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**STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2006-2007)**

FOURTEENTH LOK SABHA

**MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMENT)**

**DEMANDS FOR GRANTS
(2006-2007)**

*[Action taken by the Government on the recommendations contained
in the Eighteenth Report of the Standing Committee
on Rural Development (Fourteenth Lok Sabha)]*

TWENTY-FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

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on Rural Development (Fourteenth Lok Sabha)]*

Presented to Lok Sabha on 16.3.2007

Laid in Rajya Sabha on 16.3.2007



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2006-2007)

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shrimati Susmita Bauri
3. Shri Mani Charenamei
4. Shri V. Kishore Chandra S. Deo
5. Shri Sandeep Dikshit
6. Shri George Fernandes
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16. Shri Sita Ram Singh
17. Shri D.C. Srikantappa*
18. Shri Bagun Sumbrui
19. Shri Chandramani Tripathi
20. Shri Beni Prasad Verma
21. Shri Dharmendra Yadav

*Hon'ble Speaker has changed the nomination of Shri D.C. Srikantappa, MP (LS) from Standing Committee on Urban Development to Committee on Rural Development *vice* the vacancy caused due to change of nomination of Shri Shrichand Kriplani MP (LS) from Standing Committee on Rural Development to Standing Committee on Chemical and Fertilizers *vide* Lok Sabha Bulletin Part II, Para No. 2847 dated August 31, 2006.

Rajya Sabha

22. Shri Balihari
23. Shri Jayantilal Barot
24. Kumari Nirmala Deshpande
25. Shri Pyarelal Khandelwal
26. Dr. Chandan Mitra
27. Shri P.R. Rajan
28. Shri Bhagwati Singh
29. Ms. Sushila Tiriya
30. Vacant
31. Vacant

SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri P.K. Grover — *Joint Secretary*
3. Shrimati Sudesh Luthra — *Director*
4. Shri G.C. Prasad — *Committee Officer*

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2006-2007) having been authorised by the Committee to submit the Report on their behalf, present the Twenty-Fifth Report on the action taken by the Government on the recommendations contained in the Eighteenth Report of the Standing Committee on Rural Development (2005-2006) on Demands for Grants (2006-2007) of the Department of Rural Development (Ministry of Rural Development).

2. The Eighteenth Report was presented to Lok Sabha on 18 May, 2006. The replies of the Government to all the recommendations contained in the Report were received on 20 September, 2006.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 1 March, 2007.

4. An analysis of the action taken by the Government on the recommendations contained in the Twenty-first Report of the Committee is given in *Appendix VI*.

NEW DELHI;
15 March, 2007

24 Phalgun, 1928 (*Saka*)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

CHAPTER I

REPORT

This Report of the Committee on Rural Development (2006-2007) deals with the action taken by the Government on the recommendations contained in their Eighteenth Report on Demands for Grants (2006-2007) of the Department of Rural Development (Ministry of Rural Development) which was presented to Lok Sabha on 18 May, 2006.

2. Action taken notes have been received from the Government in respect of all the 43 recommendations which have been categorised as follows:—

- (i) Recommendations which have been accepted by the Government:

Para Nos. 2.6, 2.34, 2.36, 2.47, 2.56, 3.36, 3.37, 3.39, 3.55, 3.58, 3.63, 3.65, 3.69, 3.70, 3.80, 3.88, 3.106, 3.127, 3.137, 3.138, 3.150, 3.163 and 3.164.

- (ii) Recommendations which the Committee do not desire to pursue in view of Government's replies:

Nil

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

Para Nos. 2.14, 2.15, 2.16, 2.21, 2.22, 2.33, 2.35, 2.46, 2.53, 2.54, 3.20, 3.21, 3.38, 3.61, 3.67, 3.105, 3.116, 3.117 and 3.120

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

Para No. 3.90

3. The Committee desire that final reply in respect of the recommendations at Para No. 3.90 for which only interim reply has been given by the Government should be furnished to the Committee within three months of the presentation of the Report.

4. The Committee will now deal with action taken by the Government on some of these recommendations in the succeeding paragraphs.

A. Comparative Position of Allocation made for Rural Development under different Plans

**Recommendation (Serial Nos. 2, 3 and 4,
Para Nos. 2.14, 2.15 and 2.16)**

5. The Committee had recommended as under:

“The Committee note with concern that although our neighbouring countries could improve the human development index, India has remained static at 127th position for the last three years. Since out of three parameters for determining human development index, one parameter *i.e.* employment is the mandate of the Department of Rural Development, the Department has, therefore, a key role in improving the human development index. The Committee would like to point out that employment being the basic parameter to improve the economic and social status of a person, once an individual gets employment, the other issues like education and basic health services are taken care of. There is a co-relation between the status of employment of an individual and his social and economic status.”

Recommendation (Para No. 2.14)

“From the status of allocation of outlay as indicated above, the Committee note that although there may be some enhancement of outlay in each plan as compared to the previous plans, the percentage increase in outlay when compared to the overall outlay of the Government of India do not indicate any substantial enhancement in rural development sector. There was marginal increase in allocation of resources for rural development for each of the plan as compared to the previous plan upto 9th Plans. However, during 10th Plan, when the targets for GDP growth are being set at 8.1 per cent and the Indian economy has been acknowledged as booming economy worldwide, the percentage distribution of allocation has decreased from 8.7 percent to 8 percent.”

Recommendation (Para No. 2.15)

“The Committee further note that some of the States such as Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh are not doing well. The scheme-wise position has been reviewed in the subsequent chapters of the report. In view of this scenario, the Committee recommend the Government to enhance the allocation for rural development adequately so that the benefit of the booming economy reach the poorest of the poor in the country. Further, there is an urgent need to ensure even development of different States in the country. The Committee would like to

strongly recommend to the Department to review the position of implementation of schemes State-wise and after addressing the shortcomings, suggest some remedial measures and inform the Committee accordingly.”

Recommendation (Para No. 2.16)

6. The Department has stated as under:

“It is a fact that regular employment of an individual helps in generating income and improving his living standards. The Ministry of Rural Development stands committed to develop rural areas through creation of more employment opportunities for weaker sections, women, physically challenged people of society through self and wage employment schemes namely Swarnajayanti Gram Swarozgar Yojana (SGSY), Sampoorna Grameen Rozgar Yojana (SGRY) & National Rural Employment Guarantee Act (NREGA). The other schemes like Indira Awaas Yojana (IAY), Pradhan Mantri Gram Sadak Yojana (PMGSY), Drought Prone Areas Programmes (DPAP), Desert Development Programme (DDP) and Integrated Wastelands Programme (IWDP) are also providing employment to the rural poor of the country. With a view to improve the present position of Human Development Index, basic amenities like housing, drinking water, sanitation, rural road and rural infrastructure are being constantly developed and upgraded in rural areas through implementation of rural development programmes.”

Reply to Recommendation (Para No.2.14)

“The GDP growth is not directly correlated with the allocation of funds to the rural development programmes. The GDP growth is calculated on various parameters and the figure of 8.1 percent is estimated. It may be observed that the allocation of the Ministry of Rural Development has been progressively increasing over the years/plans, which may be seen from the following data:

S.No.	Year	Amount (Rs. in crore) (RE)	Growth in RE	Growth in GDP (Current Prices)
1.	2002-03	18376.00	-	7.5
2.	2003-04	19200.00	4.48	12.8 (P)
3.	2004-05	18216.40	(-) 5.12	11.8 (P)
4.	2005-06	27490.00	50.91	12.5 (P)
5.	2006-07 (BE)	31443.62	14.38	-

P—Provisional

Reply to Recommendation (Para No.2.15)

“According to the progress reports submitted by the State Governments of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh, the utilization of funds with respect to the available funds during the year 2005-06 is as under:—

(Rs. in crore)

S.No.	Name of the State	Total available funds	Utilisation	%Utilisation
1.	Bihar	3706.38	1692.40	45.69
2.	Madhya Pradesh	1927.22	1368.85	71.03
3.	Rajasthan	1759.11	1024.05	58.21
4.	Uttar Pradesh	316.81	220.03	69.45

The Ministry of Rural Development make efforts at all levels for enhanced allocation of funds for extending benefits to more target households of rural areas. It may be seen from the previous Table that allocation in 2006-07 is Rs. 31,443 crore as against Rs. 18,376 crore in 2002-03 i.e. 71% increase in allocation.”

Reply to Recommendation (Para No. 2.16)

7. The Committee in their earlier recommendation had expressed concern over the decreasing percentage of allocation of resources for rural development during Tenth Plan as compared to Ninth Plan, particularly when the Indian economy has been acknowledged as the booming economy worldwide and strongly recommended for enhancement of allocation adequately so that the poorest of the poor could share the benefit of the developing economy. While the Department agrees with the observation of the Committee that regular employment of a person helps in generating income and improving his living standard, the concerns of the Committee in respect of decreasing share of resources for rural development have not been addressed in the right perspective. The already known data which shows the enhancement of resources during Tenth Plan as well as the parameters to calculate GDP have been indicated for the information of the Committee.

The Committee’s observation was based on the percentage of allocation of total resources for rural development which has decreased from 8.7 per cent in the Ninth Plan to 8 per cent during Tenth Plan and not on cumulative data of Tenth Plan. The Committee note that rural development is vital sector of Indian economy as

major population of the country lives in villages. Unless the problem areas in this sector are addressed to, growth in GDP will only be deceptive and unrealistic. The Committee, therefore, recommend that top priority should be accorded to the rural development sector while allocating funds for the rural development schemes so as to attain a positive growth in GDP.

The Committee are further perturbed to note the under utilization of funds in the BIMARU States. The Committee are of the opinion that this is one of the main reasons for the BIMARU States not faring well in the Human Development Index when compared to the other States. The Committee reiterate their recommendation that the Department should review the position of implementation of schemes State-wise and address its shortcomings while focusing more on BIMARU States.

B. Comparative Position of Outlay made available during 2006-2007

Recommendation (Serial No. 5, Para No. 2.21)

8. The Committee had recommended as under:

“The Committee observe that while requirement of funds for foodgrains component and special component is an important feature, the funds are being made available only at the Supplementary Grants or RE stage. The Committee have repeatedly been recommending in this regard in their respective reports. In spite of that the practice of allocating funds for foodgrains component at Supplementary Grants stage still continue. The Committee are of the opinion that demanding huge allocation at Supplementary Grants stage is not a healthy practice of Budgeting. It does not give an idea about the allocation made under a scheme in different districts. The implementing agencies should be well aware of the provisions made under a scheme well in time *i.e.* in the beginning of the financial year. In view of this, the Committee strongly recommend that the practice of allocating funds at RE stage for a component which is certain and for which estimates are available at BE stage should be dispensed with and funds should be made available at the BE stage itself. The Planning Commission/Ministry of Finance should be apprised of the concerns of the Committee in this regard.”

9. The Department has stated as under:

“The Ministry of Rural Development includes the cost of foodgrains also at the time of preparation of Annual Plan of the

Sampoorna Grameen Rozgar Yojana (SGRY) and National Food for Work Programme (NFFWP). However, the Planning Commission allocates the resources on the basis of the available Gross Budgetary Support since the allocation of foodgrains requires inter-Ministerial consultation and also the availability of foodgrains stock. Therefore, no commitment is made at the time of Annual Plan discussion. It is under these circumstances that additional resources are made available at the stage of Supplementary Demands for Grants of the Ministry to reimburse the cost of foodgrains to the Food Corporation of India. The recommendation of the Hon'ble Committee is appreciated and it will be conveyed to the Planning Commission and the Ministry of Finance before the next year's Annual Plan discussions."

10. The Committee have been pursuing the matter with regard to allocating outlay for foodgrains component under SGRY or NFFWP, which is certain at the Budget Estimates stage itself and discontinuing the practice of allocating huge resources in this regard at Supplementary Grants stage. In response, the Department has stated that inter-ministerial consultations are required to assess the allocation of resources for foodgrains component of SGRY and NFFWP due to which commitment is not made at the Annual Plan discussion stage. On the one hand the existing position is justified by the Department, on the other hand, the Committee have been assured that their concerns would be duly communicated at the Annual Plan discussions. The Committee feel that the exercise of inter-ministerial consultations can be undertaken well in advance before discussion for the resources at Budget Estimate stage so that the desired allocation for these well established programmes can be made at Budget Estimate stage. The Committee would like to point out that the allocation of foodgrains was reduced from 50 lakh tonnes to 35.52 lakh tonnes in 2005-2006 under SGRY due to limited stock of foodgrains as stated by the Department in action taken reply in response to recommendation at Para No. 3.20 of 18th Report. Compensation in cash for reduced quantity of foodgrains was also not given which also adversely affected the generation of mandays under the programme. In view of this situation, the Committee have been emphasizing again and again for allocation of funds under foodgrains component at the BE stage itself so that the scheme is not adversely affected when allocations are reduced. The Committee reiterate their earlier recommendation and hope that Budget Estimate 2007-2008 would contain adequate resources to meet the foodgrains component also.

C. Providing Outlay under a Scheme at the Cost of Other Schemes

Recommendation (Serial No. 6, Para No. 2.22)

11. The Committee had recommended as under:

“The Committee find from the data indicated above that there is enhancement of only Rs. 2691.62 crore in B.E. 2006-07 as compared to R.E. 2005-06, although Rs. 11,300 crore have been allocated for the ambitious programme ‘National Rural Employment Guarantee Scheme’. Not only that, ambitious targets have also been fixed for Rural Housing. The comparative position of outlay schemes-wise has been analyzed in the subsequent Chapters of the Report. Here the Committee feel that the enhancement of outlay in one programme may be due to the decrease in outlay in some other scheme. The Committee disapprove of this tendency of the Government. The Committee strongly recommend that adequate outlay under different schemes should be provided to achieve the laudable objectives. Besides, the enhancement of outlay for the ambitious programme *i.e.* NREGA should not be at the cost of the established programmes of the Department.”

12. The Department has stated as under:

“Although the net enhancement in the outlay in the Budget Estimates of 2006-07 is Rs. 3953.60 crore as compared to RE for the year 2005-06. This allocation only represents the cash component (excludes foodgrains component) and the SGRY will not be implemented in 200 districts where NREGA is in operation. Therefore, the allocation under SGRY is only for 386 districts.”

13. The Committee in the earlier recommendation had expressed concern over providing outlay for the implementation of National Rural Employment Guarantee Act by decreasing outlay for the various established schemes/programmes of the Department relating to self employment, housing, roads etc. The concern of the Committee have not been understood in the right perspective. The reason for reduction in outlay under SGRY has been stated that it will be implemented in the districts where NREGA would be applicable now. The allocation for NREGA during 2006-2007 was for Rs. 11,300 crore. However, the net enhancement in allocation during 2006-2007 as compared to the previous year was for Rs. 2691.62 crore which clearly indicates that the allocation for NREGA was made at the cost of other programmes. Instead of doing the detailed analysis and taking the matter at the highest level, the Department has tried

to justify the position. The Committee disapprove the way the recommendation on such a serious issue has been addressed and would like the Department to ensure that there is no reduction in resources for the established schemes during the year 2007-2008.

D. Speedy finalisation of Below Poverty Line (BPL) list

Recommendation (Serial No. 7, Para No. 2.33)

14. The Committee had recommended as under:

“The Committee find that the results of the BPL Census 2002 have inordinately been delayed. BPL Census is conducted at the beginning of each Five Year Plan so as to identify the households living Below Poverty Line (BPL) who could be benefited by the different schemes of the Ministry. Although the Tenth Five Year Plan is coming to an end, the results of the BPL Census conducted for the said Five Year Plan are yet to be finalized. While noting the fact that the results were delayed due to the stay imposed by the Supreme Court in this matter, the Committee have repeatedly been recommending to the Department in the respective reports to direct the State Governments to complete the exercise and be ready with the provisional results pending decision of the Supreme Court. Even when the announcement regarding the vacation of the stay by the Supreme Court has been made by Hon’ble Minister in Lok Sabha on 10th March, 2006, the results are yet to be finalized. As stated by the Secretary, Department of Rural Development, it will take two or three months to finalise the results. While expressing the concern over the inordinate delay in finalization of the BPL List, the Committee would like to recommend for finalization of the BPL list without any further delay.”

15. The Department has stated as under:

“While the concern expressed by the Committee is acknowledged, however, the results of BPL Census 2002 have been delayed because the matter was subjudice. Immediately after the vacation of the stay by the Hon’ble Supreme Court, the matter is being pursued with the State Governments. In order to ensure the transparency in finalizing the new BPL list, it has been prescribed to take the approval of Gram Sabhas and also introduced a two stage appeal mechanism to redress the grievances of the rural poor, if any, with regard to their status in the BPL list. State Governments have been asked to follow this procedure to finalise the BPL list, which has taken little more time.”

16. The Committee express concern over the delay in finalisation of BPL lists by various State Governments. The Ministry of Rural Development has been borrowing time for finalisation of BPL list but without any fruitful results. While noting that the fact that the results of the BPL Survey were delayed partly due to the stay imposed by the Hon'ble Supreme Court, the Committee are perturbed to note that the State Governments were not ready with the provisional results when the stay was vacated. This is inspite of the fact that the Committee have repeatedly been recommending to the Department to direct the State Governments to complete the exercise and be ready with the provisional results pending decisions of the Hon'ble Supreme Court. The Secretary during the course of examination of Demands for Grants 2006-2007 had submitted before the Committee that it would take two or three months to finalise the results of BPL survey. Now when almost one year has passed and the next Demands for Grants are likely to be tabled in the Parliament shortly, still more time is required to finalise the BPL List. BPL Census to identify the rural poor house holds is conducted in the beginning of the Five Year Plan and the BPL Census 2002 was done by various State Governments for the Tenth Plan. The Committee do not understand the rationale of finalisation of BPL List based on the survey done by various States in the year 2002 since the ground situation would have been changed by now after the passage of almost five years when the Tenth Plan has already completed. The Committee deplore the way BPL Census is being carried on. The Committee note that BPL Census data is the basic data to identify the poorest of the poor persons for whom crores of rupees are being allocated under different poverty alleviation schemes/programmes. In the absence of such a crucial data, the benefit of the schemes cannot reach to the intended beneficiaries.

