

16

STANDING COMMITTEE
ON AGRICULTURE

(1997-98)

ELEVENTH LOK SABHA

MINISTRY OF WATER RESOURCES

DEMANDS FOR GRANTS (1996-97)

SIXTEENTH REPORT

*[Action taken by the Government on the Recommendations/
Observations contained in the Fourth Report (1996-97)
of Standing Committee on Agriculture (1996-97)
(Eleventh Lok Sabha)]*



LOK SABHA SECRETARIAT
NEW DELHI

November, 1997/Agrahayana, 1919 (Saka)

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*Presented to Lok Sabha on..... 02 DEC 1997
Laid in Rajya Sabha on.....*



LOK SABHA SECRETARIAT
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November, 1997/Agrahayana, 1919 (Saka)

Price: Rs. 22.00

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**Published under Rule 382 of the Rules of Procedure and Conduct of
Business in Lok Sabha (Eighth Edition) and Printed by Manager,
Government of India Press, P.L. Unit, Minto Road, New Delhi-110002**

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COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE (1997-98)

Shri Santosh Kumar Gangwar—*Chairman*

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2. Shri Pandurang Fundkar
3. Shri Ramesh Bais
4. Shri Thawar Chand Gehlot
5. Shri Padamsen Chaudhary
6. Shri Bhimrao Badade
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2. Shri S. Bal Shekar	— <i>Deputy Secretary</i>
3. Smt. Anita Jain	— <i>Under Secretary</i>
4. Shri K.L. Arora	— <i>Assistant Director</i>
5. Shri Ramesh Lal	— <i>Reporting Officer</i>

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1997-98) having been authorised by the Committee to submit Report on their behalf, present this 16th Report on Action Taken by Government on the Recommendations/Observations contained in the 4th Report of the Standing Committee on Agriculture (1996-97) (Eleventh Lok Sabha) on the Demands for Grants (1996-97) of the Ministry of Water Resources.

2. The Fourth Report of the Standing Committee on Agriculture (1996-97) on Demands for Grants (1996-97) of the Ministry of Water Resources was presented to Lok Sabha on 29th August, 1996. The Ministry of Water Resources was requested to furnish action taken replies of the Government to recommendations contained in the Fourth Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the Action Taken Replies furnished by the Government in its sitting held on 16th October, 1997, approved the draft comments and adopted the 16th Report.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the 16th Report (Eleventh Lok Sabha) of the Committee is given in Appendix II.

NEW DELHI;
November, 1997

Agrahayana, 1919 (Saka)

SANTOSH KUMAR GANGWAR,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the Action Taken by the Government on the recommendations contained in the Fourth Report (Eleventh Lok Sabha) of the Standing Committee on Agriculture (1996-97) on Demands for Grants (1996-97) of the Ministry of Water Resources which was presented to the Lok Sabha and laid in Rajya Sabha on 29th August, 1996.

1.2 Action Taken Replies have been received from the Government in respect of all the 10 recommendations contained in the Report. These have been categorised as follows:

- (i) Recommendations/Observations that have been accepted by the Government: (Chapter II of the Report)—
Recommendation Nos. 2, 8 & 9. (Total 3)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:
(Chapter III of the Report)—
Recommendation Nos. 4 & 10 (Total 2)
- (iii) Recommendations/Observations in respect of which reply of the Government have not been accepted by the Committee:
(Chapter IV of the Report has been commented upon in Chapter I of the Report)—
Recommendation Nos. 3, 5 & 6 (Total 3)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited: (Chapter V of the Report)—
Recommendation Nos. 1 & 7 (Total 2)

1.3 The Committee will now deal with the recommendations which have not been accepted and have been included in Chapter IV of the Report.

Recommendation No. III

Flexibility of criteria under Accelerated Irrigation Benefits Programmes (More funds in 9th Plan and offer as Grants)

1.4 The Committee appreciate the commendable gesture on the part of the Central Government for making a huge provisions of Rs. 900 crores of financial assistance to supplement their allocations for Major Projects where nearly 75% expenditure of the total cost has been incurred already and still it is beyond the capacity of the States to provide adequate required allocations to complete these projects. The Central Government has made this provision of Rs. 900 crores as loan to States on matching

basis to finance these major projects whose cost is more than Rs. 1000 crores and where more than 75 percent expenditure has been incurred already. The Committee have been informed during the course of evidence of the Ministry and in a written reply that there are 15 such Major Project whose individual cost is more than Rs. 1000 crores and the total spill over cost is Rs. 19626.12 crores presuming that if States also contribute equally an amount of Rs. 900 crores during 1996-97, the total Central and State outlay would be around Rs. 1800 crores. At this rate, it would take another at least ten years to complete these projects. The Committee note that during these ten years, there would be again cost overruns in respect of these projects. The Committee also express its concern that the already resource starved States will find it difficult to provide a matching allocation out of their Annual Plan to this Scheme. The Committee further note that the assistance proposed is in the nature of loans and not as grants and as such the entire scheme appears unattractive as it would increase the liabilities of the States. The Committee wonder as to whether there could be any takers at all for this Scheme. The Committee again express its concern over the fact that the funding criteria and guidelines for implementation of this scheme have not yet been finalised although 1/3 of the current financial year is already over. The Committee recommend that the scheme should be made more flexible and it should not be made mandatory on the part of State Governments to make equal financial provisions against the assistance they receive from the Central Government in the form of loan. At the same time, the Committee advise the Central Government to pursue vigorously with the States concerned to make adequate allocations out of their State Plans for time-bound completion of these major projects where more than 75 percent expenditure has already been incurred. The Committee further recommend that this central assistance should be continued and increased during the Ninth Plan. If the response to the scheme is not encouraging, the Committee recommend that the Government should explore the possibility of offering this assistance as grants instead of loans.

It was also observed that few projects of even VI and VII Five Year Plans are not complete yet. Again this results in increase in the cost. Therefore, the Committee strongly recommends that the on-going projects of the VIII Five Year Plan may be given priority for its completion and appropriate funds may be allocated.

Reply of the Government

1.5 The Union Finance Minister in his speech on presentation of the Budget Estimates of the Union Government for 1996-97 announced launching of "Accelerated Irrigation Benefits Schemes" for providing loan assistance to the States for accelerating implementation of large irrigation and multi-purpose projects costing more than Rs. 1000 crores which are beyond the resources capability of the States and for completion of other Projects which are in advanced stage of completion and with just a little

additional resources the projects could be completed and farmers could get the benefit of assured water supply to 1,00,000 ha. to benefit the first crop in such areas in one of the next four agricultural seasons.

2. For this purpose an amount of Rs. 900 crores has been provided in the budget estimates of the Ministry of Water Resources under the "Accelerated Irrigation Benefits Programme" for two components as under:—

(a) **FOR AIBP (Rs. 800 CRORE COMPONENTS)**

Irrigation/Multi-purpose projects each costing more than Rs. 1000 crores where substantial progress has been made and are beyond the resources capability of the States.

(b) **AIBP (Rs. 100 CRORE COMPONENT):**

Major and Medium projects [excluding the category in (a)] above which are in an advanced stage of completion where with just a little additional resources the projects could be completed and farmers could get the benefit of assured water supply to 1,00,000 ha. so as to benefit the first crop in these lands during one of the next four agricultural seasons.

3. The Special Central Assistance to the States is for expeditious completion of ongoing projects in the form of loans at 13% rate of interest per annum during 1996-97 and at the rate of interest as prescribed by the Ministry of Finance in the subsequent years. The loan will be repayable in 20 equal instalments together with interest on the outstanding balance commencing from the following years. However, 50% of these loans will enjoy a 5 year initial grace period after which repayment of these loans will be affected in 15 annual equal instalments. The loans annually payable (by way of principal & interest) will be recovered in 10 equal monthly instalments commencing from 15th June of each year.

4. The loan is being provided on matching basis and as such the States have to provide matching resources plus the CLA in its 1996-97 budget for the projects. The central assistance is in the form of reimbursement on quarterly basis after the expenditure is actually incurred on the identified projects for construction in accordance with the agreed schedule of construction. However, during this year the first instalment of 50% of the approved amount for 1996-97 for the selected projects is being released in advance to enable the States to mobilise the projects.

5. The guidelines for selection of the projects under the programme are as follows:—

(i) Programme should be broad based.

(ii) Only those projects will be considered which have the investment clearance issued from the Planning Commission.

- (iii) The projects which are already receiving assistance from Domestic Agencies such as NABARD etc., will not be considered. However, the components of such projects which are not covered under such assistance, will be considered for inclusion under the programme.
- (iv) Projects with larger irrigated area per unit of additional investment will be preferred.
- (v) Phased completion of projects so as to accrue benefits with comparatively smaller investment.

6. The scheme of providing Central Loan Assistance to State Governments under AIBP has been approved by the Cabinet.

7. The State Governments were requested to forward their proposals in the prescribed proforma to this Ministry by 30th September, 1996. After receipt of proposals from the State Governments, a meeting of the Secretaries of Irrigation/Water Resources Department was convened by Secretary (WR) on 12.10.1996 to discuss the proposals received. Subsequently, official level meetings were held from 15th October, 96 to 23rd Oct., 96 with said officials to discuss the projects proposed for inclusion. Thereafter, the projects to which loan assistance could be released, were selected and the amount of CLA for each project for 1996-97 was also worked out in consultation with the Planning Commission. Two lists as finally approved by the Minister (WR) are enclosed.

It may be observed that approved amount of CLA for these projects is Rs. 786 crores. Out of the balance amount of Rs. 114 crores, Rs. 90 crores has been kept reserved for projects in North Eastern States and other hilly States will be allocated soon. The exercise for identification of remaining projects is in progress in consultation with Planning Commission. The release orders for Rs. 391 crores have already been issued. A proposal for seeking relaxations with regard to ceiling of estimated cost for large projects, mode of disbursement, diversion of amount for large projects to other projects, inclusion of certain minor irrigation schemes and waiver of matching funds from the States' own resources in the case of north eastern and other hilly regions of the country is under consideration.

*AIBP/multipurpose projects with estimated cost more than Rs. 1000 crores for inclusion under the Accelerated Irrigation Benefits Programme (AIBP):
Rs. 800 crores programme.*

Sl. No.	Name of the project	Amount of Central Assistance	Total
1	2	3	4
<i>Andhra Pradesh</i>			
1.	Sriram Sagar Stage I	63.00	63.00
<i>Bihar</i>			
2.	Kosi Project (1st Plan) (international Project between India & Nepal)	20.00	20.00
<i>Gujarat</i>			
3.	Sardar Sarovar Multipurpose Project (6th Plan Inter-State between Gujarat, M.P. Rajasthan and Maharashtra).	93.00	93.00
<i>Haryana</i>			
4.	Water Resources Consolidation Programme	40.00	40.00
<i>Karnataka</i>			
5.	Upper Krishna (Stage I)	114.00	114.00
<i>Madhya Pradesh</i>			
6.	Bansagar Multipurpose Project (Inter-State between M.P., U.P. and Bihar)	31.00	81.00
7.	Indira Sagar	50.00	
<i>Maharashtra</i>			
8.	Ghosikurd	20.00	20.00
<i>Punjab</i>			
9.	Ranjeet Sagar Dam	90.00	90.00
<i>Orissa</i>			
10.	Rengali Irrigation (part of	15.00	89.00
11.	Upper Indravati RBC	38.00	
12.	Subernarckha Multipurpose Project	36.00	

1	2	3	4
	<i>Tamil Nadu</i>		
13.	W.R.C.P.	40.00	40.00
	<i>Uttar Pradesh</i>		
14.	Sarda Sahayak (3rd Plan)	20.00	
15.	Saraju Nahan (5th Plan)	18.00	58.00
16.	Upper Ganga including Madhya Canal	20.00	
	<i>West Bengal</i>		
17.	Teesta Barrage	10.00	10.00
		Total:	720.00
	Balance reserved for projects of North Eastern & other States yet to be identified in consultation with Planning Commission		
		Grand Total:	
			80.00
			800.00

