-14000. Obviously, the level of present assumption is less than those figure despite the inflationary trends and also the findings of the Concurrent Evaluation on incremental capital out put ratio in different activities, sometimes even as low as one. The Committee therefore, have their own doubts whether the assumption of present level of per capita investment requirement has been made after taking into account those factors as

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			also the experience gained by the Ministry over the years.
6.	115	Rural Development	The one yardstick for evaluating the efficacy of IRDP in alleviation of rural poverty is to assess it in terms of the number of beneficiaries who are able to cross the poverty line. The poverty line is constantly updated on the basis of consumer price index to derive it a current prices. The poverty line at 1991-92 prices has been estimated at Rs. 11,000 per annum per family of five. One sorry fall out of the inadequate per capita investment and ineffective implementation of IRDP was that the number of families crossing the poverty line actually declined from 28% in 1989 to 14.81% in 1992-93. The Committee are, however, astonished at the contention of the Ministry that the performance of the programme should be judged in the context of enabling assisted families to enhance their income levels and improve their living standards and not neccssasily by their ability to cross the poverty line. Since the IRDP contemplated enabling the families below the poverty-line with loans and subsidies to cross the line at one go, the committee consider the above views of the Ministry of Rural Development as not acceptable.
7.	116	-do-	The Committee are also surprised to note that, presently, there is no mechanism available with the Ministry to concurrently monitor the figures of the assisted beneficiaries crossing the poverty-line. During evidence, the Secretary, Rural Development stated that even the concurrent Evaluation rounds do not generate data pertaining to the number of beneficiaries who are able to sustain after crossing the poverty line. This is not a satisfactory situation and requires suitable rectification.
8.	117	-do-	For the success of IRDP, proper planning, project identification and selection of

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			beneficiaries are considered very essential. The IRDP guidelines envisaged preparation of a comprehensive Five Year Perspective Plan containing an inventory of local resource after identifying the development potential and major potential thrust areas which could be tapped and evolving of suitable programmes for assisting the rural poor. Further, Annual Plans were also to be prepared and were to follow the Five-Year Plans and the identification of beneficiaries, as these plans were to match the resource profiles and needs of the beneficiaries to provide them income generating activities. The Committee are concerned to note that in several States the Five Year Perspective/Annual Plans were either not prepared or prepared with inadequate data. They are surprised as to how funds were released to the DRDAs without ensuring that the plans were drawn in time. Considering the crucial importance of planning and project formulation in the implementation of IRDP, the Committee desire that the Ministry should look into this vital area and take effective steps for ensuring that the prescribed Perspective/Annual Plans are prepared in time and any aberration on this score should be viewed seriously.
9.	118	Rural Development	In this connection the Committee find that one of the major conclusions of the National Workshop of Project Directors in June-July, 1993 was that the Project Directors, DRDAs and their APOs and BDOs were not trained and equipped to formulate meaningful plans with technically feasible and economically viable projects for IRDP beneficiaries. Although the documents called Annual Action Plan were being prepared each year by the DRDAs this was nothing more than putting together of the plans prepared by the blocks. Moreover, these were not consistent with the District Credit Plans prepared by the lead bank officers. The Committee would, therefore, recommend that

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			the Ministry should consider the feasibility of making use of the services of renowned professional agencies like Indian Institute for Management, Institute of Rural Management etc. to draw up a single Action Credit Plan for Five Year periods for each district.
10.	119	Rural Development	The Committee note that the guidelines issued for the implementation of IRDP envisaged a comprehensive household survey for ascertaining the economic status and income of the selected target groups. The survey was to cover every family seemingly poor in the village. Though the household survey was a pre-prequisite for the proper implementation of Integrated Rural Development Programme and identification of the poorest amongst the poor, in most of the States the same was not conducted and the Ministry continued to release financial assistance without ensuring such household surveys. Further in many States, the Antyodaya approach for covering the poorest among the poor first was also not followed. The Ministry of Rural Development stated that the Below Poverty Line (BPL) surveys initiated at the begining of the Eighth Plan was completed by all States (excepting Maharashtra and U.P.) by 1993-94 and the surveys were expected to have been completed by Maharashtra and U.P. before the close of the financial year 1994-95. The Committee cannot help expressing their serious concern over the manner in which the Ministry released financial assistance without satisfying themselves that the eligible beneficiaries have been correctly identified on the basis of the prescribed income criteria. The Committee are of the considered view that appropriate identification of beneficiaries is the foundation of the IRDP and any flaw in this process will gravely vitiate its very objective. They, therefore, desire the Ministry of Rural Development to approach the issue with more seriousness and take appropriate corrective