In view of the aforesaid position, the Committee strongly recommend to the Government to initiate all the desired measures to ensure that BPL survey for the Eleventh Plan do not meet the fate of the BPL Census 2002 which was done for the Tenth Plan. Since 2007-2008 will be the first year of Eleventh Plan, the results of BPL survey for the Eleventh Plan should be made available immediately.

E. Arbitrary cut imposed by Planning Commission on the number of BPL families

Recommendation (Serial No. 9, Para No. 2.35)

17. The Committee had recommended as under:

"The Committee in their earlier reports have repeatedly been expressing their unhappiness over the decision of the Government

according to which the number of BPL persons estimated should not exceed those identified as per 1999-2000 survey. The Committee find that the concerns of the Committee have been conveyed to Planning Commission and it has responded that since the cap on the total number of BPL families to be identified was recommended by the Expert Committee, the issue may be looked into in detail by the Expert Committee to be constituted for the BPL census to be conducted for Eleventh Five Year Plan. The Committee feel that such an arbitrary limit on BPL persons to be identified will do a great injustice to the genuine BPL persons who could be debarred from certain benefits. Not only that, such limitations can provide unreasonable authority to the agencies involved thereby inviting corruption and malpractice. Therefore, the Committee would like the Department to pursue the matter with Planning Commission so that such limitations are not imposed while finalizing the number of BPL persons during latest survey."

18. The Department has stated as under:

"While the concern of the Committee is acknowledged, however, it is mentioned that the cap on the total number of BPL households to be identified under BPL Census 2002 was prescribed on the recommendations of the Expert Group with the objective to ensure that the limited resources available under the various programmes of this Ministry are not distributed thinly and at the same time the poorest of the poor should get the preference in getting these benefits. Further, it may also be clarified that under the guidelines of BPL Census 2002, the States were given the option to identify the number of BPL households which may be equal to the Poverty Estimates of Planning Commission for the year 1999-2000 or the Adjusted Share whichever is higher. The Adjusted Share figures computed by the Planning Commission were very close to the Poverty Estimates of 1993-94. In addition to above, the States were also given the flexibility of another 10% to account for the transient poor. Therefore, the instructions of this Ministry did not restrict the State Governments to identify the BPL households equal to the Poverty Estimates of 1999-2000 of Planning Commission."

19. The Committee have repeatedly been expressing the strongest concern over the decision of the Government regarding cap on the total number of BPL families according to which the number of BPL persons estimated should not exceed those identified as per

1999-2000 survey and desired that such limitations should not be imposed while finalizing the number of BPL persons for Eleventh Plan. The Committee find from the reply furnished by the Department that efforts are being made to justify the aforesaid cut off limit. Various reasons in this regard have been given such as the limited resources available under various programmes are not distributed thinly etc. The Committee reiterate that such limitations would provide undue authority to the agencies involved in identification of BPL persons leading to corruption and malpractice and as such the genuine poorest of the poor would be debarred from the intended benefits from the various schemes/programmes. The Committee deplore the way the Department is trying to justify such limitations even when the Committee has repeatedly been expressing strong concern over it. Besides, the Committee fail to understand how the Department can convince the Planning Commission or other authorities concerned on the matter when it itself supports the aforesaid cap on BPL families. The Committee while reiterating their earlier recommendation would like the Department to convey the concerns of the Committee to the Cabinet Secretariat with the strongest feelings, the concerns have been expressed so that such limitations are not imposed while finalizing the BPL data for Eleventh Plan.

F. Monitoring Mechanism

Recommendation (Serial No. 11, Para No. 2.46)

20. The Committee had recommended as under:

“The Committee find that even though the Department has a detailed monitoring mechanism to oversee the implementation of various schemes/programmes meant for the upliftment of rural masses, much needs to be done to improve the delivery mechanism of the schemes/programmes. Huge unspent balances amounting to Rs. 9,162 crore lying with the State Governments is certainly an area of concern. The Committee further feel that more than putting in place different monitoring mechanisms, there is an urgent need to see that the system works effectively. The working of the district and State level Vigilance and Monitoring committees speaks volume about the ineffective state of monitoring mechanism put in place by the Ministry of Rural Development. Although there is a provision to hold at least one meeting in each quarter, most of the District and Vigilance Committees could succeed in holding barely one meeting during the year 2005. If this is the state of affairs of the committees,

which are to be appointed by the Department of Rural Development, the status of other monitoring mechanisms can be well imagined. Further, although the Department has claimed that there has been an increase in monitoring and Vigilance of rural development programmes at all levels particularly at the grass-root level, no information has been furnished by the Department to substantiate the aforesaid claim. In view of the aforesaid scenario, the Committee hold the opinion that there is an urgent need to implement the best of the systems evolved for monitoring of schemes. The Committee hope that with the implementation of the Right to Information Act, there will be a check on the proper implementation of various programmes and schemes. Further dissemination of information as required under the provisions of the Act would make the public aware about the various schemes and programmes, which automatically would put a pressure on the implementing agencies to perform better and deliver results."

21. The Department has stated as under:

"The Chairman of the district level Vigilance & Monitoring Committee (V&MCs) is the Member of Parliament (Lok Sabha) from the district concerned and wherever no meeting of District V&MC has been held even once, the Chairmen of these Committees have been requested to hold meetings of these Committees. State Governments have been requested from time to time to organize meetings of the State level and District level V&MCs at least once every quarter. As per information received from the States/Districts, as on 15 July 2006, 374 districts have organized meetings of the District V&MCs at least once and 18 States have organized meeting of the State level V&MCs at least once since their reconstitution in October, 2004. States and Districts have been informed that the District Collector/Deputy Commissioner/District Magistrate concerned, being the Member Secretary of the District V&MC, is responsible for conducting the meetings of District V&MC regularly and in case where the Chairman of the Committee is pre-occupied and has not indicated any dates for convening such meetings, the Member Secretary should ensure, in consultation with the Co-Chairman, that these meetings are convened within fifteen days of the end of each quarter under intimation to Chairman/Co-Chairman and all other members."

22. The Committee find from the reply furnished by the Ministry that as on 15 July 2006, only 374 districts have organized meetings of the District Vigilance and Monitoring Committees(V&MC) at least once while they should be meeting atleast four times annually. This reveals a very sorry state of affairs as there appears to be no proper monitoring mechanism in place that can work. The Committee in their earlier recommendation have emphasized that there was a need to put in place a system that works instead of different monitoring mechanisms that do not work. The Department has intimated that the District Collector/Deputy Commissioner/ District Magistrate being the Member Secretary are responsible for conducting the regular meetings of the District V&MCs. The Committee are of the view that for the success of any programme, the monitoring mechanism at the grass root level has to be effective. Therefore, there is an urgent need for strengthening the District V&MCs which should meet more frequently and the Member Secretary should be held responsible for not conducting the same at regular intervals. The Committee also recommend that reporting format of Utilisation Certificate should also include the number of meetings of the Vigilance and Monitoring Committees (M&MCs) held in each quarter of the year. State level V&MC should also meet at appropriate intervals to evaluate the performance and reports of the District V&MCs. Besides, the Committee also reiterate their earlier recommendation that dissemination of information is the best way to put desirable checks on various programmes of the Government. Public pressure on the implementing agencies would enable them to perform better and deliver results.

G. Gender Budgeting

Recommendation (Serial No. 13 and 14, Para Nos. 2.53 and 2.54)

23. The Committee had recommended as under:

“The Committee appreciate the concept of Gender Budgeting covering as many as 24 Demands for Grants in 18 Ministries/ Departments and five Union territories and schemes with an outlay of Rs. 28,737 crore. The noble objective of Gender Budgeting is to remove the disparity between the two genders by giving more and more benefits to women in all the schemes of the Government. The Committee would like to emphasize that by mere constitution of Gender Budget Cell, the objectives behind Gender Budgeting would not be achieved. The Committee are

concerned to find that although under the different schemes of the Department of Rural Development, particularly under IAY, SGSY and SGRY, specific provisions for women have been made in the guidelines, the implementation of the said provisions is far from satisfactorily. As reported in various Budget documents like Economic Survey and Mid-Term Appraisal document the targeted benefits are not reaching the female beneficiaries."

Recommendation (Para No.2.53)

"The Committee therefore desire that the Government should seriously try to achieve the targets specified for women beneficiaries in the guidelines of each scheme so that the gap in terms of employment, housing, wages etc. between men and women is bridged to a great extent. Further, survey at regular intervals be undertaken by independent research agencies to evaluate the effects of Gender Budgeting."

Recommendation (Para No.2.54)

24. The Department has stated as under:

"The concern of the Committee regarding ensuring the flow of benefits to the female beneficiaries is acknowledged. Three programmes of the Ministry, namely, IAY, SGSY and SGRY have been short listed for gender budgeting. The implementation of these programmes will be monitored accordingly."

Reply to Recommendation (Para No.2.53)

"The evaluation of implementation of Gender Budgeting by the independent agency can be undertaken at an appropriate time on a regular basis."

Reply to Recommendation (Para No.2.54)

25. The Committee in the earlier recommendations had emphasized on effectiveness of the gender budgeting exercise. Besides monitoring the data in this regard, there is an urgent need to take specific measures to achieve the targets for women under specific schemes. The action taken reply do not mention any of the measures taken/ proposed to be taken in this regard. It has simply been indicated that the gender budgeting has been done on three schemes of the Ministry of Rural Development viz. IAY, SGSY and SGRY. The Committee reiterate that the percentage of female beneficiaries

under these schemes is still below the target. Nearly half of the country's population constitutes women. Therefore, there is an urgent need that Gender budgeting is effective which should ensure that the benefits of various rural development schemes reach the targeted female population. The required measures in this regard should be taken and the Committee should be apprised accordingly.

The Committee are also of the view that data in this regard should be maintained separately by the Ministry so as to have an assessment whether the benefits are reaching the targeted population. Further, the Committee would also like to be apprised whether any independent agency has been entrusted with the task of evaluating the implementation of Gender budgeting.

H. Sampoorna Grameen Rozgar Yojana (SGRY)

Recommendation (Serial No. 16, Para No. 3.20)

26. The Committee had recommended as under:

“The Committee note that the physical and financial performance under the Sampoorna Grameen Rozgar Yojana (SGRY) is very poor. As on 31 January, 2006, the Government could utilise only 54.57 per cent of allocated outlay for SGRY. Even in regard to physical achievements, the Government could complete only 55.70 per cent of the works undertaken. Further, it could only generate 66.21 crore mandays whereas the target was 86.11 crore mandays. The quarter-wise achievements in terms of mandays generated further indicate shortfall of around 50 per cent during the first quarter and around 40 per cent during the third quarter. The Committee are not inclined to accept the reasons put forth by the Department that utilization status always runs behind schedule particularly when there is shortfall in expenditure during 2004-05 when the financial achievement was 83.42 per cent. Not only that, 11 States/Union territories could utilize less than 75 per cent of the outlay. There are huge unspent balances to the tune of Rs.2,764.36 crore lying with the respective States/Union territory Governments. Around 20 per cent of the works undertaken during 2004-05 are still incomplete. Besides, the Committee feel that the plea of late receipt of Utilization Certificates cannot be accepted in this era of technological advancement. The Committee would like to know the State-wise reasons for under-performance. Besides, the State/Union Territories and implementing agencies should be impressed upon to furnish the timely Utilization Certificates. There should also

be physical inspection by Senior Officers of the Ministry to check whether the works shown by the States in their records, have actually been done/completed in that particular year. The shortcomings reflected by the Area Officer during their visits and the corrective action taken by the Department should be reflected in the Budget documents.”

27. The Department has stated as under:

“The requisite information was submitted based on the Monthly Progress Report received from States/UTs by that time. Out of 33 States/UTs, 8 States/UTs are yet to submit their progress report for the month of March, 2006. As reported by the State Governments/ Union Territory Administrations as on 20.7.2006, they have utilized 82.11% of available funds and generated 80.58 crore mandays during the year 2005-06 which will certainly improve on receipt of progress reports from remaining States/UTs. Due to limited stock of foodgrains, the allocation of foodgrains was reduced from 50 lakh tonnes to 35.52 lakh tonnes in 2005-2006 under SGRY. No compensation in cash for reduced quantity of foodgrains has been given. The less availability has adversely affected generation of mandays under the programme.

As regard incomplete works in 2004-05, it is submitted that SGRY is an on-going programme. According to SGRY Guidelines, while preparing the Annual Action Plan, Panchayats are to give priority to the incomplete works in comparison to taking up of new works. Thus, the incomplete works as on 31 March 2005 are required to be included in the Annual Action Plan of Panchayats for the year 2005-06 with a view to attending to these works during the year on priority.

SGRY is a programme being implemented by Panchayats at village, block and district levels. Progress Reports of Village Panchayats are collected and compiled at Block level. Thereafter, Intermediate Panchayats consolidate Reports of Village Panchayats including their own progress report and send it to District Panchayat. District Panchayat compile all reports received from Intermediate Panchayats alongwith their own progress report and send it to State Headquarter who in turn compile all the reports received from districts and forward a consolidated Progress Report to the Ministry. This whole process takes at least two to three months depending upon number of Panchayats. As the Panchayats at grassroot level do not have proper facilities nor

have fully trained personnel, they are finding it difficult to make use of and handle advanced technology. However, State Governments and Union territory Administrations are urged regularly for timely submission of their Monthly Progress Report for SGRY.

State Governments and Union territories have been requested to intimate the reasons for their poor performance for the year 2004-05. In pursuance of it, some States have furnished their revised progress reports. As now reported by States/UTs, out of total available funds of Rs.7214.84 crores, an amount of Rs.6080.13 crores has been spent in 2004-05. Thus, the carry over balance as on 31 March 2005 was Rs.1134.71 crore, which is 15.73 per cent of total available funds as against permissible limit of 15 per cent.

Under Area Officers' Scheme of this Ministry, senior officers of this Ministry do visit districts allotted to them for inspection of Rural Development Programmes being implemented in a district. Area Officers inspect works undertaken under the programme on sample basis in 2-3 villages and submit their reports. The reports of some Area Officers in 2005-2006 did not bring adverse report on the works implemented under SGRY in respect of works visited by them. However in some cases the reports did mention that the expenditure on SC/ST component was below the required norm, availability of foodgrains was inadequate, delay in finalization of Annual Action Plan at Panchayats level etc. and also reported about quality of works undertaken/completed under the programme. In case of any adverse reporting, the issues are brought out to the notice of the State Governments as well as district authority for taking corrective action immediately."

28. When the attention of the Department was drawn towards the sorry state of affairs of SGRY, where there is underutilization of resources, piling of incomplete works, the Department has tried to justify the position by stating that the States give the progress reports very late. No clarification has been submitted with regard to the observation of the Committee in respect of the final data of the year 2004-2005 whereby 2,764.36 crore was indicated as lying unspent with the respective States/Union Territory Administrations. As regards the issue of late receipt of utilization certificates, a complex system has been held responsible whereby the Panchayat's data is consolidated at Block level then Block level data at District level and District level data at State level, which finally report to the Union

Government. The allocation of outlay under SGRY is directly made to DRDAs/ZPs as per the guidelines. In this situation, the Committee fail to understand the whole complex process which unduly delays the utilization certificates. When the Department has yet to get the updated figures for the year 2005-2006, it is not understandable how the further releases are being made.

As regards, the issue of capacity building of Panchayats to enable these institutions to handle the responsibility, the Committee would like that the issue should be taken up with the Ministry of Panchayati Raj, which is the nodal Ministry to deal with the various issues related to empowerment of Panchayats. The Panchayats need to be equipped with the computers and latest technology so that the consolidation of data at district level take no time and the utilization certificates are timely received. As regards, the issue of incomplete works, no satisfactory reply has been furnished by the Department. There is an urgent need to look into the matter seriously. There may be tendency to start more new works to add up the data of works. While allocating funds, it should be analysed as to how many incomplete works were given priority and completed during the year. Perhaps, there is an urgent need to pay much more attention to the quality of infrastructure created under SGRY because besides creating employment, one of the objective is to improve the infrastructure of the villages. The Committee while reiterating their earlier recommendation would like the Department to monitor the data with regard to incomplete works regularly so that more stress is given to the completion of work. The Department should initiate action on the suggested lines and the Committee be apprised accordingly.

Besides the aforesaid observations, the Committee note from the replies that due to limited stock of foodgrains, the allocation of foodgrains was reduced from 50 lakh tonnes to 35.52 lakh tonnes in 2005-2006 under SGRY. No compensation in cash for reduced quantity of foodgrains has been given and the less availability has adversely affected generation of mandays under the programme. When the Committee had raised the issue of reduction in outlay under some of the schemes which include SGRY (refer para 3.20 of 18th Report), the Department in the action taken reply has tried to justify the position by stating that SGRY is not applicable in the States where NREGA is applicable. Now, when the attention has been drawn towards decline in generation of mandays and underutilization, the Department has indicated that the less availability of resources has adversely affected the programme. Perhaps, there is no clarity in the stand of the Department. Besides, as emphasized earlier, there is an

urgent need to indicate the outlay required for payment to be made with regard to foodgrains component which can indicate the clear picture of the overall allocation under SGRY. The Committee would like to Department to take up the matter urgently with the Planning Commission/Ministry of Finance in the light of the aforesaid observations so that adequate outlay is provided under SGRY.