*Statewise list of Major/Medium projects for inclusion in the accelerated
irrigation benefits programme (AIBP)*

(Rs. in crores)

S. No.	State/Name of the Project	Central Assistance for 1996-97
1	2	3
	<i>Andhra Pradesh</i>	
	<i>Medium Projects</i>	
1.	Chayru Irrigation	7.50
	<i>Assam</i>	
	<i>Medium Projects</i>	
2.	Pahumara	1.20
3.	Hawaipur Lift Irrigation	1.75
4.	Rupahi Irrigation	1.51
5.	Kallong Irrigation	1.00
		5.46
	<i>Bihar</i>	
	<i>Major Projects</i>	
6.	Upper Kiul	5.00

1	2	3
<i>Gujarat</i> <i>Medium Projects</i>		
7.	Jhuj	2.40
8.	Mukteshwar	0.65
9.	Harnav-II	0.13
10.	Umaria	0.27
11.	Sipu	3.27
		6.72
<i>Haryana</i> <i>Major Projects</i>		
12.	Gurgaon Canal Project	5.00
<i>Karnataka</i> <i>Major Projects</i>		
13.	Malaprabha	3.00
<i>Medium Projects</i>		
14.	Hirahalla	5.50
		8.50
<i>Kerala</i> <i>Project</i>		
15.	Kallada	5.00
<i>Madhya Pradesh</i>		
16.	Shivnath Diversion	1.75
<i>Orissa</i>		
17.	Anandapur Barrage	3.10
<i>Rajasthan</i> <i>Medium Projects</i>		
18.	Sawan Bhado	2.25
19.	Jaisamond Modernisation	1.85
		4.10
<i>Tripura</i> <i>Medium Projects</i>		
20.	Manu	1.75
21.	Gumti	3.12
		4.87
<i>Uttar Pradesh</i>		
<i>Major Projects</i>		
22.	Rajghat	6.00

1	2	3
<i>Medium Projects</i>		
23.	Gunta Nala Bandh	2.00
24.	Providing Kharif Channel in Hindon Krtishni Doab	1.00
		9.00
Balance for projects of North Eastern and other States yet to be identified in consultation with Planning Commission		34.00
	GRAND TOTAL :	100.00

Comments of the Committee

1.6 The Committee after having made a comprehensive perusal of the terms, conditions and guidelines/norms of the Scheme AIBP (Accelerated Irrigation Benefit Programme) find that the scheme has been made so rigid and inflexible that the States are not being attracted thereby defeating the very purpose of the scheme aimed to reduce the time and cost overruns of those irrigation projects where more than 75% expenditure has already been incurred and States find it difficult to allocate the required funds for their completion. The Committee had in their report specifically recommended that the scheme i.e. AIBP should be made more flexible. They had suggested that matching contribution should not be made mandatory on the part of State Government against the assistance they receive from the Central Government in the form of loan. The Committee had also recommended that the Government should explore the possibility of offering assistance as grants instead of loans.

The Committee are dismayed to find that none of the above recommendations/observations made by the Parliamentary Committee have been accorded due importance by the Ministry and the present scheme content continues to remain very rigid and inflexible.

The Committee was also informed during the examination of Demands for Grants (1997-98) that the budgetary estimates i.e. Rs. 900/- crores originally earmarked for this scheme during the year (1996-97) were revised to Rs. 500/- crores at the revised estimate stage. This shows that the States are not enthusiastic enough to accept the scheme in view of the rigid terms and conditions. The Committee once again strongly recommend that the scheme i.e. AIBP should be made more acceptable to State Governments, keeping in view the following points:—

- (i) Assistance to States be given the form of interest/^{free} loan.
- (ii) Matching subscription formula should be exempted.

- (iii) State Governments could be asked to open separate Head under which these loans amount could be kept and utilised.
- (iv) Some incentive/reward should be given to those State Governments which complete the project in the agreed time.

Recommendation No. V

Delay in completion of SYL Canal Project

1.7 The Committee feel that the Ministry of Water Resources has not been giving due emphasis on the completion of SYL Canal Project which is funded cent per cent from the Central Exchequer. As on date Rs. 499 crores have been spent by the Centre against its original cost of Rs. 272 crores. The Committee is of the firm view that the cost of this project escalated alarmingly upto Rs. 601.25 crores only because the matter has not been adequately pursued at the highest political level over the years and the matter has been allowed to drift interminably. This matter has been highlighted time and again by the Standing Committee on Agriculture year after year but no substantial action has been taken by the Central Government that Rs. 499 crores which have already been spent have literally gone down the drain. The fact that no work has been carried out since July, 1990, is a matter of grave concern for the Committee. The Committee having realised the magnitude of the problem recommend that this matter must be resolved on priority basis by the Ministry and for doing so meetings of the concerned States Punjab and Haryana should be called at the Chief Minister level immediately and under the guidance and active cooperation of the Prime Minister who is the Chairman of Water Resources Council, the matter should be resolved at the earliest and this issue should be delinked from territorial and Capital issue and the work of completion of SYL canal be accorded the highest priority.

Reply of the Government

1.8. The Standing Committee on Agriculture (1996-97), 11th Lok Sabha in its 4th Report has made the observation that due emphasis has not been given on the completion of Sutlej Yamuna Link Canal project which was funded from the central exchequer. The Committee expressed the view that cost of this project escalated because the matter has not been adequately pursued at the highest political level for the years and no substantial action has been taken by the Central Government. The Committee has expressed concern and recommended that this matter must be resolved on priority basis by the Ministry and for doing so meetings of the concerned States of Punjab and Haryana should be called at Chief Ministers level immediately and work of completion of Sutlej Yamuna Link Canal be accorded highest priority.

The Ministry of Water Resources considers that the matter is very sensitive due to Inter-State conflict in the States of Punjab and Haryana. As the issue had reached a deadlock, the Ministry of Water Resources prepared a note for the Cabinet on SYL Canal Project bringing out the

facts of the case seeking the advice of the Cabinet for further necessary action. A draft Cabinet note after approval of the Minister (WR&PA) has been circulated to Planning Commission, Ministry of Finance, Ministry of Home Affairs and Ministry of Defence. The Ministry has received the comments from these Ministries and will approach Cabinet for necessary guidance.

²¹ **Comments of the Committee**

1.9. Expressing concern on the inordinate delay in resuming the construction work of SYL Canal Project the Committee recommended that matter of SYL Canal Project must be resolved on priority basis by the Ministry and for doing so meeting of concerned States' Chief Ministers should be called under the guidance and active Cooperation of Prime Minister who is the Chairman of Water Resources Council. They also recommended that this matter should be delinked from the territorial and capital issues.

The Committee are not satisfied with the reply of the Ministry that the matter is very sensitive due to inter-State conflict and as such had reached a point-of deadlock.

The Committee are not happy with the way the Ministry has been dealing with the long-pending SYL Canal Project. Since July, 1990 nothing has taken place even though the remaining construction works are very very negligible. The Committee are pained to note that all along the same stereo-type answer i.e. the matter is very sensitive in nature has been dished out in response to their serious recommendations. The Committee strongly deplore this type of lackadaisical attitude on the part of the Ministry in pursuing the cause of SYL Canal Project where an expenditure of Rs. 500/- crores (approximately) has been incurred from the Central Exchequer to no avail. The Committee therefore strongly reiterate their earlier recommendation and urge upon the Ministry to approach the Cabinet immediately and get this matter resolved within a period of one month and apprise the Committee in this regard.

Recommendation No. VI

Revival of RPNN Limited

1.10. The Committee after having examined the present state of RPNN Ltd. have reached a firm conclusion that without substantial assistance from the Government's side, the survival of this Company is not possible at all. Though the order-book position of the Company has started improving this year upto Rs. 130 crores against the target of Rs. 120 crores, the Company will still make a net loss of Rs. 23.95 crores during 1995-96 and Rs. 20 crores during 1996-97 as per the projections of the Company. Previous Standing Committee on Agriculture have recommended for the revival and revamping of the company and in pursuance of that a comprehensive note has been

prepared by the Ministry, which is under submission to the Minister in-charge of Water Resources for his approval.

The Committee having considered the importance of the matter recommend that the fate of RPNN Ltd. must be decided immediately and the progress of this should be reported to this Committee immediately.

Reply of the Government

Introduction

1.11 Rashtriya Pariyojna Nirman Nigam Limited (RPNN) (formerly National Projects Construction Corporation Limited) was incorporated in 1957 under Companies Act, 1956. As on 31.3.94, the authorised capital of the Company is Rs. 30 crores and paid up capital is Rs. 29.84 crores. Out of this, Rs. 1.05 crores has been contributed by 14 State Government and Union Territory of Chandigarh and rest of the amount is contributed by the Central Government.

2. Profit and Losses made by the Company

2.1 The Company performed well during the first ten years of its operations and declared dividend on paid up capital continuously till 1966-67 excepting the year 1962-63. The Company incurred heavy losses during the next 5 years and from 1972-73 to 1984-85 made marginal profits. Since then the position has deteriorated and the Company's net worth became negative in 1989-90. The accumulated loss till March, 1995 is Rs. 139.05 crores. The anticipated loss during 1995-96 is Rs. 23.95 crores.

2.2 The main reasons for losses are:—

- (i) Comparatively higher amount of loans obtained by the Company from the Government and other Companies and over draft from banks, mainly on account of non-payment of its dues by the project authorities including blocking up of huge amount in Iraq and consequent excessive interest burden.
- (ii) Comparatively higher administrative expenses due to surplus manpower.
- (iii) Low order book position.

3. Comprehensive Revival Plan for RPNN Ltd.

3.1 Following the guidelines of the Department of Public Enterprises, the Ministry of Water Resources in consultation with the Rashtriya Pariyojna Nirman Nigam Limited, formulated a revival Plan which was generally accepted in an inter-ministerial meeting of the representatives of the Ministry of Finance, Department of Public Enterprises, Ministry of Labour and the Planning Commission in August, 1992.

The main components of this revival plan envisaging assistance from the Government of India were conversion of existing Government loan amounting to Rs. 40.40 crores as on 31.3.92 into equity share capital of the Corporation, waiver of unpaid interest and penal interest on Government

loans upto 30.9.92 amounting to Rs. 16.50 crores and Rs. 2.10 crores respectively, grant of interest free working capital fund loan by the Government amounting to Rs. 15.00 crores, grant of interest bearing term loan of Rs. 5.00 crores by the Government for repairs/renovation of the construction machinery, subsidy of Rs. 22.00 crores from National Renewal Fund for Voluntary Retirement Scheme, Government Counter Guarantee for Rs. 60.00 crores and Government of India Guarantee for US \$ 0.175 crores.

4. Observations of the Ministry of Finance on the Revival Plan

4.1 The Ministry of Finance observed that the Comprehensive Plan formulated for the revival of the Company is not viable as the return on investment even after its implementation will be extremely low. It suggested phased liquidation of the company during a period of 4.5 years.

5. Recommendations of the Parliamentary Standing Committee on Agriculture

5.1 The Standing Committee on Agriculture while examining the budget proposals of this Ministry for 1994-95 had recommended that the Rashtriya Pariyojna Nirman Nigam Limited be revitalised and revamped. While reviewing the budget proposal for 1995-96, it again emphasised the necessity of early action in the matter.

6. Present Position

6.1 A note for consideration of Cabinet Committee on Economic Affairs for taking a decision on Course of Action on future of Rashtriya Pariyojna Nirman Nigam Limited is under finalisation. Draft note was prepared and circulated to concerned Ministries and the Departments. The representatives of the Ministry of Finance in a meeting taken by then Minister of State (WR) on 12.6.95 suggested that a Consultant be appointed in consultation with the bankers of the Company for preparation of the revival package. Accordingly, Rashtriya Pariyojna Nirman Nigam Limited had awarded the job of preparation of revival package to M/s S.R. Batliboi & Company M/s. S.R. Batliboi & Company had submitted their report in December, 1995.

