18

STANDING COMMITTEE ON URBAN AND RURAL DEVELOPMENT (1998-99)

TWELFTH LOK SABHA

MINISTRY OF RURAL AREAS AND EMPLOYMENT (DEPARTMENT OF RURAL EMPLOYMENT & POVERTY ALLEVIATION)

DEMANDS FOR GRANTS (1996-97)

EIGHTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

Corrigenda to the 18th Report (12th Lok Sabha) of the Standing Committee on Urban & Rural Development on 'Demands for Grants 1996-1997' of Department of Rural Employment and Poverty Alleviation

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EIGHTEENTH REPORT

STANDING COMMITTEE ON URBAN AND RURAL DEVELOPMENT (1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF RURAL AREAS AND EMPLOYMENT (DEPARTMENT OF RURAL EMPLOYMENT & POVERTY ALLEVIATION)

[Action Taken Report on the Fifth Report of the Committee on Urban & Rural Development (1996-97) on Demands for Grants (1996-97) of the Department of Rural Employment & Poverty Alleviation (Ministry of Rural Areas & Employment)]

Presented to Lok Sabha on 5 March, 1999
Laid in Rajya Sabha on 8 March, 1999

LOK SABHA SECRETARIAT
NEW DELHI

March, 1999/Phalguna, 1920 (Saka)

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2. Shri S.C. Rastogi — *Director*
3. Smt. Sudesh Luthra — *Under Secretary*

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*Nominated *w.e.f.* 17.7.1998.

INTRODUCTION

I, the Chairman of the Standing Committee on Urban & Rural Development (1998-99) having been authorised by the Committee to submit the Eighteenth Report on action taken by the Government on the recommendations contained in the Fifth Report of the Standing Committee on Urban & Rural Development (1996-97).

2. The Fifth Report was presented to Lok Sabha on 30th August, 1996. The replies of the Government to all the recommendations contained in the Report were received on 14th May, 1997. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 9th February, 1999.

3. An analysis of the action taken by the Government on the recommendations contained in the Fifth Report of the Committee (Eleventh Lok Sabha) is given in Appendix-IV.

NEW DELHI;
March 3, 1999
Phalguna 12, 1920 *(Saka)*

KISHAN SINGH SANGWAN,
Chairman,
Standing Committee on
Urban & Rural Development.

CHAPTER I

REPORT

This Report of the Committee on Urban & Rural Development (1998-99) deals with the action taken by the Government on the recommendations contained in their Fifth Report on Demands for Grants (1996-97) of the Department of Rural Employment & Poverty Alleviation (Ministry of Rural Areas & Employment) which was presented to Lok Sabha on 30th August, 1996.

2. Action taken notes have been received from the Government in respect of all the 65 recommendations which have been categorised as follows :—

(i) Recommendations/Observations that have been accepted by the Government:—

Para Nos. 2.4, 2.5, 2.9, 2.14, 2.15, 2.16, 3.6, 3.7, 3.8, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, 3.23, 3.24, 3.25, 3.31, 3.32, 3.33, 3.34, 4.10, 4.12, 5.3, 5.5, 5.7, 5.8, 5.11, 6.3, 6.4, 6.5, 6.6, 7.4, 7.5, 7.6, 8.3, 8.4, 9.3, 10.1(a), 10.1(b), 10.1(c), 10.1(d)(i), 10.1(d)(ii), 10.1(g), 10.2(a), 10.2(b), 10.2(c), 10.2(d), 10.2(e), 10.2(f), 10.2(g), 10.2(h) and 10.3.

(ii) Recommendations/Observations which the Committee do not desire to pursue :—

Para Nos. 3.9, 3.19, 4.9, 4.11, 4.13, 9.4 and 10.1(e)

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:—

Para Nos. 2.11, 5.4, 5.6 and 10.1(f).

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:—

— Nil —

3. The Committee will now deal with action taken by Government on some of the recommendations.

A. Full utilisation of the total allocation

Recommendation (Para No. 2.5)

4. The Committee had recommended as under:

"As per the written information forwarded to the Committee the actual expenditure is Rs. 6395.85 crore against the total outlay of Rs. 6437.00 crore, during 1995-96. Thus there was an unspent balance of Rs. 41.15 crore during 1995-96. Similarly, during 1994-95 an amount of Rs. 5596.01 crore was actually spent against an outlay of Rs. 5965.01 crore resulting in an unspent balance of Rs. 368.09 crore. On the one hand the Department feels the outlay to be low in comparison to the proposal made during the plan discussions and on the other, what ever meagre amount is available with the Department, could not be spent fully. In view of the above, the Committee recommend that the amount available with the Department should be spent fully. Simultaneously the Department should find out ways and means to avoid continuous accumulation of unspent balance over the years."

5. The Government in their action taken reply have stated as under:

"The Ministry has been making concerted efforts to see that the funds allocated for various programmes of the Ministry are fully spent as suggested by the Standing Committee. It is, however, pertinent to mention in this context that sometimes it may not be possible to release the entire amount of funds to various States in view of the fact that in some cases the proposal is not received at all, or they are not complete in all respects and satisfying the conditions laid down in the guidelines for release of funds.

Therefore it is only due to such exceptional reasons that an amount of Rs. 41.15 crore was found to be unspent balance with the Ministry during 1995-96. This amount relates to surrender/saving mostly in respect of programmes like IRDP (Rs. 34.16 crore), DWCRA (Rs. 1.35 crore) and TRYSEM. There was no such surrender in case of wage employment programmes of JRY, EAS etc. Similarly in 1994-95 also, due to the same reasons under some programmes, the entire amount could not be released to the States. However, it is assured that due care is taken to ensure that the States submit complete proposal for release of funds by the Centre giving full details as per guidelines and meeting all the conditions stipulated for release of funds.

The opening balance, allocation and releases under DPAP and DDP during 1994-95 and 1995-96 were as under:—

DPAP (Rs. in crore)

Year	Opening balance as on 1st April	Total allo-cation	Central share of allocation	Central releases	Expenditure
1994-95	30.71 (on 1.4.94)	170.00	85.00	84.90	161.33
1995-96	47.46 (on 1.4.95)	250.00	125.00	120.60	134.73

Releases during 1996-97 were made for on-going works and new watershed projects. As 1995-96 was the transitional year, releases for new watershed project were less as DRDAs found it difficult to spend the funds according to new guidelines.

DDP

Year	Opening balance as on 1st April	Total allo-cation	Central share of allocation	Central releases	Expenditure
1994-95	15.84 (on 1.4.94)	85.00	85.00	85.00	83.99
1995-96	32.20 (on 1.4.95)	105.85	100.00	101.00*	78.69

*Re. 1 crore was released for DDP by re-appropriation from DPAP.

There were no savings under EAS and JRY (including IAY & MWS) during 1994-95 and 1995-96."

6. The Committee note that during 1994-95 and 1995-96 under IRDP, DWCRA & TRYSEM due to lack of proposals from States or due to procedural difficulties a sum of Rs. 368.09 crore and Rs. 45.15 crore respectively could not be released by the Centre to States. While appreciating the problems being faced by the Centre in releasing money to State Governments, the Committee feel that necessary corrective steps should be taken to ensure that the scarce resources earmarked for rural development programmes are utilised fully. They also feel that the procedure regulating the release of funds to State Governments should be streamlined and made simpler.

B. Unspent balance under different schemes

Recommendation (Para No. 2.11)

7. The Committee had observed as below:

"They note with concern the huge accumulation of unspent balances over the years in each of the schemes of the Department since their inception. The Committee regret to note that for the Rural Housing Scheme the information on unspent balance was not available with the Department. The Committee would like to know the reasons for accumulation of huge unspent balances scheme-wise. The Committee need hardly emphasise that given the huge task of alleviating rural poverty, the Department can hardly make any room for unspent balances under any scheme. The Committee recommend that the amount released for each scheme should be spent fully."

8. The Government in their reply have stated:

"Regarding observations of the Committee that there are unspent opening balances in various States under different programmes, it is mentioned that the programme guidelines permit an opening balance of 25% of the allocations for a given year and therefore unless the OB in a particular case is more than this permitted level of 25%, no objection can be taken for the same. It is also to be noted that such opening balance on the 1st April of the financial year enables the States to continue with works in progress even before receipt of the funds in the new financial year. Therefore, in practice, this procedure of allowing a certain amount of unspent balance under different programmes has been both permissible and also found to be a very useful system for continuity of works undertaken.

The outlay for various schemes of the Department is decided by the Planning Commission during the Annual Plan discussions. The funding support is provided in the Central Budget prepared by the Ministry of Finance. The total outlay projected for the Eighth Plan for IRDP by this Ministry was Rs. 3350 crore against which an amount of Rs. 3031 crore has been provided in the Central Budget during the Eighth Five Year Plan. Release of funds to States under IRDP have been almost the same as Central allocations. Central release was 94 per cent of the allocation in 1995-96. It is true that opening balance are higher than the permissible limits allowed under programme. However, this is largely due to the time taken in convening meetings of the Gram Sabha for selection of beneficiaries besides seasonality in grounding of projects. There is also bunching of applications with Banks in the last quarter of the year. Since IRDP activities pick up only in the last two quarters of the financial year, the second release of funds is sometimes delayed. Release of funds in the last two months of the year find reflection in huge opening balances at the beginning of the next year. This has been a matter of concern to the Ministry. Although quarterly budgeting has been ordained and targets fixed, States have not been able to achieve the same. They have been advised to convene meetings of the Gram Sabha right at the beginning of the financial year and complete the process at the earliest so that, after selection, the process of project formulation and sponsorship of cases to the Banks could begin without any loss of time. Similarly, with a view to avoiding bunching of loan applications and their sanction, a decision has been taken in the last Central Level Coordination Committee meeting on 30.12.96 to fix time schedules between sponsorship of cases and their sanction, and between sanction of applications and actual disbursement of loans. With these measures, it is hoped that the pace of utilisation of funds would pick up and the DRDAs would not be left with large opening balances.

As regards observations of the Committee that unspent balance for rural housing was not available, it may be mentioned that IAY was part of the General JRY until 1.1.96 and not a separate scheme. Therefore, the information on unspent balances separately for IAY/Rural Housing was not maintained by the States and subsequently by the Centre. However, from 1.1.96 since IAY has been made a separate scheme as in the case of MWS, separate information is being maintained both at the State and Central level. However, the information of unspent balances as on 1.4.1996 was Rs. 198.44 crore. The accumulation of unspent balances are mainly because of not spending the money by various DRDAs and because of late release of funds at the fag end of the financial year due to late receipt of proposals from the State Governments/ DRDAs for second instalment. All efforts are being made to ensure that the amount released for the scheme is spent fully.

As mentioned in reply to para 2.5, the unspent balance under DPAP as on 1.4.94 was Rs. 30.71 crore. The permissible limit for carrying over the amount to the next year upto 1994-95 was 25% of the total allocation. The carried forward amount was 18.09% of total allocation to DRDAs including matching State share. Carried forward funds as on 1.4.95, were 20.65% of the allocation to DRDAs.

Under DDP, carried forward funds as on 1.4.94 were 18.85% of allocation to DRDAs and as on 1.4.1995, 32.43% of allocation to DRDAs. The main reason for excess carry over was less expenditure on new watershed projects under new guidelines for watershed Development.

Usually second instalment of funds is released to the States by the end of October each year for various programmes but due to late/incomplete receipt of proposals and seasonal factors affecting the utilisation, releases continue upto February/March of the financial year. Funds released during February, March are utilised partly by the States in the same financial year and the rest in the next financial year, generally keeping the OB within the permissible level of 25%."

9. The Committee note with concern that the Government instead of taking steps to rationalise the utilisation of funds have tried to justify the balances on the ground that the programme guidelines permit opening balance of 25% of the allocation during a given year. It has also been admitted by the Government that during 1995-96 under IRDP, opening balance was higher than the permissible limit of 25%. Besides, as per the statement furnished by the Department *vide* their action taken reply, percentage of opening balance to the total allocation was 15.98% on 1.4.92 which increased to 22.47% on 1.4.94 and to 34.47% on 1.4.95. The Committee take serious note of the tendency of increase in the opening balances with the State Governments. The Committee also note the reasons advanced by the Government for huge unspent balances under IRDP. While noting the steps taken by the Department to check the opening balances such as quarterly budgeting, the Committee feel that further steps need to be taken to ensure timely release of money by the State Governments to the implementing agencies and to simplify the procedural formalities so as to ensure that amount released for each of the scheme is spent fully. To check the increase in opening balance under IRDP beyond the permissible limit, the Committee feel that steps need to be taken by the Gcvernment to encourage banks to give credit to the beneficiaries under the scheme. The Government should take up the matter with Reserve Bank of India to issue necessary guidelines in this regard.

C. Defunct DWCRA Groups

Recommendation (Para No. 3.24)

10. The Committee had noted as below :

"Out of 3510 groups started under DWCRA by 1995-96, 2126 groups are found to be defunct. The Committee would like to have the explanation of the Department in this regard."

11. The Government in their reply have stated as below :—

The main reason for a group becoming defunct are :

(1) Wrong selection of economic activities without the beneficiary (women) having the required aptitude and skill.

(2) Absence of backward and forward linkages.

(3) Lack of marketing facilities.

(4) Banks not coming forward to provide credit to the DWCRA groups.

Defunct groups can be revived and made viable by providing suitable training to the members of the groups and also by changing the economic activities, if necessary. Government of India have issued necessary guidelines dated November, 1991 and April, 1992 to the State Governments and implementing agencies in this regard."

12. The Committee note that Government have issued guidelines in November, 1991 and April, 1992 to revive the defunct DWCRA Groups and to make them viable. They are however, constrained to observe that in spite of extant guidelines a large number of DWCRA Groups became defunct in 1995-96. They would, therefore, urge upon the Government to ponder over the issue and to take such corrective steps as may help in not only reviving the defunct DWCRA Groups but also to check them from becoming defunct. They need hardly emphasise that a defunct group not only lowers the moral of members of that Group but also discourages others from forming a fresh DWCRA groups.

D. Fixation of Realistic physical target *vis-a-vis* financial achievement under JRY

Recommendation (Para No. 4.10)

13. The Committee in their earlier recommendation have stated as below:—

"As per the written reply forwarded to the Committee during 1995-96, physical achievement of 895.82 million mandays was achieved against the target of 848.00 million (percentage achievement being 105.64%) against the financial achievement of 95.46%. The Committee would like to urge the Department to fix the physical target achievement *vis-a-vis* financial achievement under JRY, realistically."

14. The Department in their reply have stated :

"As per the JRY guidelines, the ratio between wage and material component is 60:40. However, during 1994 and 1995-96 highly labour intensive works like water shed development projects were permitted under the Yojana and specific funds were earmarked for this purpose *i.e.* 50% of JRY funds were to be spent on watershed development. The higher physical achievements of 895.82 million mandays might have been achieved against the target of 848.00 million mandays (percentage achievement 105.64%) against the financial achievement of 95.64% perhaps due to more labour intensive works like watershed development projects taken up under the programme during that year. However, the correct position is being ascertained from the State Governments."

15. The Committee note that the action taken reply submitted by the Government is based on presumption rather on facts. The Committee are unhappy over the manner in which action taken replies based on presumptions rather on facts, have been furnished by the Government. They would like to impress upon the Government that whenever an action taken reply to the recommendation made by the Committee is required to be furnished, it should be based on facts and not on presumptions. They will also like to be apprised of the factual position as obtained from State Governments.

E. Permissible assistance for constructing a durable house under IAY

Recommendation (Para No. 5.4)

16. The Committee in their earlier recommendation stated as under:—

"As per the written information forwarded to the Committee, the permissible expenditure on a house has been increased recently to Rs. 20,000 in plains and Rs. 22,000 in hill areas. The Committee note that even with the increased amount it is difficult to build a durable house under the Yojana. They also note, cost for constructing a house in perennially cyclone and flood prone areas is as high as the cost of a house in the hilly areas. Therefore, the Committee urge the Department to rationally enhance the permissible assistance for construction of a house and suitably modify the guidelines to treat perennially cyclone and flood prone areas equally with the hilly areas."

17. The Government have replied as below:—

"The upper permissible limits of construction assistance under IAY for plains and hilly/difficult areas have been recently revised from Rs. 14,000 and Rs. 15,800 to Rs. 20,000 and Rs. 22,000 respectively and these have become applicable *w.e.f.* 1.8.1996. These limits were revised in view of the recommendations made at the conference of Chief Ministers in New Delhi on 4-5 July, 1996. Since the upper permissible limits of construction assistance under IAY have been revised recently, there is no rationale to increase them further.

According to the guidelines, the concerned State Level Coordination Committee is competent to decide whether a particular area qualifies to be termed as hilly/difficult area for the purpose of determining the upper permissible limits of construction assistance under IAY. In view of this, it is for the concerned State Level Coordination Committee to decide whether a particular area, which may also be perennially cyclone/flood prone area, qualifies as a difficult area or not. Therefore, there appears to be no need to modify the guidelines in this regard."

18. The Committee are not satisfied with the reply furnished by the Government and feel that several houses built under the Yojana, remain half built or are abandoned half way due to low financial assistance. In view of it they would like to reiterate their earlier recommendation and hope that the Government will take action to enhance the upper limit of permissible assistance suitably.

They will also like the Government to impress upon the State Level Coordination Committees to treat perennially cyclone/flood prone areas as difficult areas so as to make them eligible for higher amount of assistance.