I. Implementation of Sampoorna Grameen Rozgar Yojana (SGRY) in North-Eastern States

Recommendation (Serial No. 17, Para No. 3.21)

29. The Committee had recommended as under:

“The Committee further find that 10 per cent of allocation under different schemes is exclusively earmarked for North-Eastern Region. The data with regard to physical and financial achievement under SGRY since 2002-03 indicate that although the position is improving year after year, still there is huge gap between the total available funds and the expenditure reported. Around 40 per cent of the funds are still lying unspent. The position of mandays generated improved during 2003-04, but there is huge decline in the mandays generated during 2004-05 and 2005-06. While 1464.60 lakh mandays were generated during 2003-04, the achievement declined to 823.53 lakh during 2004-05 and further to 785.91 lakh during 2005-06. Further the expenditure position during 2004-05 is also worse as compared to the previous year. The Committee would like to be apprised of the reasons for shortfall in physical and financial achievement during 2004-05 and 2005-06 in North-Eastern region. The Committee urge the Department to take necessary corrective action so as to ensure meaningful utilization of the exclusive outlay made for these States.”

30. The Department has stated as under:

“As regards higher mandays generated during the year 2003-04, it has been checked up from the record that the State of Nagaland had reported wrongly number of mandays generated due to which number of mandays was shown so high. The State Government has been requested to intimate the correct figure, which is awaited.

Due to climatic condition such as heavy rainfall, snowfall etc. the working season in the North-East is limited. Further, because

of inadequate infrastructure North-Eastern States are facing great difficulties in movement of foodgrains to collect from FCI depots to the remote areas. In spite of these problems, during the year 2004-05, Tripura was able to spent 96.11 per cent of total available funds followed by Sikkim 85.38 per cent. Meghalaya and Manipur have reported utilization more than 81% of the total available funds. The State of Arunachal Pradesh having large snow bound areas and Assam with heaviest rainfall and flood in each year could spend less funds in percentage terms in comparison with other North-Eastern States. The Government of Mizoram has informed that they have utilized 85 per cent of available funds during 2004-05. Reply from Nagaland is awaited. However, these States have been advised to take corrective action to ensure satisfactory implementation of SGRY. Besides, Hon'ble Minister (RD) also review the performance of the States with the Chief Ministers/Ministers and other senior officers in the State and advise the States, wherever necessary, to take corrective actions to ensure proper utilisation of SGRY funds.

Keeping in view the problems of North-Eastern States in collecting foodgrains from FCI Depots to remote areas of their States, these States are allowed to charge transportation cost of foodgrains from the SGRY funds. Arunachal Pradesh is exempted from compulsory distribution of foodgrains under SGRY."

31. The Committee in the earlier recommendation had pointed out the declining trend of the position of mandays generated. During 2003-2004, 1464.60 lakh mandays were generated which declined to 823.53 lakh during 2004-2005 and further to 785.91 lakh during 2005-2006. The Department has stated that the State of Nagaland had reported wrong number of mandays generated thereby inflating the data of mandays during the year 2003-2004. It has been stated that the State Government has been requested to give the correct figure. The Committee fail to understand how an unusual data of the State of Nagaland was not detected by the Department. Even when the Committee highlighted the declining trend of mandays generated, the Department could not get the correct data from the State of Nagaland. No reasons have been indicated with regard to the lower mandays generated during 2005-2006 as compared to the year 2004-2005.

As regards the unsatisfactory financial achievement, the status of only three States viz. Tripura, Meghalaya and Manipur has been given where the performance is stated to be satisfactory. The

Committee are not satisfied with the replies furnished by the Department and would like to reiterate to take up the issue with individual State/Union territories in North-Eastern region and take the corrective action. The Committee should also be kept apprised.

J. National Food for Work Programme (NFFWP)

Recommendation (Serial No. 20, Para No. 3.38)

32. The Committee had recommended as under:

“The Committee further find that during 2005-06 at the Budget Estimates stage, Rs. 6,000 crore was provided under National Food for Work Programme. At Revised Estimates Stage, a cut of Rs. 1,500/- crore was imposed thereby reducing the allocation to Rs. 4,500 crore. They also find from the position indicated by the Department that Rs.1,500 were transferred from NFFWP to SGRY to maintain at least the previous SGRY allocation. Further the Department has also acknowledged that the revised allocation was sufficient to meet NFFWP requirement. The Committee are surprised at the statement given by the Department whereby the estimated outlay indicated at the Budget Estimates stage when reduced substantially has been found to be sufficient to meet the requirement of a programme. The Committee, therefore, conclude that the implementation of the programme was very poor whereby the part of the allocation made under NFFWP was transferred to another programme. What is worse, even the reduced allocation could not be utilized and the implementation of the programme was quite poor during the year 2005-06 as indicated in the preceding paras of the Report. The Committee deplore the tendency of the Government whereby the allocation made under the programme at Budget Estimates stage is transferred to another scheme at Revised Estimates stage. The Committee therefore, strongly recommend that efforts should be made for meaningful utilization of the allocated resources in a year.”

33. The Department has stated as under:

“In the financial year 2005-06, the B.E. for SGRY and NFFWP were kept at Rs. 4000 and 6000 crores respectively. This Committee has recommended that allocation of SGRY should not be reduced. Therefore, it was necessary to re-adjust the allocation between SGRY and NFFWP. However, based on the request of this Ministry the R.E. for SGRY and NFFWP were revised as Rs. 5500 and

4500 crores respectively. Under NFFWP, there was an unutilized balance of Rs. 1280.27 crores from the previous years allocation. This amount was also available for utilization under the programme during the year 2005-06. As indicated in reply to para 3.36 , the percentage utilization of funds under NFFWP during the year 2005-06 was 70.3 percent which may be termed as satisfactory keeping in view the fact that the programme was launched in November, 2004 only.”

34. The Committee fail to understand the logic put forth by the Ministry regarding re-adjustment of allocation between two schemes viz. NFFWP and SGRY. NFFWP at the BE stage was allocated Rs. 6,000 crore which was drastically reduced to Rs. 4,500 crore at RE stage. The Committee do not understand how funds when reduced by 25 percent under NFFWP were still sufficient to meet the requirements of the scheme. Moreover, the Department could utilize only 70.3 percent of this reduced fund. Further disturbing is the fact that according to the Department, 70.3 per cent of utilization is satisfactory. The Committee denounce this tendency of the Department whereby funds allocated for one scheme are transferred to another. Not only that the Department has tried to justify all the wrong practices on one or the other pretext. The Department should therefore make a realistic projection of its Budget Estimates so that meaningful utilization of the allocated resources are made.

K. National Rural Employment Guarantee Act (NREGA)

**Recommendation (Serial Nos. 24 and 27,
Para Nos. 3.61 and 3.67)**

35. The Committee had recommended as under:

“The Committee are concerned to note the vague reply of the Department on such a serious issue of preparation of action plan to cover all the districts under the provision of NREGA. Instead of taking immediate action in this regard, it has been stated that the performance of the Act would be watched. The Committee note that the guarantee of 100 days of wage employment to each household in rural areas in the country has been provided under the enactment and further under the provisions of the Act it has been specifically mentioned that the guarantee shall be applicable to the whole of the rural areas in the country within a period of five years from the date of enactment of the Act and as such there is no scope for delaying the implementation of the Act. The Committee are of the firm opinion that an action plan for

coverage should be prepared by the Department and transparency in this regard should be maintained so that the part of the country where the Guarantee Scheme at present is not applicable can be reassured about the applicability of the legislation in the near future”.

Recommendation (Para No. 3.61)

“The Committee find from the reply of the Department that no attention has been paid to ensure the distribution of foodgrains under the Guarantee Scheme whereas 75 per cent of the wages under the scheme can be paid by way of foodgrains. It has simply been stated that only cash resources would be provided to the State Governments. The Committee would like the Department to clarify further whether the procurement and distribution of foodgrains will be the sole responsibility of the State Governments and what will be role of the undertakings involved in foodgrains like Food corporation of India (FCI) so as to enable the Committee to recommend further in this regard.”

Recommendation (Para No. 3.67)

36. The Department has stated as under:

“Proviso to Section 1(3) of the NREG Act provides that the Act shall be made applicable to the whole country within a period of 5 years. The very purpose of implementing the Act in phases is to watch the progress of the Act and pattern of expenditure in few districts in the beginning and based on the experience so gained, carry out modifications/improvements in preparation before extending it to more areas. Progress of the Schemes varies from State to State due to various reasons. It would be in the interest of the programme that its expansion is based on the insight gained through the experience of the first phase of implementation. The Ministry is monitoring the implementation of NREGA in these districts and there is a need to continue with this process of interaction and feedback from them so that an action plan for extending the Act can then be formulated.”

Reply to Recommendation (Para No. 3.61)

“Under the existing provisions of NREG Act, the Central assistance will be paid only in cash. No foodgrains are to be supplied by the Centre under the Act. However, if the State Governments feel that foodgrains should be paid as part of wages,

they can do so and procure the foodgrains on their own. They may also purchase foodgrains from FCI. However, distribution of foodgrains as part of wages is likely to create several problems in meeting the legal obligation to pay wages within a prescribed time frame."

Reply to Recommendation (Para No. 3.67)

37. The Committee note that the Ministry is watching the progress of NREGA in the 200 districts where the Act is under implementation. However, the legal provision in the Act itself provides that the Act shall be made applicable to the whole country within a period of 5 years. The Ministry should, therefore, start considering the preparation of action plan keeping in view that the resources will have to be correspondingly increased if the number of districts are to increase in the coming financial year. Though, the inputs gained by watching the progress of NREGA would be useful in carrying out desirable modifications/improvements in the scheme, the same should not desist them from preparation of the action plan and implementation of the Act in the remaining districts. The Committee also reiterate their earlier recommendation that transparency should be maintained in preparation of action plan so that the areas where the Guarantee Scheme at present is not applicable are assured about the applicability of the legislation in near future.

On the issue of foodgrains as part of wages under NREGA, the Committee fail to understand as to why the provision for distribution of foodgrains as part of wages was made when it was likely to create several problems in meeting the legal obligation to pay wages within a prescribed time frame. The Committee would like the comments of the Department on this aspect so that the issue is reexamined and suggestions made in this regard.

L. Swarnjayanti Gram Swarozgar Yojana (SGSY)

**Recommendation (Serial Nos. 30 and 31,
Para Nos. 3.80 and 3.88)**

38. The Committee had recommended as under:

"The Committee are perturbed to note the poor lending rate by Banks. During 2004-05, applications at the rate of four out of every ten applicant were rejected. The rejection rate has further increased to about five persons out of every ten applicants. This

inter-alia means that over fifty percent of the needy are unable to take benefit under SGSY due to some reason or other. The Committee observe that this is a disturbing trend and would ultimately lead to collapse of the scheme. The Department cannot wash away its hands simply by shifting its responsibility on Reserve Bank of India, which is entrusted with the responsibility to coordinate and motivate Banks on the issues relating to SGSY. The Department needs to resolve all the issues pertaining to poor lending rate by taking the matter at the highest level in the Reserve Bank of India, Finance Ministry and the Chief of leading Banks. The Committee are of the view that applicant approach the Banks with great hope and expectations and they feel let down when their applications are rejected on flimsy grounds or due to cumbersome procedure. The Committee, therefore, suggest that the procedure for lending under SGSY be simplified and paper work should be reduced so that people are not unnecessarily harassed. Help counters may be opened either at the Bank or DRDA Office to assist the illiterate applicant in filling up the forms, explaining them the highlights of the scheme, the liability of the applicant, the procedure for taking the benefit under the scheme etc. Further, the role of DRDAs and Panchayati Raj Institutions (PRIs) should be strengthened for effective coordination between them and the Banks so that the needy applicants are not unnecessarily turned away by Banks.”

Recommendation (Para No. 3.80)

“The Committee are concerned to note that the physical targets meant for disadvantaged groups like SC/ST and handicap category have not been met satisfactorily. While some States have fared well, the figures indicate that the SC/ST Swarozgaris assisted in more than 13 States and Union Territories are less than fifty per cent. Further, the statement indicates that except in Tamil Nadu and Manipur the percentage of handicap Swarozgaris assisted is less than the three per cent target. On an average, by the end of February 2006, only 43.13 percent of the targeted Swarozgaris could be assisted which also highlights the poor performance of the scheme. Further, the Committee note that the utilization of funds by many States is very poor. While more than 13 States have disbursed less than 50 per cent of the credit marked for them, the Committee note that the overall percentage of credit disbursed is only 36.02 per cent. The Committee observe that the poor performance could be attributed to the slack attention paid by the Government. Something is lacking due to

which the Government has failed to attract the targeted number of Swarozgaris. The DRDAs/Zilla Parishads are also not trained enough to meet their objectives. As revealed by the Concurrent Evaluation, the scheme is facing a lot of problems, which include indifferent attitude of Banks, inadequate infrastructure, problems in identifying projects etc. There is an urgent need to address all these issues to ensure the success of the programme. The Committee would like the Department to look into the matter and take remedial action in consultation with State Governments, Banks, DRDAs and all other concerned."

Recommendation (Para No. 3.88)

39. The Department has stated as under:

"The Ministry has already taken steps to improve poor lending by Banks through frequent interaction with the various agencies involved viz; Reserve Bank of India (RBI), Commercial, Private and Cooperative Banks, Ministry of Finance etc. The issue has also been taken up by with the Ministry of Finance which in turn advised the State Level Bankers Committee (SLBC) in various States to achieve the credit mobilization targets in order to improve lending by banks. The Ministry of Finance has also issued directions to the Banks to take stern action against the officers who failed to achieve the targets under SGSY. The Governor, Reserve Bank of India (RBI) has also been apprised of the situation and requested to take up the matter with the Chief Executives of the concerned Banks to take urgent remedial action in this regard. The Secretaries in charge of Rural Development in all States/UTs have also been asked to furnish the details of poor performing Bank Branches and to accelerate the pace of credit flow under the scheme. The Reserve Bank of India (RBI) and Ministry of Finance have also been informed for close monitoring to ensure distribution of loans to achieve the targets set under the SGSY scheme. As the rate of interest charged by the banks on loans under SGSY is very high compared to other sectors, the Ministry of Finance is requested to advise Banks to keep interest rate at 9% for Rural and Agricultural loans and adhere to RBI Guidelines in this regard.

As regards high rate of rejection of applications by banks, the matter has been taken up for discussion in the next Central Level Coordination Committee Meeting scheduled to be held."

Reply to Recommendation (Para No. 3.80)

“As per the information available with this Ministry for the year 2005-06, there are eight States who have disbursed less than 50 per cent of the credit targets while twenty three UTs have achieved more than 50 per cent of the credit targets under the scheme. Three UTs have not furnished their reports yet. The overall credit achievement under the scheme has improved to 72.37 per cent during the year 2005-06.

The Government has already taken various steps to improve the performance of credit disbursement under SGSY in coordination with the various agencies involved *viz*; Reserve Bank of India (RBI), Commercial and Cooperative Banks, Ministry of Finance etc.. In this regard the Ministry has called for information of poor performing Bank Branches under SGSY from various State Governments/UTs and took this matter with the Ministry of Finance, which in turn advised the State Level Bankers Committee (SLBC) in various States to achieve the credit mobilization targets. The Ministry of Finance has also issued directions to the CMDs of Banks to take stern action against the officers who failed to achieve the targets under SGSY.

During 2005-06, The Ministry has also fixed and communicated quarterly credit mobilization targets for better monitoring of the credit targets under SGSY throughout the year. The Governor, Reserve Bank of India (RBI) has also been apprised of the poor lending by Banks and requested to take up the matter with the Chief Executives of the concerned Banks to take urgent remedial action in this regard and to convene a special meeting of all Chairmen and Managing Directors of the Commercial Banks in Mumbai to discuss issues like flow of credit under SGSY and poor lending by various Bank Branches.

The Secretaries in charge of Rural Development in all States/UTs have also been asked to furnish the details of poor performing Bank Branches and to accelerate the pace of credit flow under the scheme. The Reserve Bank of India (RBI) and Ministry of Finance have also been informed for close monitoring to ensure distribution of loans to achieve the targets set under the SGSY scheme. As the rate of interest charged by the banks on loans under SGSY is very high compared to other sectors, the Ministry of Finance is requested to advise banks to keep interest rate at 9 per cent for Rural and Agricultural loans and adhere to RBI Guidelines in this regard.

In addition to above, a meeting was held on 19 April, 2005 in Mumbai under the Chairmanship of Deputy Governor, RBI with CMDs of Commercial Banks where performance of banks involved under SGSY was evaluated. The issue was also discussed during the Ninth Meeting of the Central Level Coordination Committee held on 28 June, 2006 which was attended by representatives of State Governments and Banks.