6.2 On the basis of this report, the draft Cabinet Note on future course of action about RPNN Ltd. was revised and after approval of the then Minister (WR & HFW) was forwarded in March, 1996 to Ministry of Finance for their approval/comments. The Ministry of Finance have returned the note in May, 1996 asking for resubmission after approval of new Minister In Charge of Water Resources.

6.3 The draft note needed to be revised due to closure of the Financial year on 31.3.96. As such various figures in the note were revised based on the performance of Nigam during the year 1995-96. Also the proposal to provide a loan of Rs. 5.00 crores to the Nigam during 1995-96 for meeting arrears of salary & wages of idle manpower in the Nigam could not

materialise. An amount of Rs. 2.00 crore was sanctioned in May, 1996 out of the Contingency Fund of India for meeting part of this liabilities. An amount of Rs. 50.00 lakhs was also released for repairs to the equipments out of a budgetary provision of Rs. 1.00 crore for 1996-97.

6.4 The revised CCEA Note has been approved by the Hon'ble Minister (WR) and the same has been forwarded on 13.8.96 to the Ministry of Finance for approval of Hon'ble Finance Minister. After his approval it is to be submitted to the Cabinet Secretariat for consideration of the CCEA.

6.5 This Ministry has been making sincere efforts in expediting submission of the note for consideration of CCEA and the delay is due to reasons beyond the control of this Ministry.

7. Efforts to keep Company going

7.1 Meanwhile, to keep the Company going a loan of Rs. 6.89 crores had been sanctioned to the Rashtriya Pariyojna Nirman Nigam Limited in February, 1995. This was meant for meeting short term working capital requirement of the Company especially to enable it to disburse salaries and wages to its employees which in some cases was outstanding for the last 5-6 months. A provision of Rs. 1.00 crore was made in the budget of the Ministry of Water Resources for the year 1995-96 to provide budgetary support to Rashtriya Pariyojna Nirman Nigam Limited. Against this budget provision, an amount of Rs. 50 lakhs in February, 1996 to Rashtriya Pariyojna Nirman Nigam Ltd. to meet its urgent liabilities.

7.2 Further, Rashtriya Pariyojna Nirman Nigam Limited has been advised to encourage the surplus staff to opt for Voluntary Retirement. Necessary funds for incurring expenditure on Voluntary Retirement Scheme are being provided to the Company from National Renewal Fund (NRF). An amount of Rs. 21.00 crores (Rs. twenty one crores) has so far been released to the Company under this scheme. Since introduction of the scheme 1354 employees have availed of its benefits and an amount of Rs. 1674.53 lakhs has been spent by the Company.

7.3 The Company could not pay salary and wages to its employees in non-working units since July, 1995. In the budget of this Ministry for 1996-97 a provision of Rs. 3.00 crores has been made for release of loan to RPNN Ltd. for payment of arrears of salary and wages upto March, 1996 under Non-Plan. Against this, an amount of Rs. 2.00 crores was released to the Company in May, 1996 and the balance amount of Rs. 1.00 crore was released in September, 1996. With this amount the RPNN Ltd. has cleared the arrears of salary and wages to the employees of non-working units upto March, 1996. The Ministry of Finance has been requested for providing additional fund under non-plan in the revised estimate for 1996-97 for payment of salary/wages to the employees of RPNN Ltd. in non-working units during current year.

7.4 A provision of Rs. 1.00 crore was also made under Plan for release of loan to RPNN Ltd. for purchase/repairs of equipment and its working capital requirement during 1996-97. Against this, an amount of Rs. 75 lakhs has so far been released to the Company. In the revised estimates under Plan for 1996-97, a provision of Rs. 20.00 crores has been requested to meet the liability in case the CCEA note is approved before the end of this financial year. This additionality has not been agreed to by the Finance Ministry.

8.0 The delay in decision about the future of the Company is due to delay in submission of the note about future course of action about RPNN Ltd., inspite of best efforts made by the Ministry as described in para 6/ above. However, the Ministry is taking all steps to keep the Company going during the intervening period as described in para 7/above.

Comments of the Committee

1.12 The Standing Committee on Agriculture while examining the budgetary proposals (1994-95) of the Ministry of Water Resources recommended that RPNN Limited be revitalised and revamped. The same recommendation was again reiterated during 1995-96 and 1996-97 while scrutinising the Demands for Grants of the concerned Ministry. The Committee emphasized the necessity for speedy action in deciding the fate of the Company i.e. RPNN Limited.

The Committee are astonished at the way the Government has been dealing with the question of revival of RPNN Limited. The Committee find that due attention to the Company's revival plan has not been given and procedural delays marred the prospects of an early decision on the revival plan. The Committee strongly condemn the inordinate and unreasonable delay that has occurred due to procedural delays. The Committee also disapprove of the way in which the Ministry of Finance has been handling the matter relating to RPNN Limited. The Cabinet note was submitted to Ministry of Finance on 13.8.96 by the Ministry of Water Resources but unfortunately the Ministry of Finance could not take a decision even after almost one year. The Committee deplores this inordinate delay on the part of the Ministry of Finance and urge upon them to decide the fate of the note with in three months from the date of presentation of this report so that the same could be placed before CCEA for finding an early solution to the problem of sickness in the RPNN.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. II

Higher allocation for Major & Medium Sector to bridge the gap between the potential created and utilised

2.1 The Committee express its serious apprehension about the implications of the bleak picture presented by the achievement of physical targets fixed under the VIII Plan for the Major and Medium Sector. During the VIII Plan, this sector was not accorded the Central Ministry the higher priority by and accordingly Rs. 95 crores were allocated from the Central Sector. States were asked to allocate adequate financial provisions to complete the already ongoing Major and Medium Projects where substantial expenditure has been incurred. They (States) were also advised not to start any new Major or Minor Project unless the ongoing projects are completed. Contrary to the original schemes of things the Central Ministry enhanced the Plan outlays from Rs. 95 crores to the order of Rs. 129 crores.

The Committee are dismayed over the fact that while the Ministry increased its allocations from Rs. 95 crores to Rs. 129 crores under this sector, the physical targets in terms of irrigation potential to be created and utilised have been found to be only 45.2% and 49.6% of the target during the initial four years (1992-96) of the Plan respectively.

The Committee want that this shortfall in achieving physical targets of both potential created and utilised should be made good and the States should be advised to allocate adequately higher funds to the ongoing Major and Medium projects where substantial expenditure has already been incurred and simultaneously they should improve the achievements of physical targets fixed under the projects. The Committee opine that this can be achieved through better coordination among the line Organisations/ Departments/Ministries like Planning Commission, Ministry of Agriculture, Water Resources, Finance, Central Water Commission, Planning and Programme Implementation, State Government, Departments of Irrigation and Agriculture etc.

The Committee also observe that the old manuals prevailing in respect of surface water irrigation have become obsolete and require updating and revision by the Ministry of Water Resources. The Committee, therefore, recommend that this work should be taken up immediately as it has a bearing on the distribution of water among the farmers.

Reply of the Government

2.2 As recommended by the Standing Committee, the Ministry of Water Resources is proposing a provision of Rs. 5000/- crores in the Central sector outlay of IX Five Year Plan for Central Assistance by way of loans to the States under "Accelerated Irrigation Benefits Schemes" for timely completion of selected large irrigation and multi-purpose projects which are ongoing. Also a higher allocation for Centrally Sponsored Command Area Development Programme is also being proposed in IX Plan. This programme is basically meant to bridge the gap between the irrigation potential created and that utilised and also to improve crop productivity in the command areas of irrigation projects.

2. As a follow up action of the recommendations of the Standing Committee, the Ministry is also issuing instructions to the State Governments for allocating higher funds in the State Plan outlays for irrigation sector for early completion of ongoing irrigation projects and also for bridging the gap between potential created and its utilisation. The recommendation of Standing Committee is also being sent to the concerned Central Ministries to ensure proper coordination among implementing agencies at the Central/State levels.

The recommendation of the Committee for updating and revision of the old manuals prevailing in respect of surface water irrigation has been noted and action will be taken accordingly.

Recommendation No. VIII

Creation of separate Division for Agri Drainage in CWC

2.3 It was recorded by the previous Standing Committee that the Ministry has not done justice to CAD Programme as the progress under this programme has been very tardy. The Committee feels that adequate attention must be given to Command Area Development Programme. Agricultural land drainage for controlling the salinity and waterlogging must form an integral part of the CAD. Irrigation and drainage have to go simultaneously to sustain the productivity of the land. The Committee, therefore, strongly, recommend that a separate division of agricultural drainage may be constituted in the Central Water Commission and separately trained agricultural engineers may be employed for such purposes. The Committee recommend that a study should be made about soil salinity due to seepage along the canals so that the command area should be increased.

The Committee is dismayed over the unsatisfactory progress made under the Command Area Development Programme which is the only Centrally Sponsored Scheme under the Central Ministry. The Committee observe from the written information furnished by the Ministry that the VIII Plan allocations of Rs. 830 crores approved by the Planning Commission has been reduced to Rs. 700 crores by the Ministry on its own and at a later

stage the allocation under CAD again was reduced to the order of Rs. 665 crores. The Committee also find that the VIII Plan termed CAD as one of the priority sectors and accordingly a sum of Rs. 830 crores out of Rs. 1500 crores total plan outlay was allocated only for CAD Programme, which is 55.33 per cent of the total plan allocations. The Committee further note that including the Budget Estimates of 1996-97, the total estimated expenditure comes around to RS. 606.74 crores again leaving a shortfall in achieving the financial target of Rs. 665 crores. The Committee have their own serious apprehension about the likely shortfall in the physical achievements under various components of this scheme like construction of field channel, drains, land levelling and warabandi. These physical achievements hover around 45 per cent of the total VIII Plan targets during first four year of the VIII Plan. The Committee strongly recommend that the Command Area Development Programme must be given its due priority as envisaged by the Planning Commission. The Committee also recommend that this should be done in close co-ordination with the Planning Commission after having reviewed the programme in totality and accordingly this programme should be streamlined by providing adequate allocations during this year and also during the IX Plan in accordance with the letter and spirit of the Working Group Report. The Committee also note that there is a sizeable gap between the irrigation creation, potential created and the potential actually utilised under areas covered by Minor Irrigation and they recommend that the coverage of CAD Programme should be extended to Minor Irrigation Sector from this year onwards and they desire that the Ministry should come up with a higher allocation for CAD Programme for this purpose at the revised estimate stage. The Committee take serious objection to the manner in which the original outlay of Rs. 830 crores was allowed to be curtailed to Rs. 700 crores in the first instance and then it was subjected to further slash down to Rs. 65 crores due to which the laudable physical targets set by the Planning Commission had to remain as a distant elusive dream. The Committee wish to point out that the drainage channels etc. constructed under the CAD Programme constitute the key element of the delivery system linking the farmer to the irrigation network and, therefore, they are constrained to observe that if the Ministries are allowed to reprioritise their programmes in this fashion, no sanctity could be there about the original plan strategy evolved by the Planning Commission. The Committee expect that the position of pre-eminence assigned to CAD Programme should come to stay in the Ninth Plan as conceived originally.

Reply of the Governments

Progress under field drains

2.4 Construction of Field Drains is an integral part of Command Area Development (CAD) Programme. However, progress of this work has not been satisfactory. The CAD Wing carried out a diagnostic analysis of this and came to the conclusion that the progress in construction of field drains

was poor because initially, at the time of implementation of the projects, link and collector drains had not been constructed and where constructed they had not been linked properly. As a result, it is not possible to drain water from the fields merely by constructing field drains because of the absence of link drains and, therefore, farmers are reluctant to construct field drains. Considering this problem, it has been proposed by the CAD Wing to include a new item "construction of collector/link drains and vertical drainage including conjunctive use of surface and ground water" in the Ninth Plan proposals of the CAD Programme.