F. Mis-utilisation of IAY funds in Delhi

Recommendation (Para No. 5.6)

19. The Committee had recommended as below:—

"On a query how Rs. 0.60 lakh has been spent under IAY in Delhi during 1989-90 period without building any house, the

Department in their written reply have stated that Delhi Government has not reported physical achievement despite reminders. The Committee are constrained to note that no concrete action has been taken so far by the Department on such mis-utilisation of funds. The Committee recommend for a strict action against the defaulting States/UTs. In view of the above, they recommend that monitoring of IAY expenditure should be strengthened."

20. The Government have replied as below:—

"The position was further verified from the Government of National Capital Territory of Delhi. It has been clarified by them that during the year 1983-84, the erstwhile DRDA was entrusted to construct 250 dwelling units for the weaker sections on the house sites allotted to them by the Panchayat Department under 20 Point Programme. Out of 250 dwelling units, only 206 units were taken up for construction. The construction was discontinued due to non-availability of funds. Later on the Governing Body of the erstwhile DRDA in 1991 had decided to handover the incomplete dwellings to the allottees alongwith the materials lying at the sites. This proposal was also agreed to by the Government of India. The Rural Development Department of Government of NCT of Delhi have also clarified that Rs. 60,000 was spent on wage component of the labourers who were engaged to look after the material lying at the site of the dwelling units."

21. The Committee are surprised to note the manner in which the Government have tried to justify the expenditure incurred by them out of funds released under IAY on an entirely different programme *i.e.* 20 point Programme. The Committee take serious note of the tendency on the part of the Government and would like to be informed of the reasons due to which IAY could not be implemented in National Capital Territory of Delhi.

G. Review of Programmes in the Ninth Plan

Recommendation [Para No. 10.1(b)]

22. The Committee had recommended as under:—

"Not only there is under-allocation and underspending in the Eighth Plan outlay for different Projects/Schemes, but release of funds to States are lesser than the allocation. Another notable alarming feature is that there are huge unspent balances left with the States. In some of the States, the utilisation is marginal in specific programmes. The Committee also observe that under different programmes of the Department, States are not allocating the matching share. They would like that while chalking out the strategy for Ninth Plan, Government should reconsider and review the programmes. If needed, the schemes/programmes not performing well should be restructured."

23. The Department has replied as under:—

"Regarding the point on unutilised balances the comments of the Department have already been given under para 2.5 and 2.11. The suggestion of the Committee that while chalking out the strategy for 9th Plan, Government should reconsider and review the programmes and wherever necessary restructure the programmes, it is mentioned that Department has been reviewing the programmes from time to time on a regular basis and programmes are restructured and redesigned as and when found necessary. As already stated in the reply to para 2.5 and 2.11, Department has already streamlined and restructured JRY from 1.1.1996. MWS and IAY the sub-schemes of JRY have been made separate and independent schemes. The Intensified JRY (second stream of JRY) has been merged with EAS to improve the effectiveness and efficiency of the programme. Another important change made with regard to the administration of wage employment programmes is that now JRY funds would be allocated among the districts, intermediate and village panchayat level in the ratio of 20:15:65. Until now there was no separate funds given to intermediate Panchayats. It is also decided to extend EAS to all the rural blocks by 1997-98.

Under the self-employment programmes as a sub-scheme of IRDP, a new scheme called Ganga Kalyana Yojana (GKY) has been launched with effect from February, 1997 to enable the beneficiaries to take up borewells and tubewells for irrigation purposes. From 1997-98, GKY will be a separate scheme.

The outlay for various schemes of the Department is decided by the Planning Commission during the Annual Plan discussions. The funding support is provided in the Central Budget prepared by the Ministry of Finance. The total outlay projected for the 8th Plan for IRDP by this Ministry was Rs. 3350 crore against which an amount of Rs. 3031 crore has been provided in the Central Budget during the 8th Five Year Plan. Release of funds to States under IRDP have been almost the same as Central allocations, Central release was 94 per cent of the allocation in 1995-96. It is true that opening balances are higher than the permissible limits allowed under the programme. However, this is largely due to the time taken in convening meetings of the Gram Sabha for selection of beneficiaries besides seasonality in grounding of projects. There is also bunching of applications with banks in the last quarter of the year. Since IRDP activities pick up only in the last two quarters of the financial year, the second release of funds is sometimes delayed. Release of funds in the last two months of the year find reflection in huge opening balances at the beginning of the next year. This has been a matter of concern to the Ministry. Although quarterly budgeting has been ordained and targets fixed, states have not been able to achieve the same. They have been advised to convene meetings of the Gram Sabha right at the beginning of the financial year and complete the process at the earliest so that, after selection, the process of project formulation and sponsorship of cases to the Banks could begin without any loss of time. Similarly, with a view to avoiding bunching of loan applications and their sanction, a decision has been taken in the last Central Level Coordination Committee meeting on 30.12.1996 to time schedules between sponsorship of cases and their sanction, and between sanction of applications and actual disbursement of loans. With these measures, it is hoped that the pace of utilisation of funds would pick up and the DRDAs would not be left with large opening balances.

The utilisation of funds at the all India level during 1995-96 was 98 per cent of total allocation in 1995-96. It is true that some of the States such as West Bengal, Maharashtra, Orissa, Andhra Pradesh and J&K have not released the full matching contribution of State share in the past. However, at the all India level, Central and State releases have balanced out as some States have released more than the Central share of funds. As regards the sub-programmes of IRDP, *i.e.* Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA) and Improved Tool-Kits Programme, the utilisation of funds during the 8th Five Year Plan has been about the same as allocation or in excess of allocations as in the case of DWCRA. There has not been any major shortfall in release of matching share of State Governments. The Toolkits Programme is being funded to the extent of 100 per cent by the Centre and the question of short releases does not arise in the case of this programme. For chalking out a strategy for the Ninth Plan, IRDP and its various sub-schemes were reviewed and suggestions for restructuring of these schemes have been made with a view to improving their efficacy.

The major changes proposed under IRDP during the 9th Plan include rationalisation of rates of subsidy, enhancement of credit flows and levels of investment per family through extension of family credit plan, greater role of banks in selection of beneficiaries and closer linkage of IRDP with its sub-schemes *viz.,* TRYSEM and DWCRA. Under TRYSEM programme, there will be an effort to set up mini ITIs in substantial number of blocks where no such institution exists. In addition, greater emphasis will be laid on training of trainers, technical appraisal of private institutions/master craftsmen for quality assurance, training for meeting the requirements of the service sector as well as the corporate sector besides training of disabled persons and women. Under the DWCRA programme also new initiatives will be taken during the 9th Plan to encourage the habit of thrift and credit to promote self-reliance among women, give a fillip to group ventures through IRDP and to bring about convergence of programmes of primary education, health and nutrition on DWCRA groups through the CBCS scheme."

24. While furnishing reply to the earlier recommendation about under allocation and under-spending of schemes, the Government have stated the position in regard to IRDP and it's sub-schemes. However, the position regarding other programmes of the Department like JRY, IAY, MWS, DPAP & DDP has not been furnished. The Committee would like to be apprised of the action taken by Government in regard to these programmes.

The Committee also note that the Government propose to set up mini-ITIs in substantial number of blocks, under TRYSEM. They will like to be informed of the progress made if any, in this regard.

H. Matching State's share of funds from the defaulter States

Recommendation [Para No. 10.1(f)]

25. The Committee had noted as below :—

"At present the Department does not maintain separate scheme-wise data for the defaulter States which don't release matching State's share of funds under different schemes. In view of the above, the Committee recommend the Department to maintain and provide separate year-wise data for the defaulter States which don't release matching State's share of funds under different schemes."

26. The Department has replied as under :—

"The release of States share is closely scrutinized. In each case of short release of State deduction proportionate to Central share is imposed while releasing the second or subsequent instalments."

27. The Committee are unable to appreciate the reasons which prevail upon the Government in not maintaining scheme-wise data of such States who do not contribute their matching share under different schemes. They further observe that reduction in Central share in such cases is not going to remedy the situation rather it affects adversely the poor people for whose benefit the schemes have been launched. They, therefore, urge upon the Government that they should not only maintain the data of such States who are not contributing their full share to Central schemes but should also try to know the reasons for this tendency on their part. The Government should also take up the matter with concerned State Government and impress upon them to release their full share.

I. Involvement of Panchayats as per 73rd Constitutional Amendment

Recommendation [Para No. 10.2(c)]

28. The Committee had recommended as below:—

"To ensure proper identification of beneficiaries and implementation, Panchayats should more be involved in keeping with the spirit of 73rd Amendment. There should be standard guidelines by the Centre to involve the Panchayats in identification and implementation of the various programmes and schemes."

29. The Government has replied as below :—

"Consequent on the Constitution 73rd Amendment, the Department has assigned a greater role to the Panchayati Raj Institutions in identification and implementation of various poverty alleviation and rural employment programmes. In this regard, major scheme-wise position is as under :—

IRDP, TRYSEM and DWCRA

The Department has assigned a greater role to the Gram Sabhas and other PRI functionaries in the implementation of IRDP and its sub-schemes. It has been decided to associate the entire village community in the identification and selection of beneficiaries from the initial stage itself. Earlier, the priority list of the poorest of the poor families was to be prepared by the BDO and thereafter it was required to be placed for approval in the meeting of the Gram Sabha. Now, the Gram Sabha would itself draw up the list of approved families and send the same to the Panchayat Samity/ Block and the DRDA. The guidelines have accordingly been modified. Similar provisions have also been made for selection of beneficiaries under TRYSEM and DWCRA giving the Gram Sabha a role of primacy. After approval by the Panchayat Samity/ Block and DRDA, the schemes are implemented by DRDA/Blocks.

Jawahar Rozgar Yojana (JRY)

Jawahar Rozgar Yojana is now basically implemented by Panchayati Raj Institutions. Jawahar Rozgar Yojana funds are distributed amongst the different village Panchayats to the extent of 65% and different intermediate Panchayats to the extent of 15% of the total allocation of the district. The remaining 20% funds are utilised by DRDA/Zila Parishad. Under Jawahar Rozgar Yojana all rural works which result in creation of assets can be taken up. The works are selected based on the felt needs of the people and the priorities indicated through the village assembly panchayats and implemented by the Panchayats. Thus, Panchayats are now involved in both planning and implementation of Jawahar Rozgar Yojana in keeping with the spirit of 73rd Constitution Amendment.

Employment Assurance Scheme (EAS)

In accordance with the guidelines of EAS, persons seeking employment are required to register themselves with the village Panchayats where they are residing. Each village Panchayat is required to maintain a register of persons who desire employment under EAS. The village Panchayats are required to inform the BDO as to the number of persons who need employment at a particular time and thereafter the BDO provides employment to the persons on some on-going work or he opens a new work. Thus, Panchayats are fully involved in the implementation of EAS.

Indira Awaas Yojana (IAY)

Under Indira Awaas Yojana, the beneficiaries are to be selected by the Gram Sabha and the same are to be approved by the Panchayat Samity. Thus, PRIs are involved in the selection and approval of beneficiaries.

Million Wells Scheme (MWS)

It is an individual beneficiary scheme. The Panchayats are, actively involved in planning and identification of the beneficiaries. The scheme is implemented by the beneficiary."

30. The Committee note that consequent upon the enactment of the Constitution (73rd Amendment) Act 1992, the Government have assigned a greater role to Panchayat Raj Institutions (PRI) in identification and implementation of various poverty alleviation and rural employment programmes such as IRDP, TRYSEM, DWCRA, JRY, EAS, IAY and MWS. They would like to be informed of the role assigned to PRIs so far as Tool Kits scheme, DPAP and DDP are concerned.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Para No. 2.4)

The Committee observe that the total outlay of the Department has been pegged at the level of BE 1995-96. Rural Areas of the country account for nearly three fourth of the size of the country and have a much larger concentration of people living below the poverty line. The Department is dealing with poverty alleviation in rural areas and is giving attention to various specific programmes which envisage a direct and frontal attack on rural poverty alleviation that needs utmost importance. The Committee feel that the plan outlay of Rs. 6437.00 crore for 1996-97 is not sufficient to meet the target fixed for different Schemes of the Department. Even the Department in the written replies furnished before the Committee have stated that due to inflation, the physical achievement will be less than what was achieved last year with the same allocation. The Committee note that the Department placed before the Planning Commission an outlay of Rs. 9500.00 crore out of which Rs. 6437.00 crore *i.e.* the same allocation as BE 1995-96 has been allocated. The Committee are concerned about the lesser allocation which will adversely affect the targets fixed by the Department as acknowledged by them. The Committee are also concerned over the outlay made by the Planning Commission over proposed outlay of the Department and recommend that outlay for 1996-97 should be increased from Rs. 6437.00 crore to Rs. 9500.00 crore as proposed by the Department.

Reply of the Government

The recommendation made by the Committee has been communicated to the Planning Commission for necessary action. The Planning Commission has replied that the Plan resources available in the Central Budget for 1996-97 have already been fully allocated among

Central Ministries and that at this stage there are no funds available with the Planning Commission for enhancing the allocations in the current year.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 2.5)

As per the written information forwarded to the Committee the actual expenditure is Rs. 6395.85 crore against the total outlay of Rs. 6437.00 crore, during 1995-96. Thus there was an unspent balance of Rs. 41.15 crore during 1995-96. Similarly, during 1994-95 an amount of Rs. 5596.01 crore were actually spent against an outlay of Rs. 5965.00 crore resulting in an unspent balance of Rs. 368.09 crore. On the one hand the Department feels the outlay to be low in comparison to the proposal made during the plan discussions and on the other hand what ever meagre amount is available with the Department, could not be spent fully. In view of the above, the Committee recommend that the amount available with the Department should be spent fully. Simultaneously the Department should find out ways-and-means to avoid continuous accumulation of unspent balance over the years.

Reply of the Government

The Ministry has been making concerted efforts to see that the funds allocated for various programmes of the Ministry as fully spent as suggested by the Standing Committee. It is, however, pertinent to mention in this context that sometimes it may not be possible to release the entire amount of funds to various States in view of the fact that in some cases the proposal is not received at all, or they are not complete in all respects and satisfying the conditions laid down in the guidelines for release of funds.

Therefore it is only due to such exceptional reasons that an amount of Rs. 41.15 crore was found to be unspent balance with the Ministry during 1995-96. This amount relates to surrender/saving mostly in respect of programmes like IRDP (Rs. 34.16 crore), DWCRA (Rs. 1.35 crore) and TRYSEM. There was no such surrender in case of wage employment programmes of JRY, EAS etc. Similarly in 1994-95 also, due to the same reasons under some programmes, the entire amount could not be released to the States. However, it is assured that due care is taken to ensure that the States submit complete proposal for release of funds by the Centre giving full details as per guidelines and meeting all the conditions stipulated for release of funds.

The opening balance, allocation and releases under DPAP and DDP during 1994-95 and 1995-96 were as under :—

DPAP

(Rs. in crore)

Year	Opening balance as on 1st April	Total allo-cation	Central share of allocation	Central releases	Expenditure
1994-95	30.71 (on 1.4.94)	170.00	85.00	84.90	161.33
1995-96	47.46 (on 1.4.95)	250.00	125.00	120.60	134.73

Releases during 1996-97 were made for on-going works and new watershed projects. As 1995-96 was the transitional year, releases for new watershed project were less as DRDAs found it difficult to spent the funds according to new guidelines.

DDP

(Rs. in crore)

Year	Opening balance as on 1st April	Total allo-cation	Central share of allocation	Central releases	Expenditure
1994-95	15.84 (on 1.4.94)	85.00	85.00	85.00	83.99
1995-96	32.20 (on 1.4.95)	105.85	100.00	101.00*	78.69

*Rs. 1 crore was released for DDP by re-appropriation from DPAP.

There were no savings under EAS and JRY (including IAY & MWS) during 1994-95 and 1995-96.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 6 of Chapter I of the Report.

Recommendation (Para No. 2.9)

The Committee note that the restructuring and reallocation of activities between the two Departments of Ministry of Rural Areas & Employment has been effected since months back. But the Department of Rural Employment & Poverty Alleviation continues to charge amounts like the Secretariat-Economic Services from the Head of Account of Department of Rural Development (Demand No. 71). In the details Demands for Grants 1996-97 forwarded to the Committee the allocation under the Secretariat-Economic Services has not been separated/segregated specifically for the Department of Rural Development & Department of Rural Employment & Poverty Alleviation. The Committee also note that if the allocation made under the major head 3451 for the Department of Rural Employment & Poverty Alleviation is added to the existing demand of the Department of Rural Employment & Poverty Alleviation during 1996-97, the total allocation will exceed the allocation of Rs. 6437.00 crore for Department of Rural Employment & Poverty Alleviation alone and hence will also exceed Rs. 23,884.00 crore of the 8th Plan outlay fixed for the Department of Rural Employment & Poverty Alleviation. In view of the above, the Committee as such, recommend, the major head 3451 depicting Secretariat-Economic Services head should be reallocated separately for Department of Rural Development & Department of Rural Employment & Poverty Alleviation should have their separate Secretariat head and should show the expenses made on this item under the non-plan head of the Department of Rural Employment & Poverty Alleviation under Demand No. 73.