The SGSY guidelines provide that the officials and staff of DRDAs should be constantly trained in the general field of management of rural areas and poverty. The personnel to be posted in the DRDAs should be given a pre-service training to orient them suitably to their tasks. Further there should also be a system of an annual in-service where the officers could be given the updates about the relevant fields and which would also afford an opportunity of exchanging their experiences. The Ministry has also impressed upon the State Governments/UTs to effectively implement these guidelines. In addition, the Ministry also assists the State Governments for organizing training courses under SGSY for RD functionaries of State/District/Block/Panchayat level, elected representatives from State/District/Block/Panchayat level or Bankers, Facilitators, SHPIs, NGOs etc. at recognized training institutes in the State."

Reply to Recommendation (Para No. 3.88)

40. The Committee observe that the poor lending rate by Banks is due to various reasons like lack of training among staff in general field of management of rural areas and poverty, high rate of interest on loan disbursed, lack of reorientation programmes, high rate of rejection of application by Banks etc.. The Committee also note the various measures taken by the Ministry at various levels to improve the credit targets under the scheme. The Committee would like to be apprised of the outcome of the discussion proposed to be held in the Central Level Coordination Committee Meeting regarding the high rate of rejection of application by banks. The Committee would also like to be apprised about the outcome of the meeting held by Chairmen and MDs of all Commercial Banks and the meeting of the CMDs of Commercial Banks with the Deputy Governor, Reserve Bank of India to improve the credit mobilization and lending rate of Banks. Besides, the Committee would also like to hear more on the action taken by the Ministry as provided in SGSY guidelines regarding training of officers/staff implementing the scheme.

The Committee find that although much has been done at higher level to improve the disbursement of loan, very little has been done at the grass root level *i.e.* at the Bank level where people normally approach for loan under the scheme. Most of the applications received are rejected at the preliminary stage itself on flimsy grounds due to lack of awareness among the people. Most of the people approaching the Bank are also illiterate who may not be aware of the formalities and paper work involved. The Committee have been emphasizing again and again on this issue that the procedures and formats for disbursement of loans be simplified and preferably 'help counters' be opened to help the applicants. With these measures, the Committee hope that the credit targets can be effectively achieved.

M. Rural Housing (Indira Awaas Yojana)

Recommendation (Serial No. 33, Para No. 3.105)

41. The Committee had recommended as under:

"The Committee find that the data with regard to physical targets fixed during each year of Tenth Plan indicates that although the targets made during 2006-07, are 92,237 higher than the targets fixed during 2005-06 but are lesser by 28,858 houses, if compared to the year 2004-05. In view of this position the Committee note that although ambitious commitments are being made with regard to providing housing under IAY, there is no such enhancement of targets and outlay to meet such commitments. Not only that the resources made available are not being utilized fully. The information provided above indicates that in most of the States less than 50 per cent of physical and financial targets could be achieved. The Committee observe that as per the Government's own data the housing shortage in rural areas is 148 lakh. The said shortages will increase by shortage of 9 lakh houses annually due to various reasons. The annual target fixed under Bharat Nirman are over 15 lakh houses. Around 60 lakh houses would be constructed by the year 2009. The net shortage of houses by the year 2009 as per the Government's own estimate would be 184 lakh (148 lakh + 36 lakh) houses. Even if 60 lakh houses are provided by 2009, there would be shortage of 124 lakh houses by 2009. The Committee have selected the subject 'Rural Housing' for examination and report and different issues in this regard would be examined in detail during the course of examination of the subject. Here the Committee would like to recommend that besides augmenting the resources, there is an

urgent need to ensure that the targets fixed are met and every paise earmarked for the scheme meant for rural masses is meaningfully utilized. Further, to augment the resources for rural housing, there is an urgent need to expand institutional credit."

42. The Department has stated as under:

"The physical targets during 2004-05 were fixed with 80 per cent of the allocation for new houses and 20 per cent allocation for upgradation of kutch houses. The grant for upgradation is Rs. 12,500 per house and is lower than that for a new IAY house. From 2005-06 onwards, the physical targets are being fixed on the basis of "new houses" only, for the entire allocation. Therefore, the physical targets have come down correspondingly, despite increase in outlay. However, States have the flexibility to utilize upto 20 per cent of their allocation for upgradation. Under Bharat Nirman, the Government has committed to construct at least 15 lakh houses per year from 2005-06 onwards and in 2006-07, 15.33 lakh houses are targeted to be built.

As regards the extent of housing shortage and the rate of house construction observed by the Committee, the Ministry has been pursuing with the Planning Commission to significantly enhance the annual allocation so that rural shelterlessness can be eliminated by 2009.

The recommendations with regard to proper utilization of funds with fruitful results, made by the Committee have been noted for perusal."

43. The Committee do not agree with the view of the Ministry that housing shortage would be reduced with enhanced allocation by the Planning Commission. The Committee note that the targets under Indira Awaas Yojana (IAY) have not been attained not due to under allocation of funds but due to other reasons. Huge amounts of funds meant for IAY are lying unspent while the physical targets are not met with. The housing shortage in rural areas by the year 2009 is estimated to be 124 lakhs. Further, under Bharat Nirman, the Government has committed to construct at least 15 lakh houses per year from 2005-2006 onwards and in 2006-2007, 15.33 lakh houses are targeted to be built, but given the pace of physical progress under IAY, the Committee express their apprehension that the targets under Bharat Nirman would not be achieved. Therefore, mere enhancement of funds by the Planning Commission will not solve the problem of housing shortage. The Committee reiterate their earlier

recommendation that the Ministry should ensure that the targets fixed are met and every paise earmarked for the scheme are meaningfully utilized so that the housing shortage in the rural areas is atleast reduced to a certain extent.

N. Pradhan Mantri Gram Sadak Yojana (PMGSY)

**Recommendation (Serial Nos. 35, 36 and 37,
Para Nos. 3.116, 3.117 and 3.120)**

44. The Committee had recommended as under:

“The Committee observe that Pradhan Mantri Gram Sadak Yojana is a very laudable programme initiated by the Government with the objective to provide connectivity by road to all the unconnected habitations in rural areas in the country. From the information provided by the Department, it seems that the progress is not very encouraging. Initially, at the launch of the programme, the objective was set to provide connectivity to all unconnected habitations having a population of 500 and above (250 and above in hill States, tribal and desert areas) by the end of Tenth Plan *i.e.* 2006-07. The targets have now been spilled over. The Government now target to connect all the habitations having a population of 1000 and above (500 in case of hilly States, tribal and desert areas) by the year 2009. The Committee apprehend that it would be difficult to achieve even the spilled over targets with the existing pace of implementation of the programme, whereby even the roads started in Phase I and Phase II during the years 2000-01 and 2002-03 are lying incomplete. The Committee find that as per stipulated parameters set by the Department, the roads should be ready within 12 months in normal and within 18 months in hilly areas after award of work. Even after the lapse of five or six years, a number of roads started are incomplete which is a major area of concern. Many reasons such as availability of land, forest clearance, programme management & provision, contracting capacity of States, institutional arrangement, training etc. have been cited as the reasons for such a state of affairs of the programme.”

Recommendation (Para No. 3.116)

“The Committee also find that one of the reasons for these bottlenecks being faced in the implementation of the programme is very old and outdated enactment “Land Acquisition Act, 1894”. The said enactment is under the administrative control of the

Ministry of Rural Development. The Committee have repeatedly been recommending to the Ministry to amend the out dated provisions made under the Act. But the same has not been done so far. Even though the Government has found the ways and means to provide the required allocation of Rs. 48,000 crore by the year 2009 to complete the uphill task of providing connectivity to all the habitations of population of 1000 and above, the Committee are of the opinion that the targets cannot be achieved unless the problem areas are addressed urgently. The Department has to work on a mission-mode. There is an urgent need to enhance the capacity of the State Government/implementing agencies to absorb the enhanced resources. Besides, various bottlenecks found in the implementation of the programme as noted above need to be discussed at various meetings held with the State Government. Frequent Central interventions are required to motivate the State Government to take the challenge of providing connectivity by the target date. Further, the old and out dated laws like "Land Acquisition Act, 1894" need to be amended expeditiously which would solve the major problems like acquisition of land for construction of roads etc. The Committee should be kept informed about the action taken in this regard."

Recommendation (Para No. 3.117)

"The Committee are perturbed to note that most of the works under PMGSY are being sublet to contractors by the principal contractors. Further the Committee express their apprehension on the quality of roads built under PMGSY. Despite deploying monitors at various levels, the quality of roads at the field level is very poor. Many roads would have vanished in single rain. Some would have vanished after few months of their construction and in other areas, where the roads do exist the same are very poorly maintained. This is a vital area which needs to be addressed by the Government on top priority otherwise the work done under PMGSY will bear no result and the connected habitations would again revert to unconnected status. The Committee recommend that to address this situation and to improve the quality of roads, the Government should make the monitors more accountable. If roads are found to be bad and of poor quality, further work to the concerned contractors should not be awarded. Besides, a notice board at the entrance and at prominent milestones of every road constructed under PMGSY, should be erected indicating that the road is constructed under

PMGSY, the month and year of its construction, the month and year till the road is expected to be maintained by the contractor as per the agreement and the name, designation, phone number of the officers whom the people can contact in case the quality of road is not up to the mark or is maintained poorly. The status of roads should also be accessible on the website and people should be able to put their complaints on the website so that Senior Officers of the State/Union Government are able to monitor the status of roads. The accountability of monitors who inspect the roads should also be increased so that they are brought to book in the event of non-performance. Another area of concern, which the Committee would like the Ministry to address is to impress upon a separate fund for the maintenance of roads. The Committee would like to hear further in this regard."

Recommendation (Para No. 3.120)

45. The Department has stated as under:

"474 road works of phase-I and 999 road works of phase-II are still pending. The maximum shortfall for phase II is in the States of Bihar, Goa, Jammu & Kashmir and Tripura. The reasons for non completion remain non-availability of land, delay in forest clearances, deficiencies in programme management and institutional arrangements. The concerned State governments are being requested from time to time, at all levels, to expedite the implementation of the programme. Minister of Rural Development has been holding meetings with States which are found lagging in implementation. The last meeting was held on 26 May 2006, in which 16 States were requested to participate. So far as forest clearance is concerned, the Ministry has requested the Ministry of Environment and Forests to delegate powers to Regional Offices for issuing clearance for road works involving upto 20 hectares of forest land. The issue has been taken up at the level of PMO also. States are being advised time and again to dedicate enough engineers for implementing this programme. 5000 engineers of the States have already been trained and further training of more engineers of the implementing agencies as well as of the contractors has been envisaged. The Ministry has also been organizing workshops in different States to sensitise and re-orient the engineers associated with the programme. The issues and concerns are discussed in the Regional Review Meetings and also in the Meetings taken by the Minister of Rural Development."

Reply to Recommendation (Para No. 3.116)

“For PMGSY Programme, land acquisition is generally not being resorted to as additional land is being made available through people’s participation. A Cabinet Note alongwith Land Acquisition (Amendment) Bill, 2004 was submitted to the Cabinet Secretary for consideration. The Cabinet Secretariat returned the Bill with the direction that a fresh proposal, after completing fresh inter-Ministerial consultations, may be submitted after formation of the new Government. In pursuance of the direction of the Cabinet Secretariat, the Department circulated the Land Acquisition(Amendment)Bill, to the concerned Ministries/ Departments for their comments. The comments from most of the Ministries/Departments have since been received.

Meanwhile, it was decided in the Ministry, with the approval of Minister (RD), that a copy of the Land Acquisition(Amendment) Bill,2004 may also be circulated to the State governments for their comments/suggestions. Accordingly, a copy of the Bill was circulated to States/UTs for their views. So far, comments from 23 States/UTs have been received. The remaining 12 States/UTs are being pursued to expedite their comments. The proposed Amendment to the Land Acquisition Act, 1894 was also discussed in the Conference of the Revenue Secretaries of States/UTs held on 7th June,2006 wherein States were requested to submit the comments expeditiously to this Department. The amendment of LA Act is also being considered by Group of Secretaries appointed to look into National Rehabilitation Policy.

Action Taken for addressing the other important issues raised by the Committee has already been reported in the Action Taken on para 3.116.”

Reply to Recommendation (Para No. 3.117)

“The Standard Bidding Document, presented for PMGSY and adopted by States for PMGSY works, does allow the contractors to sub contract the work, subject to the value of sub contracts not exceeding 25 per cent of the total value of the work. This would enable expeditious completion of the work.

The guidelines of PMGSY stipulate that within 15 days of the date of Work Order, signboards along with the Logo of the PMGSY should be erected at the site of road works. The signboards should indicate the name of the Programme (PMGSY), name of the road, its length, estimated cost, date of commencement and due date of completion of construction and name of the executing contractor.

The details of every road constructed under the programme, together with status, are expected to be provided by the District Programme Implementing Agencies on the web site www.pmgsyonline.nic.in. Any person can access this web site and can also make comments, register complaints or ask queries on the **Feedback** link provided on the web site.

The quality of road works is being monitored by independent quality monitors at national level. The observations of the National Quality Monitors are sent to State governments for appropriate action and action taken reports are received in NRRDA. Based on the results of independent quality monitoring, it clearly emerges that the quality of works at the field level is not very poor. Improvement in quality of road works is a continuous process. As an endeavor to continuously update and achieve the targets to the best of quality, the three tiers of quality mechanism is being revisited. It is proposed that:

Under the first tier of quality mechanism, the frequency of tests may be rationalized and concept of stage passing may be introduced to ensure clear accountability of the various functionaries of the implementing agency.

Under the second tier of quality mechanism, reporting formats and detailed guidelines would be developed and made mandatory for States. Hitherto, States were supposed to develop their own mechanism of State level independent quality mechanism.

Under the third tier of quality mechanism, with a view to ensuring more accountability of independent monitors, the process of selection of NQMs has been made independent, the guidelines and reporting format for inspection of works are being revised and the process of continuous performance evaluation of National Quality Monitors by way of periodic review of reports and field verification by reputed institutions is envisaged."

Reply to Recommendation (Para No. 3.120)

46. The Committee in the earlier recommendation had made a series of observations with regard to implementation of PMGSY and made various suggestions for its effective implementation. The Department's note indicates the efforts made in this regard include higher level interventions, training of engineers, holding workshops etc. Inspite of all these efforts, the fact remains that 474 road works of Phase I and 999 road works of Phase II are still pending even

after passage of five to seven years. As per the stipulated parameters, the roads should be ready within 12 months in normal and within 18 months in hilly areas after award of work. Since the penalty clause for delay of works has been included under PMGSY, the Committee fail to understand how such a large number of road works could remain incomplete. The Committee would like the comments of the Department in the light of the penalty provision so that the issue of incomplete road can further be taken up while examining next Demands for Grants.

As regards the various bottlenecks responsible for not so satisfactory implementation of PMGSY, the Committee find that the Department on the one hand has submitted that land acquisition is the major hindrance on the other hand when the concern were expressed over the delay in amendments to old and outdated Land Acquisition Act, the Department has stated that land acquisition is generally not being resorted to as additional land is being made available through people's participation. In this situation, the Committee feel that perhaps the Department itself is not clear about the reasons responsible for slack implementation of PMGSY. The Committee feel that land acquisition is the major issue and various areas need to be addressed through amendment of Land Acquisition Act. The amendments to Act are being inordinately delayed. Since inter-ministerial consultations are over and most of the States have furnished their comments, the amendments to the Act should be expedited so that the process of acquisition of land may be smoother and the interests of the persons whose land is acquired are protected.

On the issue of monitoring the quality of road works, the Committee find that three tiers of quality mechanisms are proposed which may further rationalize the frequency of tests, ensure clear accountability of various functionaries of the implementing agencies and independent monitors and would ensure proper review and field verification by reputed institutes. The said proposed mechanism should be finalized and implemented so as to ensure better monitoring the quality of road works. Further, the Department has not addressed to the recommendation of the Committee for having a separate fund under PMGSY to address to the issue of maintenance of roads after the contractual period of five years is over. The Committee would like the detailed comments of the Department in this regard.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1, Para No. 2.6)

The Committee note that the primary objective of inserting direction 73A in the Directions by the Speaker was to make the Government more accountable for implementation of the various recommendations of the Committee. The Committee are concerned to note that even after a lapse of around six months when the statement on Ninth Report had fallen due and about three months when the Ministry was requested for making the revised statement in respect of Third Report, the statements are yet to be tabled by the Hon'ble Minister. The Committee also find that the Department is taking a desired action to make the statements in the Second part of the Seventh Session as stated by the Secretary during the course of oral evidence. The Committee would like the Government to ensure that the statements are made at the earliest during the Second part of the Seventh Session. They further strongly recommend that in future, the Department should ensure that the statements on each of the reports are mandatorily made within the specified period i.e. six months after the presentation of the Report to Parliament as per direction 73A of the Directions by the Speaker.

Reply of the Government

The revised statement in respect of 3rd Report was made by Hon'ble Minister (RD) in the second part of the Seventh Session on 23.5.2006 whereas the statement in respect of Ninth Report was made in both the Houses of Parliament in the Eighth Session. In future all efforts will be made to ensure that the statements on each of the reports are made within the specified period.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 8, Para No. 2.34)

The Committee further note that the next official estimates of poverty incidence based on NSSO (61st) round of Sample Survey

conducted in 2004-05 are expected by 2006. The Committee hope that the result would be made available during the year 2006 so that the genuine beneficiaries i.e. below poverty line persons could be provided assistance under the different schemes of the Government. Till the results of the latest survey are made available, the Census report 2002, the results of which are still to be finalized, could be used for the purpose of different schemes of the Government.