Waterlogging and Soil Salinity

The CAD Wing has proposed a new scheme—Reclamation of waterlogged areas—under the CAD Programme. This was submitted to the Expenditure Finance Committee (EFC) which approved this proposal in its meeting. This has also been approved by the Finance Minister. It has now to be submitted to the Cabinet Committee on Economic Affairs.

The CAD Wing has initiated steps for conducting studies on Soil Salinity and Waterlogging due to seepage along the canals in order to alleviate this problem.

Letters have been written to all Chief Secretaries of the States where CAD Programme is being implemented for sending proposals for a study of waterlogged areas through remote sensing. The National Remote Sensing Agency (NRSA) has agreed to take up these studies. The cost of these studies will be shared equally between Government of India and the State Governments.

The State Governments have been requested immediately to undertake a survey of the areas affected by waterlogging and indicate the extent of the problem. It is proposed to hold a two day workshop to discuss the issues relating to reclamation of waterlogged, saline and alkaline lands in which representatives of State Governments and experts have been invited to participate.

The CAD Wing of the Ministry brought out a Manual on "Reclamation and Management of Waterlogged and Salt Affected Area in Irrigation commands" prepared with the assistance of Central Soil Salinity Research Institute (ICAR), Karnal. The Manual has been circulated to all State Governments for taking necessary steps in this regard.

The Central Ground Water Board (CGWB) has been requested to take up studies on conjunctive use of surface and ground water. Studies on the following projects have been taken up:

1. Indira Gandhi Nahar Pariyojna (IGNP)—Stage-I, Rajasthan
2. Sharda Sahayak, Uttar Pradesh
3. Mahi Kadana, Gujarat
4. Hirakud, Orissa

5. Tungabhadra, Andhra Pradesh
6. Ghataprabha, Karnataka
7. Kosi, Bihar
8. Gandak, Bihar
9. Indira Gandhi Nahar Pariyojna (IGNP)—Stage-II, Rajasthan
10. Nagarjuna Sagar Project, Andhra Pradesh.

Studies on some of the above projects have been completed and are under progress for the others. The reports and a summary of observations of these studies have been sent to the concerned State Governments for taking necessary action.

Water and Power Consultancy Services (WAPCOS), a Public Sector Undertaking under the Ministry of Water Resources has also been requested to prepare a proposal for study of waterlogging and soil salinity in respect of some of the commands severely affected by this and to delineate the affected areas along minors/distributaries so that reclamation in these areas can be taken up.

Financial Allocation and Physical Achievements:

Although the initial VIII Plan allocation for the CAD Programme was Rs. 830 crores it was subsequently reduced to Rs. 700 crores by the Ministry in order to provide some allocation for schemes/areas where sufficient allocation had not been made. There was subsequent reduction in the allocation for the programme at the Annual Plan stage, approved by the Planning Commission although the allocated amount was fully utilised.

The physical targets of On Farm Development works under the programme were consequently revised by the Expenditure Finance Committee (EFC) because of reduction in financial outlays.

Targets in respect of On Farm Development works originally fixed, revised targets fixed by the Expenditure Finance Committee (EFC), and achievements during VIII Plan are indicated below:

Item	Targets proposed in the EFC Memo	Targets fixed by the EFC	Achievement upto March 1996	Percentage /Target fixed by EFC
Field Channels	2.5	1.33	1.35	101.50
Warabandi	4.0	2.60	2.08	80.00
Field Drains	0.5	0.30	0.16	53.30
Land Levelling	0.4	0.40	0.09	22.50

The progress in respect of field channels and warabandi as seen above has been encouraging. In 4 years, achievement as a percentage of targets

has been 101.5 per cent and 80 per cent in case of field channels and warabandi respectively. Achievement under land levelling and shaping has not been impressive mainly due to deficiencies in the pattern of financial assistance. Land levelling and shaping is still not under the budgetary provision and is financed by loans from financial institutions which involves a cumbersome process. As regards achievement under construction of field drains the reasons for slow progress have been cited earlier in the note.

Inclusion of Minor Irrigation

Steps have been initiated to include Minor Irrigation Projects with a Culturable Command Area (CCA) greater than 500 ha. It has been proposed for inclusion under CAD Programme in the report of the Working Group on CAD Programme for the Ninth Plan. In view of curtailment in expenditure, it has not been possible to include Minor Irrigation Projects during the current financial year. However, some Minor Irrigation Projects in the hilly areas of Himachal Pradesh and Meghalaya have recently been included under the CAD Programme.

Proposals for covering Minor Irrigation Projects in other areas have been included in the Ninth Plan proposals of the CAD Programme.

Recommendation No. IX

Delay in taking up Flood proofing works in Bihar and Anti Erosion work in U.P., Bihar and West Bengal

2.5 The Committee are very much concerned about the poor progress made under the Flood Control Sector. The Committee note that during VIII Plan Rs. 40 crores were earmarked for Flood Proofing of North Bihar but only Rs. 1.5 crores was released to Bihar till date and even for this amount no utilisation certificate has been furnished by the State Government. The Committee also note that the Bihar Government scheme up with Flood Proofing proposals only during 1995-96, although the Eighth Plan had made provisions for these proposals right from 1992-93. The Committee further note that the VIII Plan allocation of Rs. 30 crores for carrying out anti-erosion works in the critical areas of Ganga and Brahmaputra river basins mainly in U.P., Bihar and West Bengal States could not be utilised except for Rs. 2.2 crores which were released to the States of West Bengal and Bihar in 1992-93. The Committee note the fact that Pakistan has made spurs along the banks of rivers Ravi and Sutlej to divert the flow of these rivers towards India and this has resulted in flooding of a substantial portion of fertile land every year in Punjab State causing huge loss due to soil erosion. Sometimes even a huge portion of land is lost to Pakistan when the rivers change their course due to floods. The Committee found during the evidence that the Ministry that only Rs. 1.5 crores as loan is provided to Punjab in the Western Sector and the same amount is given to north eastern States to overcome this problem. The rest of the required money have to be provided by the States concerned from their own plan. The Committee

strongly disapprove the casual view taken by the Ministry while implementing the Flood Control Schemes and recommend the following:—

- (i) Floods are the regular phenomenon in some parts of the country. As per the Ministry of Water Resources statistics, 14 million hectares land have been saved from the floods, still 16 million hectares are left. Further, Ministry of Water Resources estimated over Rs. 6000 crores for the flood control measures of the remaining land. In the reply filed by the Ministry of Water Resources it was said that there is no silting in the rivers and this does not lead to the flood. This reply was found to be contrary to the real situation. The Committee strongly recommend that there should be a very close coordination between the Ministry of Agriculture and Ministry of Water Resources in this regard.
- (ii) The Committee opined that the Ministry of Water Resources should activate its technical personnel to come up with data-base by having extensive observation of the flow pattern of the flood causing rivers and the damage of crops etc. As a consequence there is a need to implement large scale catchment treatment programme to control the siltation of rivers and reservoirs. In this connection the coordination between Ministry of Water Resources and Department of Soil and Water Conservation of Ministry of Agriculture is essential.
- (iii) Flood Proofing should be accorded due priority and this scheme should be extended to other chronically flood affected States like Uttar Pradesh, West Bengal, Assam, Haryana, North East States etc. The entire allocations made under this scheme must be utilised during the course of the financial year regularly.
- (iv) The entire allocation for anti-erosion works under the VIII Plan i.e. Rs. 30 crores must be utilised during the current year itself.
- (v) A comprehensive perspective plan must be formulated for combating the flood problems and erosion in the rivers flowing along the eastern and western borders of our country and the same be approved by the Planning Commission within the shortest period possible and the entire funds required for this purpose should be borne by the Centre itself and it should be taken up for implementation in the very first year of the Ninth Five Year Plan period without any delay. The Committee are totally disappointed at the meagre allocations made in this regard in the previous years and which to impress upon the Government the urgency involved in the matter lest more harm should be done if the Government does not wake up in time to perceive the reality.

Reply of the Government

2.6 Recommendations/observations of the Standing Committee on Agriculture brought out in the 4th Report of the 11th Lok Sabha relating to the demands for grants for 1996-97 of Ministry of Water Resources with

respect to flood control Sector are contained in Para IX of Chapter III (Pages 48—50) of the report. Para-wise replies to the observations are as follows:—

(i) Planning and implementation of flood management schemes are the responsibility of the State Government. The Central Government has only an advisory role. However, the Centre provides special assistance for specific identified schemes. The State Governments have undertaken various flood management measures in the successive Five Year Plans. These measures have provided reasonable degree of protection from floods to an area of about 14.4 m.ha. out of 32 m.ha. of area that could be provided with reasonable degree of protection as assessed by Rashtriya Barh Ayog. The total expenditure incurred on the flood management measures is about Rs. 4159 crore upto March 1995. During the 8th Five Year Plan an additional area of 1.822 m.ha. are likely to be benefited. Information on area protected during 8th Plan have not been received from all the State Governments. Outlay provided in the flood control sector had been grossly inadequate. Against the estimated requirement of Rs. 5060 crore during the 8th Plan by the Working Group of flood control, the allocation provided by the Planning Commission was only Rs. 1623 crore. The Working Group of 9th Plan have recommended an outlay of Rs. 4521 crore and have assessed the area that could be provided with reasonable degree of protection as 3.063 m.ha. The achievement of this benefit would depend upon the final allocation that the Planning Commission would make in the flood control sector.

The reply of demand for grants 1996-97 given by the Ministry of Water Resources on items pertaining to flood control sector do not seem to contain a statement that there is no silting in the river and this does not lead to flood. The recommendations of the Committee for close coordination between Ministry of Agriculture and the Ministry of Water Resources had been noted.

(ii) Central Water Commission under the Ministry of Water Resources maintain a large network of more than 800 hydro-meteorological stations on various river system of the country for collecting flow data which includes flood observations. The Ministry has already built up strong data base and the process is continuing. Soil conservation and catchment treatment area programme are handled by the Ministry of Agriculture. The suggestion to have better coordination with the Ministry of Agriculture in this respect has been noted. It may, however, be mentioned that the Rashtriya Barh Ayog had examined the effects of water management measures on flood control and has made the following observations in their report of 1980:

"Watershed management is thus likely to give some benefit to flood mitigation works, by reducing the silt load. However, with the limited experience now available, quantitative assessment of the same cannot be made. Whether the reduction in silt charge will be tangible and whether it

will again be wiped out by scooping up of the scrounable bed material of the rivers and streams of steep gradient is still to be tested. Thus the evaluation of watershed management programmes in relation to flood benefits is yet to be made under prototype conditions, especially for Himalayan watershed".

(iii) The allocation for flood proofing programme during 8th Plan was restricted to North Bihar. This allocation was as per recommendations of the Committee of Secretaries based on the approach paper prepared by the Ministry of Water Resources for flood proofing programme in North Bihar. During 1996-97 a provision of Rs. 7 crore has been made for the programme. The State Government of Bihar has been asked to expedite the works and it is hoped that it would be possible to spend the whole allocation made for 1996-97. The necessity for expanding the scheme to other flood proofing works has been suggested during the 9th Five Year Plan.

(iv) Against the 8th Plan allocation of Rs. 30 crore for anti erosion works an expenditure of Rs. 2.2 crore has been incurred during the years 1992-93 and 1993-94. Thereafter an EFC Memo for the scheme was prepared by the Ministry on the basis of schemes proposed by the States. This EFC Memo was discussed in two meetings convened by Secretary, Ministry of Water Resources in Nov., 1995 and January 1996. The Planning Commission did not agree with the scheme on the plea that the programme has been proposed at the fag end of 8th Five Year Plan. An allocation of Rs. 4.25 crore has been made for the scheme during 1996-97. Efforts are being made to get the scheme approved by the Planning Commission.

(v) A comprehensive nationwide view has been taken by the Working Group on Flood Control for the Ninth Five Year Plan towards implementation of anti erosion schemes. An allocation of Rs. 90 crore for Ganga basin States and Rs. 60 crore for other States have been recommended. These include funding also for flood and anti erosion schemes at our eastern and western border States. Funding would come into effect on the very first year of the Ninth Plan. The allocation made is also substantial.