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			action. The Ministry should also consider withholding of assistance to the defaulters pending completion of the requisite serveys.
11.	120	Rural Development	As regards the failure of the different States to follow the Antyodaya approach, the Ministry have stated that with the considerable step up in allocation for wage employment programmes like Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS) etc., the employment needs of the poorest of the poor could prehaps be better met through these schemes rather than self-employment projects like IRDP requiring a minimum of skills, entreprenevrial drive and risk taking ability. Consequently, a decision was taken by the Ministry of Rural Development in May, 1994 to abolish the "cut-off" line under IRDP and to make assistance available to any family having income below the poverty line of Rs. 11,000 and not necessarily to the poorest of the poor as under the Antyodaya approach. Since the Antyodaya approach was followed under IRDP right from the very beginning of the programme, in the opinion of the Committee, this significant shift in approach of the Ministry would tantamout to a self admission of the fact that the poorest of the poor have not hitherto been benefited from IRDP. They desire that this, however, should not exclude the poorest of the poor from the purview of IRDP. The Committee also do not view this change in policy as promising since the employment generated under JRY as per the Annual Report of the Ministry of Rural Development for the year 1993-94 has been just 13.31 days per year per person during the preceding three years. They would, however, await the impact of this change in the focus of IRDP.
12.	121	-do-	The Committee are concerned to note from a limited test check by Audit that in certain States assistance of Rs. 3.38 crores was given to 11082 ineligible families having either annual income in

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			excess of prescribed limits or whose names were not appearing in the approved list of identified beneficiaries. while the Ministry of Rural Development were unable to apprise the Committee of the precise position in respect of those cases, they admitted that coverage of ineligible families introduced a distortion in the programme and should be earnestly avoided. According to the Ministry the increased public participation and democratisation of the process of selection of beneficiaries would help in checking coverage of ineligible families and, therefore, detailed instructions are being issued to the State Governments spelling out the procedure of selection of beneficiaries through Gram Panchayats and Gram Sabhas. The Committee are of the view that the democratic character of the IRDP should not only be put into practice in reality but also strengthened by ensuring greater involvement of village population and by imparting to the process of identification a greater degree of transparency. They would also recommend that the Ministry should evolve a suitable administrative mechanism to check coverage of ineligible families.
13.	122	Rural Development	The guidelines issued by the Ministry of Rural Development envisaged grant of subsidy to purchase milch animals by the beneficiaries. It further stresses that two milch animals should be supplied in succession to the same beneficiary. In response to the observation of Public Accounts Committee in their earlier report that the provision for second milch animal was not followed, the Ministry of Rural Development had assured that this item was a check point for concurrent evaluation. The Committee are however, concerned to note that despite the above, assistance for the second milch animal was not given to 1,66,727 beneficiaries. Offering their explanation for the non-compliance of the assurance to the

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			Committee, the Ministry stated that the second milch animal was not given as repayment was not done in a large number of cases. They also stated that steps have been taken recently to provide two milch animals initially itself. The Committee cannot accept the explanation of non-repayment since it contradicted with the findings of the third round of concurrent evaluation that the proportion of repayment of loan in general was very high. While expressing their displeasure over the lack of promptitude on the part of the Ministry in acting upon their recommendations, the Committee desire that the steps taken recently in this direction should be properly monitored considering the importance of the matter to the IRDP beneficiaries who have opted for animal husbandry activities.
14.	123	Rural Development	In this context the Ministry of Rural Development also stated that emphasis should be given more on supply of high quality animals instead of local and traditional breeds. Since such better breeds also required higher fodder and other provisions, the Committee wonder whether the Ministry's approach on the issue is realistic keeping in view the fact that the IRDP beneficiaries are those who are below the poverty line.
15.	124	-do-	The Committee are also surprised to note that details regarding provision of second milch animal etc. are presently not monitored by the Ministry at their level. According to the information made available to the Committee, the proportion of farm related and animal husbandry activities under IRDP has gone up from 41.16 per cent in 1987-88 to 53.27 per cent in 1993-94. This clearly indicates that in the perception of the beneficiaries, the importance of animal husbandry activities has gone up. The Committee would, therefore, like the Ministry to evolve suitable procedure for effectively monitoring the matter.