Reply of the Government

The official estimates of incidence of poverty in the country are released by the Planning Commission based on the Sample Survey of Consumption Expenditure carried out by the NSSO on a quinquennial basis. The poverty estimates based on the 61st Round of Sample Survey conducted by the NSSO for the year 2004-05 will only indicate the incidence of poverty in each State. However, the BPL Census conducted by the Ministry of Rural Development through the States and UTs for the rural areas aims at identifying the individual rural households who are below poverty line. Therefore, the results of the BPL Census 2002 will continue to be used till the new BPL list is prepared on the basis of fresh BPL Census.

[Department of Rural Development (Ministry of Rural Development)
O.M. No.H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 10, Para No. 2.36)

The Committee further note that as reported in the Economic Survey, the extent of the actual decline in the proportion of BPL between 1993-99 and 1999-2000 has been a subject of an intense debate by academicians because of change in the methodology for collection of basic data in 1999-2000 and possible non-comparability with earlier rounds of consumer expenditure surveys. The Committee would like to be informed about the details of the methodology adopted during the latest survey being conducted for Eleventh Plan. They would also like to be informed whether the results of the BPL Census 2002 and 2006 would be comparable keeping in view the specific methodologies adopted during these two surveys.

Reply of the Government

The Poverty Estimates in the country are brought out by the Planning Commission on the basis of Sample Survey of Consumption Expenditure carried out by the NSSO. The new Poverty Estimates in the country are to be released by the Planning Commission based on

the 61st Round of Sample Survey conducted in the year 2004-05. The Ministry conducts the BPL Census in the rural areas to identify the BPL households through the State Governments and UT Administrations. For BPL Census 2002, methodology based on Score Based Ranking of the rural households was adopted for which 13 socio-economic parameters were used. The methodology for the BPL Census for the 11th Five Year Plan will have to be decided in consultation with the Experts, State Governments and other stakeholders. The comparability of the results of BPL Census 2002 with that of new BPL Census will depend upon the methodology used for the respective Census.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 12, Para No. 2.47)

The Committee further find that a laudable initiative has been taken by the Department to prepare a permanent Indira Awaas Yojana wait list. The Committee would like that similar initiatives may be taken for other schemes of the Department. Besides, it would be desirable to put the BPL list of each district on the website so as to ensure fair and transparent selection of beneficiaries under different schemes. The Committee would also like the Government to pursue further with the State Governments so that the direction issued by the Department are really complied with. The Committee may also be kept informed in this regard.

Reply of the Government

The Ministry has already issued detailed guidelines to ensure transparency in preparing the new BPL list. Apart from getting it approved from the Gram Sabhas, the States have been instructed to display these lists with the respective scores at a prominent place within the village so that people can file objections if any regarding their status in the list. Further, instructions have also been issued to provide the photocopy of the score sheet on demand to file such objections. Once the new BPL list is finalized, instructions have been issued to keep the printed copies of the BPL list at the Panchayat HQ and also to display on the website of the district so that public can have an easy access to this information.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation Serial No. 15 (Para No. 2.56)

The Committee note that preparations for Eleventh Five Year Plan (2007-2012) are being made and priorities are being finalized. The Committee urge that the plan proposals should be finalized expeditiously well before the start of the Plan. Besides, the Committee would also like that the State Governments should be consulted before finalizing the plan proposals. The various recommendations made by the Committee in their respective reports should also be considered in this regard.

Reply of the Government

The exercise of preparation of 11th Five Year Plan (2007-12) has been undertaken by the Planning Commission. The Draft Approach Paper to the 11th Plan has been circulated by the Planning Commission to the Central Ministries and consultation process with the State Governments on the Draft Approach Paper to the 11th Plan is already in progress. The 11th Plan proposals in respect of this Ministry will be prepared when the priorities for the next Five Year Plan are finalized and approved by the National Development Council (NDC).

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 18, Para No. 3.36)

The Committee are concerned to note the poor performance of a very important programme of the Department i.e. 'National Food for Work Programme' which has now been converted into 'National Rural Employment Guarantee Scheme'. Not only that, the utilization of outlay is dismal i.e. 28.21 per cent during 2004-05 and 32.21 per cent during 2005-06 (as on 31 January, 2006). Even if the latest data is taken into account, the percentage of expenditure to total available funds is almost one-third. Out of total available funds of Rs. 5,800 crore, expenditure reported as on February, 2006 is Rs. 1,944.31 crore. Not only that a large number of works taken up under the programme are still to be completed. In this scenario, the Committee express their apprehension about the success of the National Rural Employment Guarantee Scheme which is the top most priority programme of the Government. The Committee strongly recommend to the Government to plug the loopholes which resulted into poor implementation of National Food for Work Programme and take stringent measures to ensure that the objectives of National Rural Employment Guarantee Act are met.

Reply of the Government

NFFWP was launched in November, 2004 as a prelude to NREGA pending enactment of an Act to provide legal Guarantee of wage employment to the Rural poor. During the Financial year 2004-05, Rs. 2019.45 crores along with 20 lakh Metric tons of food grains were released under the programme. A token release of Rs. 2.00 crore per district was made of SGRY funds in November, 2004 since there was no budget provision under NFFWP. The remaining funds were released in February and March, 2005 after the supplementary budget was passed. During 2005-06 Rs. 4500.00 crores had been allocated for the programme. Against this allocation, Rs. 2083.28 crores were released under NFFWP. In the meantime, NREG Act was passed in Monsoon session of Parliament in 2005. Rs. 2367.57 crores were released under NREGA which was launched in 200 identified districts on 2.2.2006. There was an unspent balance of Rs. 1280.27 crores under NFFWP from the previous year as the programme started late in 2004-2005. Thus, during the financial year 2005-06 the total funds available for NFFWP were Rs.3401.76 crores. An expenditure of Rs. 2412.90 crores has been reported under NFFWP. Thus, the percentage of expenditure under NFFWP during 2005-06 is over 70 per cent.

As regards the number of works taken up under the programme, the State Governments have been directed to complete ongoing works under NFFWP upto 30th June, 2006. Guidelines of NREGA have been issued after wide consultation with State Governments, Members of Parliament, experts and general public and are very comprehensive. Further, instructions are issued from time to time for proper implementation of the Act.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 19, Para No. 3.37)

The Committee further find that National Food for Work Programme initially started in 150 districts has now been subsumed into National Rural Employment Guarantee Scheme. They also note that during 2004-05 out of 73,183 number of total works undertaken, 18,130 works could actually be completed. Similarly, during 2005-06 out of total works of 1,80,396, actually 1,03,625 works were completed. Besides as on 31 December, 2005, an amount of Rs. 1,910.73 crore was lying as unspent balances under the programme. The Committee also note that as per the information provided by the Department, State Governments have been directed to complete all ongoing works under

NFFWP latest by 30 June, 2006. Instructions have also been issued whereby the works can be completed under NREGA. The Committee feel that there is an urgent need to monitor the status of the incomplete works taken under NFFWP. Besides the monitoring of the position of utilization of huge unspent balances is urgently required. The Committee would like the Department to pursue with the State/UT Governments and a strict monitoring of the programme should be done. The Committee should also be kept apprised in this regard.

Reply of the Government

NREGA was launched in 200 identified districts including the 150 NFFWP districts with effect from 2nd February 2006 and hence the focus shifted from NFFWP to NREGA. Part of funds earlier allocated under NFFWP were utilized for implementation of the Act. Rs. 2367.57 crores were released under NREGA in the year 2005-06. Under NFFWP, 144329 works were completed in 2005-06 and 87641 works were in progress as on March 2006. Works started under NFFWP are being monitored on a monthly basis. A detailed monitoring system is being followed for monitoring of NREGA. An MIS has been devised by this Ministry and provided to all the States. State Governments have been asked to give monthly information regarding implementation of the Act. NLMs and NQMs have been appointed by the Ministry who are being sent for field visits. The observations made by them are being conveyed to the States regularly with a view to get the discrepancies in the implementation process rectified by the State Governments.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 21, Para No. 3.39)

The Committee further find that in the districts not covered by National Rural Employment Guarantee Scheme, the employment generation scheme SGRY would be applicable till the Guarantee Scheme is made applicable in all the districts in the country. In view of this position, the Committee would like that adequate allocation under SGRY should be made so that the districts where NREGA Scheme is not being applicable are not deprived of the allocation made under an old programme of employment generation i.e. SGRY.

Reply of the Government

The districts which are not under NREGA have been allotted Rs.3000.00 crores against Rs.2836.32 crores allocated last year. Thus, the recommendation of the Committee has been implemented.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 22, Para No. 3.55)

The Committee reiterate the importance of the National Rural Employment Guarantee Legislation as indicated in their Thirteenth Report (Fourteenth Lok Sabha) whereby it had been observed that the National Rural Employment Guarantee legislation is one of the most important legislations introduced in Parliament after Independence and it is the first step of the Government towards ensuring some sort of economic and social Security by way of guaranteed wage employment to the millions of poor in rural areas in the country. The Committee, while noting that only two months have passed since the legislation was enacted, feel that it is too early to draw any conclusions about the success of the Guarantee Scheme. The initial date of implementation provided by the Department indicate that whereas in some of the States *viz*, Andhra Pradesh, Bihar, Gujrat, Madhya Pradesh, Rajasthan and West Bengal, a good number of applications have been received, in Haryana and Karnataka, the number of applications received is quite less. The Committee also find that the number of applications received is quite dismal with reference to the number of districts covered in a particular State. The highest number of districts covered are in Bihar *i.e.* 23, followed by Uttar Pradesh *i.e.* 22. The data with regard to applications as received in both the States is quite comparable. Performance-wise, Andhra Pradesh and Madhya Pradesh which have 13 and 18 districts respectively covered under the scheme have comparatively received almost three times the applications as received by Bihar and Uttar Pradesh. The Committee would like the department to find out the reasons why lesser number of applications have been received in these States where the poverty index may be quite high as compared to Andhra Pradesh and Madhya Pradesh and apprise the Committee accordingly. Further, the Committee note that there is vast difference between applications registered, job cards issued and employment offered. Out of 2.24 crore applications received, job cards have been issued to around 83 lakhs applicants. Further there is a huge gap between job cards issued and employment demand and employment offered. Out of 82 lakh job cards issued, employment was offered to only 6,14,838 workers which is a very sorry state of affairs. The Committee would like to urge the Department to analyze the aforesaid data critically and take corrective action, so that the ambitious programme is implemented with full vigor and the benefits reach to the intended beneficiaries. For this, the government has to undertake effective long term planning, provide the necessary ground training to implementing agencies, identify the work timely, create the necessary demand for work and ensure timely employment to the job seekers for the specified period. Since the legal responsibility of

providing employment rests primarily with the State Governments and the responsibility of providing commensurate funds rests primarily with the Central Government, the Government should ensure that the NREGA does not become a liability if it is unable to generate adequate employment commensurate to the demand. The Department should maintain the district-wise data with regard to implementation of NREGA and it should be put on the website so that public can have access to the data and be aware of the implementation status.

Reply of the Government

Progress report of NREGA is at **Appendix-I**. In Bihar, the progress in the beginning had been slow due to the State Assembly Elections. The State of Uttar Pradesh has assured that they are taking effective steps to implement the Act. The figures indicate improvement in performance in U.P.

As regards the gap between applications, received and job cards issued, the job cards are issued after scrutinizing the applications for which 15 days time has been prescribed under the guidelines. As per the latest available data, the gap has reduced considerably. However, some gap is inevitable since sometimes more than one member of a family file an application while only one card for household with names of all members willing to work is issued. Similarly, employment is to be provided within 15 days of the receipt of demand. Thus, there is always a gap between these two figures. The issue of job cards does not automatically lead to offering employment under NREGA. Employment is offered only if a job card holder demands it. Therefore, the number of job cards issued is not a measure of the efficiency of offering employment. As per the latest status, 7149252 people have demanded employment and 6584259 workers have been provided employment, which is 92.10 %. State wise and district wise data regarding implementation of NREGA has been put on the website of Ministry of Rural Development as recommended by the Committee.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 23, Para No. 3.58)

The Committee find that the provision of unemployment allowance under the Guarantee Scheme is the legal right of a person who has been issued a job card. The huge difference between the employment demand and employment offered is a matter of concern. Besides the expenditure with regard to unemployment allowance has to be borne

by the State Governments as per the provisions made under the legislation. In view of this scenario, it will be a huge burden on the State exchequer if the job opportunities are not created by way of initiating the admissible projects/schemes in a specific area. The Committee would like to strongly recommend to the Government to keep a watch on the data and take the necessary action to bridge the gap between the job cards issued, demand for employment and employment offered so as to avoid unnecessary litigation.

Reply of the Government

Unemployment allowance is admissible in case a job seeker is not provided employment within 15 days of demanding work. Mere issue of a job card to a rural household does not entitle it for the unemployment allowance. The State Governments are aware of their liabilities regarding expenditure on unemployment allowance. So far this Ministry has not received information regarding payment of unemployment allowance to workers from any of the States. The gap between employment demanded and employment offered has already been explained in reply to para 3.55.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 25, Para No. 3.63)

The Committee find that in the absence of information with regard to total area (districts/blocks) falling under Schedule fifth and Schedule Sixth areas in the country, it is difficult to draw any conclusion on the issue of according priority to such areas in the country. In view of the aforesaid position, the Committee would like to be apprised of the total area (districts/blocks) in each State in Schedule Fifth and schedule Sixth areas and the areas covered by the NREGA so far as to draw any meaningful conclusion and recommend further in this regard. The Committee would like that the information in this regard should be furnished separately for Schedule Fifth and Schedule Sixth areas.

Reply of the Government

A statement indicating the areas (district/block-wise) of a State falling under Schedule V and VI of the Constitution and covered under NREGA is at **Appendix II**.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 26, Para No. 3.65)

The Committee note that handling of such a voluminous work related to implementation of 50 per cent of the Employment Guarantee Scheme by Panchayati Raj Institutions is a huge challenge. The capacity building of the Panchayats by way of empowering these institutions through funds and functionaries is the prerequisite to ensure the success of the programme. Conducting a few programmes by NIRD is not sufficient. The Committee strongly recommend to the Government to take the desired action in coordination with the Ministry of Panchayati Raj for empowering the Panchayats so as to enable these institutions to take the responsibility of implementation of a scheme of this level.

Reply of the Government

The State Governments have been advised to provide additional staff to the implementing agencies for effective implementation of the Act. Salary of such staff is chargeable to the administrative expenditure subject to the prescribed ceiling. At present 2% of the total cost of implementation of the Act is being provided towards administrative expenses. This Ministry has also written to Ministry of Panchayati Raj for capacity building of the Panchayats. In the last financial year (2005-06), Rs. 74 lakhs had been released to the States for conducting training courses. This is in addition to the two TOT programmes organized by NIRD. During the current financial year also funds have been released to few states for taking up training activities for officials/non officials involved in implementation of NREGA. The State Governments have been asked to indicate their further requirements of funds in this regard. The Ministry is monitoring training of PRIs in NREGA districts in a time bound manner.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 28, Para No. 3.69)

The Committee while noting that only seven States only have so far notified Guarantee Scheme under NREGA, urge the Department to pursue with the State Governments for an early notification of the Scheme.

Reply of the Government

State Governments are required to formulate their State schemes within a period of six months from the date of issue of notification by

the Centre. The State Governments have been instructed to follow the provisions of the Act and frame their schemes within the prescribed time frame.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 29, Para No. 3.70)

Further, the Committee find that a detailed implementing and monitoring mechanism as proposed under the provision of the Act has to be created to ensure the successful implementation of the Guarantee Scheme. The Committee note with concern that State Government have not yet initiated action in this regard. In view of this scenario, the Committee strongly recommend to the department to pursue with the State Governments for appointment of different agencies to ensure the success of the programme. In the absence of the desired mechanism as provided in the provision made under the Act, the Committee have their apprehensions that the Guarantee Scheme may meet the fate of the other Centrally Sponsored Schemes of the Department.

Reply of the Government

An exhaustive monitoring system is being followed for monitoring of NREGA. A computerised MIS has been devised by this Ministry and provided to all the States. NLMs have been appointed by the Ministry who are being sent regularly to their respective areas for field visits. Reputed national organizations have been commissioned to undertake concurrent evaluation of NREGA in selected States. The observations made by them are being conveyed to the States regularly with a view to get the discrepancies in the implementation process rectified by the State Governments. States are being constantly pursued to operationalise the MIS, send progress reports regularly and monitor the implementation of the Act.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 30, Para No. 3.80)

The Committee are perturbed to note the poor lending rate by Banks. During 2004-05, applications at the rate of four out of every ten applicant were rejected. The rejection rate has further increased to about five persons out of every ten applicants. This *inter-alia* means

that over fifty percent of the needy are unable to take benefit under SGSY due to some reason or other. The Committee observe that this is a disturbing trend and would ultimately lead to collapse of the scheme. The Department cannot wash away its hands simply by shifting its responsibility on Reserve Bank of India, which is entrusted with the responsibility to coordinate and motivate Banks on the issues relating to SGSY. The Department needs to resolve all the issues pertaining to poor lending rate by taking the matter at the highest level in the Reserve Bank of India, Finance Ministry and the Chief of leading Banks. The Committee are of the view that applicant approach the Banks with great hope and expectations and they feel let down when their applications are rejected on flimsy grounds or due to cumbersome procedure. The Committee, therefore, suggest that the procedure for lending under SGSY be simplified and paper work should be reduced so that people are not unnecessarily harassed. Help counters may be opened either at the Bank or DRDA Office to assist the illiterate applicant in filling up the forms, explaining them the highlights of the scheme, the liability of the applicant, the procedure for taking the benefit under the scheme etc. Further, the role of DRDAs and Panchayati Raj Institutions (PRIs) should be strengthened for effective coordination between them and the Banks so that the needy applicants are not unnecessarily turned away by Banks.