(vi) The Committee noted the facts that Pakistan has made spurs along the banks of river Ravi and Sutlej to divert the flow of these rivers towards India and this has resulted in flooding of a substantial portion of fertile land every year in Punjab causing huge loss due to soil erosion. Sometimes even a huge portion of land is lost to Pakistan when the river changes the course due to flood. The Committee has disapproved the casual view taken by Ministry while implementing the flood control schemes by providing only a sum of Rs. 1.50 crores as loan in the western sector and has recommended that a comprehensive plan must be formulated for combating the flood problems and erosion in the rivers flowing along-with

the western borders of the country and the same be approved by the Planning Commission within the shortest period possible and the entire funds required for this purpose should be borne by the Centre and it should be taken up for implementation in the very first year of the 9th Plan period without any delay.

River Ravi flows almost along Indo-Pak Border before entering Pakistan. Floods in the river cause severe damages to flood protection/ river training works and culturable land in India. Pakistan has over the years constructed flood embankments and spurs on its side of the river. These works under certain hydraulic and morphological conditions divert the flow of the river towards the other bank in the Indian Territory.

Ministry of Water Resources, Government of India has constituted a Committee in 1989 regarding "special remedial works for flood protection embankment of Sutlej and Ravi" to technically examine proposals received from Government of Punjab and recommend suitable flood protection measures. This Committee has Members from Central Water Commission, Ministry of Water Resources, Central Water & Power Research Station, Punc and Government of Punjab.

The State of Punjab has been constructing counter protective works to keep the river away from the Indian Border. About Rs. 1.5 crores is earmarked every year as central loan assistance, construction of these counter protective works. As this amount is not sufficient, the State undertakes balance works depending upon the priority and resources available with them. The Ministry of Home Affairs has taken a note of the situation and a meeting of the concerned Ministries was called in February, 1996 in which a decision was taken that the Committee alongwith co-opted Members from Central Public Works Department, Ministry of Home Affairs and Ministry of Defence shall visit the works on Ravi and Sutlej during March, 1996. The Committee visited river training works and prioritised the works to be taken up immediately. The Committee has requested Government of Punjab to furnish the details of structures constructed by Pakistan which may be ascertained either with aerial photographs or satellite imageries so that counter protective measures may be planned in a comprehensive manner. Based on the recommendations of the Committee, Punjab Government will prepare a detailed project report alongwith the estimate for techno-economic appraisal by the Central Water Commission. Ministry of Water Resources has been pursuing Ministry of Home Affairs to arrange for additional Central assistance so that works could be taken up in a comprehensive manner.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation No. IV

Fixing of Cropping pattern on the basis of water availability

3.1 Operation and maintenance of the canal networks of the M&W Irrigation Projects are important for smooth supply of water for Irrigation. Although it is a State subject, some State guidelines are to be issued to the State Governments to find some funds for this purpose so that the objectives of the project are not defeated. As regards to the query of water distribution in canal system, the Department highlighted changing cropping pattern as the root cause for shortage of water supply which is not the only reason.

The Committee feels that there is need to introduce the dynamic cropping pattern in the irrigation commands. Cropping pattern should be decided every year, based on the availability of water in the reservoir. This could be pragmatic for the rabi season. The Committee also feels that a proper legislation may be thought of, if necessary.

Reply of the Government

3.2 Operation and Maintenance of Canal Networks

1.1 Adequate and timely maintenance of an irrigation system is imperative for proper irrigation management. Efficient water management cannot be achieved unless the infrastructure for water conveyance and delivery system is in a reasonably good condition to retain its operational efficiency. Due to lack of requisite maintenance quite a few of the irrigation networks have deteriorated markedly over the years. Signs of this include weed infestation, siltation, broken canal linings, failing and damaged structures and inoperative drains. Such structures are unable to deliver the water reliably to support crop needs as per the approved operation plan. A serious impediment to irrigation system reliability and performance is, therefore, infrastructural deterioration from inattentive and absent maintenance regimes. The worst affected areas are the secondary and tertiary systems.

1.2 The financing of maintenance through non-plan funds has been posing a serious problem. Prior to independence, the irrigation rates were generally sufficient to meet the working expenditure on operation and maintenance of irrigation systems. Since independence, however, there has been progressively deterioration in the return and efficiency of irrigation

projects, imposing a growing burden on the revenue and agricultural production in the States. The provision made for the upkeep of irrigation projects is not adequate and even whatever provision is made is not utilised effectively. It has been observed that while the States have been receiving the funds as per the recommendations of Finance Commission, the actual funds allotted and expenditure incurred by most of the States for operation and maintenance of irrigation systems is much less.

1.3 Unlike the general non-plan services such as law and order, education, etc. which could benefit all citizens, irrigation is area specific and is provided only to small special class of citizens. Therefore, there is a logic in trying to sustain expenditure on providing irrigation with the recoveries from the beneficiary users. The National Water Policy, 1987 already incorporate this principle. However, the percentage recovery of the working expenses through gross receipts has been declining steadily. Statistical information in this regard shows that the percentage of recovery of working expenses has steadily declined from around 90 per cent to 40 percent in the short period of about 10 years. Another major concern is that the salary of staff is forming larger and larger percentage of working expenses. It is seen that most States have registered large increases on the administrative expenses. The increase in administrative expenses would naturally mean less effectiveness in the expenditure. The possible solution could lie in large scale increases in the irrigation water rates, better recoveries of the assessed rates through stream-lined administrative procedures and reduction in administrative expenses.

1.4 The irrigation water rates, as per the National Water Policy, are required to meet at least full operation and maintenance cost. It is desirable that they also bear a part of the interest on capital expenditure. However, both due to low water rates and due to low recovery of water rates, the actual revenue received is much less as compared to the inadequate working expenses on irrigation systems. To examine the existing mechanism of pricing, its level and structure, modalities of improving the recovery of dues, the norms of maintenance and other related issues, the Planning Commission constituted a Committee on Pricing of Irrigation Water in October, 1991. The Committee has submitted its report in September, 1992. The main recommendations made are:—

- Enhancement of irrigation rates to recover O&M costs and interest on capital costs alongwith the depreciations. This increase is to be achieved in phases. Immediate aim should be to recover O&M costs and one percent interest charges on capital costs as envisaged in the National Water Policy.
- Two tier tariff system.
- At least ten percent of the plan provision of major and medium irrigation projects to be earmarked for modernisation and renovation.

- Recovery of accumulated arrears to be ploughed back for deferred maintenance/special repairs.

- Improvement in the assessment and collection of water rates.

In view of the nature and broad based implication of certain recommendation made by the Committee, the Planning Commission set up in December, 1992 a Group of Officials (GOO) with representatives from Union Ministries of Finance, Agriculture and Water Resources, as well as from nine major States, for studying the recommendations with its implications and suggestions thereon to the Planning Commission to take a final view in the matter. The main recommendations made by GOO in their report of December, 1994 are:—

- Water rate is to be considered as service charge and not a tax and revenue through irrigation water should recover full O&M costs. This increase is to be achieved in a phased manner *i.e.* in five years starting from 1995-96, taking into account inflation also.
- Two tier tariff was not found feasible. Instead a suitable formation of irrigation water pricing structure has been recommended to take care of pricing Committee's recommendation in totality based on individual state conditions.

Irrigation being a state subject, the reports of the Pricing Committee and that of the GOO have been sent by the Planning Commission to the States for consideration and taking further necessary action as deemed necessary.

1.5 Considering the situation, the proposed Irrigation Management Policy envisages the interlinking of the recoveries from a system with the expenditure on maintenance. It also envisages the upward revision of the water rates to bring down the scarcity value of the water, to provide for sustenance of the maintenance effort, to sustain farmers organisation, etc. Volumetric supply is also recommended since it would induce economic use of water.

1.6 It is felt that many shortcomings of present irrigation management could be obviated by effectively involving farmers in irrigation management. The Ministry of Water Resources has been giving suggestions in this regard since a long time. A large number of discussions, seminars, workshops etc. have been held on the desirability, scope, purpose of farmer's organisation etc. The most important features of the consensus that have emerged in this regard are: (i) the farmers need to organise themselves into society or cooperative societies which would be the water users' associations, (ii) the irrigation departments should ensure bulk supplies to the water users' associations at distributary or minor level rather than dealing with large number of individual farmers; since farmers organisation will receive bulk supply on payment to irrigation department, the responsibility of collecting the payment from individual farmer would rest on the farmers' organisation; the difference between the bulk and the

retail for water would provide money required by the organisation to maintain the tertiary system and to maintain itself; and (iii) necessary changes required for nurturing such farmers' organisation need to be made in the Irrigation Act.

2. *Water Distribution in Canal System*

2.1 There is no uniform system of irrigation management in India. Irrigation systems fall broadly into two categories viz. run-of-the-river diversions and storage reservoirs. Irrigation management systems differ from region to region in the country since they have been shaped by local conditions such as the nature and extent of water resources, agro-climatic and socio-economic conditions and the terrain of the irrigated area. Development of the rules for operation and management of irrigation has been a continuous process depending upon the needs of particular situations. Irrigation system management involves some basic issues like principles of water allocation, main system operation upto outlet, operation of the tertiary system below the outlet etc. Depending upon the resolution of these issues, most surface systems could be classified into four main types: Localisation (prevalent in southern States of Andhra Pradesh, Karnataka and Tamil Nadu Warabandi, (northern States of Punjab, Haryana, Uttar Pradesh and Rajasthan), Shejpali (Gujarat and Maharashtra) and field to field (Southern and Eastern deltas). While these systems have been operating in various parts of the country with varying degree of success and farmer satisfaction, they have been under considerable strain because of the deteriorated conditions of the physical system and lack of infrastructural facilities matching the desired operational plan to meet the requirement of the water sensitive crops.

2.2 The cropping proposed in an irrigation project is based on various factors such as existing crop-pattern, the result of soil survey of the command area and recommendation regarding suggested crop-pattern for the region or the agro climatic zone in which the project is situated or located. The Crop-Pattern is finalised in consultation with the State Agriculture Department and the Crops Division of the Ministry of Agriculture. On the basis of this cropping pattern design of canal system of the project is done and the economic viability is also worked out.

2.3 However, in actual practice it is found that the cropping pattern under the project commands is not same as is considered while planning the project. For a study of the situation Central Water Utilisation Team (comprising of representatives of various disciplines/deaprtments) had visited many irrigation projects in the past (1975-80): they found that in all these projects Crop Pattern in vogue was different from the approved crop pattern for the project. This is so in almost all the projects. This is due to the fact that farmers prefer to grow crops which are more beneficial to them from economic point of view. The changes in crop pattern are also

resulted due to the various High Yielding varieties of crops as are developed due to the continuing agricultural research. The State Agriculture Department and Ministry of Agriculture (Crop Division) also encourage and promote cropping systems for increasing the productivity on one hand and changes in existing crop pattern *viz.* cereals and oil seeds were recommended in view of their overall shortages in the country. They also recommended location specific high yielding varieties. Improved Crop production technologies & Changes in the crop pattern are also propagated through Agriculture Extension services by demonstration on farmer's fields & training of farmer's. Thus various strategies and programmes as followed results in the changes in cropping pattern from those adopted while planning and designing the project.

2.4 Formal approach to system management problems was outlined by the Government of India in the "Manual on Irrigation Water Management, 1982". In pursuance of this, efforts were made during the period of early eighties towards integrated water management and rotational water supply or warabandi in a few World Bank aided projects and other projects in the States of Andhra Pradesh, Gujarat, Haryana, Maharashtra and Rajasthan. In the light of these experiences, the Government of India decided to launch the water management programme at national level.

2.5 The World Bank was approached in 1982 with a proposal for funding the National Water Management Project (NWMP). The Bank, based on its initial experience from some pilot projects, agreed with the Government of India to explore the potential for the NWMP in selected States. The purpose of the Improved Water Management component of the project was to increase agricultural productivity and farm incomes in existing irrigation schemes, through an irrigation service that was more reliable, predictable and equitable. The project was to provide for low-cost infrastructural improvements to convert the demand based system into supply based system as to support an improved operation plan for selected schemes. The main thrust under the improved operational plan was to define, based on water availability, system characteristics and agricultural options, how the system would be operated with respect to the timings and quantity and the responsibility of those involved.