Reply of the Government

Based on the recommendation of the Committee for the reallocation of the major head 3451 depicting Secretariat-Economic Services Head separately for Department of Rural Development and Department of Rural Employment and Poverty Alleviation, it is proposed to bifurcate the Major Head 3451 Secretariat-Economic Services between the two Departments starting from the financial year 1997-98. However, it would be relevant to mention here that while creating the Department of Rural Employment & Poverty Alleviation, the Cabinet Secretariat had indicated that "certain sections like those handling cash, vigilance, Parliament work, house-keeping etc. will, however, remain common to both the Departments so that there is no proliferation of staff." In view of this, the budget provision for the Sections dealing with these subjects are being kept under the Department of Rural Development, even though these Sections would service the requirement of both the Departments.

Regarding the observation of the Committee that "if the allocation made under the Major Head 3451 for the Department of Rural Employment and Poverty Alleviation is added to the existing demand of the Department of Rural Employment and Poverty Alleviation during 1996-97, the total allocation will exceed the allocation of Rs. 6437 crore for Department of Rural Employment and Poverty Alleviation", it may be clarified that the allocation under Major Head 3451 is under Non-Plan whereas the allocation of Rs. 6437 crore was under Plan.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 2.14)

The Committee feel the Department of Rural Employment & Poverty Alleviation's calculation to eradicate rural poverty by 2005 AD (*i.e.* in another 9 years) seems to be over-ambitious. During the course of evidence, even the Secretary while expressing the actual impact of one of the Programmes being implemented by the Department opined that about 15 per cent of the people only have crossed the poverty line if we take Rs. 11,000/- as the poverty norm. Pointing out to the programme he continued:

> "Similarly on the IRDP programme some of those who have gone out of the poverty track might have come back."

In view of the above, the Committee recommend the Department to chalk out a realistic time frame of 15 to 20 years by which the rural poverty can be eliminated completely. The Committee also recommend the Department to demand a sizable amount of the plan outlay to meet this enormous task.

Reply of the Government

The official estimate of people living below the poverty line is made by the Planning Commission. This is based on the Consumer Expenditure Surveys conducted by the National Sample Survey Organisation (NSSO). The poverty estimates have recently been revised by the Planning Commission. According to these revised estimates the poverty ratio in rural areas was 39.09% during 1987-88.

While formulating the strategy for the Ninth Plan the Department had made projections for covering all the people below the poverty line under IRDP by the year 2005 AD. This was mentioned by Secretary (RE & PA) during the course of his oral evidence before the Committee. The exercise was based on preliminary estimates of the poverty made by the Planning Commission for 1993-94. According to these estimates, the number of people below poverty line in rural areas was only 14.1 crore persons or 21% of the rural population. The poverty estimates have since been revised to 37.27% or 24.40 crore people for 1993-94. In the light of these revisions, the Department may now have to rework the projections for covering poor families under IRDP. In the revised projections a more realistic time frame of 15-20 years could be taken for covering all poor families under IRDP as suggested by the Committee.

According to the final results of the Concurrent Evaluation Survey for 1992-93 the number of people who were above to cross the poverty line of Rs. 6400/- was as high as 54.4%. However, taking into account the revised poverty line of Rs. 11,000/- the percentage of beneficiaries crossing the poverty line was merely 15.96%.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 2.15)

The Committee note that the existing calculation of people living below poverty line by the Planning Commission is based on a survey conducted during 1987-88. Since then, 9 years has been passed and Indian economy has undergone many changes, during this period. The Committee feel such old estimates of people living below poverty line does not reflect a correct position. Therefore, the Committee urge the Department to request the Planning Commission for an up-to-date estimation of people living below the poverty line.

Reply of the Government

The periodicity of Consumer Expenditure Surveys of the NSSO is five years. As already mentioned above, the latest estimates of poverty are now available for 1993-94. The Ministry conducts an entirely different exercise for identifying poor families based on a house to house survey at the beginning of each Five Year Plan. This is called the BPL Survey/Census. The objective of this Census is to find out who are the poor families to whom assistance should targetted under anti poverty programmes of this Department. This Census does not aim at estimating number of poor families which is done only by the Planning Commission.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 2.16)

The Committee observe that the existing poverty estimates are derived by using the poverty line of Rs. 132.00 per capita per month for rural areas and Rs. 152.3 per capita per month for urban areas at 1987-88 prices, corresponding to the poverty lines of Rs. 49.10 & Rs. 56.60 respectively for 1973-74. During the 8th Five Year Plan this poverty line is updated and has been fixed by the Planning Commission at Rs. 11000.00 at 1992-93 prices and at present there are 28.37% people living below the poverty line. The Committee also observe, that as per the calculations made by different State Governments the percentage of people living below poverty line is as high as 52%. In view of the above, the Committee recommend the Department to urge the Planning Commission to conduct a realistic calculation of poverty line which depict the correct position on the ground to fix the future programmes and priorities with regard to various programmes launched by Government for rural employment and poverty alleviation.

Reply of the Government

The poverty line used by the Ministry under the Eighth Five Year Plan relates to the annual income of a house-hold consisting of around 5 persons on an average. This is consistent with the poverty line of Rs. 49.1 per capita per month at 1973-74 prices and Rs. 132/- per capita per month at 1987-88 prices. As already mentioned above, the Planning Commission has revised the poverty estimates based on the recommendations made by an Expert Committee set up under the Chairmanship of Prof. D. T. Lakdawala. According to these estimates the poverty in rural areas was 37.27% or 24.40 crore people. The future programme priorities will take the above estimates into account while chalking out future priorities. In so far as revision of the poverty line is concerned, the Planning Commission have been requested to revise the poverty line for the proposed BPL Census for the Ninth Plan.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H.-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.6)

The Committee note that under IRDP there is no increase in the outlay for 1996-97 as compared to the budget estimates of 1995-96. Further as per the written note furnished to the Committee subsidy to DRDAs was reduced from Rs. 549.50 crore to Rs. 534.50 crore (*i.e.* net reduction of Rs. 15.00 crore). They feel that the performance of IRDP would be adversely affected due to this reduction in subsidy.

Reply of the Government

It is a fact that subsidy under IRDP has declined by Rs. 15 crore during 1996-97 compared with 1995-96. There has, however, not been any reduction in total investment under IRDP. The Ministry gave credit targets to banks which were much higher than last year. The credit target which was Rs. 1930 crore during 1995-96 has been fixed at Rs. 2142 crore during 1996-97, to neutralise the effect of marginal reduction in subsidy. In order to ensure that the qualitative aspects of the programme are not adversely affected, the target for average investment per family has been raised from Rs. 13,500 in 1995-96 to Rs. 15,000 in 1996-97.

[Ministry of R. A. & E. (Department of R.E. & P.A. F. No. H.-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.7)

It is noted that considering the challenging task of Poverty Alleviation before the country an outlay of Rs. 656.00 crore during 1996-97 is not sufficient. They would like to recommend that the outlay should be substantially stepped up keeping in view the higher proposed outlay *i.e.* 1000.00 crore.

Reply of the Government

It is proposed by this Ministry to the Planning Commission to step up the outlay on IRDP to Rs. 1500 crore during 1997-98.

[Ministry of R. A. & E. (Deptt. of R.E. & P.A.) F. No. H.-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.8)

The Committee note that per family investment during 1994-95 for an old family beneficiary *i.e.* Rs. 6764.00 and also per family investment for a new family beneficiary of Rs. 10312.00 is not sufficient for a person to come out of the poverty line. They feel that the target chasing exercise by the Department does not allow the beneficiaries to come out of the poverty line in one go. It is recommended that Government should judge the performance of the scheme qualitatively *i.e.* a person crossing the Poverty line, instead of quantifying *i.e.* number of beneficiaries assisted under the programme. To achieve this objective it is recommended that per family investment should be substantially stepped up to enable a person to establish himself and cross the poverty instead of spreading the money so thinly and chasing the targets.

Reply of the Government

The Government has taken several initiatives to bring about qualitative improvements in IRDP to enable a larger number of families to cross the poverty line. Several studies have shown that to a large extent the inability of beneficiary families to cross the poverty line is attributable to inadequate level of investment. The Ministry has increased the target for average level of investment from Rs. 12000 per family during 1994-95 to Rs. 13,500 during 1995-96 and Rs. 15000 during 1996-97. Since 1995-96, credit targets are fixed for banks. The Family Credit Plan has been extended to 213 districts of the country. The current levels of investment under this scheme have exceeded Rs. 20,000 per family. The collateral free limit for loan has been revised upward to Rs. 25,000. As a result of these efforts the average level of investment per family which was less than Rs. 8000 at the beginning of the Eighth Plan has crossed Rs. 14,000 during the current year.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC (P) dated 14.05.1997]

Recommendation (Para No. 3.10)

The Committee note that Banks *viz.* Commercial, Cooperative and Rural Banks play very important role in the implementation of the scheme. It is regretted to note that the performance of Banks is not satisfactory. The Committee note that not only there is a normal delay in disposal of loan applications but there is bulk rejection of loan applications on flimsy grounds. The Committee feel that the loan should be advanced to the individuals keeping in view the position of the persons and viability of the project.

Reply of the Government

The Ministry fully shares the concern of the Committee in this regard. All such instances are brought to the notice of the Reserve Bank of India and the concerned Banks at the highest level for appropriate remedial action. The Ministry also discusses these issues in the High Level Committee Meetings and Project Directors' Workshop for suitable remedial measures. The State Level Co-ordination Committee and the District Level Credit Committee also discuss these problems with a view to removing bottlenecks. In order to minimise the delay in sanction and disbursement of loan and to reduce the rejection of applications the Bankers are encouraged to attend the identification camps. Recently, a pilot project has been initiated to involve bankers themselves in the selection of beneficiaries. Around Rs. 50 lakh has been earmarked per DRDA in 40 districts of the country for selecting around 100 beneficiaries per district through eleven banks. Steps to improve the viability of IRDP projects have already been described in reply to para 3.9.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.11)

The Committee observe during the course of oral evidence that reason advanced by Banks for bulk rejection of application is that recovery of Bank loans (viz. Commercial, Cooperative and Regional Rural Banks) was 28.66%. It is noted that the Department has not furnished the bank-wise data regarding recovery separately for Commercial, Cooperative and Rural Banks. The Committee during evidence observed that the position of recovery in Rural and Cooperative Banks was much better than the commercial banks. They recommended that the Bank-wise data separately for commercial, cooperative and Rural Banks should be maintained. The Department should also take corrective steps with respect to the poor recovery rate of Commercial Banks as compared to the Cooperative and Rural Banks.

Reply of the Government

The data regarding recovery of IRDP loans is compiled by the Reserve Bank of India. The Ministry is not monitoring the recovery performance of various banks. However, the Ministry has from time to time taken up the issue of recovery of Bank loans with the State Governments and the DRDAs and advised them to provide all possible help and assistance to the Bankers to improve the recovery position. State Governments have also been advised to enact the 'Model Bill' as recommended by the Talwar Committee. Further more, the State Governments have been advised to appoint Assistant Project Officer (Credit) from Commercial Banks, on deputation in all matters relating to credit and recovery. It has also been emphasised that a Recovery Officer-cum-facilicator should be appointed at the DRDA level. Further, in response to the recommendations of the Expert Committee on IRDP, the Reserve Bank of India has constituted a Review Committee for recovery.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F.No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.12)

The Committee find that the plea advanced by the Banks for poor performance of Banks with regard to disbursement of loan is that the recovery position is very poor. The Committee further note that the quantum of unrecovered loan from beneficiary is not that high, when compared to the statistics of loan recovery from large industrial houses or even medium and small commercial/industrial houses. The Committee do appreciate the constraints being faced by the Banks and suggest that the State Governments should also take necessary steps to help Banks in the recovery of loans in coordination with DRDAs etc. Hence, the Committee feel that the plea of Banks that realisation of loans from the beneficiaries is poor, cannot be accepted as a ground for the refusal of loan to the beneficiary.

Reply of the Government

Various steps taken by the Ministry to help improve the recovery performance of IRDP loans have already been outlined in our comments to recommendations No. 3.10 and 3.11.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.13)

It is also noted that Banks do not advance the maximum amount of loan (*i.e.* credit part) to the beneficiaries which is an impediment in the qualitative success of the programme. The Committee expresses its displeasure that so far no significant improvement in the approach of Banks have been contemplated. They recommend that the Department should take up the matter with RBI and the RBI should issue necessary instructions to the Scheduled Banks to cooperate in advancing the loan and also giving the maximum advance per beneficiary under the rules.

Reply of the Government

The IRDP guidelines emphasise that Banks should extend credit support according to the unit cost norms prescribed by NABARD. They have also been given the freedom to provide more than 10 to 15% of the unit cost fixed by the NABARD, if need be. A minimum subsidy credit ratio norm of 1:2 is being advocated by the Ministry for adherence by the Banks. In pursuance to the recommendations of the Expert Committee on IRDP, RBI has advised the Banks to provide a large quantum of credit and to sanction higher investment amounts for making IRDP projects more viable and enabling the beneficiary to cross the poverty line in one go. As a result of these efforts, the total credit mobilised through banks for IRDP which had sunk to an abysmal low of Rs. 1036 crore at the beginning of the current Plan period rose of Rs. 1703 crore in 1995-96.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.14)

The Committee note with concern that inspite of repeated attempts with regard to improvement in the disbursement of loan made by the Ministry of Finance on the request of Ministry of Rural Areas and Employment during the last two years, the disbursement of loan by Banks is not still satisfactory.

Reply of the Government

So far as IRDP is concerned, there has been consistent improvement in the flow of credit during the last few years as stated in reply to para 3.13. However, the flow of credit has not been upto the targeted level. The Ministry has been constantly pursuing the matter with the RBI and with the Banking Division of Ministry of Finance for further improvement of credit flow to IRDP.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.15)

The linkages between IRDP and its three components could not be established as per the Concurrent Evaluation of 1992-93. Only 2.13%

of the families assisted under IRDP reported that they were assisted under DWCRA and another 3.88% of the beneficiaries reported receiving training under TRYSEM. In view of the above, the Committee recommend that the Department should initiate corrective actions to establish the linkages between IRDP and its components in keeping with the provisions of the Guidelines.

Reply of the Government

Both DWCRA and TRYSEM are sub-schemes of IRDP which attempt to address the issue of empowerment of rural poor women and skill development of rural youth respectively. The annual targets under these two programmes have been a small fraction of the coverage of beneficiaries under IRDP for the reference period of the Concurrent Evaluation Survey. During 1992-93, against a total coverage of 20.67 lakh families under IRDP, 1.29 lakh women were assisted under DWCRA and 2.76 lakh youth were trained under TRYSEM. It is therefore not surprising that only 2.13 per cent of IRDP beneficiaries had been assisted under DWCRA and 3.88 per cent of IRDP beneficiaries had received TRYSEM training. Not all DWCRA women are desirous of taking loan under IRDP as they can meet their working capital requirements through the Revolving Fund or the group's savings. Similarly, not all TRYSEM youth are keen to set up their own ventures; many of them find salaried/ wage employment. However, the Ministry desires that a stronger link be forged between IRDP and its sub-schemes so that the basic objective of the programme is more effectively met. In an effort to do this the Ministry has taken up the issue with the RBI of making the loaning procedure more simple and favourable for group activities Greater attention is also being given to strengthen the training infrastructure under TRYSEM and to make the curriculum for training more meaningful and relevant to the trades in demand in the current market set-up. Instructions are being issued that the loan applications of TRYSEM beneficiaries be processed while they are undergoing training. These interventions should increase the coverage under IRDP of DWCRA and TRYSEM beneficiaries.

[Ministry of R. A. & E. (Department of R.E. & P.A.)
F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.23)

The Committee note that there is mismatch between the physical and financial achievement during 1995-96. The physical achievement has been stated as 75.92% against the financial achievement by 96.93%. The Committee would like to have an explanation of the Government in this regard.

Reply of the Government

It appears that the Committee have relied on the information contained in the Performance Budget of this Department which showed a physical achievement of 22,777 groups as against the target of 30,000 groups. It may be added in this regard that the Performance Budget was drafted in the month of April by which time monthly progress reports from all the States had not been received. The position after receipt of full information from the States is that a total of 37,565 groups were formed during the year 1995-96 as against the target of 30,000 groups, thus recording an achievement of 125%.

As regards financial achievement, a sum of Rs. 65.00 crore had been provided in the Budget of which Rs. 63.65 crore was released during 1995-96, accounting for an achievement of 96.93%.

The apparent mismatch between physical and financial achievements in any given year in general and the year under report *i.e.* 1995-96 in particular can be explained by the following factors :—

(i) The scheme of DWCRA has a number of components such as Income Generating Activities (ICA), Child Care Activities (CCA), Information, Education and Communication (IEC) and Community Based Convergent Services (CBCS) for which separate releases are made. Of these, Income Generating Activities (IGA) alone is related to the formation of groups *i.e.* physical achievement. However, there was a higher physical achievement which can be ascribed to the fact that many States might have utilised the unspent balances of the previous year towards formation of more DWCRA groups. However, the position in this respect is being verified with the States. The target for this is worked out on the basis of dividing the total budgetary outlay for IGA by the revolving fund amount admissible to each group. Based on this, the target of 30,000 groups roughly was fixed.

(ii) As against the above, financial achievement is measured by the total budgetary allocation and the releases made under various components of the scheme as listed above.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.24)

The Committee note that out of 35310 groups started by 1995-96, 2126 groups are found to be defunct. The Committee would like to have the explanation of the Department in the regard.