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16.	125	Rural Development	The Committee are concerned to note that DRDAs/Financial Institutions had not conducted physical verification of assets in many States and in some States only partial verification of assets was done. 1,44,266 cases involving misutilisation of assistance amounting to Rs. 14.53 crores were noticed in test audit. While admitting this deficiency, the Secretary, Rural Development described the sickness or misutilisation of assets as "alarming" had stated that "it is more than the tolerable limit in IRDP." Surprisingly, no mechanism exists in the Ministry and the States for verifying proper utilisation of the assistance. Although the Ministry were stated to have been getting quarterly reports from the States and that the officers of the Ministry were visiting the beneficiaries under the Area Officers Scheme and inspecting the status of their assets, the Committee are yet to be apprised of the Ministry's assessment of the extent of misutilisation of the assistance emerging from those reports. While taking a serious view of these shortcomings/deficiencies, the Committee desire that the situation has to be remedied forthwith.
17.	126	-do-	Availability of adequate infrastructural support is a *sine qua non* for the successful implementation of projects under IRDP. The Committee however, note with concern several shortcomings this score. The deficiencies included, delay in creation of infrastuctural support, non-functioning of created assets, non-existence of infrastructure, non-obtaining of utilisation certificates for the amounts advanced to various executing agencies etc. what has further concerned them is that in several States, a portion of funds earmarked for infrastructure was irregularly spent on projects which were either to be met from the state budget or for augmenting resources of the State

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			Government. The Ministry of Rural Development admitted that not all the funds earmarked for infrastructural development are necessarily spent according to the prescribed guidelines. The Committee deplore the failure on the part of the Ministry in ensuring that the IRDP funds are spent judiciously as per the stipulated pattern. They are convinced that the shortcomings in developing the infrastructure for projects of IRDP beneficiaries should be looked into further with a view to minimising delays, introducing greater responsibility and accountability and also ensuring effective implementation.
18.	127	Rural Development	The Ministry of Rural Development have, in this connection stated that they have recently enhanced the limits for infrastructural investment and delegated powers at the district level for making these investments. It was stated that the ceiling limit has been raised from 10 per cent of allocation to 25 per cent in deserving cases. Similarly, powers have been delegated to DRDAs to spend upto Rs. 10 lakhs for creation of infrastructural facilities without waiting for the approval of the State Level Co-ordination Committee and the Divisional Commissioner has been empowered to approve schemes upto Rs. 25 lakhs. It was however, seen that most of the activities related to the infrastructure development are by way of civil construction. If construction is undertaken in a labour intensive manner it is likely to generate wage employment rather than self-employment and, therefore, the Committee would like the Ministry of Rural Development to consider shifting of 25 per cent of allocation from IRDP to JRY.
19.	128	Rural Development/ Finance	Another major area which has caused considerable concern to the Committee related to the administration of subsidy. A test check of records by Audit in various States revealed

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			several cases of excess payment of subsidy, incorrect application of prescribed percentage of subsidy and non application of maximum monetary ceiling, payment of money to voluntary agency and not directly to the beneficiary for purchase and distribution of raw material/assets, release of subsidy without obtaining bonds, large amount of unutilised subsidy lying with banks, sanction of money without project proposals etc. During evidence, the Secretary, Ministry of Rural Development admitted that subsidy had "given rise to all sorts of touts middlemen and also populism". He also conceded that several instances had come to the notice of the Ministry where middlemen had exploited the assistance sought to be given to the beneficiaries under IRDP. The Committee take a serious view of the aberration in the administration of subsidy under IRDP and desire that all the cases of irregularities should be thoroghly investigated and responsibility of the erring officials fixed for the lapses.
20.	129	Rural Development/ Finance	Presently, subsidy is disbursed alongwith the loan to enable the IRDP beneficiary to meet the full project cost. Thus, the present system of subsidy disbursement is front-end based. In the perception of the Ministry of Rural Development based on their experience and as per the findings of certain expert committees, the present front-end subsidy system has caused leakages and malpractices besides encouraging beneficiaries to clandestinely dispose of assets. the Ministry, therefore, propose to shift to a system of back-end subsidy whereby the subsidy would not be disbursed directly to the beneficiary but would remain deposited in the bank and adjusted against the loan portion in the final instalment of the payment. According to the Ministry, after the introduction of the back-end subsidy, the extent of leakages are expected to be reduced. Any move that seek to check malpractices in the subsidy disbursement