2.6 The strategy for each scheme under the NWMP was derived from the objectives which could be accomplished with the known constraints reflecting undertaking of how the system has evolved in its present form and how does it operate. However, the solutions were required to be responsive to the established socio-economic environment and evolving agricultural conditions. The main thrust of NWMP had been on the delivery of allotted water at different outlets according to a pre-determined and agreed schedule. The farmers were free to grow crops of their choice within the water allocated to them. For flexibility in cropping pattern they could supplement from ground water, or other sources. In view of these

parameters, a three-pronged strategy, i.e., operational plan with matching physical improvements, participatory management and adequate budget for operation and maintenance was adopted to achieve the objectives of NWMP.

2.7 In view of the importance and usefulness of the National Water Management Project, the M/OWR has decided to take up second phase of NWMP to continue with the programme on a large scale. A comprehensive proposal for NWMP-II has been formulated by the Ministry based on detailed project proposals received from the participating States. Under the second phase of NWMP 428 projects would be taken up for improvement to benefit a cultural command area of 6.3 million hectares at an estimated cost of Rs. 2880 crores. The project proposal has been sent to the Department of Economic Affairs, Ministry of Finance for posting before the World Bank for credit assistance.

2.8 The World Bank assisted Water Resources Consolidation Project (WRCP) are under implementation in the states of Haryana, Orissa and Tamilnadu. Two most important objectives of WRCP are namely (i) improvement in agricultural productivity through rehabilitation and completion of irrigation schemes and farmers participation; and (ii) assure sustainability of infrastructure and environment. By ensuring an equitable supply of water to all farmers in irrigated areas, these projects would benefit the hitherto deprived sections of the rural community who previously received little irrigation water (tail-enders) or unreliable supplies. Physical and financial sustainability of irrigation would be enhanced through linkage of system improvements with farmers participation in design, implementation, scheduling, O&M and water management at the secondary and tertiary levels of the canal network.

Recommendation No. X

Under-allocation and Under-utilisation in the Transport Sector for Farakka Project

3.3 The Committee note with grave concern that the trend of allocation and utilisation under the Transport Sector has been far below the expected level. Rs. 166 crores were allocated to the Farakka Barrage Project under the VIII Plan and till date only Rs. 66 crores have been allocated by the Ministry, leaving a huge shortfall of Rs. 100 crores. Moreover, the Ministry utilised only Rs. 46.14 crores out of the total allocation of Rs. 51 crores during the first four years of the VIII Plan again leaving a shortfall of Rs. 4.86 crores. The Committee deplore this unhealthy trend of under allocation and under utilisation for this sector. The Committee are extremely unhappy over the way the Ministry has handled this project and recommend that necessary steps must be taken by the Ministry to implement the Farakka Project within a period of one year without lingering on interminably.

Reply of the Government

3.4 Out of Rs. 166 crores allocated to Farakka Barrage Project, Rs. 100 crores were made for Farakka Hydel Project. In this connection, it is mentioned that the Government of India has taken a decision to implement Farakka Hydel Project through 'Build, Own & Operate' (BOO) basis through private developers. Accordingly, no expenditure is being incurred by Farakka Hydel Project except a nominal amount of Rs. 1 crore on various activities like model test etc. Out of the remaining Rs. 66 crores, Rs. 46.14 crores were spent during the first 4 years and balance amount of Rs. 19.76 crores was proposed to spend during 1996-97. However, because of the financial constraints, the Plan allocation for 1996-97 has been approved for Rs. 15 crores. The Project Authorities are still endeavouring to spend Rs. 19.76 crores (balance amount of VIII Plan Allocation). The additional fund is expected to be made available to the project at the time of supplementary grants.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation No. III

Flexibility of criteria under Accelerated Irrigation Benefits Programmes (More funds in 9th Plan and offer as Grants)

4.1 The Committee appreciate the commendable gesture on the part of the Central Government for making a huge provisions of Rs. 900 crores of financial assistance to supplement their allocations for major Projects where nearly 75% expenditure of the total cost has been incurred already and still it is beyond the capacity of the States to provide adequate required allocations to complete these projects. The Central Government has made this provision of Rs. 900 crores as loan to States on matching basis to finance these major projects whose cost is more than Rs. 1000 crores and where more than 75 per cent expenditure has been incurred already. The Committee have been informed during the course of evidence of the Ministry and in a written reply that there are 15 such Major Project whose individual cost is more than Rs. 1000 crores and the total spill over cost is Rs. 19626.12 crores presuming that if States also contribute equally an amount of Rs. 900 crores during 1996-97, the total Central and State outlay would be around Rs. 1800 crores. At this rate, it would take another at least ten years to complete these projects. The Committee note that during these ten years, there would be again cost overruns in respect of these projects. The Committee also express its concern that the already resource starved States will find it difficult to provide a matching allocation out of their Annual Plan to this Scheme. The Committee further note that the assistance proposed is in the nature of loans and not as grants and as such the entire scheme appears unattractive as it would increase the liabilities of the States. The Committee wonder as to whether there could be any takers at all for this Scheme. The Committee again express its concern over the fact that the funding criteria and guidelines for implementation of this scheme have not yet been finalised although $\frac{1}{3}$ of the current financial year is already over. The Committee recommend that the scheme should be made more flexible and it should not be made mandatory on the part of State Governments to make equal financial provisions against the assistance they receive from the Central Government in the form of loan. At the same time, the Committee advise the Central Government to pursue vigorously with the States concerned to make adequate allocations out of their State Plans for time-bound completion of

these major projects where more than 75 percent expenditure has already been incurred. The Committee further recommend that this Central assistance should be continued and increased during the Ninth Plan. If the response to the scheme is not encouraging, the Committee recommend that the Government should explore the possibility of offering this assistance as grants instead of loans.

It was also observed that few projects of even VI and VII Five Year Plans are not complete yet. Again this results in increase in the cost. Therefore, the Committee strongly recommends that the on-going projects of the VIII Five Year Plan may be given priority for its completion and appropriate funds may be allocated.

Reply of the Government

4.2 The Union Finance Minister in his speech on presentation of the Budget Estimates of the Union Government for 1996-97 announced launching of "Accelerated Irrigation Benefits Schemes" for providing loan assistance to the States for accelerating implementation of large irrigation and multi-purpose projects costing more than Rs. 1000 crores which are beyond the resources capability of the States and for completion of other Projects which are in advanced stage of completion and with just a little additional resources the projects could be completed and farmers could get the benefit of assured water supply to 1,00,000 ha. to benefit the first crop in such areas in one of the next four agricultural seasons.

2. For this purpose an amount of Rs. 900 crores has been provided in the budget estimates of the Ministry of Water Resources under the "Accelerated Irrigation Benefits Programme" for two components as under:—

(a) FOR AIBP (Rs. 800 CRORE COMPONENT)

Irrigation/Multi-purpose projects each costing more than Rs. 1000 crores where substantial progress has been made and are beyond the resources capability of the States.

(b) AIBP (Rs. 100 CRORE COMPONENT):

Major and Medium projects [excluding the category in (a) above] which are in an advanced stage of completion where with just a little additional resources the projects could be completed and farmers could get the benefit of assured water supply to 1,00,000 ha. so as to benefit the first crop is as these lands during one of the next four agricultural seasons.

3. The Special Central Assistance to the States is for expeditious completion of ongoing projects in the form of loans at 13% rate of interest per annum during 1996-97 and at the rate of interest as prescribed by the Ministry of Finance in the subsequent years. The loan will be repayable in 20 equal instalments together with interest on the outstanding balance commencing from the following years. However, 50% of these loans will

enjoy a 5 year initial grace period after which repayment of these loans will be affected in 15 annual equal instalments. The loans annually payable (by way of principal & interest) will be recovered in 10 equal monthly instalments commencing from 15th June of each year.

4. The loan is being provided on matching basis and as such the States have to provide matching resources plus the CLA in its 1996-97 budget for the projects. The Central assistance is in the form of reimbursement on quarterly basis after the expenditure is actually incurred on the identified projects for construction in accordance with the agreed schedule of construction. However, during this year the first instalment of 50% of the approved amount for 1996-97 for the selected projects is being released in advance to enable the States to mobilise the projects.

5. The guidelines for selection of the projects under the programme are as follows:—

- (i) Programme should be broad based.
- (ii) Only those projects will be considered which have the investment clearance issued from the Planning Commission.
- (iii) The projects which are already receiving assistance from Domestic Agencies such as NABARD etc., will not be considered. However, the components of such projects which are not covered under such assistance, will be considered for inclusion under the Programme.
- (iv) Projects with larger irrigated area per unit of additional investment will be preferred.
- (v) Phased completion of projects so as to accrue benefits with comparatively smaller investment.

6. The scheme of providing Central Loan Assistance to State Governments under AIBP has been approved by the Cabinet.

7. The State Governments were requested to forward their proposals in the prescribed proforma to this Ministry by 30th September, 1996. After receipt of proposals from the State Governments, a meeting of the Secretaries of Irrigation/Water Resources Department was convened by Secretary (WR) on 12.10.1996 to discuss the proposals received. Subsequently, official level meetings were held from 15th October, 96 to 23rd Oct., 96 with said officials to discuss the projects proposed for inclusion. Thereafter, the projects to which loan assistance could be released, were selected and the amount of CLA for each project for 1996-97 was also worked out in consultation with the Planning Commission. Two lists as finally approved by the Minister (WR) are enclosed.

It may be observed that approved amount of CLA for these projects is Rs. 786 crores. Out of the balance amount of Rs. 114 crores, Rs. 90 crores has been kept reserved for projects in North Eastern States and other hilly States will be allocated soon. The exercise for identification of remaining projects is in progress in consultation with Planning

Commission. The release orders for Rs. 391 crores have already been issued. A proposal for seeking relaxations with regard to ceiling of estimated cost for large projects, mode of disbursement, diversion of amount for large projects to other projects, inclusion of certain minor irrigation schemes and waiver of matching funds from the States' own resources in the case of north eastern and other hilly regions of the country is under consideration.

AIBP/Multipurpose Projects with Estimated Cost More than Rs. 1000 Crores for Inclusion Under the Accelerated Irrigation Benefits Programme (AIBP) : Rs. 800 Crores Programme.