Reply of the Government

The main reasons for a group becoming defunct are :—

(1) Wrong selection of economic activities without the beneficiary women having the required aptitude and skill.

(2) Absence of backward and forward linkages.

(3) Lack of marketing facilities.

(4) Banks not coming forward to provide credit to the DWCRA groups.

Defunct groups can be revived and made viable by providing suitable training to the members of the groups and also by changing the economic activities, if necessary. Government of India have issued necessary guidelines to the State Governments and implementing agencies in this regard. A copy of the same is enclosed herewith.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 12 of Chapter I of the Report.

Recommendation (Para No. 3.25)

The Committee note that DWCRA is a good programme for upliftment of Women & Children in rural area whereby women with the additional income to the family can help the family in crossing the poverty line. However, it is noted that there are serious flaws in the implementation of Scheme. The Committee would like to urge that the Scheme should be properly monitored so that the benefit of the Scheme goes to the really needy persons. It is also recommended that the various activities under the Scheme should be monitored properly.

Reply of the Government

The Programme is monitored by State Governments and also by Govt. of India by way of getting monthly progress reports, quarterly and annual progress reports. Under the Scheme of Area Officers, Senior Officers visit fields and submit reports bringing out any shortcomings along with the recommendations for suitable action. The implementation of the programme is reviewed periodically with the State Secretaries. Concurrent evaluation is being carried out to find out the status of implementation of the programme and areas requiring improvement. Based on these, certain initiatives as mentioned below have been taken:—

New Initiatives

(i) The amount of Revolving Fund has been enhanced from Rs. 15,000 to Rs. 25,000 per group from 1995-96 to enable DWCRA women to take up higher investments and non-traditional activities.

(ii) Child Care Activities have been incorporated in DWCRA Programme during 1995-96 with the objectives of providing creche services for children of working DWCRA women, setting up literacy centres for the DWCRA women with specific emphasis on girl child drop-outs and illiterate members of the DWCRA groups, filling in critical gaps in the areas of immunisation, nutrition etc., for the children of DWCRA members with special focus and emphasis on the girl child to reduce gender disparities in the infant girl child care, providing some relief to the physically handicapped children of DWCRA members and giving relief and legal assistance for redressal of physical abuse of girl child. Children below 6 years will be the target group under "Child Care Activities".

(iii) Another component *viz.*, Information, Education and Communication (IEC) has also been incorporated in DWCRA during 1995-96 with the objective of generating awareness amongst the rural women, particularly those living below poverty line.

(iv) With a view to giving the DWCRA women greater flexibility in managing their own affairs, the joint bank account which was earlier operated by the Gram Sevika of the block and one member of the group is now being operated by the Group Leader and the Treasurer of the Group.

(v) Defunct groups are sought to be revived by allowing re-training under TRYSEM. If certain members have left the group, the group is allowed to induct fresh members. In case the economic activities are not viable, the group has been permitted to change the activity. With these revised norms and other initiatives in strengthening staffing pattern and marketability, it is expected that some old defunct groups would be revived and fewer new groups would become defunct in the future.

(vi) Recognising the importance of Government staff to plan and coordinate DWCRA activities, State Governments have been informed that the appointment of Gram Sevikas could be made either on contract basis or by drawing from employment exchange. Where this is not permissible as per the State Government norms, the States have been advised to involve the NGOs in the implementation of DWCRA to reduce the pressure on Government staff.

(vii) In order to mitigate the difficulties in the matter of marketing of DWCRA products, a scheme of District Supply and Marketing Societies (DSMS) has been started under which DSMS have been set up in a number of districts of different States. These societies provide the backward and forward linkages to DWCRA groups. The DSMS help the DWCRA groups in all matters relating to marketing of their products which include market identification and market information, activity selection, packaging, advertising and procurement of raw materials at low cost and finding buyers for DWCRA products at reasonable prices.

No. M-12012/92/91-IRD-IV-RD
Government of India
Ministry of Rural Development
IRD Division

CIRCULAR

Dated 26.11.1991

DWCRA was initially taken up in 50 districts in 1982 and it now covers almost 240 districts in the country.

In the course of last nine years, a large number of groups have been formed. However, it is probable that some of these groups have become defunct for various reasons. It is, therefore, necessary to initiate action for reviving these groups.

The following time bound course of action is suggested :

(i) Review of functioning of all DWCRA groups financed upto 31.3.1990 at the district level in order to identify defunct groups by 31.1.1992 by the DRDAs.

(ii) Assessment to identify reasons for the groups getting defunct and to plan remedial action by 29.2.1992.

(iii) Implementing a time bound plan of action for revival of the defunct groups so that the situation improves by 31.5.1992.

In order to facilitate the process of revival, it has been decided to allow re-training under TRYSEM. It has been found that many DWCRA groups have not been able to take up sustained income generation activities because the initial process of providing skills was improperly planned. TRYSEM training as per the guidelines in the revised IRDP manual, April, 1991 may be given to correct this lacuna, if the need for the same is felt. To avoid misuse of funds under TRYSEM, this facility will be available only upto 31.5.1992. No re-training would be permissible thereafter for the defunct groups.

In case, it is not possible to revive a defunct DWCRA group as envisaged, action needs to be taken to recover the revolving fund (Rs. 15,000) advanced to the group. In case the entire amount is lying unutilised in the bank account, this may be recovered straightway. In case, the fund has been partly utilised, funds lying in Bank accounts should be straightway credited to the DWCRA accounts. In respect of the remaining amount, its use by the members of DWCRA should be examined. If the activity has resulted in a loss and if because of that reason, the member was unable to contribute back to the revolving fund, the amount taken by the respective members may not be recovered. However, if it transpires that member has taken the money, but not put to use at all or partly used, the amount which was not utilised for the intended purpose should be recovered.

All funds recovered in this manner should be deposited in the DWCRA account of the DRDA. These funds would be available for financing new groups.

The State Government should continuously review this. They should report the number of defunct groups in the State by 29.2.1992 and groups revived by 30.6.1992.

Sd/-

(S.V. Joshi)

Joint Secretary to the Govt. of India

1. Secretary Incharge DWRCA.
2. Commissioner/Director, DWCRA.
3. UNICEF.
4. Project Director, DRDAs (All 160 DWCRA districts upto 1989-90)

No. M-11012/92/91-IRD-IV
Government of India
Ministry of Rural Development

Krishi Bhavan, New Delhi
Dated the 24th July, 1992

To

The Secretary/Commissioner,
Rural Development Deptt.,
All States/UTs.

SUBJECT:— *Identification of defunct groups under DWCRA scheme.*

Sir/Madam,

I am directed to invite your attention to this Ministry's circular No. M-12012/92/91-IRD-IV dated the 26th November, 1991 wherein it was desired that review of functioning of all DWCRA groups financed upto 31.3.90 at the district level should be conducted in order to identify such groups by 31st January, 1992 by the DRDAs.

The reasons for the groups becoming defunct were required to be identified by 29th February, 1992 and a time bound plan of action implemented for revival of such groups by 31st May, 1992.

It has been reported by some of the States that delay has been caused in re-training the defunct groups because of the long time taken for survey of such groups. On such requests received from various field functionaries it has been decided to extend the time limit for taking action for review of defunct groups till 30th September, 1992. You are requested to continuously review the progress made in regard to identification of defunct groups and their revival. A district-wise report about the total number of groups surveyed, groups revived and defunct groups without a chance of revival should be sent to this Ministry by the 30th October, 1992.

Yours faithfully,

Sd/-
(S.V. Joshi)

Joint Secretary to the Government of India

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.31)

The Committee note with concern the unsatisfactory physical and financial performance of the scheme of TRYSEM. As per the written information forwarded to the Committee the financial achievement of TRYSEM was 64.21 per cent during 1994-95 and 99.71 per cent during 1995-96. Similarly, the physical performance of the scheme during 1994-95 and 1995-96 was 88.48 and 70.81 per cent respectively. The Committee would like to have an explanation of the Department regarding the unsatisfactory performance of TRYSEM during the above years.

Reply of the Government

TRYSEM Scheme has two components which are (i) Recurring expenditure & (ii) Strengthening of Training Infrastructure. While under recurring expenditure, stipends to trainees and honoraria to training institutions/master craftsmen etc. are paid, under the training infrastructure head assistance is provided to training institutions for strengthening/upgrading their training infrastructure as well as for setting up of mini-ITIs. Rs. 300 crore outlay indicated in the 8th Plan is for both the components taken together. Likely release of funds by Centre as indicated by the Committee in para 3.30 actually refers to Strengthening of Training Infrastructure. Under this head, the likely release in the period 1992-97 is expected to be Rs. 50.91 crore. For TRYSEM recurring expenses release is expected to be of the order of Rs. 207.47 crore.

The tables given below give the position of physical target and achievement as well as financial allocation and releases under TRYSEM (both under recurring and infrastructure heads) for the last three years.

Performance under TRYSEM Recurring Expenses

(Rs. in crore)

	Physical Target (in lakhs)	Achievement	%	Financial: Central Allocation	Central Release	%
1994-95	3.18	2.82	88.67	44.71	46.12	103.25
1995-96	*	2.91	—	45.25	45.25	100.00
1996-97 (upto October 96)	*	1.25	—	45.25	17.60	38.89

*Targets dispensed with by Govt. of India.

Performance under Strengthening of Training Infrastructure

(Rs. in crore)

	Central Allocation	Central Release	%
1994-95	14.00	8.99	64.21
1995-96	14.00	13.96	99.71
1996-97 (Upto Oct. 1996)	14.00	0.96	6.85

The Physical achievement in 1994-95 as observed by the Committee was 88.67% which may not be regarded as unsatisfactory. For 1995-96 the Central Government had not prescribed any physical targets to the States. It was left to them to work out physical targets in consonance with local needs and availability of resources. The actual physical achievement during 1995-96 was 2.91 lakh trainees which is a little higher than that in 1994-95. As far as financial performance is concerned, under TRYSEM recurring expenses, in both the years *i.e.* 1994-95 and 1995-96 full Central share was released to the States. Under strengthening of training infrastructure there was a shortfall in central release in 1994-95. However, in 1995-96, 99.71% of the Central allocation was released. Releases under this head to States is for giving grants to training institutions engaged in TRYSEM training. The Central release is done to States keeping in view their demands and utilisation of the funds given earlier.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.32)

As per the written information forwarded to the Committee quick evaluation of TRYSEM last conducted during 1993 found 47.19% of the beneficiaries were employed after training. The Committee would like to know the reasons of unemployment of targeted beneficiaries. The Committee note that at present there is no proper in-built mechanism for rehabilitation of a TRYSEM beneficiary after he/she obtains training, by which the beneficiary can obtain further assistance from the nodal agency (*i.e.* DRDA). The Committee feel that some rehabilitation scheme for the TRYSEM beneficiary should be in-built in the Guidelines of TRYSEM. They would like to recommend that corrective measures should be initiated by the Department to make TRYSEM scheme a success.

Recommendation (Para No. 3.33)

The Committee note with concern the findings of the quick evaluation of TRYSEM in which it was found that a major portion of TRYSEM trainees, *i.e.* 53.57% did not apply for loan under IRDP. The Committee find during the training period the beneficiaries could not be motivated enough to accept the IRDP loan after the completion of the training. They also note the guidelines of TRYSEM stipulate every TRYSEM trainee to be a potential IRDP beneficiary. Equal alarming is the fact that of the total beneficiaries who applied for loan under IRDP (*i.e.* 46.43%) only about 50% of them were given assistance under IRDP. Thus the Committee finds that the linkages between IRDP and TRYSEM have not been established so far. In view of the above, the Committee recommend that the linkages between the IRDP and TRYSEM should be established and strengthened as per the guidelines.

Reply of the Government (Paras 3.32 & 3.33)

The Ministry fully shares the concern of the Committee over the relatively poor linkage of TRYSEM & IRDP. However, it may be stated that not all TRYSEM trainees can be expected to seek assistance under IRDP, since some of the trained youth succeed in getting employment in the public as well as private sector. Some take to skilled wage employment as well. Nevertheless, the Ministry has taken due note of the results of the concurrent evaluation of IRDP and quick evaluation survey of TRYSEM. To ensure proper linkage of TRYSEM with IRDP, the Ministry proposes to make it incumbent on the DRDAs/training institutions to complete all the formalities of IRDP assistance during the course of the training itself and send the applications to the Banks so that the banks in turn can satisfy themselves with the progress of training of the beneficiary, prepare suitable projects and disburse loan immediately after the completion of the training. The DRDAs, BLBC, DLCC and SLCC will be asked to review and monitor the progress of financing of TRYSEM beneficiaries in their meetings.

The Ministry is also proposing to introduce an inbuilt monitoring system in the training institutions. Henceforth, training institutions would be made responsible for monitoring the progress of their trainees towards self-employment. It would now be made incumbent on them to maintain registers to record such progress periodically through regular contact with the trained youth.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 3.34)

The Committee feel the training provided under TRYSEM should cater to the local needs to make the programme more realistic. The Committee desire the guidelines of TRYSEM should be modified keeping in view the particular needs of a particular area. In this regard, the Committee recommend the Department to establish mini ITIs to see that the local talent available can be harnessed and subsequently gainfully employed.

Reply of the Government

The Ministry fully agrees that TRYSEM training should cater to the local needs and potential. In fact the Ministry has already launched a scheme of giving assistance for setting up of mini-ITIs in Blocks where no proper training facilities exist. Each such mini-ITI is expected to cater to 3 to 4 select trades relevant to the needs of that locality. The Central Government would be providing matching assistance to the States for meeting the non-recurring expenditure in this regard from the funds available under the scheme of strengthening of TRYSEM training infrastructure.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 4.10)

As per the written reply forwarded to the Committee during 1995-96, physical achievement of 895.82 million mandays was achieved against the target of 848.00 million mandays (percentage achievement being 105.64%) against the financial achievement of 95.46%. The Committee would like to urge the Deptt., to fix the physical target achievement vis-a-vis financial achievement under JRY, realistically.

Reply of the Government

As per the JRY guidelines, the ratio between wage and material component is 60:40. However, during 1994 and 1995-96 highly labour intensive works like watershed development projects were permitted under the Yojana and specific funds were earmarked for this purpose *i.e.* 50% of IJRY funds were to be spent on watershed development. The higher physical achievements of 895.82 million mandays might have achieved against the target of 848.00 million mandays (percentage achievement 105.64%) against the financial achievement of 95.64% perhaps due to more labour intensive works like watershed development projects taken up under the programme during that year. However, the correct position is being ascertained from the State Governments.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 15 of Chapter I of the Report.

Recommendation (Para No. 4.12)

The Committee note that there are complaints in the States about the uniform application of the guidelines issued by the Centre. They also note often, guidelines are never followed scrupulously. In view of the above, the Committee recommend that monitoring of different schemes under JRY should be further strengthened.

Reply of the Government

Though the guidelines issued by centre are uniform, enough flexibility has been given to take up works and implement the programme as per the felt need of the area/region. For proper monitoring emphasis is laid on a strong data base and regular feed back through monthly and annual progress reports. At the time of releasing second instalment, the utilisation certificates, Audit Reports and other parameters such as release of matching grants from the states, minimum expenditure etc. are examined thoroughly. The scheme is supervised by the DRDA/ZP and the district authorities. In addition, inspections are conducted by the State Govt. officials and periodical reviews by the Central Govt. which have also issued instructions to State Govts. to constitute vigilance and monitoring Committees at the State, district and block levels.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 5.3)

The Committee note that physical achievement under IAY during 1995-96 was 86.30% (*i.e.* Achievement of 8.63 lakh houses against target of 10.00 lakh houses) against the financial achievement of 106.92% (*i.e.* Achievement of Rs. 1170.78 crore against the target of Rs. 1094.99 crore). The Committee would like to know the reasons for this mismatch and would like to urge the Department to set the physical targets realistically under the Yojana.

Reply of the Government

The figure of Rs. 1094.99 crore only represents the Central Share of 80% and does not include the State matching share of 20% *i.e.* Rs. 273.35 crore. If the State share is also taken into account, the total of financial target for the year 1995-96 would be Rs. 1368.34 crore. Thus, against the total allocation of Rs. 1368.34 crore, the achievement of Rs. 1170.78 crore is about 85.55% which reasonably matches with the physical achievements under IAY during 1995-96.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96—GC(P) dated 14.05.1997]

Recommendation (Para No. 5.5)

The Committee note that the allocation of Rs. 1194.00 crore for 1996-97 is almost same as the expenditure of Rs. 1170.78 crore made during 1995-96. However, the Department has increased the physical target for 1996-97 to 11.26 lakh houses against the achievement of 8.67 lakh houses during 1995-96. The Committee fail to understand the rationale as how the set physical target of 11.25 lakh houses will be achieved when the permissible expenditure per house has been increased. In view of the above, the Committee recommend the Department to fix realistic physical target.

Reply of the Government

During 1995-96 the total allocation (80% Central +20% State Share) was Rs. 1368.34 crore under IAY. During 1996-97, Rs. 1424.60 crore (80% Central +20% State share) has been allotted to achieve a target of 11.23 lakh houses.