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			would be welcome from the Committee's point of view. However they would like to be assured that with the introduction of the proposed system of back-end system, the beneficiaries would in no manner be subjected to avoidable bureaucratic and or other harassments.
21.	130	Rural Development	The Ministry of Rural Development further stated that with a view to minimising the role of middlemen they had initiated a scheme of direct cash disbursement to beneficiaries. Under that scheme instead of a Purchase Committee being involved in the acquisition of an asset, the beneficiary is given the entire assistance in cash to purchase the asset of his choice. According to the Ministry, the scheme which is in operation in almost 50 per cent of the blocks in the country will be extended to all the blocks of the country by 1995-96. The Committee would like to be informed of the progress made.
22.	131	-do-	The Committee in this context, also feel that there is a pronounced need to create an awareness among the beneficiaries of their rights and responsibilities through an effective communication strategy with a view to ensuring that they are not exploited by unscrupulous middlemen and facilitating better implementation of the programme.
23.	132	-do-	The Committee are deeply distressed to note that funds involving Rs. 66.21 crores earmarked for IRDP had been spent on other schemes, kept as civil deposits, treasury deposit accounts, deposit in Post Offices savings account, or used for purchase of household luxury items and construction of office buildings etc. The fact that a mere test audit has unearthed such large scale diversion would seem to indicate that the actual dimension of this malady is manifold. During evidence, the Secretary, Rural Development stated "this diversion of funds" will not be "tolerated". To their dismay, the Committee, however, find that the Ministry of Rural Development are yet to obtain

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			explanation from the States concerned. The Committee strongly deprecate the failure of the Ministry to act sternly against such gross financial irregularities. They desire that the matter should be vigorously pursued for investigation, fixation of responsibility and necessary follow-up action. The Ministry should also ensure that the accounts of DRDAs are maintained properly, reconciled periodically with banks and got audited regularly.
24.	133.	Rural Develop-ment/ Finance	The assistance to beneficiaries under IRDP comprised of loan and subsidy. The major part of the investment in the form of loan was to come through institutional credit. The Committee note with concern from the Audit paragraph that the flow of credit and institutional financial assistance under IRDP were beset with certain serious shortcomings. It was revealed that in a number of cases applications were rejected without assigning reasons or for wrongly recommended cases or on the grounds that the beneficiary already had a loan liability or the scheme was not viable or target of banks had already been achieved or the applicant was ineligible on the grounds of having income higher than poverty-line etc. While responding to these shortcomings the Ministry of Rural Development stated that they were aware and concerned that there was a gap between the number of cases forwarded by DRDAs and the number of cases actually accepted by bank for sanction of assistance. According to them the main reason for rejection of loan applications was, difference in perception/opinion of bankers and DRDA staff regarding choice of bank, selection of activity to be sponsored and paucity of funds in certain banks. Enumerating the remedial steps taken, the Ministry stated that it has now been decided to plan IRDP activities on credit based targets from 1995-96 onwards and this should not leave any scope for mis-match between targets given to bankers and