Sl. No.	Name of the project	Amount of Central Assistance	Total
1	2	3	4
<i>Andhra Pradesh</i>			
1.	Sriram Sagar Stage I	63.00	63.00
<i>Bihar</i>			
2.	Kosi Project (1st Plan) (International Project between India & Nepal)	20.00	20.00
<i>Gujarat</i>			
3.	Sardar Sarovar Multipurpose Project (6th Plan Inter-State between Gujarat, M.P., Rajasthan and Maharashtra).	93.00	93.00
<i>Haryana</i>			
4.	Water Resources Consolidation Programme	40.00	40.00
<i>Karnataka</i>			
5.	Upper Krishna (Stage I)	114.00	114.00
<i>Madhya Pradesh</i>			
6.	Bansagar Multipurpose Project (Inter-State between M.P., U.P. and Bihar)	31.00	81.00
7.	Indira Sagar	50.00	81.00
8.	Ghosikurd	20.00	20.00
<i>Punjab</i>			
9.	Ranjeet Sagar Dam	90.00	90.00

1	2	3	4
<i>Orissa</i>			
10.	Rengali Irrigation (part of	15.00	
11.	Upper Indravati RBC	38.00	89.00
12.	Subernarekha Multipurpose Project	36.00	
<i>Tamilnadu</i>			
13.	W.R.C.P.	40.00	40.00
<i>Uttar Pradesh</i>			
14.	Sarda Sahayak (3rd Plan)	20.00	
15.	Saraju Nahan (5th Plan)	18.00	58.00
16.	Upper Ganga including Madhya Canal	20.00	
<i>West Bengal</i>			
17.	Teesta Barrage	10.00	10.00
Total:			720.00
Balance reserved for projects of North Eastern & other States yet to be identified in consultation with Planning Commission			80.00
GRAND TOTAL:			800.00

Statewise List of Major/Medium Projects for inclusion in the Accelerated Irrigation Benefits Programme (AIBP)

(Rs. in crores)

S. No.	State/Name of the Project	Central Assistance for 1996-97
1	2	3
<i>Andhra Pradesh Medium Project</i>		
1.	Chayyru Irrigation	7.50
<i>Assam Medium Projects</i>		
2.	Pahumara	1.20
3.	Hawaipur Lift Irrigation	1.75

1	2	3
4.	Rupahi Irrigation	1.51
5.	Kallong Irrigation	1.00
		<hr/>
		5.46
		<hr/>
<i>Bihar</i>		
<i>Major Projects</i>		
6.	Upper Kiul	5.00
<i>Gujarat</i>		
<i>Medium Projects</i>		
7.	Jhuj	2.40
8.	Mukteshwar	0.65
9.	Harnav-II	0.13
10.	Umaria	0.27
11.	Sipu	3.27
		<hr/>
		6.72
		<hr/>
<i>Haryana</i>		
<i>Major Projects</i>		
12.	Gurgaon Canal Project	5.00
		<hr/>
<i>Karnataka</i>		
<i>Major Projects</i>		
13.	Malaprabha	3.00
<i>Medium Projects</i>		
14.	Hirahalla	5.50
		<hr/>
		8.50
		<hr/>
<i>Kerala</i>		
15.	Kallada Project	5.00
		<hr/>
<i>Madhya Pradesh</i>		
16.	Shivnath Diversion	1.75
		<hr/>
<i>Orissa</i>		
17.	Anandapur Barrage	3.10
		<hr/>

1	2	3
<i>Rajasthan</i>		
<i>Medium Projects</i>		
18.	Sawan Bhado	2.25
19.	Jaisamond Modernisation	1.85
		4.10
<i>Tripura</i>		
<i>Medium Projects</i>		
20.	Manu	1.75
21.	Gumti	3.12
		4.87
<i>Uttar Pradesh</i>		
<i>Major Projects</i>		
22.	Rajghat	6.00
<i>Medium Projects</i>		
23.	Gunta Nala Bandh	2.00
24.	Providing Kharif Channel in Hindon Krtishni Doab	1.00
		9.00
Balance for projects of North Eastern and other States yet to be identified in consultation with Planning Commission		34.00
GRAND TOTAL:		100.00

Comments of the Committee

4.3 For comments of the Committee please refer to Para No. 1.6 of Chapter I of this Report.

Recommendation No. V

Delay in completion of SYL Canal Project

4.4 The Committee feel that the Ministry of Water Resources has not been giving due emphasis on the completion of SYL Canal Project which is funded cent per cent from the Central exchequer. As on date Rs. 499 crores have been spent by the Centre against its original cost of Rs. 272 crores. The Committee is of the firm view that the cost of this project escalated alarmingly upto Rs. 601.25 crores only because the matter has not been adequately pursued at the highest political level over the years and the matter has been allowed to drift interminably. This matter has been highlighted time and again by the Standing Committee on Agriculture year after year but no substantial action has been taken by the Central Government that Rs. 499 crores which have already been spent have literally gone down the drain. The fact that no work has been carried out

since July, 1990, is a matter of grave concern for the Committee. The Committee having realised the magnitude of the problem recommend that this matter must be resolved on priority basis by the Ministry and for doing so meetings of the concerned States Punjab and Haryana should be called at the Chief Minister level immediately and under the guidance and active cooperation of the Prime Minister who is the Chairman of Water Resources Council, the matter should be resolved at the earliest and this issue should be delinked from territorial and Capital issue and the work of completion of SYL canal be accorded the highest priority.

Reply of the Government

4.5 The Standing Committee on Agriculture (1996-97), 11th Lok Sabha in its 4th Report has made the observation that due emphasis has not been given on the completion of Sutlej Yamuna Link Canal Project which was funded from the central exchequer. The Committee expressed the view that cost of this project escalated because the matter has not been adequately pursued at the highest political level for the years and no substantial action has been taken by the Central Government. The Committee has expressed concern and recommended that this matter must be resolved on priority basis by the Ministry and for doing so meetings of the concerned States of Punjab and Haryana should be called at Chief Ministers level immediately and work of completion of Sutlej Yamuna Canal be accorded highest priority.

The Ministry of Water Resources considers that the matter is very sensitive due to Inter-State conflict in the States of Punjab and Haryana. As the issue had reached a deadlock, the Ministry of Water Resources prepared a note for the Cabinet on SYL Canal Project bringing out the facts of the case seeking the advice of the Cabinet for further necessary action. A draft Cabinet note after approval of the Minister (WR&PA) has been circulated to Planning Commission, Ministry of Finance, Ministry of Home Affairs and Ministry of Defence. The Ministry has received the comments from these Ministries and will approach Cabinet for necessary guidance.

Comments of the Committee

4.6 For comments of the Committee please refer to Para No. 1.9 of Chapter I of this Report.

Recommendation No. VI

Revival of RPNN Limited

4.7 The Committee after having examined the present state of RPNN Ltd. have reached a firm conclusion that without substantial assistance from the Government's side, the survival of this Company is not possible at all. Though the order-book position of the Company has started improving this year upto Rs. 130 crores against the target of Rs. 120 crores, the Company will still make a net loss of Rs. 23.95 crores during

1995-96 and Rs. 20 crores during 1996-97 as per the projections of the Company. Previous Standing Committee on Agriculture have recommended for the revival and revamping of the company and in pursuance of that a comprehensive note has been prepared by the Ministry, which is under submission to the Minister in-charge of Water Resources for his approval.

The Committee having considered the importance of the matter recommend that the fate of RPNN Ltd. must be decided immediately and the progress of this should be reported to this Committee immediately.

Reply of the Government

Introduction

4.8 Rashtriya Pariyojna Nirman Nigam Limited (RPNN) (formerly National Projects Construction Corporation Limited) was incorporated in 1957 under Companies Act, 1956. As on 31.3.94, the authorised capital of the Company is Rs. 30 crores and paid up capital is Rs. 29.84 crores. Out of this, Rs. 1.05 crores has been contributed by 14 State Governments and Union Territory of Chandigarh and rest of the amount is contributed by the Central Government.

2. Profit and Losses made by the Company

2.1 The Company performed well during the first ten years of its operations and declared dividend on paid up capital continuously till 1996-67 excepting the year 1962-63. The Company incurred heavy losses during the next 5 years and from 1972-73 to 1984-85 made marginal profits. Since then the position has deteriorated and the Company's net worth became negative in 1989-90. The accumulated loss till March, 1995 is Rs. 139.05 crores. The anticipated loss during 1995-96 is Rs. 23.95 crores.

2.2 The main reasons for losses are:—

- (i) Comparatively higher amount of loans obtained by the Company from the Government and other companies and over draft from banks, mainly on account of non-payment of its dues by the project authorities including blocking up of huge amount in Iraq and consequent excessive interest burden.
- (ii) Comparatively higher administrative expenses due to surplus manpower.
- (iii) Low order book position.

3. Comprehensive Revival Plan for RPNN Ltd.

3.1 Following the guidelines of the Department of Public Enterprises, the Ministry of Water Resources in consultation with the Rashtriya Pariyojna Nirman Nigam Limited, formulated a revival Plan which was generally accepted in an inter-ministerial meeting of the representatives of the Ministry of Finance, Department of Public Enterprises, Ministry of Labour and the Planning Commission in August, 1992.

The main components of this revival plan envisaging assistance from the Government of India were conversion of existing Government loan amounting to Rs. 40.40 crores as on 31.3.92 into equity share capital of the Corporation, waiver of unpaid interest and penal interest on Government loans upto 30.9.92 amounting to Rs. 16.50 crores and Rs. 2.10 crores respectively, grant of interest free working capital fund loan by the Government amounting to Rs. 15.00 crores, grant of interest bearing term loan of Rs. 5.00 crores by the Government for repairs/renovation of the construction machinery, subsidy of Rs. 22.00 crores from National Renewal Fund for Voluntary Retirement Scheme, Government Counter Guarantee for Rs. 60.00 crores and Government of India Guarantee for US \$ 0.175 crores.

4. Observations of the Ministry of Finance on the Revival Plan

4.1 The Ministry of Finance observed that the comprehensive Plan formulated for the revival of the Company is not viable as the return on investment even after its implementation will be extremely low. It suggested phased liquidation of the Company during a period of 4-5 years.

5. Recommendations of the Parliamentary Standing Committee on Agriculture

5.1 The Standing Committee on Agriculture while examining the budget proposals of this Ministry for 1994-95 had recommended that the Rashtriya Pariyojna Nirman Nigam Limited be revitalised and revamped. While reviewing the budget proposal for 1995-96, it again emphasised the necessity of early action in the matter.

6. Present Position

6.1 A note for consideration of Cabinet Committee on Economic Affairs for taking a decision on Course of Action on future of Rashtriya Pariyojna Nirman Nigam Limited is under finalisation. Draft note was prepared and circulated to concerned Ministries and the Departments. The representatives of the Ministry of Finance in a meeting taken by then Minister of State (WR) on 12.6.95 suggested that a Consultant be appointed in consultation with the Bankers of the Company for preparation of the revival package. Accordingly, Rashtriya Pariyojna Nirman Nigam Limited had awarded the job of preparation of revival package to M/s S.R. Batliboi & Company. M/s S.R. Batliboi & Company had submitted their report in December, 1995.

6.2 On the basis of this report, the draft Cabinet Note on future course of action about RPNN Ltd. was revised and after approval of the then Minister (WR & HFW) was forwarded in March, 1996 to Ministry of Finance for their approval/comments. The Ministry of Finance have returned the note in May, 1996 asking for resubmission after approval of new Minister in-charge of Water Resources.

6.3 The draft note needed to be revised due to closure of the financial year on 31.3.96. As such various figures in the note were revised based on the performance of Nigam during the year 1995-96. Also the proposal to provide a loan of Rs. 5.00 crores to the Nigam during 1995-96 for meeting arrears of salary & wages of idle manpower in the Nigam could not materialise. An amount of Rs. 2.00 crore was sanctioned in May, 1996 out of the Contingency Fund of India for meeting part of this liabilities. An amount of Rs. 50.00 lakhs was also released for repairs to the equipments out of a budgetary provision of Rs. 1.00 crore for 1996-97.

6.4 The revised CCEA Note has been approved by the Hon'ble Minister (WR) and the same has been forwarded on 13.8.96 to the Ministry of Finance for approval of Hon'ble Finance Minister. After his approval it is to be submitted to the Cabinet Secretariat for consideration of the CCEA.

6.5 This Ministry has been making sincere efforts in expediting submission of the note for consideration of CCEA and the delay is due to reasons beyond the control of this Ministry.

7. Efforts to keep company going

7.1 Meanwhile, to keep the Company going a loan of Rs. 6.89 crores had been sanctioned to the Rashtriya Pariyojna Nirman Nigam Limited in February, 1995. This was meant for meeting short term working capital requirement of the company especially to enable it to disburse salaries and wages to its employees which in some cases was outstanding for the last 5-6 months. A provision of Rs. 1.00 crore was made in the budget of the Ministry of Water Resources for the year 1995-96 to provide budgetary support to Rashtriya Pariyojna Nirman Nigam Limited. Against this budget provision, an amount of Rs. 50 lakhs in February, 1996 to Rashtriya Pariyojna Nirman Nigam Ltd. to meet its urgent liabilities.