Reply of the Government

The Ministry has already taken steps to improve poor lending by Banks through frequent interaction with the various agencies involved viz; Reserve Bank of India (RBI), Commercial, Private and Cooperative Banks, Ministry of Finance etc. The issue has also been taken up by with the Ministry of Finance which in turn advised the State Level Bankers Committee (SLBC) in various States to achieve the credit mobilization targets in order to improve lending by banks. The Ministry of Finance has also issued directions to the banks to take stern action against the officers who failed to achieve the targets under SGSY. The Governor, Reserve Bank of India (RBI) has also been apprised of the situation and requested to take up the matter with the Chief Executives of the concerned banks to take urgent remedial action in this regard. The Secretaries in charge of Rural Development in all States/UTs have also been asked to furnish the details of poor performing bank branches and to accelerate the pace of credit flow under the scheme. The Reserve Bank of India (RBI) and Ministry of Finance have also been informed for close monitoring to ensure distribution of loans to achieve the targets set under the SGSY scheme. As the rate of interest charged by the banks on loans under SGSY is very high compared to other sectors,

the Ministry of Finance is requested to advise banks to keep interest rate at 9% for Rural and Agricultural loans and adhere to RBI Guidelines in this regard.

As regards high rate of rejection of applications by banks, the matter has been taken up for discussion in the next Central Level Coordination Committee Meeting scheduled to be held.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 40 of Chapter I of the Report)

Recommendation (Serial No. 31, Para No. 3.88)

The Committee are concerned to note that the physical targets meant for disadvantaged groups like SC/ST and handicap category have not been met satisfactorily. While some States have fared well, the figures indicate that the SC/ST Swarozgaris assisted in more than 13 States and Union Territories are less than fifty per cent. Further, the statement indicates that except in Tamil Nadu and Manipur the percentage of handicap Swarozgaris assisted is less than the three per cent target. On an average, by the end of February 2006, only 43.13 percent of the targeted Swarozgaris could be assisted which also highlights the poor performance of the scheme. Further, the Committee note that the utilization of funds by many States is very poor. While more than 13 States have disbursed less than 50 per cent of the credit marked for them, the Committee note that the overall percentage of credit disbursed is only 36.02 per cent. The Committee observe that the poor performance could be attributed to the slack attention paid by the Government. Something is lacking due to which the Government has failed to attract the targeted number of Swarozgaris. The DRDAs/ Zilla Parishads are also not trained enough to meet their objectives. As revealed by the Concurrent Evaluation, the scheme is facing a lot of problems, which include indifferent attitude of Banks, inadequate infrastructure, problems in identifying projects etc. There is an urgent need to address all these issues to ensure the success of the programme. The Committee would like the Department to look into the matter and take remedial action in consultation with State Governments, Banks, DRDAs and all other concerned.

Reply of the Government

As per the information available with this Ministry for the year 2005-06, there are eight States who have disbursed less than 50 % of

the credit targets while twenty three UTs have achieved more than 50 % of the credit targets under the scheme. Three UTs have not furnished their reports yet. The overall credit achievement under the scheme has improved to 72.37 % during the year 2005-06.

The Government has already taken various steps to improve the performance of credit disbursal under SGSY in coordination with the various agencies involved *viz*; Reserve Bank of India (RBI), Commercial and Cooperative Banks, Ministry of Finance etc.. In this regard the Ministry has called for information of poor performing bank branches under SGSY from various State Governments/UTs and took this matter with the Ministry of Finance, which in turn advised the State Level Bankers Committee (SLBC) in various States to achieve the credit mobilization targets. The Ministry of Finance has also issued directions to the CMDs of banks to take stern action against the officers who failed to achieve the targets under SGSY.

During 2005-06, The Ministry has also fixed and communicated quarterly credit mobilization targets for better monitoring of the credit targets under SGSY throughout the year. The Governor, Reserve Bank of India (RBI) has also been apprised of the poor lending by banks and requested to take up the matter with the Chief Executives of the concerned banks to take urgent remedial action in this regard and to convene a special meeting of all Chairmen and Managing Directors of the Commercial Banks in Mumbai to discuss issues like flow of credit under SGSY and poor lending by various bank branches.

The Secretaries in charge of Rural Development in all States/UTs have also been asked to furnish the details of poor performing bank branches and to accelerate the pace of credit flow under the scheme. The Reserve Bank of India (RBI) and Ministry of Finance have also been informed for close monitoring to ensure distribution of loans to achieve the targets set under the SGSY scheme. As the rate of interest charged by the banks on loans under SGSY is very high compared to other sectors, the Ministry of Finance is requested to advise banks to keep interest rate at 9% for Rural and Agricultural loans and adhere to RBI Guidelines in this regard.

In addition to above, a meeting was held on 19th April, 2005 in Mumbai under the Chairmanship of Dy. Governor, RBI with CMDs of Commercial Banks where performance of banks involved under SGSY was evaluated. The issue was also discussed during the Ninth Meeting of the Central Level Coordination Committee held on 28th June, 2006 which was attended by representatives of State Governments and Banks.

The SGSY guidelines provide that the officials and staff of DRDAs should be constantly trained in the general field of management of rural areas and poverty. The personnel to be posted in the DRDAs should be given a pre-service training to orient them suitably to their tasks. Further there should also be a system of an annual in-service where the officers could be given the updates about the relevant fields and which would also afford an opportunity of exchanging their experiences. The Ministry has also impressed upon the State Governments/UTs to effectively implement these guidelines. In addition, the Ministry also assists the State Governments for organizing training courses under SGSY for RD functionaries of State/District/Block/Panchayat level, elected representatives from State/District/Block/Panchayat level or Bankers, Facilitators, SHPIs, NGOs etc.) at recognized training institutes in the State.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para no. 40 of Chapter I of the Report)

Recommendation (Serial No. 34, Para No. 3.106)

As already indicated in the preceding para of the report, the Committee appreciate the initiatives of the Department to instruct the State Governments to prepare the wait list for IAY as per the ranking in the BPL list and display it at the prominent places. The Committee would like the Government to ensure that the instructions issued by the State Government are complied with. Further, similar initiatives are required in other Schemes of the Department. The Committee would like the Department to take action in this regard and inform the Committee accordingly.

Reply of the Government

A close watch is being kept on States/UTs to ensure compliance in respect of the Ministry's instructions to prepare the permanent IAY waitlist. This measure, which is intended to ensure greater transparency in the implementation mechanism of IAY is a priority area for the Ministry.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 38, Para No. 3.127)

The Committee observe that the Steering Committee on Provision of Urban Amenities in Rural Areas (PURA) in its first meeting held on 11th January, 2005 had decided that each cluster would be financed to the tune of Rs. 4-5 crore over a period of three years in the initial pilot phase. After a gap of two months, the decision of this meeting was implemented and Rs. 10 crores were released to provide physical or road connectivity in selected clusters during March 2005. Thereafter upto 31 January, 2006, no further funds have been released. The Committee conclude that during 2005-06 no progress seems to have been made in the selected PURA clusters as no funds have been released even after a span of more than one year. The Committee while noting the slow pace of work, express their apprehension that it would take a long time to get the results from the pilot clusters and thereafter launch the scheme nation-wide. The Committee find that a visionary programme to bridge the gap between urban and rural divide has been proposed by Hon'ble President. There is an urgent need to translate the visionary idea into a reality. For this the pilot project should be completed expeditiously so that the programme can be launched nation-wide.

Reply of the Government

Subsequent to the decision of the Steering Committee in its meeting on 11th January 2005, Rs. 10 crores were released to States for identified clusters in March, 2005. As such, the States utilized these funds in the year 2005-06. One of the conditions for further release of funds was 60% utilization of funds already released. Based on utilization reports from States in this regard, release of funds against the budget provision for the year 2005 -06 was considered by the Steering Committee in its meetings on 18th January 2006 and 10th March 2006. Funds, as per enclosed statement (**Appendix-III**), were consequently released to States. A Statement (**Appendix-IV**) of physical & financial progress report for the year 2005-2006 is enclosed.

As per the implementation schedule approved by the Cabinet in its meeting on 16.03.2006, the scheme is to be implemented on a pilot basis for three years. A Note for consideration of the COS regarding full-fledged PURA Scheme is to be initiated and thereafter Cabinet approval is to be obtained on the restructured Scheme. The ministry is actively engaged in this exercise.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 39, Para No. 3.137)

The Committee observe that DRDA is an important district level agency for implementation of Centrally Sponsored Schemes. As per the Guidelines, 25 per cent of the funds are to be allocated and released by the State Governments. However, the Performance Budget of the Department does not monitor the progress of State's share of funds. The Committee, therefore, recommends that the Government should invariably monitor the State's share of funds and reflect the same in the Performance Budget of the Department.

Reply of the Government

Generally, there is no problem in release of State's Share and only in some cases, few States release their share sometimes late. The Central Government has a system of effective monitoring through quarterly reports, audit reports, etc. As per DRDA Administration Guidelines, the 2nd instalment shall be released subject to *inter-alia* condition that the State Government should have released its contribution during the previous year. Deficiency in release of State's share will be deducted from the second instalment. As suggested by the Committee, progress of State's share of funds will also be reflected in the Performance Budget of the Department.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 40, Para No. 3.138)

The Committee further find from the information furnished by the Department that seven utilisation certificates amounting to Rs.125.21 crore were due with regard to the funds released by 31 March, 2004. The Committee observe that DRDA is the main agency through which funds for different schemes of the Department are allocated to the States/implementing agencies. The non-furnishing of utilisation certificate by a Government agency, which is responsible for effective management of rural development programmes at district Panchayat level is really a matter of concern. The Committee would like the Department to explain the reasons for non-furnishing of utilisation certificates by DRDA. Besides, the other issues which need to be addressed are training of the officers and other administrative initiatives relating to service matters to improve the efficiency and accountability of officers involved in manning DRDAs.

Reply of the Government

The instances of non-furnishing of utilization certificate in the Report are based on the information as on 31st December, 2004. However, subsequently, concerned DRDA had furnished the utilization certificate. Guidelines for 'DRDA Administration' envisage that release of second instalment shall be subject to the condition that utilization certificate for the previous year is furnished. It is also mentioned that in order to make DRDA a provisional body, emphasis is given for getting the officers and staff of DRDA constantly trained in the general field of management of rural areas. Various State Institutes of rural Development (SIRDs) and National Institute of Rural Development (NIRD) design suitable training programmes for DRDA officials. Ministry of Rural Development has also taken steps to strengthen the DRDA and it has made amendments in DRDA Administration guidelines enabling the State governments to hire qualified and experienced persons on contract basis to fill up the vacant sanctioned posts in DRDA in Group 'A', 'B' & 'C' as per their Recruitment Rules.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 41, Para No. 3.150)

The Committee find from the information given above that the performance of CAPART has deteriorated over the years. CAPART came into existence in 1986 with the principal objective to involve the people in the implementation of development programmes and promote need based, innovative projects through non-governmental voluntary organizations. The great shortfall in achievement of targets during 2005-2006 are indicated in the Budget documents speaks volumes about the inefficiency of CAPART. Further, the report of the Estimates Committee highlights the collapse of the CAPART. Even the DG, CAPART has admitted this during the course of oral evidence. In view of this scenario, the Committee strongly recommend the Department to look in to the matter seriously in the light of the poor performance of CAPART and make all out efforts to review/restructure the functioning of CAPART. The Committee would like to be apprised further in the regard.

Reply of the Government

CAPART has taken/propose to take several steps for improving its performance, as mentioned below:—

- i. Special efforts are being made by redressing the weakness in the internal system by weekly review of pendency and

a special drive for closure of completed files. 413 files have been closed during the period from 1.3.2006 to 31.5.2006 alone.

- ii. Internal financial systems are being strengthened.
- iii. Workshops will be conducted to sensitize the NGOs for formulation of viable project proposals keeping in view the needs of the area.
- iv. An effective monitoring system has been introduced by switching over to Institutional monitors from individual monitors.
- v. Streamlining and introducing stringent computerization monitoring systems to shorten the project approval cycle and to introduce transparency.
- vi. The new project proposals will be received by 31st October only and the period from November to March every year will be devoted for processing and disposal of pending proposals and issue of sanction orders.
- vii. A panel of experts for various activities has been drawn. Subject matter specialists of programme contents will be invited in all the Regional Committee meetings to give the committee the benefit of their knowledge and experience.
- viii. The unit cost of various activities within a project as well as unit costs of stereotype projects are being standardized. Standardized unit cost of Rain Water rooftop harvesting and for Disability programmes has already been drawn.
- ix. An interactive meeting on "The Future Role of CAPART" and on Rural Technology for development was convened for holding National Consultation with members of Executive Committee, General Body, and National Standing Committees and Technology Resource Centre of CAPART. Leading NGOs from different States were also invited for the meeting. An Action Plan, based on the consultation has been drawn up.
- x. It has been decided to nominate a lead NGO in each State and possibly District to ensure that CAPART's programmes in Rural Technology, Livelihood Generation, Roof Water Harvesting and Sanitation are followed up in a focused manner. The lead NGOs will also be required to facilitate project and NGO mapping and create a database of grassroots NGOs in each State. The objective is to reach the unserved,

under-served and unreached areas through targeted project mode. The lead NGOs would be credible, well-established VOs with sufficient infrastructure. Identification of lead NGOs and formulation of State plans of action in consultation with State Governments is in progress.

- xi. A cadre of Young Professionals at the village will be created with required life skills and income generating skills. The rural YPs would be friend, facilitator and guide to the village community and will act as an intermediary with the Government and as representatives of grassroot NGOs. The rural YPs would be trained in marketable economic skills and life skills. They would also be provided knowledge of Government schemes, basic computer knowledge and legal issues.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 42, Para No. 3.163)

The Committee find that capacity building of the implementing agencies are the major input for the successful implementation of rural development programmes for which crores of rupees are annually being allocated. Besides, with the decentralization of responsibilities in pursuance of article 243G of the Constitution of India, there is a great responsibility to equip Panchayats to take the huge responsibility. With the introduction of 'National Rural Employment Guarantee Scheme', the responsibilities of Panchayats would increase manifold. The Committee further find that NIRD at the Central level, SIRD at the State level and ETCs at the district/block level are the premier institutions involved for imparting training and capacity building of Panchayats and other functionaries involved with the implementation of various programme/scheme meant for upliftment of rural masses. The shortfall in achievement of targets by these institutions is a matter of great concern. Out of 21 research studies, NIRD could undertake only one study. There is huge shortfall in achievement with regard to training programmes of SIRD/ETCs during the first three quarters during 2005-06. The Committee while expressing their unhappiness over the shortfall in achievement of targets during 2005-2006, would like the Department to explain the reasons and to take the corrective actions. The Committee should be kept informed in this regard.

Reply of the Government

The National Institute of Rural Development (NIRD) has conducted 230 training programmes against the target of 201 training programmes

and trained 6453 participants in 2005-2006. The NIRD also completed 19 research studies in 2005-06. The NIRD has also organized 6 training programmes for PR functionaries who are involved in the implementation of various developmental programmes aimed for upliftment of rural masses. As per latest reports received from SIRDs/ETCs, the progress of training programmes conducted during each quarter of 2005-2006 is as under:-

1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Target	Training programme conducted	Target	Training programme conducted	Target	Training programme conducted	Target	Training programme conducted
1000	1343	1800	2122	1800	1584	1400	3908

In all, 9070 training programmes were conducted in 2005-06 against the target of 6,000 training programmes with the participation of 5.09 lakh persons.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 43, Para No. 3.164)

The Committee further note that with the added responsibilities as stated above, the challenge of imparting training to Panchayats and other implementing agencies cannot be met only by these Government agencies.

There is an urgent need to train some of the NGOs as the mother trainers who can impart training to PRIs and others involved in implementation of rural development schemes. Besides, the possibilities of taking the benefit of other local institutions can also be explored. The allocation for training needs to be enhanced substantially. The Committee urge the Department to take all possible measures so that the objectives set under the laudable schemes/programmes are met. The Committee may also be informed of the further action taken by the Department in this regard.

Reply of the Government

Realizing the fact that the existing capacity of RD institutions especially at State and Sub-state level is not able to cope with the entire training load on their own, the Ministry has requested State Governments and State Institutes of Rural Development (SIRDs) to

draw up State specific training action plans for imparting training to the functionaries of RD and PR institutions and elected members of PRIs. In this exercise, the possibility of developing networking with some of the reputed training institutions and NGOs is being explored with a view to expand the reach of training. Proposal for adequate funds for implementing these Action Plans will be included in the requirements of funds by this Ministry during the 11th Plan.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

CHAPTER III

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

—NIL—

CHAPTER IV

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

Recommendation (Serial No. 2, Para No. 2.14)

The Committee note with concern that although our neighbouring countries could improve the human development index, India has remained static at 127th position for the last three years. Since out of three parameters for determining human development index, one parameter i.e. employment is the mandate of the Department of Rural Development, the Department has, therefore, a key role in improving the human development index. The Committee would like to point out that employment being the basic parameter to improve the economic and social status of a person, once an individual gets employment, the other issues like education and basic health services are taken care of. There is a co-relation between the status of employment of an individual and his social and economic status.