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			those available with DRDAs. Furthermore in view of the resource crunch faced by some banks, RBI has allowed other banks to fulfil the target of the lead banks which are not able to do so because of paucity of funds. The Committee cannot remain contented merely with this. They would like to emphasise that IRDP has been described as a credit based self-employment programme with an element of subsidy rather than a programme based on subsidy supplemented by bank credit. Therefore, mobilisation and flow of credit is vital for the successful implementation of the programme. The Committee, therefore, desire the authorities concerned to ensure that the loan appraisals are made more effective and that the applications are not rejected in a rather routine manner or on flimsical grounds and also to check malpracticers on this score, if any.
25.	134	Rural Development/ Finance	The Reserve Bank has enjoined upon all the banks that the applications for IRDP loans must be disposed of within a fortnight. However, it has been reported by Audit that there had been inordinate delays in sanctioning/disbursal of loans (in certain cases the delay had gone upto 36 months). There had been several cases where IRDP loans sanctioned were not disbursed at all actually or where such sanctioned loans were pending disbursement for more than five years. During evidence the representative of the Ministry of Finance (Banking Division) admitted the delays. The Committee desire that the specific cases reported in the Audit Paragraph should be enquired into further and concrete steps taken to ensure that IRDP loans are sanctioned and disbursed in time.
26.	135	-do-	Loans under IRDP are treated as mid-term loans. The repayment period of loan should atleast be three years. According to RBI instructions the repayment period of loans should be fixed in a realistic manner having regard to

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			all relevant factors such as the type of activity, quantum of loan, income generating capacity of the assets, life of assets, repaying capacity of the borrowers and also taking into account NABARD norms regarding disbursal/ repayment period for similar activities. However, it has been observed that in actual practice some banks do not adhere to these guidelines and instances where the period of repayment prescribed by banks was less than three years has been noticed. The tight repayment schedule was stated as one of the main reasons for non-viability of the projects. Further, some of the banks have been found to have fixed number of instalments of repayment of loans in relation to the total amount including the subsidy receivable from government which resulted in the instalment being high and disproportionate to the income generated. The Committee recommend that these deficiencies in the credit delivery system needs to be remedied. In this connection, the Committee note the recommendation of the Expert committee of IRDP appointed by RBI that the repayment period for the IRDP loans may be fixed at five years as against the present stipulated period of three years. Similarly, in their findings, the Fourth Round of Concurrent Evaluation has found that 41% of loan are repaid after five years. The Ministry should, therefore, consider the question of enhancing the minimum re-payment period from the existing stipulated period of three years.
27.	136.	Rural Development/ Finance	Enumerating the steps taken to prevent delays in sanction/disbursement of loan and also to ensure that the period of re-payment of IRDP loans was not fixed unrealistically, the Ministry of Finance stated that RBI as on 21.12.1994 directed all the Regional Offices to undertake a sample study in a few blocks to find out the total number of applications received by the banks for loan in IRDP and

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			number of applications out of this disposed of within the prescribed period of time. The sample study will also examine the cases of fixation of re-payment period less than the prescribed three years. The Committee would like to be apprised of the results of the sample study.
28.	137.	Rural Development/ Finance	The size of the IRDP loan to the beneficiary should be determined by the requirements of the Projects. To avoid under-financing of the IRDP Project and purchase of sub-standard asset and consequent low incremental income, unit cost Committees for the farm sector have been constituted in the various Regional Offices of NABARD. The project profiles so compiled are to be adopted by all the Financing Banks in each district. The Committee, however, found that there had been wide variations in the unit cost approved by the Technical Committee of NABARD and the amount actually sanctioned by the Banks. The Committee desire that these cases should be looked into with a view to finding out whether they had exceeded the prescribed flexibility limits and taking necessary corrective steps.
29.	138.	-Do-	Another disquieting feature observed by the Committee related to the recovery performance of the advances granted towards IRDP by the public sector banks. The recovery performance in respect of IRDP loans granted by public sector banks as a percentage to demand declined from 41.34% as at the end of June, 1991 to 30.87% as at the end of June, 1993. The main reasons for shortfall-non-recovery of loans were waiver of loans which had become due upto October, 1989 under loan waiver scheme etc., mis-utilisation of assistance, poor income generation, fixation of low unit cost, sale of assets and weak financial position of the borrowers etc. The Ministries of Rural Development of Finance attributed the non-recovery primarily to the loan waiver scheme.