The upper ceiling assistance for IAY house was revised with effect from 1.8.1996 to Rs. 20,000 and Rs. 22,000 based upon the recommendation of the Chief Minister's Conference. Accordingly, the Department took up the matter with the Planning Commission for allocation of additional amount of about Rs. 500 crore so that the target already communicated to the States for the current year could be achieved. The Planning Commission has intimated that during the current year, the States would be getting some funds out of the earmarked amount for the Common Minimum Services and priority to rural housing to reach closer to the target. Accordingly, the States have been intimated the views of the Planning Commission.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 5.7)

The Committee find different States/UTs do not follow uniform pattern for the involvement of elected representatives during the selection of beneficiaries under IAY. In this regard, the Committee recommend the elected representatives both at the Centre and State's level should be involved in the selection of beneficiaries under IAY and the guidelines should be modified accordingly to reflect these changes.

Reply of the Government

As per the existing guidelines, beneficiaries for IAY are identified by the Gram Panchayat in the Gram Sabha. The list of beneficiaries are thereafter approved by the Panchayat Samiti/BDO as the case may be. This is in line with the 73rd Constitutional Amendment which empowers the Gram Panchayats to implement rural development schemes.

The Government of India has requested the State Governments to constitute Vigilance and Monitoring Committees at State/District level in which elected representatives *i.e.* Members of Parliament and Members of Legislative Assembly are to be included as members. Through participation in these Committees, elected representatives of Centre+State can monitor the implementation of the Programme and guide the implementing agency. If any distortions are noticed in the implementation of this Programme, the issue can also be raised in the meeting of the general body of the DRDA whose elected representatives are associated.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 5.8)

On the question what are the reasons for vacancy of built houses under IAY, the Department in the written reply have stated that in few cases houses built under IAY were not occupied by the beneficiary as the sites were away from the main habitations or work places.

Similarly, on another question what are the reasons for non-availability of essential facilities in the constructed houses, the

Department in the written reply have stated that the beneficiary is supposed to construct these facilities in his/her house and in some areas these facilities are not being used by the beneficiaries due to their living habits and life style. As per the CA&GI Report No. 2 of 1995 there are a large number of houses constructed under IAY which lacked sanitary facilities and were lying vacant. In view of the above, the Committee recommend that guidelines of IAY should be suitably modified to incorporate that in no cases the houses built under IAY should be located at far away places from the main habitations/work places/hospitals/schools. They also recommend the guidelines should incorporate that no house built under IAY should lack basic amenities, specially the sanitation.

Reply of the Government

The present guidelines emphasise that the houses under IAY should normally be built on individual plots in the main habitation of the village. The houses can also be built on micro habitat approach or in a cluster within the habitation so as to facilitate development of infrastructure such as internal roads, drains, drinking water supply, etc. It has also been stressed in the guidelines that houses should be located close to the village and not far away so as to ensure safety and security, nearness to work place and social communication. Provision of sanitary facilities has been integrated in the overall estimate of finalising for IAY houses as would be seen from the following.

Before revision of ceiling on construction assistance, an IAY house had the following three components:—

		Plain area	Hill/Difficult area
(i)	Construction of House (basic cost)	Rs. 9,000	Rs. 10,800
(ii)	Construction of sanitary latrine & smokeless chullah	Rs. 1,500	Rs. 1,500
(iii)	Cost of providing infrastructure and common facilities	Rs. 3,500	Rs. 3,500
	Total	Rs. 14,000	Rs. 15,800

According to the revised cost norms which have come into effect from 1.8.1996, the sanitary latrine and smokeless chullah which were separate components earlier have now been included as integral part of the house and the IAY house consists of two components only which are as follows:—

		Plain area	Hill/Difficult area
(i)	Construction of house including sanitary latrine and smokeless chullah	Rs. 17,500	Rs. 19,500
(ii)	Cost of providing infrastructure and common facilities	Rs. 2,500	Rs. 2,500
	Total	Rs. 20,000	Rs. 22,000

The State Governments have been instructed to follow the above guidelines strictly.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 5.11)

The Committee note that only 0.27 per cent financial achievement has been made under the scheme during 1995-96 *i.e.* an expenditure of Rs. 0.12 crore against an allocation of Rs. 45.00 crore. Similarly, as per the written information forwarded to the Committee the likely expenditure of this scheme is likely to be Rs. 46.01 crore during 1992-97 against the 8th Plan outlay of Rs. 350.00 crore. The Committee are constraint to note the poor utilisation of financial allocations under the Scheme. The Committee would like to know the reasons for such poor utilisation of funds.

Reply of the Government

An allocation of Rs. 350.00 crore was made for rural housing (apart from IAY) for 8th Five Year Plan keeping in view the necessity for a viable housing programme for the poor.

During 1992-93, Rs. 5 crore was released to HUDCO towards equity participation so that they could enhance their funds flow to institutional borrowing for the EWS category. During 1993-94, the rural housing scheme was launched by the Ministry with a view to enhancing and strengthening the on-going rural housing schemes of various State Governments and Rs. 15 crore was earmarked under the scheme. Rs. 11 crore was released to various State Governments under the Scheme. During 1994-95, an allocation of Rs. 30 crore was made and an amount of Rs. 29.89 crore was released to various State Governments for implementation of their rural housing programmes. Though, during 1995-96, Rs. 45 crore was allocated for the rural housing scheme, however, only Rs. 0.12 crore was released to the State Governments and the balance amount was diverted to IAY due to the merger of Rural Housing Scheme with IAY with effect from 1.1.1996.

The rural housing scheme remained in force only for a period of three years *i.e.* during 1992-93, 1993-94 and 1994-95. The extent of utilisation was 50% during 1992-93, 73.33% during 1993-94 and 99.63% during 1994-95. The extent of utilisation during 1995-96 was only 0.27% due to merger of Rural Housing Programme with IAY. However, the money diverted to IAY was allocated to the States for utilisation under the Scheme.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 6.3)

The Committee note that during 1995-96 there was an expenditure of Rs. 538.50 crore against target of Rs. 559.07 crore for the Scheme. They also note that physical performance of the Scheme has decreased from 1.59 lakh wells during 1994-95 to 1.43 lakh wells during 1995-96. As per the written reply furnished to the Committee the physical targets under the Scheme is not fixed. The Committee recommend now that the MWS has been made a separate Scheme, some physical targets should be fixed under the Scheme to correctly judge its performance.

Reply of the Government

During 1994-95 the total availability of MWS funds was Rs. 1049.62 crore against which the expenditure reported was Rs. 776.18 crore.

During 1995-96, greater emphasis was laid on Indira Awaas Yojana (IAY) as result of which the total availability of funds for MWS was reduced to Rs. 596.94 crore against which expenditure of Rs. 538.49 crore was incurred. Therefore, the number of wells constructed during 1995-96 decreased in comparison to the number reported in 1994-95.

Ministry accepts the recommendation of the Committee. Physical targets would be fixed in consultation with State Governments from 1997-98.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 6.4)

As per the written reply furnished to the Committee apart from the Wells, other scheme of minor irrigation like irrigation tanks, water harvesting structure and the development of lands are undertaken this Scheme. The Committee note that the Department at present does not maintain Separate information on the other Schemes. In view of the above, the Committee recommend the Department to procure and maintain separate information on the other Schemes of MWS.

Reply of the Government

Ministry accepts the recommendation of the Committee. Separate information on schemes other than wells would also be collected from States.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 6.5)

On a question how the Department is doing to avoid cases of (i) abandonment the construction of wells (ii) failure of wells, and (iii) deviation from the guidelines for permitting boring of wells or tube wells, the Department in the written reply have stated that the success of MWS should not solely be judged by the number of wells constructed during the year. Rather there are other activities on which MWS funds are being utilised. The Committee find the existing monitoring mechanism of the Scheme is not taking into account the ground realities. They recommend that the Department should properly monitor the Million Wells Scheme.

Reply of the Government

Ministry accepts the recommendation of the Committee that the monitoring of the scheme should be made more rigorous.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 6.6)

The Committee feel that to make the Million Wells Scheme a success, the Department should update the data for the level of ground water table at regular intervals. In this regard they recommend the Department should procure up-to-date information of the ground water table.

Reply of the Government

The work relating to maintaining and updating the data relating to level of ground water table is handled by Ministry of Water Resources. States would be advised to obtain this information and make use of it appropriately while implementing MWS Scheme.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 7.4)

The Committee note the satisfactory financial achievement of targets under EAS during 1994—96 period. They also note that the physical achievement under EAS is increasing from 273.96 million mandays during 1994-95 to 342.79 million mandays during 1995-96. As per the written information forwarded to the Committee the total available funds under EAS during 1995-96 was Rs. 2671.45 crore out of which an expenditure of Rs. 1717.31 crore were made. Thus, the percentage expenditure to total availability of funds become 64.28% during 1995-96 which was 69.59% during 1994-95 and 33.48% during 1993-94. Therefore, the Committee recommend the Department to fully utilise the available resources under the Scheme.

Reply of the Government

The EAS is a continuing scheme and a district can request for next instalment of EAS funds for those blocks which have utilised more than 50% of the available funds. During 1995-96, Rs. 623 crore were released in February-March, 1996. Thus, 36.5% of the total funds was released towards the close of the financial year. Under the programme funds released and unspent are carried forward to the next financial year for utilisation. The inadequate utilisation of funds under the programme may, therefore, be on account of late release which may be due to late receipt of proposals. States have been requested from time to time to send their proposals in time so that quantum of carry forward funds can be reduced and percentage utilisation during a given year can improve. The recommendation of the Committee has also been brought to the notice of the State Governments/UTs for necessary compliance.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC (P) dated 14.05.1997]

Recommendation (Para No. 7.5)

As per the information furnished by the Department total number of EAS blocks in the country are 5452. Out of this 3206 blocks have been reported as covered under EAS. The remaining blocks numbering 2246 are yet to be covered. The Committee would like to recommend that Department should cover half of the not covered *i.e.* 1136 during 1996-97.

Reply of the Government

The EAS has been extended to 1123 blocks *i.e.* 50% of the remaining rural blocks during 1996-97. The inclusion of new blocks has been done on the basis of the recommendations of the State Govts. In case of some States, larger number of blocks have been included during the current year itself due to special reasons. Funds at the rate of Rs. 20 lakh per block have been released for taking up EAS in the new blocks.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 7.6)

As per the written information forwarded to the Committee EAS is under operation in the blocks which are situated mainly in the drought prone areas, desert areas, tribal areas and hilly areas in which the Revamped Public Distribution System (RPDS) is in operation. The Committee find the classification of block for the implementation of EAS is not fool proof. The Committee feel and recommend, more funds should be provided to those blocks where concentration of SCs/STs is more and their condition is depresant/backward.

Reply of the Government

There is no fixed allocation for a district or State under EAS since it is a demand driven scheme. However, the EAS blocks in the country have been placed in 3 categories on the basis of rural population for release of funds. Category-A blocks are given Rs. 40 lakh per instalment Category-B blocks are given Rs. 30 lakh per instalment and Category-C blocks are being given Rs. 20 lakh per instalment as Central share. A district can request for next instalment of EAS funds for those blocks which have utilised more than 50% of the EAS funds. Since EAS is a demand driven scheme, the need of funds per block depends on the demand for wage employment during the lean agricultural season. However, the recommendation of the Committee for allocation of more funds to those blocks where there is concentration of SC/ST population or which are distress areas will be considered while deciding allocation per block in the 9th Plan.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 8.3)

The Committee appreciate the near full utilisation of financial targets under DPAP during 1994–96 period. As per the written reply of the Department a target of 4957 watershed projects has taken up for 1995-2000 period. The Committee find the physical progress of these projects during 1995-96 has not been provided. In view of the above the Committee recommend the Department to clearly monitor the progress made under the scheme in recent years.

Reply of the Government

New guidelines for watershed development were introduced from 1995-96. As 1995-96 was the transitional year for shifting to the new guidelines, the DRDA had to attend the following major tasks:—

(1) To complete the on-going works started prior to 1995-96 under the old guidelines.

(2) To initiate action for planning and development of watershed projects according to the new guidelines.

In almost all States, the major portion of the time available during 1995-96 was consumed in completion of ongoing works. Therefore, full attention could not be paid for starting new watershed projects under the new guidelines.

According to the Guidelines for Watershed Development the watershed project of about 500 hectares is to be planned and developed in four years. First year is earmarked for Participatory Rural Appraisal (PRA), completion of institutional arrangements for the projects, preparation of project report jointly by the villagers through watershed Committees and the Project Implementation Agency and approval of the project report by DRDA. The entry point works to gain confidence of the villagers are also required to be completed in the first year. In the remaining three years, the area development should be completed. As 1995-96 was the transitional year for shifting to the area development on watershed basis in accordance with the new Guidelines, the concerned authorities at the State and DRDA level struggled very hard to absorb the ethos of new guidelines and to plan watershed projects accordingly. All the DRDAs could not complete the activities earmarked for the first year. However, more progress has now been achieved with regard to completion of institutional arrangements, preparation of project reports and approval of the reports by DRDAs. A statement indicating statues of completion of these activities State-wise is enclosed.

Financial performance and physical achievements are being monitored on the basis of monthly and quarterly reports received from the DRDAs in respect of each district. Meeting of State Secretaries dealing with the programme is also held to make a detailed review of the progress of the programme in the Country.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 8.4)

As per the Written information forwarded to the Committee the programme valuation organisation (PEO) of Planning Commission has recently completed an evaluation study of DPAP in January, 1995 which says watershed approach for integrated areas development was not adopted except in limited cases. The Committee would like to know why the watershed approach has not become successful for area development. The Committee would like to urge the Department to take immediate corrective steps in this regard.

Reply of the Government

Under the old guidelines for DPAP and DDP effective till 1994-95, it was provided under para 2.3 a micro watershed is to be taken as the basic unit for concentrating development activities. Micro watershed will be identified in each block covered under the programmes and will be taken up for development in phased manner through prioritisation. Though it was desired and provision for taking up the area development on watershed basis was made under the old guidelines, institutional arrangements to ensure that watershed approach is adopted were not laid down as it has now being done on the basis of expert consultation. Further under para 4.4 of old guideline sectoral weightages were assigned to various sectors of activities with a view of stressing these activities which were condusive to treatment of depraded land drought proofing. Under DPAP, the weightage given were 30%, 20%, 25%, 15% and 10% for land resources development, water resources development, aforestation and pasture development, minor sectors and project administration respectively. However, Most of the concerned States preferred to implement the programme on sectoral basis instead of watershed basis because it was easy to do so and did not complex area development planning.

Under the new Guidelines for Watershed Development effective from 1995-96, area development on watershed project basis has been made compulsory and institutional arrangements have been provided for to ensure these. District-wise targets in terms of watersheds to be developed has been fixed by this Ministry. Progress of implementation is also being monitored in terms of expenditure incurred and physical achievements of individual watersheds. Now no activity can be taken up outside the watershed project.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 9.3)

The Committee appreciate the near full utilisation of financial targets under DDP during 1995-96. As per the written reply of the Department a target of 1695 new watershed projects for 1995-2000 period. The Committee find the physical progress of these new watershed projects has not been provided while the corresponding allocation has been demanded. Therefore, the committee recommend the Department to mention and clearly monitor the progress made under the Scheme in recent years.

Reply of the Government

New guidelines for watershed development were introduced from 1995-96. As 1995-96 was the transitional year for shifting to the new guidelines, the DRDA had to attend the following major tasks:—

(1) To complete the on-going works started prior to 1995-96 under the old guidelines.

(2) To initiate action for planning and development of watershed projects according to the new guidelines.

In almost all States, the major portion of the time available during 1995-96 was consumed in completion of ongoing works. Therefore, full attention could not be paid for starting new watershed projects under the new guidelines.

According to the Guidelines for Watershed Development the watershed project of about 500 hectares is to be planned and developed in four years. First year is earmarked for Participatory Rural Appraisal (PRA), completion of institutional arrangements for the projects, preparation of project report jointly by the villagers through watershed committees and the Project Implementation Agency and approval of the project report by DRDA. The entry point works to gain confidence of the villagers are also required to be completed in the first year. In the remaining three years, the area development should be completed. As 1995-96 was the transitional year for shifting to the area development on watershed basis in accordance with the new Guidelines, the concerned authorities at the State and DRDA level struggled very hard to absorb the ethos of new guidelines and to plan watershed projects accordingly. All the DRDAs could not complete the activities earmarked for the first year. However, sufficient progress has now been made with regard to completion of institutional arrangements, preparation of project reports and approval of the reports by DRDAs. A Statement indicating status of completion of these activities State-wise is enclosed.

Financial performance and physical achievements are being monitored on the basis of monthly and quarterly reports received from the DRDAs in respect of each district. Meeting of State Secretaries dealing with the programme is also held to make a detailed review of the progress of the programme in the Country.