7.2 Further, Rashtriya Pariyojna Nirman Nigam Limited has been advised to encourage to surplus staff to opt for Voluntary Retirement. Necessary funds for incurring expenditure on Voluntary Retirement Scheme are being provided to the Company from National Renewal Fund (NRF). An amount of Rs. 21.00 crores (Rs. twenty one crores) has so far been released to the company under this scheme. Since introduction of the scheme 1354 employees have availed of its benefits and an amount of Rs. 1674.53 lakhs has been spent by the Company.

7.3 The Company could not pay salary and wages to its employees in non-working units since July, 1995. In the budget of this Ministry for 1996-97 a provision of Rs. 2.00 crores has been made for release of loan to RPNN Ltd. for payment of arrears of salary and wages upto March, 1996 under Non-Plan. Against this, an amount of Rs. 2.00 crores was released to the Company in May, 1996 and the balance amount of Rs. 1.00 crore was released in September, 1996. With this amount the RPNN Ltd. has cleared the arrears of salary and wages to the employees of non-working

units upto March, 1996. The Ministry of Finance has been requested for providing additional fund under non-plan in the revised estimate for 1996-97 for payment of salary/wages to the employees of RPNN Ltd. in Non-working units during current year.

7.4 A provision of Rs. 1.00 crore was also made under Plan for release of loan to RPNN Ltd. for purchase/repairs of equipment and its working capital requirement during 1996-97. Against this, an amount of Rs. 75 lakhs has so far been released to the Company. In the revised estimates under Plan for 1996-97, a provision of Rs. 20.00 crores has been requested to meet the liability in case the CCEA note is approved before the end of this financial year. This additionality has not been agreed to by the Finance Ministry.

8. The delay in decision about the future of the Company is due to delay in submission of the note about future course of action about RPNN Ltd., in spite of best efforts made by the Ministry as described in para 6/above. However, the Ministry is taking all steps to keep the Company going during the intervening period as described in para 7/above.

Comments of the Committee

4.9 For comments of the Committee please refer to Para No. 1.12 Chapter I of this Report.

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation No. I

Declining proportion of Plan Allocations in favour of Water Resources

5.1 The Committee, after having analysed the trends of plan allocations to Irrigation Sector since the planning era's inception, observe that the plan-wise allocations from First Plan onwards show a downward trend in respect of the water resources sector. In the first plan, allocation to this section was 18.7 per cent of the total plan size and this proportion has now touched the lowest point i.e. 7.5 per cent of the total VIII Plan allocations which is not a healthy sign for a developing country like India whose economy is largely dependent upon agriculture and its allied sectors. The Committee, further observe that it is imperative for our country where 70% of the population is engaged in agriculture to earmark much higher plan allocations to this sector in comparison to other sectors. Thus, to create better self-employment opportunities, to produce more with higher productivity and to achieve better living standard for the rural folks, the Committee urge upon the Government to review the present trend of allocations amongst the different sectors afresh and the same be reflected in the forthcoming IX Plan. The Committee recommend that the Government would do justice to the Irrigation and Flood Control Sector by providing in future higher Plan allocations to the extent recommended by the Working Group on Water Resources.

Reply of the Government

5.2 The Ministry of Water Resources is at present engaged in the exercise of finalising its proposals for the Central Sector Plan allocations for the IX Five Year Plan (1997—2002) and Annual Plan (1997-98). As recommended by the Standing Committee, proposals for higher plan allocation in the Central Sector is being prepared in the light of the recommendations of various Working Groups on Water Resources. The proposals would be submitted to the Planning Commission shortly. For increased allocation in the State sector plan, the Ministry will stress on the matter at the time of discussions on State plan proposals in the Planning Commission.

Recommendation No. VII

Centrally sponsored scheme for Artificial Recharge to improve groundwater level

5.3 The Committee express its grave concern over the rapidly depleting ground water level and desire that something concrete should be done to control this depletion. The Committee note that but for some pilot recharge studies in some limited area under the plan scheme nothing commendable has been done by the Government for the promotion of recharge of ground water. The Government furnished a note to the Committee stating that Ground Water Board have proposed a centrally sponsored scheme for assisting the States for artificial recharge. The total cost of this scheme has been as Rs. 81 crores with Central share of Rs. 42 crores. This scheme is yet to be approved. The Committee having realised the indispensability of artificial recharge works, strongly recommend to the Ministry that the proposed scheme of Ground Water Board for artificial recharge must be approved by the Planning Commission and necessary funds as proposed by the Ministry be provided immediately to the Ministry to go ahead with early implementation of this scheme in the current year 1996-97 itself.

Reply of the Government

Note of Artificial recharge of Ground Water

5.4 Ground water is a dynamic resource and get replenished every year from natural precipitation, seepage from surface water bodies and conveyance systems and from return flows from irrigation etc. Ground Water resource potential of the country is of sizable magnitude. When seen for the country as a whole the position of availability of ground water resource is favourable. However, there are a number of pockets in certain areas in the country where a fall in ground water levels has been observed during the past decade or so.

2. Over exploitation of ground water in certain areas has resulted in progressive lowering of water level and consequent decline in the yield and productivity of wells, drying up of spring etc. This problem can be solved by implementing schemes on artificial recharge of ground water. In this connection the Central Ground Water Board has prepared a comprehensive Manual on Ground Water Recharge to serve as a guide to the State Governments in preparation of ground water recharging schemes. This Manual was prepared and circulated in 1994.

3. The Board is presently implementing a Central Sector Scheme on Artificial Recharge of Ground Water. The cost of the scheme is Rs. 367 lakhs. It envisages:

Exploratory Studies in

1. Gauribidanur and Mulbagal Tanks in Kolar district, Karnataka.

2. Orange and banana growing areas in Amravati and Jalgaon district, Maharashtra.

Operational Studies in

1. Union Territory of Delhi.
2. Union Territory of Chandigarh.

4. Besides the above scheme the Board has also prepared a Centrally Sponsored Scheme to assist State Governments in artificial recharge of ground water. The estimated revised cost of the Scheme is Rs. 101.50 crores. The cost on account of investigation and construction works in 200 blocks amounting to Rs. 98.40 crores will be shared equally between the Central and State Governments. The cost of investigation studies and monitoring and evaluation amounting to Rs. 3.10 crores, to be done by CGWB will be borne fully by the Board. The cost to be shared between Centre and States will be Rs. 52.30 crores and Rs. 49.20 crores respectively.

5. The following operations are envisaged under the scheme:

Sl. No.	Item of work	No. of Investigation Projects	No. of Operational Projects
To be done by the States under guidance of the CGWB			
1.	Spreading basins and allied structures	500	600
2.	Percolation tanks	500	200
3.	Sub-surface dykes	1000	1040
To be done by the CGWB as type studies			
4.	Pilot studies on different aspects for developing methodologies, preparing guidelines and manuals for the investigation and operational projects.	50	
5.	Monitoring and evaluation		Once a year during implementation of the scheme and once in two years after completion of the scheme.

6. The aforesaid scheme is under consideration of Planning Commission since 1994. As desired by the Commission the scheme has been modified recently and the same has been referred back to Planning Commission on 30.9.96. The observations of the Committee that the proposed scheme for artificial recharge must be approved by the Planning Commission and necessary funds proposed by the Ministry be provided immediately to the ministry to go ahead with early implementation of this scheme in the current year 1996-97 itself have been conveyed to the Planning Commission while sending the revised proposal.

7. With a view to checking indiscriminate withdrawal of ground water which is leading to over utilisation in many areas causing decline in the level of ground water, a Model Bill to Regulate and Control the Development of Ground Water was prepared and circulated in 1970 to all the State Governments/UTs for enacting suitable legislation. The response was, however, not encouraging. Therefore, the matter regarding the Central legislation for control and regulation of development of ground water was considered in consultation with the Ministry of Law and Justice. That Ministry was, however, of the view that the under ground water can not be covered under the Union list of the Constitutions and that it was covered under the State list. Therefore, after the adoption of National Water Policy in 1987, the Model Bill was revised and circulated in September, 1992 to all the States/UTs who were also informed that before any enactment on the lines of the Model Bill was attempted both common people and farmers had to be fully educated about the need of judicious regulation of ground water in the areas of over exploitation. This time also, response to the model Bill was not encouraging as only the Government of Maharashtra enacted legislation to control and regulate the development of ground water in the State. Therefore, the Model Bill has again been circulated to the State Governments/UTs in June, 1996 with some modifications. After circulation of the Model Bill, the Minister of Water Resources has taken up the matter with States and written to the Chief Ministers/Governments/Lt. Governors to take urgent action in the matter. The response from the States/UTs is awaited.

NEW DELHI;
November, 1997

Agrahayana, 1919 (Saka)

SANTOSH KUMAR GANGWAR,
Chairman,
Standing Committee on Agriculture.

APPENDIX—I

Minutes of the Thirty Eighth Sitting of the Standing Committee on Agriculture held on Thursday the 16th October 1997 at 1500 Hrs. In Committee Room 'C' Parliament House Annex, New Delhi.

The Committee sat from 1500 hrs. to 1615 hrs.

PRESENT

Shri Santosh Kumar Gangwar—Chairman

MEMBERS

Lok Sabha

1. Shri Thawar Chand Gchlot
2. Shri Padamsen Chaudhary
3. Shri Bhimrao Badade
4. Shri G. Mallikarjunappa
5. Shri Manibhai Chaudhuri
6. Shri Sohanveer Singh
7. Shri Ratna Singh
8. Shri Madan Patil
9. Shri Gulam Mohd. Mir Magani
10. Dr. K.P. Ramalingam
11. Shri Sydaiah Kota
12. Shri Suresh Yadhav
13. Shri Sode Ramaiah
14. Dr. Mohan Singh
15. Smt. Satwinder Kaur

Rajya Sabha

16. Shri Ananta Sethi
17. Maulana Habibur Rahman Nomani
18. Shri Suresh Pachouri
19. Dr. Ranbir Singh
20. Shri Ramnarayan Goswami
21. Shri O.S. Manian
22. Shri Devi Prasad Singh

SECRETARIAT

1. Shri S. Bal Shekar — *Deputy Secretary*
2. Smt. Anita Jain — *Under Secretary*
3. Shri K.L. Arora — *Assistant Director*

Chairman (AC) took the Chair and welcomed the Members. The Chairman, then, requested the Members of the Committee to take up the consideration and adoption of draft report on Action Taken by the Government in respect of the recommendations/observations made by the Committee contained in 4th Report—Demands for Grants (1996-97) of the M/o Water Resources. Members considered the draft comments and the chapterisation of the replies of the Government and adopted the report with slight amendments.

The Committee, then authorised the Chairman to present the Action Taken Report on the recommendations contained in the 4th Report of the Committee on Demands for Grants 1996-97 in respect of Ministry of Water Resources, to the House on a date and time convenient to him.

The Committee thereafter discussed the matter relating to proposal of Ministry of Agriculture for exchange visit between the Standing Committee on Agriculture and Rural Development of Brazil and Parliamentary Standing Committee on Agriculture in India to secure mutual understanding of problems and issues concerning the two countries. The Chairman informed the Members that the Hon'ble Speaker has not accepted the proposal of Agriculture Ministry due to financial stringency. The committee decided to meet the Hon'ble speaker on 24th October, 1997 in this regard.

Thereafter, the Committee decided to undertake Study Tour already sanctioned by HS to Bareilly and Nainital for two to three days in first week of November, 1997.

The Committee then adjourned.

APPENDIX-II

((Vide Introduction of the Report)

Analysis of Action Taken by Government on the 4th Report of Standing Committee on Agriculture (11th Lok Sabha)

(i)	Total Number of Recommendations	10
(ii)	Recommendations/Observations which have been accepted by the Government	
	Serial Nos. (2, 8 & 9)	
	Total	3
	Percentage	30%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	
	Serial Nos. (4 & 10)	
	Total	2
	Percentage	20%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee.....	
	Serial Nos. (3, 5 & 6)	
	Total	3
	Percentage	30%
(v)	Recommendations/Observations in respect of which final replies of the Government are still awaited.....	
	Serial Nos. (1 & 7)	
	Total	2
	Percentage	20%