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			The Committee are not inclined to agree fully with the said contention as the loan recovery effected during the years 1992 and 1993 were almost of the same level as that of 1990. They however, recognise that poor recovery of loans hinders effective re-cycling of funds by banks and consequently they would remain unenthused about enhancing their rural lending. The Committee would, therefore, suggest that for improving the recovery performance a strategy involving a suitable blend of firm line of action against wilful defaulters and provision of suitable incentives for prompt re-payment/recovery may be drawn up. In this connection, they note that the expert committee appointed by the RBI has in their recently submitted report recommended several steps for the consideration of Government for improving the recovery position of banks. The Committee trust that those recommendations will be examined expeditiously and suitable action taken to improve the recovery performance.
30.	139.	Rural Development/Finance	The Committee were astonished from the Audit Paragraph that IRDP loans granted to certain beneficiaries in a State (West Bengal) amounting to Rs. 3.34 lakhs in respect of 92 projects were stated to have been repaid on the same day. Similarly, in another State (Orissa) the loans were repaid after just four days. The intention behind the early repayment appeared to be to take the subsidies instead. The Committee desire that these specific cases should be enquired into with a view to checking such undesirable practices.
31.	140.	Rural Development	The Committee regret to note that the implementation of IRDP was also consider ably hampered due to widespread financial deficiencies. These included non-reconciliation of expenditure with banks, incurrence of administrative expenditure beyond the prescribed limits, wasteful/excess

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			expenditure on construction of training centres, infrastructure, cash awards etc. The Ministry of Rural Development admitted that they were aware of these shortcomings. The Committee were informed that several DRDAs were yet to reconcile their accounts. The Committee would emphasise that the Ministry should take a strong action against those DRDAs who are yet to do the reconciliation and ensure that the task is completed within a specified time frame. They would like to be informed of the number of DRDAs whose accounts are yet to be reconciled and also the assessment of the Ministry over the position emerging from reconciliation.
32.	141.	Rural Development	The Committee desire that the Ministry of Rural Development should tighten their control and take effective steps to check incurrence of wasteful expenditure. They further recommend that all cases of wasteful expenditure reported in the Audit paragraph should be thoroughly investigated and action taken against those found guilty. The Committee would like to be informed of the action taken in the matter.
33.	142.	-do-	As regards excess incurrence of administrative expenditure, the Ministry stated that presently there is a ceiling on administrative expenditure ranging between 10-15 per cent of allocation to the DRDA. The Ministry were, however, considering to revise the ceiling limit to take account of the problem encountered by smaller DRDAs which normally incur administrative expenditure in excess of the norms. The Committee desire that the cases of excess expenditure reported by Audit should be probed and action taken reported to them. Since disproportionate administrative expenditure will further reduce the actual availability of the scarce funds for IRDP projects and distorts the entire programme, the Committee recommend that the cases pointed out by Audit should be analysed further and

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			ways and means found out for restricting the administrative expenditure within reasonable limits.
34.	143.	Rural Development	The Committee note that apart from IRDP a number of other allied programmes such as Minimum Needs Programme, Jawahar Rozgar Yojana, Integrated Tribal Development Programme, Special Component Programme, DWCRA, Drought Prone Area Programme etc. aimed at improving the lot of rural masses were also being implemented in the country. All these programmes were aimed at overlapping target groups. Emphasising the need for integrating effective implementation of these programmes and avoiding overlapping, the Committee in their 91st Report (Eighth Lok Sabha) had recommended that there must be an integrated post of a single development authority and for whose effective implementation, a single authority was responsible and accountable. The Committee regret to observe that adequate steps have not been taken so far on the lines desired by them and that the different programmes continued to be implemented in parallel. The Ministry of Rural Development stated that they fully agreed that rural development programmes should not be implemented in an isolated manner and there should be proper integration and co-ordination at all levels among allied departments and among the programme activity and infrastructure available. According to them attempts were being made to integrate programmes and to bring them under a single umbrella for implementation. However, they were of the view that the ultimate responsibility of dovetailing schemes can best be fulfilled only at the district level. They added that with the election of responsible and responsive Zila Parishad, strengthening of district/block/village level planning Committees and greater participation of the people in implementation of