Statement Indicating Institutional Arrangements under DPAP and DDP

State	No. of Watershed Projects		No. of PIAs Selected	No. of WDTs Appointed	No. of WAs Formed	No. of WAs Regd.	No. of WCs Formed	No. of WSPA Opened	No. of WS Plan Approved
	Targetted	Selected							
1	2	3	4	5	6	7	8	9	10
Drought Prone Areas Programme (DPAP)									
1. Andhra Pradesh	587	615	106	122	336	231	287	59	66
2. Bihar	449	137	19	19	56	—	56	4	52
3. Gujarat	369	323	68	69	281	10	288	169	62
4. Himachal Pradesh	33	33	8	8	33	32	33	33	33
5. Jammu & Kashmir	99	46	2	8	46	24	45	36	24
6. Karnataka	458	352	52	132	246	42	274	173	293
7. Madhya Pradesh	823	702	137	137	0	—	1092	671	641

1	2	3	4	5	6	7	8	9	10
8. Maharashtra	859	1264	170	175	1023	215	1008	496	395
9. Orissa	187	180	34	53	8	—	11	—	54
10. Rajasthan	176	94	76	46	20	57	—	—	23
11. Tamil Nadu	297	252	25	25	250	193	252	250	134
12. Uttar Pradesh	497	545	27	27	537	15	543	293	493
13. West Bengal	161	161	36	36	160	—	160	8	161
Total	4995	4704	760	857	2996	820	4049	2192	2431
Desert Development Programme (DDP)									
1. Andhra Pradesh	96	116	19	19	116	116	116	45	—
2. Haryana	107	107	14	12	107	107	107	107	60

1		2	3	4	5	6	7	8	9	10
3.	Karnataka	130	154	17	20	136	136	548	136	80
4.	Himachal Pradesh	80	81	14	35	62	38	38	26	74
5.	Rajasthan	841	400	126	59	6	1	21	—	14
6.	Jammu & Kashmir	96	96	8	30	92	35	92	65	64
7.	Gujarat	345	304	42	42	187	26	183	150	90
	Total	1695	1258	240	217	706	459	1105	529	382

WS = Watershed,
PIA = Project Implementation Agency,
WDT = Watershed Development Team,
WA = Watershed Associations,
WC = Watershed Committee,
WSPA = Watershed Project Accounts,
WSDFA = Watershed Development Fund Accounts.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.1(a)]

The Committee observe that actual allocation during the 8th Plan for the various Schemes/Programmes is far less than the 8th Plan outlay.

Out of the outlay of Rs. 23884.00 crores, the actual allocation as per the data furnished by the Department is Rs. 20828.46 crores after excluding the outlay of Rs. 4740.00 crore for Employment Assurance Scheme. Thus there is net underspending of Rs. 3055.54 crore under different Plan Schemes, during the 8th Plan. It is needless to say here that due to the underspending in different Programmes/Schemes, the poorest of the poor in the country is suffering. The Committee would like that during Ninth Five Year Plan, there should be proper planning and financial projection should be realistic for each programme/scheme, so that there is 100% utilisation. They urge that there should not be diversion of funds from one Scheme to the other. The Committee urge that the backlog of the 8th Plan outlay should be appropriately allocated in the different Schemes/Programmes.

Reply of the Government

The observations/recommendations of the Committee are noted.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.1(b)]

Not only there is under-allocation and underspending in the Eighth Plan outlay for different Projects/Schemes, but release of funds to States are lesser than the allocation. Another notable alarming feature is that there are huge unspent balances left with the States. In some of the States, the utilisation is marginal in specific programmes. The Committee also observe that under different programmes of the Department, States are not allocating the matching share. They would like that while chalking out the strategy for Ninth Plan, Government should reconsider and review the programmes. If needed, the schemes/programmes not performing well should be restructured.

Reply of the Government

Regarding the point on unutilised balances, the comments of the Department have already been given under para 2.5 and 2.11. The suggestion of the Committee that while chalking out the strategy for 9th Plan, Government should reconsider and review the programmes and wherever necessary restructure the programmes, it is mentioned the Department has been reviewing the programmes from time to time on a regular basis and programmes are restructured and redesigned as and when found necessary. As already stated in the reply to para 2.5 and 2.11, Department has already streamlined and restructured JRY from 1.1.1996. MWS and IAY the sub-schemes of JRY have been made separate and independent schemes. The Intensified JRY (second stream of JRY) has been merged with EAS to improve the effectiveness and efficiency of the programme. Another important change made with regard to the administration of wage employment programmes is that now JRY funds would be allocated among the districts, intermediate and village panchayat level in the ratio of 20:15:65. Until now there was no separate funds given to intermediate panchayats. It is also decided to extend EAS to all the rural blocks by 1997-98.

Under the self-employment programmes as a sub-scheme of IRDP, a new scheme called Ganga Kalyana Yojana (GKY) has been launched with effect from February, 1997 to enable the beneficiaries to take up borewells and tubewells for irrigation purposes. From 1997-98, GKY will be a separate scheme.

The outlay for various schemes of the Department is decided by the Planning Commission during the Annual Plan discussions. The funding support is provided in the Central Budget prepared by the Ministry of Finance. The total outlay projected for the Eighth Plan for IRDP by this Ministry was Rs. 3350 crore against which an amount of Rs. 3031 crore has been provided in the Central Budget during the Eighth Five Year Plan. Release of funds to States under IRDP have been almost the same as Central allocations. Central release was 94 per cent of the allocation in 1995-96. It is true that opening balances are higher than the permissible limits allowed under the programme. However, this is largely due to the time taken in convening meetings of the Gram Sabha for selection of beneficiaries besides seasonality in grounding of projects. There is also bunching of applications with banks in the last quarter of the year. Since IRDP activities pick up only in the last two quarters of the financial year, the second release of funds is sometimes delayed. Release of funds in the last two months of the year find reflection in huge opening balances at the beginning of the next year. This has been a matter of concern to the Ministry. Although quarterly budgeting has been ordained and targets fixed, States have not been able to achieve the same. They have been advised to convene meetings of the Gram Sabhas right at the beginning of the financial year and complete the process at the earliest so that, after selection, the process of project formulation and sponsorship of cases to the Banks could begin without any loss of time. Similarly, with a view to avoiding bunching of loan applications and their sanction, a decision has been taken in the last Central Level Coordination Committee meeting on 30.12.1996 to fix time schedules between sponsorship of cases and their sanction, and between sanction of applications and actual disbursement of loans. With these measures, it is hoped that the pace of utilisation of funds would pick up and the DRDAs would not be left with large opening balances.

The utilisation of funds at the all-India level during 1995-96 was 98 per cent of total allocation in 1995-96. It is true that some of the States such as West Bengal, Maharashtra, Orissa, Andhra Pradesh and J&K have not released the full matching contribution of State share in the past. However, at the all-India level, Central and State releases have balanced out as some States have released more than the Central share of funds. As regards the sub-programmes of IRDP, *i.e.* Training of Rural Youth for Self Employment (TRYSEM), Department of Women and Children in Rural Areas (DWCRA) and Improved Toolkits Programme, the utilisation of funds during the 8th Five Year Plan has been about the same as allocation or in excess of allocations as in the case of DWCRA. There has not been any major shortfall in release of matching share of State Governments. The toolkits Programme is being funded to the extent of 100 per cent by the Centre and the question of short releases does not arise in the case of this programme. For chalking out a strategy for the Ninth Plan, IRDP and its various sub-schemes were reviewed and suggestions for restructuring of these schemes have been made with a view to improving their efficacy.

The major changes proposed under IRDP during the 9th Plan include rationalisation of rates of subsidy enhancement of credit flows and levels of investment per family through extension of family credit plan, greater role of banks in selection of beneficiaries, and closer linkage of IRDP with its sub schemes *viz.*, TRYSEM and DWCRA. Under TRYSEM programme, there will be an effort to set up mini ITIs in substantial number of blocks where no such institution exists. In addition, greater emphasis will be laid on training of trainers, technical appraisal of private institutions/master craftsmen for quality assurance, training for meeting the requirements of the service sector as well as the corporate sector besides training of disabled persons and women. Under the DWCRA programme also new initiatives will be taken during the 9th Plan to encourage the habit of thrift and credit to promote self reliance among women, give a fillip to group ventures through IRDP and to bring about convergence of programmes of primary education, health and nutrition on DWCRA groups through the CBCS scheme.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 24 of Chapter I of the Report.

Recommendation [Para 10.1(c)]

The various factors responsible for the non-implementation of the various Schemes/Programmes of the Department are (i) monitoring of the scheme is not adequate. States are not furnishing the Utilisation Certificate and unspent balances are increasing year by year, (ii) States are not contributing the matching share as per the guidelines, (iii) the financial allocation is not adequate, (iv) there is lack of linkages which results into the blocking of funds with State Governments and with local bodies in the States, (v) identification of beneficiaries is not proper, (vi) there is not adequate provision for the maintenance of assets created under the different programmes.

Reply of the Government

The Ministry has taken several steps to streamline the system of monitoring of the programmes being implemented by the States and to ensure that the benefits under the Programme reach the intended beneficiaries and other targetted group of people below the poverty line. Mention may be made of the rigorous procedures for release of funds to the States, periodic meetings with State Secretaries of Rural Development Departments, field inspections by senior officers of the Centre through the system of Area Officers, restructuring of the DRDAs, setting up of the Monitoring and Vigilance Committees at the State/ Districts/Block levels, updating of manuals and instructions and Concurrent Evaluation of programmes. Elected representatives of people have been made members in the Monitoring and Vigilance Committee at various levels so that implementing agencies get the advice and guidance from them. While releasing funds under different programmes, utilisation certificate and audited reports are invariably insisted upon for release of second and subsequent instalments to the States. Moreover, wherever necessary, cuts are also imposed in cases of non-release/short release of State matching share. Direct release of funds to the DRDA enables the implementing agencies to receive funds in time and take up employment and other programmes for the benefit of the rural poor without any delay.

For identification of families below the poverty line under IRDP, it is proposed to launch a new below poverty line census in all the States as per the recommendations of Expert Group on Concurrent Evaluation. The instructions are likely to be issued shortly in this regard to the State Governments with the concurrence of the Planning Commission. The new methodology will hopefully eliminate the cases of selection of ineligible families.

As regards maintenance of assets created under different programmes, there is a provision to spent up to 10% of annual allocation under JRY for maintenance of assets. No such specific norm exists for maintenance of asset under EAS as the maintenance of such assets created under EAS is the responsibility of the concerned line department implementing the programme. As regards assets provided to IRDP beneficiaries, the responsibility rests with the beneficiaries for maintenance of such assets from out of the income generated from such assets.

Year-wise Central and State releases for DPAP from 1992-93 to 1994-95 were as under:

(Rs. in Crore)

Year	Central release	State release	Short release by States
1992-93	51.24	51.56	—
1993-94	76.86	74.27	2.59
1994-95	84.91	82.23	2.68

There are no major problems in providing matching share by the States. However, some instances have come to notice where the State matching share was released in the next year.

Financial allocation for the individual programmes every year is made on the basis of total allocation for the Ministry made by the Planning Commission and Ministry of Finance.

The funds under DPAP and DDP are now released directly to the DRDAs/ZPs and therefore the problem of blocking of funds with the States may not arise.

Individual beneficiaries are not identified under DPAP and DDP.

Under the old guidelines for DPAP and DDP effective upto 1994-95, maintenance of assets created under the programmes was the responsibility of the State Governments. However, there was a provision of funds for maintenance of forestry works for a period of three years.

In the new guidelines for watershed development effective from 1.4.1995, there is an inbuilt provision for maintenance of assets created in a watershed project. In each watershed project a Watershed Development Fund Account is to be opened by the Watershed Committee where in the following amounts shall be credited:—

(i) Contribution from the villagers whose land is developed @10% of the value of the work/investment from persons above the poverty line and 5% from SCs and STs and persons identified below poverty line.

(ii) Any other cash collection made by the Watershed Association/Watershed Committee in terms of donation/contributions, recoveries of funds for services rendered, etc.

(iii) Sale proceeds or disposal amount of intermediate usufructuary rights.

The amount received for this account will be kept in a fixed deposit/interest bearing account. These funds shall be used for post completion operation and maintenance of works/activities such as community engineering works, maintenance of pasture land, forests, fisheries ponds, etc. However, the amount in this account shall not be used for repair/maintenance of individual works on private lands. The payment of salaries to the Watershed Secretary and Volunteers can be made out of this account.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.1(d)(i)]

Financial institutions play a major role in many of the Poverty Alleviation Programmes being implemented in the country. But most often it is found banks stand as a bottleneck on the way of effective implementation. Not only there is inordinate delay in processing the loan applications but there is bulk rejection of application. To overcome this difficulty, the Committee urge the Department to fix a time limit of 10 to 15 days for sanction of loans by banks under any poverty alleviation scheme/programme.

Reply of the Government

The guidelines of the Integrated Rural Development Programme have already incorporated the instructions issued by the Reserve Bank of India to the banks that the applications received from the District Rural Development Agencies/Blocks should be scrutinised promptly and loan sanctioned within a fortnight. In case the application needs any clarification the same should be sent back to the concerned agency immediately.

Matters relating to delay in processing of loan applications and their bunching, besides bulk rejection of applications by banks are being taken up in the periodic meetings of the State Level Coordination Committee and High Level Committee on Credit (HLCC) support to IRDP. The Ministry has also taken up the issue with the R.B.I. and the Ministry of Finance at the highest level. In the joint meeting of the Central Level Co-ordination Committee (CLCC) and HLCC held on December 30, 1996, a decision has been taken to the effect that loans will be sanctioned within 30 days of receipt of sponsored applications and disbursed within 60 days of sanction. Reasons for rejection of applications will also have to be communicated to the DRDAs. It has also been decided to monitor through NICNET the sponsoring of applications by DRDAs, their sanction and actual disbursement of loans, so that responsibility for bunching, delayed sanction/disbursement could be fixed on DRDAs/Banks as the case may be.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.1(d)(ii)]

The Committee find in some of the Programmes/Schemes like IRDP etc. banks are being involved in the selection of beneficiaries. It is also found banks reject the loan applications during scrutiny. Thus the banks reject those applications during scrutiny which they themselves have selected earlier. The Committee express their unhappiness over the misuse of scrutinising role of banks. They recommend that department should review the scrutinizing power of financial institutions especially for the programmes/schemes in which the institutions are involve in the process of selection of beneficiaries.

Reply of the Government

According to instructions, the selection of IRDP beneficiaries has to be totally transparent. For this purpose, the Gram Sabha, the Block

Officials and Bankers besides NGOs are to be involved in the process of selection of beneficiaries, with the final authority vesting in the Gram Sabha. It has, however, been experienced that bank officials do not generally participate in the Gram Sabha meetings for selection of beneficiaries on the ground that rural bank branches are understaffed. The result is that, in quite a few cases, loan applications forwarded by the DRDAs based on the selection process in Gram Sabha meetings are rejected by the banks.

The Ministry has therefore been impressing on the Banks the need for their association in the selection process of beneficiaries so that they could have first hand knowledge about the beneficiary's skill, aptitude and potential for a particular economic activity. This, it is felt, would significantly reduce the chances of their rejection later.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.95.1997]

Recommendation [Para No. 10.1(a)]

The Committee find that under several programmes/schemes investment per project is so little or even negligible that the programmes/schemes become unviable. This makes many of the programmes expenditure oriented rather than result oriented, through their distribution of funds. They find the Department does not make any effort to raise the per capita investment per project either by allocating more funds or by reducing the numerical targets. Thus the Department ends up in laying more stress on a wider coverage in terms of numbers of beneficiaries or even over-achievement of targets.

Reply of the Government

The Ministry has taken several steps in the recent past to raise the investment per family. Since 1994-95 physical targets have been abolished with a view to discouraging preoccupation with covering more number of families at the expense of quality of the project in order to over-achieve targets. In lieu of physical targets, financial targets in the form of investment per family and credit targets have been introduced. The level of investment targetted during the current year is Rs. 15,000 per family and the credit target has been fixed at Rs. 2142 crore at the all-India level. The Family Credit Plan has been introduced in 213 districts of the country with the aim of providing multiple assets to the BPL family with higher doses of assistance. The current level of investment per family under the Family Credit Plan has crossed Rs. 20,000 at the all-India level. The security norms have been relaxed by banks for IRDP beneficiaries and at present no mortage is required for loans upto Rs. 25,000 and no collateral security is needed for loans upto Rs. 50,000. This measure has been taken with a view to encouraging higher levels of investment besides making the documentation formalities less cumbersome for the poor beneficiary under, the programme. Finally group activities under which subsidy limit has been raised to Rs. 1.25 lakh are being encouraged for promoting higher investment, group solidarity and efficient management.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.5.1997]

Recommendation [Para No. 10.2(a)]

The Committee would like to recommend that Government should consider to enhance the Central share in the respective schemes where the implementation of the scheme is poor due to the fact that States are not providing matching share.

Reply of the Government

Presently, the pattern of share of expenditure between Centre and the State Government in respect of programmes under Department of Rural Employment & Poverty Alleviation is as under :—

(i)	Wage Employment Programmes of JRY, EAS, MWS and IAY	80:20 (between Centre and State)
(ii)	Self-Employment programme of IRDP, TRYSEM, DWCRA	50:50 (equal matching by the State Govt.)
(iii)	Drought Prone Areas Programme	50:50 (between Centre : State)
(iv)	Desert Development Programme	100% Central funding in respect of hot sandy arid areas and cold arid areas. In hot non-sandy arid areas the cost sharing formula between Centre and the State is 75:25.