Reply of the Government

It is a fact that regular employment of an individual helps in generating income and improving his living standards. The Ministry of Rural Development stands committed to develop rural areas through creation of more employment opportunities for weaker sections, women, physically challenged people of society through self and wage employment schemes namely Swarnajayanti Gram Swarozgar Yojana (SGSY), Sampoorna Grameen Rozgar Yojana (SGRY) & National Rural Employment Guarantee Act, NREGA. The other schemes like Indira Awaas Yojana (IAY), Pradhan Mantri Gram Sadak Yojana (PMGSY), Drought Prone Areas Programmes (DPAP), Desert Development Programme (DDP) and Integrated Wastelands Programme (IWDP) are also providing employment to the rural poor of the country. With a view to improve the present position of Human Development Index, basic amenities like housing, drinking water, sanitation, rural road and rural infrastructure are being constantly developed and upgraded in rural areas through implementation of rural development programmes.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 7 of Chapter I of the Report)

Recommendation (Serial No. 3, Para No. 2.15)

From the status of allocation of outlay as indicated above, the Committee note that although there may be some enhancement of outlay in each Plan as compared to the previous Plans, the percentage increase in outlay when compared to the overall outlay of the Government of India do not indicate any substantial enhancement in rural development sector. There was marginal increase in allocation of resources for rural development for each of the Plan as compared to the previous Plan upto 9th Plan. However, during 10th Plan, when the targets for GDP growth are being set at 8.1 per cent and the Indian economy has been acknowledged as booming economy worldwide, the percentage distribution of allocation has decreased from 8.7 percent to 8 percent.

Reply of the Government

The GDP growth is not directly correlated with the allocation of funds to the rural development programmes. The GDP growth is calculated on various parameters and the figure of 8.1 percent is estimated. It may be observed that the allocation of the Ministry of Rural Development has been progressively increasing over the years/ Plans, which may be seen from the following data:

S.No.	Year	Amount (Rs. in crore) (RE)	Growth in RE	Growth in GDP (Current Prices)
1.	2002-03	18376.00	-	7.5
2.	2003-04	19200.00	4.48	12.8 (P)
3.	2004-05	18216.40	(-) 5.12	11.8 (P)
4.	2005-06	27490.00	50.91	12.5 (P)
5.	2006-07 (BE)	31443.62	14.38	-

P- Provisional

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Recommendation (Serial No. 4, Para No. 2.16)

The Committee further note that some of the States such as Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh are not doing well. The scheme-wise position has been reviewed in the subsequent chapters of the report. In view of this scenario, the Committee recommend the Government to enhance the allocation for rural development adequately so that the benefit of the booming economy reach the poorest of the poor in the country. Further, there is an urgent need to ensure even development of different States in the country. The Committee would like to strongly recommend to the Department to review the position of implementation of schemes State-wise and after addressing the shortcomings, suggest some remedial measures and inform the Committee accordingly.

Reply of the Government

According to the progress reports submitted by the State Governments of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh, the utilization of funds with respect to the available funds during the year 2005-06 is as under:

(Rs. in crore)				
S.No.	Name of the State	Total available funds	Utilisation	% Utilisation
1.	Bihar	3706.38	1692.40	45.69
2.	Madhya Pradesh	1927.22	1368.85	71.03
3.	Rajasthan	1759.11	1024.05	58.21
4.	Uttar Pradesh	316.81	220.03	69.45

The Ministry of Rural Development make efforts at all levels for enhanced allocation of funds for extending benefits to more target households of rural areas. It may be seen from the previous Table that allocation in 2006-07 is Rs. 31,443 crore as against Rs. 18,376 crore in 2002-03 i.e. 71% increase in allocation.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 7 of Chapter I of the Report)

Recommendation (Serial No. 5, Para No. 2.21)

The Committee observe that while requirement of funds for foodgrains component and special component is an important feature, the funds are being made available only at the Supplementary Grants or RE stage. The Committee have repeatedly been recommending in this regard in their respective reports. In spite of that the practice of allocating funds for foodgrains component at Supplementary Grants stage still continue. The Committee are of the opinion that demanding huge allocation at Supplementary Grants stage is not a healthy practice of Budgeting. It does not give an idea about the allocation made under a scheme in different districts. The implementing agencies should be well aware of the provisions made under a scheme well in time i.e. in the beginning of the financial year. In view of this, the Committee strongly recommend that the practice of allocating funds at RE stage for a component which is certain and for which estimates are available at BE stage should be dispensed with and funds should be made available at the BE stage itself. The Planning Commission/Ministry of Finance should be apprised of the concerns of the Committee in this regard.

Reply of the Government

The Ministry of Rural Development includes the cost of foodgrains also at the time of preparation of Annual Plan of the Sampoorna Gramin Rozgar Yojana (SGRY) and National Food for Work Programme (NFFWP). However, the Planning Commission allocates the resources on the basis of the available Gross Budgetary Support since the allocation of foodgrains requires inter-Ministerial consultation and also the availability of foodgrains stock. Therefore, no commitment is made at the time of Annual Plan discussion. It is under these circumstances that additional resources are made available at the stage of Supplementary Demands for Grants of the Ministry to reimburse the cost of foodgrains to the Food Corporation of India. The recommendation of the Hon'ble Committee is appreciated and it will be conveyed to the Planning Commission and the Ministry of Finance before the next year's Annual Plan discussions.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 10 of Chapter I of the Report)

Recommendation (Serial No. 6, Para No.2.22)

The Committee find from the data indicated above that there is enhancement of only Rs. 2691. 62 crore in B.E. 2006-07 as compared to R.E. 2005-06, although Rs. 11,300 crore have been allocated for the ambitious programme 'National Rural Employment Guarantee Scheme'. Not only that, ambitious targets have also been fixed for Rural Housing. The comparative position of outlay schemes-wise has been analyzed in the subsequent Chapters of the Report. Here the Committee feel that the enhancement of outlay in one programme may be due to the decrease in outlay in some other scheme. The Committee disapprove of this tendency of the Government. The Committee strongly recommend that adequate outlay under different schemes should be provided to achieve the laudable objectives. Besides, the enhancement of outlay for the ambitious programme *i.e.* NREGA should not be at the cost of the established programmes of the Department.

Reply of the Government

Although the net enhancement in the outlay in the Budget Estimates of 2006-07 is Rs. 3953.60 crore as compared to RE for the year 2005-06. This allocation only represents the cash component (excludes foodgrains component) and the SGRY will not be implemented in 200 districts where NREGA is in operation. Therefore, the allocation under SGRY is only for 386 districts.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please *see* Para no. 13 of Chapter I of the Report)

Recommendation (Serial No. 7, Para No.2.33)

The Committee find that the results of the BPL Census 2002 have inordinately been delayed. BPL Census is conducted at the beginning of each Five Year Plan so as to identify the households living Below Poverty Line (BPL) who could be benefited by the different schemes of the Ministry. Although the Tenth Five Year Plan is coming to an end, the results of the BPL Census conducted for the said Five Year Plan are yet to be finalized. While noting the fact that the results were delayed due to the stay imposed by the Supreme Court in this matter, the Committee have repeatedly been recommending to the Department in the respective reports to direct the State Governments to complete

the exercise and be ready with the provisional results pending decision of the Supreme Court. Even when the announcement regarding the vacation of the stay by the Supreme Court has been made by Hon'ble Minister in Lok Sabha on 10th March, 2006, the results are yet to be finalized. As stated by the Secretary, Department of Rural Development, it will take two or three months to finalise the results. While expressing the concern over the inordinate delay in finalization of the BPL List, the Committee would like to recommend for finalization of the BPL list without any further delay.

Reply of the Government

While the concern expressed by the Committee is acknowledged, however, the results of BPL Census 2002 have been delayed because the matter was subjudice. Immediately after the vacation of the stay by the Hon'ble Supreme Court, the matter is being pursued with the State Governments. In order to ensure the transparency in finalizing the new BPL list, it has been prescribed to take the approval of Gram Sabhas and also introduced a two stage appeal mechanism to redress the grievances of the rural poor, if any, with regard to their status in the BPL list. State Governments have been asked to follow this procedure to finalise the BPL list, which has taken little more time.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para no. 16 of Chapter I of the Report)

Recommendation (Serial No. 9, Para No.2.35)

The Committee in their earlier reports have repeatedly been expressing their unhappiness over the decision of the Government according to which the number of BPL persons estimated should not exceed those identified as per 1999-2000 survey. The Committee find that the concerns of the Committee have been conveyed to Planning Commission and it has responded that since the cap on the total number of BPL families to be identified was recommended by the Expert Committee, the issue may be looked into in detail by the Expert Committee to be constituted for the BPL census to be conducted for Eleventh Five Year Plan. The Committee feel that such an arbitrary limit on BPL persons to be identified will do a great injustice to the genuine BPL persons who could be debarred from certain benefits. Not only that, such limitations can provide unreasonable authority to

the agencies involved thereby inviting corruption and malpractice. Therefore, the Committee would like the Department to pursue the matter with Planning Commission so that such limitations are not imposed while finalizing the number of BPL persons during latest survey.

Reply of the Government

While the concern of the Committee is acknowledged, however, it is mentioned that the cap on the total number of BPL households to be identified under BPL Census 2002 was prescribed on the recommendations of the Expert Group with the objective to ensure that the limited resources available under the various programmes of this Ministry are not distributed thinly and at the same time the poorest of the poor should get the preference in getting these benefits. Further, it may also be clarified that under the guidelines of BPL Census 2002, the States were given the option to identify the number of BPL households which may be equal to the Poverty Estimates of Planning Commission for the year 1999-2000 or the Adjusted Share whichever is higher. The Adjusted Share figures computed by the Planning Commission were very close to the Poverty Estimates of 1993-94. In addition to above, the States were also given the flexibility of another 10% to account for the transient poor. Therefore, the instructions of this Ministry did not restrict the State Governments to identify the BPL households equal to the Poverty Estimates of 1999-2000 of Planning Commission.

[Department of Rural Development (Ministry of Rural Development)
O.M. No.H-11020/5/2006-GC(P), dated: 20.9.06]

Comments of the Committee

(Please *see* Para no. 19 of Chapter I of the Report)

Recommendation (Serial No. 11, Para No.2.46)

The Committee find that even though the Department has a detailed monitoring mechanism to oversee the implementation of various schemes/programmes meant for the upliftment of rural masses, much needs to be done to improve the delivery mechanism of the schemes/programmes. Huge unspent balances amounting to Rs. 9,162 crore lying with the State Governments is certainly an area of concern. The Committee further feel that more than putting in place different monitoring mechanisms, there is an urgent need to see that the system works effectively. The working of the district and State level Vigilance

and Monitoring committees speaks volume about the ineffective state of monitoring mechanism put in place by the Ministry of Rural Development. Although there is a provision to hold at least one meeting in each quarter, most of the District and Vigilance Committees could succeed in holding barely one meeting during the year 2005. If this is the state of affairs of the committees, which are to be appointed by the Department of Rural Development, the status of other monitoring mechanisms can be well imagined. Further, although the Department has claimed that there has been an increase in monitoring and Vigilance of rural development programmes at all levels particularly at the grass-root level, no information has been furnished by the Department to substantiate the aforesaid claim. In view of the aforesaid scenario, the Committee hold the opinion that there is an urgent need to implement the best of the systems evolved for monitoring of schemes. The Committee hope that with the implementation of the Right to Information Act, there will be a check on the proper implementation of various programmes and schemes. Further dissemination of information as required under the provisions of the Act would make the public aware about the various schemes and programmes, which automatically would put a pressure on the implementing agencies to perform better and deliver results.

Reply of the Government

The Chairman of the district level Vigilance & Monitoring Committee (V&MCs) is the Member of Parliament (Lok Sabha) from the district concerned and wherever no meeting of District V&MC has been held even once, the Chairmen of these Committees have been requested to hold meetings of these Committees. State Govts. have been requested from time to time to organize meetings of the State level and District level V&MCs at least once every quarter. As per information received from the States/Districts, as on 15.07.2006, 374 districts have organized meetings of the District V&MCs at least once and 18 States have organized meeting of the State level V&MCs at least once since their reconstitution in October, 2004. States and Districts have been informed that the District Collector/Dy. Commissioner/District Magistrate concerned, being the Member Secretary of the District V&MC, is responsible for conducting the meetings of District V&MC regularly and in case where the Chairman of the Committee is pre-occupied and has not indicated any dates for convening such meetings, the Member Secretary should ensure, in consultation with the Co-Chairman, that these meetings are convened within fifteen days of the end of each quarter under intimation to Chairman/Co-Chairman and all other members.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 22 of Chapter I of the Report)

Recommendation (Serial No. 13, Para No. 2.53)

The Committee appreciate the concept of Gender Budgeting covering as many as 24 demands for Grants in 18 Ministries/ Departments and five Union territories and schemes with an outlay of Rs. 28,737 crore. The noble objective of Gender Budgeting is to remove the disparity between the two genders by giving more and more benefits to women in all the schemes of the Government. The Committee would like to emphasize that by mere constitution of Gender Budget Cell, the objectives behind Gender Budgeting would not be achieved. The Committee are concerned to find that although under the different schemes of the Department of Rural Development, particularly under IAY, SGSY and SGRY, specific provisions for women have been made in the guidelines, the implementation of the said provisions is far from satisfactorily. As reported in various Budget documents like Economic Survey and Mid-Term Appraisal document the targeted benefits are not reaching the female beneficiaries.

Reply of the Government

The concern of the Committee regarding ensuring the flow of benefits to the female beneficiaries is acknowledged. Three programmes of the Ministry, namely, IAY, SGSY and SGRY have been short listed for gender budgeting. The implementation of these programmes will be monitored accordingly.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 25 of Chapter I of the Report)

Recommendation (Serial No. 14, Para No. 2.54)

The Committee therefore desire that the Government should seriously try to achieve the targets specified for women beneficiaries in the guidelines of each scheme so that the gap in terms of employment, housing, wages etc. between men and women is bridged

to a great extent. Further, survey at regular intervals be undertaken by independent research agencies to evaluate the effects of Gender Budgeting.

Reply of the Government

The evaluation of implementation of Gender Budgeting by the independent agency can be undertaken at an appropriate time on a regular basis.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 25 of Chapter I of the Report)

Recommendation (Serial No. 16, Para No. 3.20)

The Committee note that the physical and financial performance under the Sampoorna Grameen Rozgar Yojana (SGRY) is very poor. As on 31 January, 2006, the Government could utilise only 54.57 per cent of allocated outlay for SGRY. Even in regard to physical achievements, the Government could complete only 55.70 per cent of the works undertaken. Further, it could only generate 66.21 crore mandays whereas the target was 86.11 crore mandays. The quarter-wise achievements in terms of mandays generated further indicate shortfall of around 50 per cent during the first quarter and around 40 per cent during the third quarter. The Committee are not inclined to accept the reasons put forth by the Department that utilization status always runs behind schedule particularly when there is shortfall in expenditure during 2004-05 when the financial achievement was 83.42 per cent. Not only that, 11 States/Union Territories could utilize less than 75 per cent of the outlay. There are huge unspent balances to the tune of Rs. 2,764.36 crore lying with the respective States/Union Territory Governments. Around 20 per cent of the works undertaken during 2004-05 are still incomplete. Besides, the Committee feel that the plea of late receipt of Utilization Certificates cannot be accepted in this era of technological advancement. The Committee would like to know the State-wise reasons for under-performance. Besides, the State/Union Territories and implementing agencies should be impressed upon to furnish the timely Utilization Certificates. There should also be physical inspection by Senior Officers of the Ministry to check whether the works shown by the States in their records, have actually been done/ completed in that particular year. The shortcomings reflected by the

Area Officer during their visits and the corrective action taken by the Department should be reflected in the Budget documents.

Reply of the Government

The requisite information was submitted based on the Monthly Progress Report received from States/UTs by that time. Out of 33 States/UTs, 8 States/UTs are yet to submit their progress report for the month of March, 2006. As reported by the State Governments/ Union Territory Administrations as on 20.7.2006, they have utilized 82.11% of available funds and generated 80.58 crore mandays during the year 2005-06 which will certainly improve on receipt of progress reports from remaining States/UTs. Due to limited stock of foodgrains, the allocation of foodgrains was reduced from 50 lakh tonnes to 35.52 lakh tonnes in 2005-2006 under SGRY. No compensation in cash for reduced quantity of foodgrains has been given. The less availability has adversely affected generation of mandays under the programme.

As regard incomplete works in 2004-05, it is submitted that SGRY is an on-going programme. According to SGRY Guidelines, while preparing the Annual Action Plan, Panchayats are to give priority to the incomplete works in comparison to taking up of new works. Thus, the incomplete works as on 31.3.2005 are required to be included in the Annual Action Plan of Panchayats for the year 2005-06 with a view to attending to these works during the year on priority.

SGRY is a programme being implemented by Panchayats at village, block and district levels. Progress Reports of Village Panchayats are collected and compiled at Block level. Thereafter, Intermediate Panchayats consolidate Reports of Village Panchayats including their own progress report and send it to District Panchayat. District Panchayat compile all reports received from Intermediate Panchayats alongwith their own progress report and send it to State Headquarter who in turn compile all the reports received from districts and forward a consolidated Progress Report to the Ministry. This whole process takes at least two to three months depending upon number of Panchayats. As the Panchayats at grass root level do not have proper facilities nor have fully trained personnel, they are finding it difficult to make use of and handle advanced technology. However, State Governments and Union Territory Administrations are urged regularly for timely submission of their Monthly Progress Report for SGRY.