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			rural development schemes it could further be possible to integrate and co-ordinate all rural development schemes in a better way. While the Committee would welcome and await the implementation of these measures, they are constrained to point out that the Ministry have not put forth any concrete proposal for implementation so far. The Committee therefore, desire that the Ministry should address this issue with more promptitude and seriousness in order to ensure that the different poverty alleviation programmes are dealt with in an effective and co-ordinated manner.
35.	144.	Rural Development	In this connection, the Committee find that a high level Committee set up by the Planning Commission had recommended the concept of integrated district planning and creation of a post of District Development Commissioner to look after and co-ordinate all the developmental activities in the district. Considering the fact that a Collector/Deputy Commissioner who is presently heading DRDA is himself pre-occupied with law and order, revenue collection and protocol functions, the Committee feel that the above mentioned concept needs detailed examination for suitable implementation.
36.	145.	-do-	The Committee note that Development of Women and Children in Rural Areas (DWCRA) was started in 1982-83 as a sub-scheme of IRDP with the primary objective of focussing attention on the women members of rural families below the poverty line with a view to providing them with opportunities of self employment on a sustained basis. A distinguishing feature of DWCRA was group strategy as against family as a unit of assistance under IRDP. Under DWCRA, Women formed groups of 10-15 women each for taking up economic activities suited to their skills, aptitude and local conditions. The groups strategy under DWCRA was adopted to motivate the rural women to come together and

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			to break social bonds which had denied them income generating and self fulfilling opportunities. The Committee are deeply concerned to note that a large number of women groups formed in several States under DWCRA were either defunct/dormant or had not taken up any income generating commercial activities. Significantly, the Eighth Plan document mentioned that results under DWCRA had not been satisfactory on account of inadequate investment and selecting of unviable activities. Clearly, the Ministry had not adequately monitored the scheme so as to ensure timely action before the groups getting defunct. The Ministry stated that they were aware that in some of the States, the women groups formed under DWCRA had become defunct. Accordingly in 1994-95 the revolving fund for the groups had been enhanced from Rs. 15000/- to Rs. 25000/ in all cases of groups which have taken an active interest in their activity which would permit the groups to go in for non-traditional activities with higher level of investment and also provides additional working capital. The Committee cannot remain satisfied with this. Concrete steps should be taken to revitalise the defunct groups. There is also an imperative need to constantly monitor the functioning of DWCRA groups so that corrective steps are taken at the very initial signals of groups getting defunct.
37.	146.	Rural Development	The Committee note that Training of Rural Youth for Self Employment (TRYSEM) was launched by the Government in 1979 as a centrally sponsored scheme to provide technical and entrepreneur skills to rural youth from families below poverty line to enable them to take up self employment in the fields of Agriculture and allied activities, industries, services and business activities. The objective was enlarged to include wage employment. Financial assistance during training

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			under TRYSEM was given as stipend, suitable tool kits to trainers, honorarium to training institutions, payment towards purchase of raw materials required for training etc. The Committee regret to note that a large number of trained persons under TRYSEM could not secure gainful employment. The Ministry of Rural Development while admitting that a large number of trainees under TRYSEM had not succeeded in getting self employment or wage employment have stated that instructions have been issued on 26th March, 1994 to the State to improve the quality of training and increase the involvement of ITIs, Polytechniques and Krishi Vigyan Kendras etc. In view of the failure of the programme to secure gainful employment to the trainees, the Committee desire that the Ministry should thoroughly look into the reasons therefor and revamp TRYSEM with a view to making it more integrated with the job opportunities available in the area. The need for revitalising the training infrastructure has also to be looked into in greater depth. The Ministry should also consider the feasibility of involving Non Governmental Organisations (NGOs) in certain selected training activities.
38.	147.	Rural Development	Another deficiency in the implementation of IRDP observed related to the quality of monitoring done at Central/State/District/ Block levels. At the Central Level, despite being aware that the per capita investment was too low and the recommendation of the Public Accounts Committee for increasing the per capita investment so as to help the beneficiary to cross the poverty line in one go, the Ministry continued to act as before, to distribute funds thinly and was neither able to increase the investment nor reduce the numercial coverage of the beneficiaries under the programme. The State Level Co-ordination Committee which was to review the findings emerging out of