It is felt that there is no need for any change in the cost sharing formula in respect of wage employment programmes and area development programmes. However, in the case of self-employment programmes, the Ministry is considering a proposal to increase the central share to 80% as in the case of wage employment programmes taking into account the difficult financial position in the States due to which, among other things, some of the States are not able to provide matching share. A proposal in this regard has been sent to Planning Commission for consideration.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.2(b)]

Monitoring of the programme should further be strengthened. It should be ensured that States furnish the utilisation certificate timely. It should also be ensured that quarterly, monthly and annual report are submitted in time by States. There should be timely review of the programme. It is noted that C&AG cover selective schemes for review. In most of the Schemes no review has been made. The Committee would like to suggest that timely evaluation by some independent agencies should be made. Further there should be concurrent evaluation of the programmes. District level monitoring Committees should be constituted to monitor the programme. Further, monitoring by the Centre should be strengthened. There should be surprise visits by the officials of the Government to the various sites where programmes are being implemented.

Reply of the Government

At the central level, various programmes are continuously monitored through monthly, quarterly, half-yearly and annual progress reports received from the State Governments depicting both the financial and physical progress of the programmes. While the monthly report is in the nature of key indicators, the quarterly, half yearly and annual progress reports are quite exhaustive with emphasis on quality and social targets as prescribed in the respective guidelines and manuals of the programmes/schemes. Besides, the performance is also reviewed in the periodical meetings with the Rural Development secretaries, Project Directors and other concerned senior officers of the State Government every year.

To make the monitoring mechanism more effective, the Ministry has also introduced a scheme of 'Area Officers' under which senior officers of the Ministry are allotted specific States/Union territories to oversee the progress and performance of various rural development programmes with special emphasis on qualitative aspects of the programmes. In this scheme, officers from other departments like Planning Commission, Department of Programme Implementation, etc. are also involved for field visits/inspection.

To make the monitoring mechanism more effective at district/ DRDA level efforts are also on to take full advantage of NICNET facilities. For this purpose, computers have been provided in most of the DRDAs.

In order to assess the impact of various Rural Development Programmes, the Ministry of Rural Development undertakes Concurrent Evaluation studies from time to time with the help of reputed and independent research institutions/organisations. The main aim of these evaluation studies is to identify the strengths and weaknesses of various programmes to enable the Ministry to apply measures for improving the implementation of these programmes. These evaluation studies are quite comprehensive and the survey schedule designed for the purpose cover a wide range of questions for eliciting information from the respondents. Before, canvassing the schedules in the field, these are thoroughly discussed in a workshop-cum-Training Session with the Heads of Programme' Divisions as well as representatives from the surveying institutions/organisations. Based on the feed back of the participants, the survey schedules are suitably amended.

The Ministry have carried out various rounds of Concurrent Evaluations of its major poverty alleviation programmes *viz.* Integrated

Rural Development Programme, Jawahar Rozgar Yojana and a quick evaluation of TRYSEM as per details given below:—

S.No.	Name of Programme	Period of coverage of Concurrent Evaluation
(i)	IRDP (I Round)	Oct., 85 to Sept., 86
(ii)	IRDP (II Round)	Jan., 87 to Dec., 87
(iii)	IRDP (III Round)	Jan., 89 to Dec., 89
(iv)	IRDP (IV Round)	Sept., 92 to Aug., 93
(v)	IRDP (V Round)	July, 95 to June, 96
(vi)	JRY (I Round)	Jan., 92 to Dec., 92
(vii)	JRY (II Round)	June, 93 to May, 94
(viii)	Quick evaluation of TRYSEM	June, 93 to Aug., 93

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.2(c)]

To ensure proper identification of beneficiaries and implementation, Panchayats should more be involved in keeping with the spirit of 73rd Amendment. There should be standard guidelines by the Centre to involve the Panchayats in identification and implementation of the various programmes and schemes.

Reply of the Government

Consequent on the Constitution 73rd Amendment, the Department has assigned a greater role to the Panchayati Raj Institutions in identification and implementation of various poverty alleviation and rural employment programmes. In this regard, major scheme-wise position is as under:—

IRDP, TRYSEM and DWCRA

The Department has assigned a greater role to the Gram Sabhas and other PRI functionaries in the implementation of IRDP and its sub-schemes. It has been decided to associate the entire village community in the identification and selection of beneficiaries from the initial stage itself. Earlier, the priority list of the poorest of the poor families was to be prepared by the BDO and thereafter it was required to be placed for approval in the meeting of the Gram Sabha. Now, the Gram Sabha would itself draw up the list of approved families and send the same to the Panchayat Samiti/Block and the DRDA. The guidelines have accordingly been modified. Similar provisions have also been made for selection of beneficiaries under TRYSEM and DWCRA giving the Gram Sabha a role of primacy. After approval by the Panchayat Samiti/Block and DRDA, the schemes are implemented by DRDA/Blocks.

Jawahar Rozgar Yojana (JRY)

Jawahar Rozgar Yojana is now basically being implemented by Panchayati Raj Institutions. Jawahar Rozgar Yojana funds are distributed amongst the different village Panchayats to the extent of 65% and different intermediate Panchayats to the extent of 15% of the total allocation of the district. The remaining 20% funds are utilised by DRDA/Zilla Parishad. Under Jawahar Rozgar Yojana all rural works which result in creation of assets can be taken up. The works are selected based on the felt needs of the people and the priorities indicated through the village assembly panchayats and implemented by the Panchayats. Thus, Panchayats are now involved in both planning and implementation of Jawahar Rozgar Yojana keeping in view the spirit of 73rd Constitution Amendment.

Employment Assurance Scheme (EAS)

In accordance with the guidelines of EAS, persons seeking employment are required to register themselves with the village Panchayats where they are residing. Each village Panchayat is required to maintain a register of persons who desire employment under EAS. The village Panchayats are required to inform the BDO as to the number of persons who need employment at a particular time and thereafter the BDO provides employment to the persons on some on-going work or he opens a new work. Thus, Panchayats are fully involved in the implementation of EAS.

Indira Awaas Yojana (IAY)

Under Indira Awaas Yojana, the beneficiaries are to be selected by the Gram Sabha and the same are to be approved by the Panchayat Samiti. Thus, PRIs are involved in the selection and approval of beneficiaries.

Million Wells Scheme (MWS)

It is an individual beneficiary scheme. The Panchayats are, actively involved in planning and identification of the beneficiaries. The scheme is implemented by the beneficiary.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number of 30 of Chapter I of the Report.

Recommendation [Para No. 10.2(d)]

There should be set guidelines regarding the maintenance of assets created under different programmes. Block Development Officers and Panchayats should be equipped with more infrastructure to ensure the proper maintenance of assets. The problem of supervisory/technical staff might be solved by placing officials of the State Departments *viz.*, Public Works Departments, Irrigation, PHE, E&D and Health Department etc. on deputation basis. Sufficient supervisory technical staff to maintain the accounts and perform secretarial duties should be provided to Panchayats to enable them to ensure a proper maintenance of assets to cater to the need for infrastructure Panchayats/BDOs should be provided adequate funds.

Reply of the Government

This point has already been discussed under 10.1(c) wherein it is stated that for maintenance of assets, up to 10% of funds from annual allocations of JRY can be utilised.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-G.C.(P.) dated 14.5.1997]

Recommendation [Para No. 10.2(e)]

Employment Assurance Scheme should be accorded priority. It is very unfortunate that, given the huge under-employment and unemployment in the country, programmes like EAS fail to achieve the desired results. There should not be compartmentalisation of the programme. To give a boost to the employment scenario, this programme should be launched in a holistic manner. There should be sufficient thrust to the programme by publicity campaign through media to motivate the masses. Government should accord adequate priority to ensure full employment to rural masses.

Reply of the Government

Innovative JRY has been discontinued *w.e.f.* 1.1.96 and all blocks covered under that scheme have been brought under EAS. Moreover, it has since been decided to extend EAS to all the remaining blocks by the year 1997-98. Publicity is being given to the programme through various modes, through electronic and print media by the Central and State Governments. We plan to strengthen it further by involving the DRDAs more closely with publicity effort.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.2(f)]

Linkages amongst the various agencies of implementation *viz.*, Centre, State and local bodies should be strengthened to have coordination and 100% implementation of funds.

Reply of the Government

The Department accept the suggestion of the Committee and would hold meeting of HLCC/review meeting with State Secretaries at more frequent intervals. States will also be requested to hold similar meetings with local bodies in their jurisdiction.

[Ministry of R. A. & E. (Department R.E. & P.A.) F. No. H-11020/4/96-GC (P) dated 14.05.1997]

Recommendation [Para No. 10.2(g)]

The implementation of the respective schemes by best performing States should be circulated to the other States to motivate them. Further, there should be some sort of incentives to the best performing States.

Reply of the Government

Case studies/success story in implementation of various schemes are discussed in the National Workshop of Project Directors organised every year with a view to drawing lessons from better performing States and District and motivating others for improving their performance. Besides the Department also documents the success stories and disseminates these through Gramin Vikas Newsletter, Kurukshetra etc. as well as audio and video material prepared under the IEC activities. However, States which perform relatively poor, get less funds in the next financial year since deductions are made while releasing second instalments for excess carry over whereas better performing States *i.e.* those States which achieve at least 75% on utilisation get full release in the subsequent years. This procedure in fact amounts to indirect incentive to better performing States.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.2(h)]

MPs and MLAs should be associated with the implementation of various Schemes/Programmes launched by the Department. There should be standard guidelines by the Centre in this regard.

Reply of the Government

According to the existing guidelines under IRDP, MPs and MLAs are members of the Governing Body of DRDAs and are thus associated closely with the implementation of various schemes being implemented through this Agency. In addition, this Department has also issued instructions for setting up of Vigilance and Monitoring Committees to review and monitor the programmes of this Department. MPs and MLAs are members of the district and block level Vigilance and Monitoring Committees. In the meeting taken by Secretary (REPA) on 14.12.1996, the States which have not constituted these Committees were asked to constitute these at the earliest. He also requested them to monitor whether the Committees have been organised and action taken on complaints raised, if any, in this fora. Again in the meeting taken in Feb., 1997 this point was discussed in great detail and a format is being prescribed for collecting information in the meeting's held and the action taken on the complaints.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 10.3)

The Committee would like to recommend that while formulating strategies for Ninth Plan, Government should consider various observations and recommendations of the Committee as given in the preceding paragraphs of the Report. As regards outlay for different Schemes/Programmes during Ninth Plan, they urge that there should be appropriate enhancement of outlay in view of the recommendations of the Committee with regard to each of the Schemes/Programmes.

Reply of the Government

The recommendations of the Committee has been noted. The recommendation regarding Ninth Plan outlay has been communicated to Planning Commission also.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

CHAPTER III

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

Recommendation (Para No. 3.9)

The Committee note that there is provision in the Scheme to provide second dose of assistance to the beneficiaries if they do not come out of the poverty line by giving initial assistance under the programme. They would like to recommend that more emphasis should be given to provide this second dose of assistance to achieve the qualitative results under the programme.

Reply of the Government

The basic objective of IRDP is to enable poor families to cross the poverty line with a single dose of assistance. However, in case the beneficiary is unable to do so on account of factors beyond his control (natural calamity, unexpected death of the animal, etc.), there is a provision for a second dose of assistance under the programme. To enable the beneficiary to cross the poverty line in the first attempt the Government has taken several initiatives to improve the viability of the IRDP projects. Instructions have been issued for setting up of a Technical Group at the district level for project formulation and for ensuring that the necessary backward and forward linkages are established before the project is taken up. Experts and consultants can be hired by the DRDAs to formulate suitable projects, taking account of resource endowments and demand in the region. Special emphasis has also been given to development of infrastructure facilities for which norms for sanction of projects have been considerably decentralised and expenditure limit has been enhanced from 10 per cent to 20 per cent of allocations. In addition, greater emphasis is being given to training of IRDP beneficiaries so that they are better equipped to handle the assistance given to them. A new category of beneficiaries consisting of trained unemployed youth has been recently introduced and the ceiling on subsidy for this category has been fixed at Rs. 7,500. In an attempt to encourage group activities which are known to have a higher success rate, the limit on subsidy has been fixed at Rs. 1.25 lakh for groups consisting of at least 5 members. These initiatives are expected to make IRDP projects more sustainable and enable the beneficiary to cross the poverty line at one go without having to take recourse to a second dose of assistance.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC (P) dated 14.05.1997]

Recommendation (Para No. 3.19)

The Committee observes that the Supply of Improved Tool Kits to Rural Artisans is a sub-Scheme of IRDP and an outlay for the scheme during 1995-96 is Rs. 40.00 crore. They observe that during 1995-96 there was huge unspent balance amounting to Rs. 11.30 crore as compared to the small size of the scheme. The Committee would like to have the explanation of the Department in this regard. It is also recommended that the scheme should be monitored properly to ensure its proper implementation.

Reply of the Government

In the beginning of 1995-96, an amount of Rs. 35.00 crore was allocated under the Scheme. In view of the demands for additional funds from many States/UTs, a sum of Rs. 5.00 crore was made available to meet the additional demands. Thus, the allocation was Rs. 40.00 crore. Normally, it is permissible for DRDAs to carry over to the next financial year funds upto a maximum of 25% of all available recources. This apart, the additional allocation of Rs. 5.00 crore was released only at the fag end of the financial year which also contributed to a certain extent to the unspent balance amounting to Rs. 11.30 crore. It may further be mentioned that normally orders are placed by the DRDAs to suppliers after the receipt of funds. The actual supplies however take some time to materialise. This also results in some unspent balance, even if committed.

With a view to reducing the unspent funds to the barest permissible limit, during the current year funds are being released to only those DRDAs who have utilised 75% of the available funds. The scheme is, being monitored at the highest level in the Ministry. The States/UTs are being regularly asked to ensure proper and timely implementation of the scheme.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 4.9)

The Committee note that there is a reduction of outlay for JRY during 1996-97, the outlay for JRY during RE 1995-96 was Rs. 2955.00 crore whereas the BE 1996-97 has been reduced to Rs. 1865.00 crore during 1996-97. The Committee observe that the performance of JRY will be adversely affected by this reduction. The Committee, therefore, recommend that Department to enhance the allocation for JRY.

Reply of the Government

During 1995-96, the outlay under JRY was Rs. 3862 crore which included the allocation of earmarked sectors such as MWS, IAY and IJRY. However, from 1.1.96 the Rural Employment Programme was streamlined and restructured. IAY & MWS were made separate and independent schemes. IJRY was discontinued and all the blocks of IJRY districts were included in EAS. Since there were no separate Budget Heads for IAY and MWS, the funds to IAY & MWS were also released from the JRY Head. The budget heads for IAY & MWS were received from the Ministry of Finance at the end of the year and accordingly some small amount was reappropriated and released under the new Heads. Since the Blocks of IJRY districts were merged into EAS, the funds from JRY were also reappropriated to EAS Scheme. In 1996-97, separate allocations have been made for IAY & MWS. The blocks in the IJRY districts have also been included under EAS and accordingly budget has also been enhanced for EAS. This is the reason for reduction of funds under JRY to Rs. 1865 crore. The allocation at the DRDA and Panchayat level under JRY has been kept at the last years level *i.e.,* Rs. 1790 crore.

[Ministry of R.A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 4.11)

The Committee note that a major restructuring of JRY has been undertaken from 1.1.96 as a result of which only two component of JRY exist at present. They note that the 1st component *i.e.* General JRY has 75% of the annual fund allocation whereas the 2nd component *i.e.* Innovative JRY has 5% of the annual JRY allocation. The Committee regret to note that existing guidelines are silent on the allocation of rest 20% of JRY funds. They urge the Govt. to issue a clear cut guidelines depicting 100% allocation of JRY funds.

Reply of the Government

JRY was restructured and streamlined with effect from 1.1.96. Two sub-schemes of JRY *i.e.*, IAY & MWS were made separate and independent schemes. The second stream of JRY, *i.e.* Intensified JRY was merged with EAS. Out of the JRY budget, 20% of the funds or minimum Rs. 700 crore used to be earmarked for IJRY and 5% of the funds or maximum of Rs. 75 crore used to be earmarked for Innovative JRY. The second stream of JRY has now been merged with EAS and accordingly the budget allocation was enhanced for EAS. In 1996-97, there is no earmarking out of the JRY budget allocation except 5% for Innovative JRY.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 4.13)

As per the written information forwarded to the Committee funds under JRY were earmarked for taking up special and innovative projects resulting in sustained employment. They note that construction of Middle and Senior Secondary Schools are not taken up under JRY. The Committee, therefore, recommend that under JRY provision for construction of Middle and Senior Secondary Schools both for the Science and non-Science faculties be taken up.

Reply of the Government

Under Innovative JRY special and innovative projects and sustainable employment are taken up. The project should contain innovative elements aiming at benefitting vulnerable/marginalised group of rural poor which are getting by passed by on-going rural development programmes. Construction of school buildings cannot be taken up under Innovative JRY. However, under the general JRY, construction of two-roomed primary school buildings is allowed. The construction of the buildings for middle and Senior Secondary Schools is undertaken by the States under their State Plans. The JRY is basically a wage employment programme and building construction would be a capital intensive projects. Moreover, the funds at the Panchayat level are thinly distributed. In view of these reasons, the school buildings for middle and higher secondary schools cannot be taken up under JRY.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation (Para No. 9.4)

As per the written information forwarded to the Committee watershed project approach for the programme has been adopted for the development of drought prone areas. Further, the Committee also find the same approach being followed by other programmes/Schemes like DDP and certain other schemes of Department of Wastelands Development. In view of this, the Committee recommend the Department to initiate proper coordination among the different implementing agencies so to avoid duplication of activities.

Reply of the Government

The Guidelines for Watershed Development clearly provide that the Drought Prone Areas Programme (DPAP), Desert Development Programme (DDP), Integrated Wastelands Development Programme (IWDP), Employment Assurance Scheme (EAS) (50%) shall be mutually exclusive at the village level for the funding of Watershed Development Projects. Thus a village/watershed would be selected either under DPAP or DDP or any of the other programmes for its source of funding. As a watershed project will be developed only under one of the programme there would be no occasion for duplication of activities in the said watershed.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Recommendation [Para No. 10.1(e)]

As per the written information forwarded to the Committee the permissible limit for programme infrastructure under IRDP has been increased from 10% to 25% in North-Eastern States including Sikkim and from 10% to 20% in other parts of the country with effect from 1.1.1996 so that the projects can support adequate forward and backward linkage. The Committee note that similar steps for increase in the permissible limit for programme infrastructure under all other schemes/programmes be increased suitably.

Reply of the Government

There is a separate budget head for development of training infrastructure under TRYSEM. This includes support to various institutions imparting training under TRYSEM. There is no separate earmarking of funds for infrastructure development under DWCRA and the toolkits programmes since these requirements are expected to be met from the allocations under the main programme of IRDP. Furthermore, the existing guidelines provide for dovetailing of JRY with the DWCRA programme for building of common worksheds, etc. for DWCRA groups whereever necessary.

As regards JRY and EAS, these programmes do not require programme infrastructure as these are implemented by the line departments. However, the States could spent up to a maximum of 2% of the funds utilised during the year on administration inclusive of additional staff which have been created or may have to be created for administration under JRY.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

CHAPTER IV

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

Recommendation (Para No. 2.11)

The Committee note with concern, the huge accumulation of unspent balances over the years in each of the Schemes mentioned above since their inception. The Committee regret to note that for the Rural Housing the information on unspent balances were not available with the Department. The Committee would like to know the reasons for accumulation of huge unspent balances scheme-wise. The Committee need hardly emphasise that given the huge task of alleviating rural poverty, the Department can hardly make any room for unspent balances under any Scheme. The Committee recommend that the amount released for each Scheme should be spent fully.

Reply of the Government

Regarding observations of the Committee that there are unspent opening balances in various States under different programmes, it is mentioned that the programme guidelines permit an opening balance of 25% of the allocations for a given year and therefore unless the OB in a particular case is more than this permitted level of 25%, no objection can be taken for the same. It is also to be noted that such opening balance on the 1st April of the financial year enables the States to continue with works in progress even before receipt of the funds in the new financial year. Therefore, in practice, this procedure of allowing a certain amount of unspent balance under different programme has been both permissible and also found to be a very useful system for continuity of works undertaken. A Statement giving details of unspent balance State-wise since 1992-93 is given in Appendix-II.

The outlay for various schemes of the Department is decided by the Planning Commission during the Annual Plan discussions. The funding support is provided in the Central Budget prepared by the Ministry of Finance. The total outlay projected for the Eighth Plan for IRDP by this Ministry was Rs. 3350 crore against which an amount of Rs. 3031 crore has been provided in the Central Budget during the Eighth Five Year Plan. Release of funds to States under IRDP have been almost the same as Central allocations. Central release was 94 per cent of the allocation in 1995-96. It is true that opening balance are higher than the permissible limits allowed under programme. However, this is largely due to the time taken in convening meetings of the Gram Sabha for selection of beneficiaries besides seasonality in grounding of projects. There is also bunching of applications with banks in the last quarter of the year. Since IRDP activities pick up only in the last two quarters of the financial year, the second release of funds is sometimes delayed. Release of funds in the last two months of the year find reflection in huge opening balances at the beginning of the next year. This has been a matter of concern to the Ministry. Although quarterly budgeting has been ordained and targets fixed, states have not been able to achieve the same. They have been advised to convene meetings of the Gram Sabhas right at the beginning of the financial year and complete the process at the earliest so that, after selection, the process of project formulation and sponsorship of cases to the banks could begin without any loss of time. Similarly, with a view to avoiding bunching of loan applications and their sanction, a decision has been taken in the last Central Level Coordination Committee meeting on 30.12.1996 to fix time schedules between sponsorship of cases and their sanction, and between sanction of applications and actual disbursement of loans. With these measures, it is hopted that the pace of utilisation of funds would pick up and the DRDAs would not be left with large opening balances.

As regards observations of the Committee that unspent balances for rural housing was not available, it may be mentioned that IAY was part of the General JRY until 1.1.1996 and not a separate scheme. Therefore, the information on unspent balances separately for IAY/Rural Housing was not maintained by the States and subsequently by the Centre. However, from 1.1.1996 since IAY has been made a separate scheme as in the case of MWS, separate information is being maintained both at the State and Central level. However, the information of unspent balances as on 1.4.1996 is enclosed Appendix-III. The accumulation of unspent balances are mainly because of not spending the money by various DRDAs and because of late releases of funds at the fag end of the financial year due to late receipt of proposals from the State Governments/ DRDAs for 2nd instalment. All efforts are being made to ensure that the amount released for scheme is spent fully.

As mentioned in reply to para 2.5, the unspent balance under DPAP as on 1.4.1994 was Rs. 30.71 crore. The permissible limit for carrying over the amount to the next year upto 1994-95 was 25% of the total allocation. The carried forward amount was 18.09% of total allocation to DRDAs including matching State share. Carried forward funds as on 1.4.1995, were 20.65% of the allocation to DRDAs.

Under DDP, carried forward funds as on 1.4.1994 were 18.85% of allocation to DRDAs and as on 1.4.1995, 32.43% of allocation to DRDAs. The main reason for excess carry over was less expenditure on new watershed project under new guidelines for Watershed Development.

Usually second instalment of funds is released to the States by the end of October each year for various programmes but due to late/incomplete receipt of proposals and seasonal factors affecting the utilisation, releases continue upto February/March of the financial year. Funds released during February, March are utilised partly by the States in the same financial year and the rest in the next financial year, generally keeping the OB within the permissible level of 25%.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 9 of Chapter I of the Report.

Recommendation (Para No. 5.4)

As per the written information forwarded to the Committee the permissible expenditure on a house has been increased recently to Rs. 20,000 in plains and Rs. 22,000 in hill areas. The Committee note that even with the increased amount it is difficult to build a durable house under the Yojana. They also note, cost for constructing a house in perennially cyclone and flood prone areas is as high as the cost of a house in the hilly areas. Therefore, the Committee urge the Department to rationally enhance the permissible assistance for construction of a house and suitably modify the guidelines to treat perennially cyclone and flood prone areas equally with the hilly areas.

Reply of the Government

The upper permissible limits of construction assistance under IAY for plains and hilly/difficult areas have been recently revised from Rs. 14,000 and Rs. 15,800 to Rs. 20,000 and Rs. 22,000 respectively and these have become applicable *w.e.f.* 1.8.1996. These limits were revised in view of the recommendations made at the conference of Chief Ministers in New Delhi on 4-5 July, 1996. Since the upper permissible limits of construction assistance under IAY have been revised recently, there is no rationale to increase them further.

According to the guidelines, the concerned State level Coordination Committee is competent to decide whether a particular area qualifies to be termed as hilly/difficult area for the purpose of determining the upper permissible limits of construction assistance under IAY. In view of this, it is for the concerned State Level Coordination Committee to decide whether a particular area, which may also be perennially cyclone/flood prone area, qualifies as a difficult area or not. Therefore, there appears to be no need to modify the guidelines in this regard.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 18 of Chapter I of the Report.

Recommendation (Para No. 5.6)

On a query how Rs. 0.60 lakh has been spent under IAY in Delhi during 1989-90 period without building any house, the Department in their written reply have stated that Delhi

Government has not reported physical achievement despite reminders. The Committee are constrained to note that no concrete action has been taken so far by the Department on such mis-utilisation of funds. The Committee recommend for a strict action against the defaulting States/UTs. In view of the above, they recommend that monitoring of IAY expenditure should be strengthened.

Reply of the Government

The position was further verified from the Government of National Capital Territory of Delhi. It has been clarified by them that during the year 1983-84, the erstwhile DRDA was entrusted to construct 250 dwelling units for the weaker sections on the house sites allotted to them by the Panchayat Department under 20 Point Programme. Out of 250 dwelling units, only 206 units were taken up for construction. The construction was discontinued due to non-availability of funds. Later on the Governing Body of the erstwhile DRDA in 1991 had decided to handover the incomplete dwellings to the allottees alongwith the materials lying at the sites. This proposal was also agreed to by the Government of India. The Rural Development Department of Government of NCT of Delhi have also clarified that Rs. 60,000 was spent on wage component of the labourers who were engaged to look after the material lying at the site of the dwelling units.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 21 of Chapter I of the Report.

Recommendation [Para No. 10.1(f)]

The Committee note that at present the Department does not maintain separate Scheme-wise data for the defaulter states which don't release matching state share of funds under different schemes. In view of the above, the Committee recommend the Department

to maintain and provide separate year-wise data for the defaulter states which don't release matching state share of funds under different schemes.

Reply of the Government

The release of State share is closely scrutinized. In each case of short release of State matching share, deduction proportionate to Central share is imposed while releasing the second or subsequent instalment.

[Ministry of R. A. & E. (Department of R.E. & P.A.) F. No. H-11020/4/96-GC(P) dated 14.05.1997]

Comments of the Committee

Please *see* Paragraph Number 27 of Chapter I of the Report.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

—NIL—

NEW DELHI;
March 3, 1999
Phalguna 12, 1920 (Saka)

KISHAN SINGH SANGWAN,
Chairman,
Standing Committee on
Urban & Rural Development.

APPENDIX I

EXTRACTS OF THE MINUTES OF THE 34TH SITTING OF THE COMMITTEE ON URBAN & RURAL DEVELOPMENT HELD ON TUESDAY, THE 9TH FEBRUARY, 1999 IN COMMITTEE ROOM 'C' PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1550 hrs.

PRESENT

Shri Kishan Singh Sangwan — *Chairman*

MEMBERS

Lok Sabha

2. Dr. Shafiqur Rahman Barq
3. Shri Sriram Chauhan
4. Shri Ramkrushna Suryabhan Gavai
5. Shri Mitha Lal Jain
6. Shri Subhash Maharia
7. Shri Bir Singh Mahato
8. Shrimati Ranee Narah
9. Shri Rameshwar Patidar
10. Shri Mullappally Ramachandran
11. Shri Gaddam Ganga Reddy
12. Shri Chatin Singh Samaon
13. Shri Nikhilananda Sar
14. Shri I. M. Jayaram Shetty

15. Shri Daya Singh Sodhi
16. Dr. Ram Vilas Vedanti
17. Shri K. Venugopal

Rajya Sabha

18. Shri Nilotpal Basu
19. Shri Jhumuklal Bhendia
20. Dr. Manmath Nath Das
21. Shri N.R. Dasari
22. Shri John. F. Fernandes
23. Shri C. Apok Jamir
24. Shri O.S. Lakhawat
25. Prof. A. Lakshmisagar
26. Shri Jagdambi Mandal

SECRETARIAT

1. Shri S.C. Rastogi — *Director*
2. Shrimati Sudesh Luthra — *Under Secretary*

2. At the outset the Chairman welcomed the members to the sitting of the Committee.

Consideration of Draft Action taken Reports

3. The Committee considered the following memoranda regarding draft Action Taken Reports:

(i) **** **** ****

(ii) Memorandum No. 8 regarding Action Taken by Government on the recommendations contained in the 5th Report (11th Lok Sabha) on D.F.G. 1996-97 of the Department of R.E. & P.A. (Ministry of R. A. & E.).

**** Relevant portions of the minutes not related to this subject have been kept separately.

(iii) **** **** ****

(iv) **** **** ****

(v) **** **** ****

4. The Committee, then authorised the Chairman, to finalise the said Reports on the basis of factual verification from the concerned Ministries/Departments and present the same to Parliament.

The Committee then adjourned.

**** Relevant portions of the minutes not related to this subject have been kept separately.

APPENDIX II

STATEMENT SHOWING UNSPENT BALANCE UNDER IRDP SINCE 1992-93

(AS REPORTED BY STATES/UTs. GOVERNMENTS)

(Rs. in Lakhs)

State/UT	O.B. as on 1-4-92	O.B. as on 1-4-93	O.B. as on 1-4-94	O.B. as on 1-4-95	O.B. as on 1-4-96
1	2	3	4	5	6
Andhra Pradesh	551.78	433.40	1388.87	1462.23	1036.90
Arunachal Pradesh	264.64	332.89	254.18	299.95	242.60
Assam	394.73	300.92	1232.56	1461.96	718.40
Bihar	1737.48	2150.17	4027.46	8932.98	6757.81
Goa	21.41	19.94	60.28	63.29	91.60

1	2	3	4	5	6
Gujarat	-46.59	73.90	173.60	-4.69	-12.96
Haryana	39.41	70.84	80.76	512.05	345.15
Himachal Pradesh	107.34	132.10	144.07	6.36	—
J & K	52.50	136.56	179.72	380.56	404.06
Karnataka	784.51	649.64	1492.69	2549.28	3513.87
Kerala	142.65	284.85	476.27	285.46	283.54
Madhya Pradesh	812.46	734.33	1325.24	875.50	3249.43
Maharashtra	1073.17	1011.16	2583.42	3384.93	1688.53
Manipur	21.94	16.54	51.42	60.87	94.44
Meghalaya	41.41	32.20	66.25	81.04	86.83

1	2	3	4	5	6
Mizoram	5.32	4.30	6.89	10.63	10.78
Nagaland	19.86	24.47	85.48	20.00	35.49
Orissa	651.19	501.00	1172.98	1951.67	1329.35
Punjab	49.34	37.39	70.79	63.02	22.36
Rajasthan	879.02	1393.57	1896.91	1564.54	1189.87
Sikkim	4.52	2.49	1.90	4.74	19.13
Tamil Nadu	332.38	338.38	1030.62	2275.02	2413.20
Tripura	152.65	235.98	323.32	111.52	15.74
Uttar Pradesh	2211.71	2485.61	2860.04	3709.52	6069.56
West Bengal	232.01	787.71	3619.60	7672.94	7044.60

1	2	3	4	5	6
A & N Islands	24.78	2.02	28.23	46.49	12.98
D & N Haveli	3.11	1.57	2.20	1.02	1.47
Daman & Diu	11.41	5.61	7.26	6.63	9.83
Lakshadweep	2.27	2.15	0.07	0.37	0.18
Pondicherry	6.65	12.73	30.64	31.48	16.36
All India	10585.06	12214.52	24673.72	37821.36	37691.10
Total Allocation	66222.00	109343.00	109822.00	109721.16	109721.16
% of O.B. to Total Allocation	15.98	11.17	22.47	34.47	34.35

APPENDIX III

UNSPENT BALANCE OF INDIRA AWAAS YOJANA AS ON 1ST APRIL 1996

Sl.No.	State/U.T.	Unspent balance as on 1.4.96 (Rs. Lakh)
1	2	3
1.	Andhra Pradesh	560.98
2.	Arunachal Pradesh	74.51
3.	Assam	99.91
4.	Bihar	3277.62
5.	Goa	76.14
6.	Gujarat	212.25
7.	Haryana	136.91
8.	Himachal Pradesh	111.41
9.	J&K	582.96
10.	Karnataka	1952.91
11.	Kerala	201.46
12.	Madhya Pradesh	2644.71

1	2	3
13.	Maharashtra	1501.13
14.	Manipur	10.73
15.	Meghalaya	38.07
16.	Mizoram	0.00
17.	Nagaland	0.00
18.	Orissa	1420.35
19.	Punjab	N.R.
20.	Rajasthan	3416.53
21.	Sikkim	11.64
22.	Tamil Nadu	788.38
23.	Tripura	0.00
24.	Uttar Pradesh	1220.17
25.	West Bengal	1450.95
26.	A&N Islands	8.11
27.	D&N Haveli	2.61
28.	Daman & Diu	15.83
29.	Lakshadweep	28.16
30.	Pondicherry	0.00
	Total	19844.23

APPENDIX - IV

[*Vide* Para 3 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE 5TH REPORT (11TH LOK SABHA)]

I.	Total number of recommendations:	65
II.	Recommendations that have been accepted by the Government : [Para Nos. 2.4, 2.5, 2.9, 2.14, 2.15, 2.16, 3.6, 3.7, 3.8, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, 3.23, 3.24, 3.25, 3.31, 3.32, 3.33, 3.34, 4.10, 4.12, 5.3, 5.5, 5.7, 5.8, 5.11, 6.3, 6.4, 6.5, 6.6, 7.4, 7.5, 7.6, 8.3, 8.4, 9.3, 10.1(a), 10.1(b), 10.1(c), 10.1(d)(i), 10.1(d)(ii), 10.1(g), 10.2(a), 10.2(b), 10.2(c), 10.2(d), 10.2(e), 10.2(f), 10.2(g), 10.2(h) and 10.3].	54
	Percentage to the total recommendations	83.08%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies : [Para Nos. 3.9, 3.19, 4.9, 4.11, 4.13, 9.4 and 10.1(e)]	7
	Percentage to the total recommendations	10.77%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee : [Para Nos. 2.11., 5.4, 5.6 and 10.1(f)]	4
	Percentage to the total recommendations	6.15%
V.	Recommendations in respect of which final replies of the Government are still awaited : Nil	Nil
	Percentage to the total recommendations	Nil