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			qualitative monitoring of the Programme as standing agenda for quarterly or half yearly meeting, had not met regularly at the prescribed intervals in many States. An annual physical verification of assets required to be undertaken at Block/DRDA levels, was not carried out in several States. Distribution of "Vikas Patrika" to the beneficiaries envisaged under IRDP to enable the implementing agencies to watch the progress of assistance was neither done nor properly administered in several States. Establishment of forward and backward linkages also required much more attention. Evidently, the system of monitoring under IRDP was inadequate and leaves a lot to be desired. The Committee, therefore, desire that the Ministry of Rural Development should ensure regular and effective monitoring of the Programme at all levels. Steps should also be taken to improve the quality of monitoring.
39.	148.	Rural Development	Yet another area of IRDP implementation which required improvement in the system of evaluation and its follow up action. Presently, evaluation of IRDP is undertaken by the Ministry through the Concurrent Evaluation Surveys got conducted through independent research institutions. Concurrent Evaluation Surveys conducted in 1985-86, 1987 and 1989 have been officially published so far. The findings of the fourth survey conducted in 1992 are yet to be formally made public. The State Governments were also required to take evaluation studies from time to time to ascertain the impact of the programme and to measure the extent to which beneficiaries had derived additional income and employment directly attributable to the investment made under IRDP. The Committee, however, regret to note that while the evaluation studies were not conducted in many States in several others, the follow-up action taken were either inadequate or deficient. Considering the long time consumed in collecting data and in the ultimate

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			publication of the findings in the present survey process and also its resultant delay in taking follow-up action, the Committee would like the Ministry to examine the question of evolving a more reliable and effective system of evaluation in the form of a permanent mechanism for assessing the overall performance and impact of the IRDP. This is also necessary in view of the contradictions subsequently made by the Ministry on certain findings of the Concurrent Evaluation.
40.	149.	Rural Development	The Audit paragraph under examination revealed several irregularities/shortcomings in various States/Union Territories in the implementation of IRDP. The Committee regret to note that the relevant extracts were however, circulated to the States/Union Territories concerned for their comments in August, 1994 only, i.e. after the Committee had decided to take up the subject for detailed examination. Even after that, the Ministry have not been able to obtain the requisite comments from most of the States. The Committee deplore the failure of the Ministry on this score and would like to be furnished with a detailed status report in respect of the remedial/corrective action taken by the States/Union Territories concerned on each of the individual irregularities mentioned therein and also the action taken against officers concerned for the various omissions and commissions.
41.	150.	Rural Development/ Finance	During the course of examination the Committee were informed that the Reserve Bank of India had on 29.9.1993 constituted an expert committee under the chairmanship of Shri D.R. Mehta the then Deputy Governor to review the Integrated Rural Development programme and to recommend suitable measures for strengthening it with a view to making it more effective for alleviation of poverty. Later, the Committee were provided with a copy of the interim report of that expert committee. The highlights of the recommendations of the expert

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			committee have been given elsewhere in the report. The Committee have been informed that the recommendations were being processed and also that the final report will be submitted by the expert committee shortly. The Committee desire that the recommendations of the expert committee should be examined and appropriate follow up action taken expeditiously. They would also like to be apprised of the action taken in the matter as also the fate of the final report of the expert committee.
42.	151.	Rural Development	The facts stated in the foregoing paragraphs clearly identify certain major areas of concern under IRDP requiring immediate governmental attention. Evidently, despite the general acceptance of the objectives and the extensive organisational apparatus built to translate them into reality, the IRDP has, not achieved the desire results. Significantly, the Fourth Round of the Concurrent Evaluation of IRDP conducted by the Government has revealed that only 14.81% of the beneficiaries had been able to cross the existing poverty-line of Rs. 11,000 per annum. This glaring indicator clearly bespeaks of the failure of the programme in achieving the objectives. The Ministry of Rural Development while admitting the deficiencies identified the major areas of concern as; shortcomings in proper selection of beneficiaries, lack of proper planning of IRDP activities, inadequate and poor technical staff in DRDAs, over-emphasis on physical targets, low level of per capita investment, leakages in administration of subsidy, gaps in infrastructural development, poor recovery and inadequate credit etc. The Committee express their serious concern over the failure of IRDP to act as a major instrument in the alleviation of rural poverty. They desire that the Ministry of Rural Development in the light of the facts contained in this report and the findings of the Fourth Round of Concurrent Evaluation, the interim report of the Mehta Committee and other

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			similar documents should take adequate steps and revamp the programme with a view to making it an effective instrument in the alleviation of India's rural poverty.