State Governments and Union Territories have been requested to intimate the reasons for their poor performance for the year 2004-05. In pursuance of it, some States have furnished their revised progress

reports. As now reported by States/UTs, out of total available funds of Rs. 7214.84 crores, an amount of Rs. 6080.13 crores has been spent in 2004-05. Thus, the carry over balance as on 31.3.2005 was Rs. 1134.71 crores, which is 15.73% of total available funds as against permissible limit of 15%.

Under Areas Officers' Scheme of this Ministry, senior officers of this Ministry do visit districts allotted to them for inspection of Rural Development Programmes being implemented in a district. Area Officers inspect works undertaken under the programme on sample basis in 2-3 villages and submit their reports. The reports of some Area Officers in 2005-2006 did not bring adverse report on the works implemented under SGRY in respect of works visited by them. However in some cases the reports did mention that the expenditure on SC/ST component was below the required norm, availability of foodgrains was inadequate, delay in finalization of Annual Action Plan at Panchayats level etc. and also reported about quality of works undertaken/completed under the programme. In case of any adverse reporting, the issues are brought out to the notice of the State Governments as well as district authority for taking corrective action immediately.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 28 of Chapter I of the Report)

Recommendation (Serial No. 17, Para No. 3.21)

The Committee further find that 10 per cent of allocation under different schemes is exclusively earmarked for North-Eastern Region. The data with regard to physical and financial achievement under SGRY since 2002-03 indicate that although the position is improving year after year, still there is huge gap between the total available funds and the expenditure reported. Around 40 per cent of the funds are still lying unspent. The position of mandays generated improved during 2003-04, but there is huge decline in the mandays generated during 2004-05 and 2005-06. While 1464.60 lakh mandays were generated during 2003-04, the achievement declined to 823.53 lakh during 2004-05 and further to 785.91 lakh during 2005-06. Further the expenditure position during 2004-05 is also worse as compared to the previous year. The Committee would like to be apprised of the reasons for shortfall in physical and financial achievement during 2004-05 and

2005-06 in North-Eastern Region. The Committee urge the Department to take necessary corrective action so as to ensure meaningful utilization of the exclusive outlay made for these States.

Reply of the Government

As regard higher mandays generated during the year 2003-04, it has been checked up from the record that the State of Nagaland had reported wrongly number of mandays generated due to which number of mandays was shown so high. The State Government has been requested to intimate the correct figure, which is awaited.

Due to climatic condition such as heavy rainfall, snowfall etc. the working season in the North East is limited. Further, because of inadequate infrastructure NE States are facing great difficulties in movement of foodgrains to collect from FCI depots to the remote areas. In spite of these problems, during the year 2004-05, Tripura was able to spent 96.11% of total available funds followed by Sikkim 85.38%. Meghalaya and Manipur have reported utilization more than 81% of the total available funds. The State of Arunachal Pradesh having large snow bound areas and Assam with heaviest rainfall and flood in each year could spend less funds in percentage terms in comparison with other NE States. The Government of Mizoram has informed that they have utilized 85% of available funds during 2004-05. Reply from Nagaland is awaited. However, these States have been advised to take corrective action to ensure satisfactory implementation of SGRY. Besides, Hon'ble Minister (RD) also review the performance of the States with the Chief Ministers/Ministers and other senior officers in the State and advise the States, wherever necessary, to take corrective actions to ensure proper utilisation of SGRY funds.

Keeping in view the problems of North Eastern States in collecting foodgrains from FCI Depots to remote areas of their States, these States are allowed to charge transportation cost of foodgrains from the SGRY funds. Arunachal Pradesh is exempted from compulsory distribution of foodgrains under SGRY.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para no. 31 of Chapter I of the Report)

Recommendation (Serial No. 20, Para No. 3.38)

The Committee further find that during 2005-06 at the Budget Estimates stage, Rs. 6,000 crore was provided under National Food for Work Programme. At Revised Estimates Stage, a cut of Rs. 1,500/- crore was imposed they by reducing the allocation to Rs. 4,500 crore. They also find from the position indicated by the Department that Rs.1,500 were transferred from NFFWP to SGRY to maintain at least the previous SGRY allocation. Further the Department has also acknowledged that the revised allocation was sufficient to meet NFFWP requirement. The Committee are surprised at the statement given by the Department whereby the estimated outlay indicated at the Budget Estimates stage when reduced substantially has been found to be sufficient to meet the requirement of a programme. The Committee, therefore, conclude that the implementation of the programme was very poor whereby the part of the allocation made under NFFWP was transferred to another programme. What is worse, even the reduced allocation could not be utilized and the implementation of the programme was quite poor during the year 2005-06 as indicated in the preceding paras of the Report. The Committee deplore the tendency of the Government whereby the allocation made under the programme at Budget Estimates stage is transferred to another scheme at Revised Estimates stage. The Committee therefore strongly recommend that efforts should be made for meaningful utilization of the allocated resources in a year.

Reply of the Government

In the financial year 2005-06, the B.E for SGRY and NFFWP were kept at Rs. 4000/- and 6000/- crores respectively. This Committee has recommended that allocation of SGRY should not be reduced. Therefore, it was necessary to re-adjust the allocation between SGRY and NFFWP. However, based on the request of this Ministry the R.E. for SGRY and NFFWP were revised as Rs. 5500 and 4500 crores respectively. Under NFFWP, there was an unutilized balance of Rs. 1280.27 crores from the previous years allocation. This amount was also available for utilization under the programme during the year 2005-06. As indicated in reply to para 3.36 , the percentage utilization of funds under NFFWP during the year 2005-06 was 70.3 percent which may be termed as satisfactory keeping in view the fact that the programme was launched in November, 2004 only.

[Department of Rural Development (Ministry of Rural Development)
O.M. No.H-11020/5/2006-GC(P), dated: 20.9.06]

Comments of the Committee

(Please see Para no. 34 of Chapter I of the Report)

Recommendation (Serial No. 24, Para No. 3.61)

The Committee are concerned to note the vague reply of the Department on such a serious issue of preparation of action plan to cover all the districts under the provision of NREGA. Instead of taking immediate action in this regard, it has been stated that the performance of the Act would be watched. The Committee note that the guarantee of 100 days of wage employment to each household in rural areas in the country has been provided under the enactment and further under the provisions of the Act it has been specifically mentioned that the guarantee shall be applicable to the whole of the rural areas in the country within a period of five years from the date of enactment of the Act and as such there is no scope for delaying the implementation of the Act. The Committee are of the firm opinion that an action plan for coverage should be prepared by the Department and transparency in this regard should be maintained so that the part of the country where the Guarantee Scheme at present is not applicable can be reassured about the applicability of the legislation in the near future.

Reply of the Government

Proviso to Section 1(3) of the NREG Act provides that the Act shall be made applicable to the whole country within a period of 5 years. The very purpose of implementing the Act in phases is to watch the progress of the Act and pattern of expenditure in few districts in the beginning and based on the experience so gained, carry out modifications/improvements in preparation before extending it to more areas. Progress of the Schemes varies from State to State due to various reasons. It would be in the interest of the programme that its expansion is based on the insight gained through the experience of the first phase of implementation. The Ministry is monitoring the implementation of NREGA in these districts and there is a need to continue with this process of interaction and feedback from them so that an action plan for extending the Act can then be formulated.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para no. 37 of Chapter I of the Report)

Recommendation (Serial No. 27, Para No. 3.67)

The Committee find from the reply of the Department that no attention has been paid to ensure the distribution of foodgrains under the Guarantee Scheme whereas 75 per cent of the wages under the scheme can be paid by way of foodgrains. It has simply been stated that only cash resources would be provided to the State Governments. The Committee would like the Department to clarify further whether the procurement and distribution of foodgrains will be the sole responsibility of the State Governments and what will be role of the undertakings involved in foodgrains like Food corporation of India (FCI) so as to enable the Committee to recommend further in this regard.

Reply of the Government

Under the existing provisions of NREG Act, the Central assistance will be paid only in cash. No foodgrains are to be supplied by the Centre under the Act. However, if the State Governments feel that foodgrains should be paid as part of wages, they can do so and procure the foodgrains on their own. They may also purchase foodgrains from FCI. However, distribution of foodgrains as part of wages is likely to create several problems in meeting the legal obligation to pay wages within a prescribed time frame.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para no. 37 of Chapter I of the Report)

Recommendation (Serial No. 33, Para No. 3.105)

The Committee find that the data with regard to physical targets fixed during each year of Tenth Plan indicate that although the targets made during 2006-07, are 92,237 higher than the targets fixed during 2005-06 but are lesser by 28,858 houses, if compared to the year 2004-05. In view of this position the Committee note that although ambitious commitments are being made with regard to providing housing under IAY, there is no such enhancement of targets and outlay to meet such commitments. Not only that the resources made available are not being utilized fully. The information provided above indicates that in most of the States less than 50 per cent of physical and financial targets could be achieved. The Committee observe that as per the

Government's own data the housing shortage in rural areas is 148 lakh. The said shortages will increase by shortage of 9 lakh houses annually due to various reasons. The annual target fixed under Bharat Nirman are over 15 lakh houses. Around 60 lakh houses would be constructed by the year 2009. The net shortage of houses by the year 2009 as per the Government's own estimate would be 184 lakh (148 lakh + 36 lakh) houses. Even if 60 lakh houses are provided by 2009, there would be shortage of 124 lakh houses by 2009. The Committee have selected the subject 'Rural Housing' for examination and report and different issues in this regard would be examined in detail during the course of examination of the subject. Here the Committee would like to recommend that besides augmenting the resources, there is an urgent need to ensure that the targets fixed are met and every paise earmarked for the scheme meant for rural masses is meaningfully utilized. Further, to augment the resources for rural housing, there is an urgent need to expand institutional credit.

Reply of the Government

The physical targets during 2004-05 were fixed with 80% of the allocation for new houses and 20% allocation for upgradation of kutchha houses. The grant for upgradation is Rs. 12,500/- per house and is lower than that for a new IAY house. From 2005-06 onwards, the physical targets are being fixed on the basis of "new houses" only, for the entire allocation. Therefore, the physical targets have come down correspondingly, despite increase in outlay. However, States have the flexibility to utilize upto 20% of their allocation for upgradation. Under Bharat Nirman, the Government has committed to construct at least 15 lakh houses per year from 2005-06 onwards and in 2006-07, 15.33 lakh houses are targeted to be built.

As regards the extent of housing shortage and the rate of house construction observed by the Committee, the Ministry has been pursuing with the Planning Commission to significantly enhance the annual allocation so that rural shelterlessness can be eliminated by 2009.

The recommendations with regard to proper utilization of funds with fruitful results, made by the Committee have been noted for perusal.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 43 of Chapter-I of the Report)

Recommendation (Serial No. 35, Para No.3.116)

The Committee observe that Pradhan Mantri Gram Sadak Yojana is a very laudable programme initiated by the Government with the objective to provide connectivity by road to all the unconnected habitations in rural areas in the country. From the information provided by the Department, it seems that the progress is not very encouraging. Initially, at the launch of the programme, the objective was set to provide connectivity to all unconnected habitations having a population of 500 and above (250 and above in hill States, tribal and desert areas) by the end of Tenth Plan *i.e.* 2006-07. The targets have now been spilled over. The Government now target to connect all the habitations having a population of 1000 and above (500 in case of hilly States, tribal and desert areas) by the year 2009. The Committee apprehend that it would be difficult to achieve even the spilled over targets with the existing pace of implementation of the programme, whereby even the roads started in Phase-I and Phase-II during the years 2000-01 and 2002-03 are lying incomplete. The Committee find that as per stipulated parameters set by the Department, the roads should be ready within 12 months in normal and within 18 months in hilly areas after award of work. Even after the lapse of five or six years, a number of roads started are incomplete which is a major area of concern. Many reasons such as availability of land, forest clearance, programme management & provision, contracting capacity of States, institutional arrangement, training etc. have been cited as the reasons for such a state of affairs of the programme.

Reply of the Government

474 road works of phase-I and 999 road works of phase-II are still pending. The maximum shortfall for phase II is in the States of Bihar, Goa, Jammu & Kashmir and Tripura. The reasons for non completion remain non-availability of land, delay in forest clearances, deficiencies in programme management and institutional arrangements. The concerned State governments are being requested from time-to-time, at all levels, to expedite the implementation of the programme. Minister of Rural Development has been holding meetings with States which are found lagging in implementation. The last meeting was held on 26.5.2006, in which 16 States were requested to participate. So far as forest clearance is concerned, the Ministry has requested the Ministry of Environment and Forests to delegate powers to Regional Offices for

issuing clearance for road works involving upto 20 hectares of forest land. The issue has been taken up at the level of PMO also. States are being advised time and again to dedicate enough engineers for implementing this programme. 5000 engineers of the States have already been trained and further training of more engineers of the implementing agencies as well as of the contractors has been envisaged. The Ministry has also been organizing Workshops in different States to sensitise and re-orient the engineers associated with the programme. The issues and concerns are discussed in the Regional Review Meetings and also in the Meetings taken by the Minister of Rural Development.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 46 of Chapter-I of the Report)

Recommendation (Serial No. 36, Para No.3.117)

The Committee also find that one of the reasons for these bottlenecks being faced in the implementation of the programme is very old and out dated enactment " Land Acquisition Act, 1894". The said enactment is under the administrative control of the Ministry of Rural Development. The Committee have repeatedly been recommending to the Ministry to amend the outdated provisions made under the Act. But the same has not been done so far. Even though the Government has found the ways and means to provide the required allocation of Rs. 48,000 crore by the year 2009 to complete the uphill task of providing connectivity to all the habitations of population of 1000 and above, the Committee are of the opinion that the targets cannot be achieved unless the problem areas are addressed urgently. The Department has to work on a mission-mode. There is an urgent need to enhance the capacity of the State Government/implementing agencies to absorb the enhanced resources. Besides, various bottlenecks found in the implementation of the programme as noted above need to be discussed at various meetings held with the State Government. Frequent Central interventions are required to motivate the State Government to take the challenge of providing connectivity by the target date. Further, the old and outdated laws like "Land Acquisition Act, 1894" need to be amended expeditiously which would solve the major problems like acquisition of land for construction of roads etc. The Committee should be kept informed about the action taken in this regard.

Reply of the Government

For PMGSY Programme, land acquisition is generally not being resorted to as additional land is being made available through people's participation. A Cabinet Note alongwith Land Acquisition (Amendment) Bill, 2004 was submitted to the Cabinet Secretary for consideration. The Cabinet Secretariat returned the Bill with the direction that a fresh proposal, after completing fresh inter-Ministerial consultations, may be submitted after formation of the new Government. In pursuance of the direction of the Cabinet Secretariat, the Department circulated the Land Acquisition(Amendment)Bill, to the concerned Ministries/ Departments for their comments. The comments from most of the Ministries/Departments have since been received.

Meanwhile, it was decided in the Ministry, with the approval of Minister (RD), that a copy of the Land Acquisition(Amendment) Bill,2004 may also be circulated to the State Governments for their comments/suggestions. Accordingly, a copy of the Bill was circulated to States/UTs for their views. So far, comments from 23 States/UTs have been received. The remaining 12 States/UTs are being pursued to expedite their comments. The proposed Amendment to the Land Acquisition Act, 1894 was also discussed in the Conference of the Revenue Secretaries of States/UTs held on 7th June,2006 wherein States were requested to submit the comments expeditiously to this Department. The amendment of LA act is also being considered by Group of Secretaries appointed to look into National Rehabilitation Policy.

Action Taken for addressing the other important issues raised by the Committee has already been reported in the Action Taken on para 3.116.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 46 of Chapter I of the Report)

Recommendation (Serial No. 37, Para No. 3.120)

The Committee are perturbed to note that most of the works under PMGSY are being sublet to contractors by the principal contractors. Further the Committee express their apprehension on the quality of roads built under PMGSY. Despite deploying monitors at various levels,

the quality of roads at the field level is very poor. Many roads would have vanished in single rain. Some would have vanished after few months of their construction and in other areas, where the roads do exist the same are very poorly maintained. This is a vital area which needs to be addressed by the Government on top priority otherwise the work done under PMGSY will bear no result and the connected habitations would again revert to unconnected status. The Committee recommend that to address this situation and to improve the quality of roads, the Government should make the monitors more accountable. If roads are found to be bad and of poor quality, further work to the concerned contractors should not be awarded. Besides, a notice board at the entrance and at prominent milestones of every road constructed under PMGSY, should be erected indicating that the road is constructed under PMGSY, the month and year of its construction, the month and year till the road is expected to be maintained by the contractor as per the agreement and the name, designation, phone number of the officers whom the people can contact in case the quality of road is not up to the mark or is maintained poorly. The status of roads should also be accessible on the website and people should be able to put their complaints on the website so that Senior Officers of the State/ Union Government are able to monitor the status of roads. The accountability of monitors who inspect the roads should also be increased so that they are brought to book in the event of non-performance. Another area of concern, which the Committee would like the Ministry to address is to impress upon a separate fund for the maintenance of roads. The Committee would like to hear further in this regard.

Reply of the Government

The Standard Bidding Document, presented for PMGSY and adopted by States for PMGSY works, does allow the contractors to sub contract the work, subject to the value of sub contracts not exceeding 25% of the total value of the work. This would enable expeditious completion of the work.

The Guidelines of PMGSY stipulate that within 15 days of the date of Work Order, signboards along with the Logo of the PMGSY should be erected at the site of road works. The Signboards should indicate the name of the Programme (PMGSY), name of the road, its length, estimated cost, date of commencement and due date of completion of construction and name of the executing contractor.

The details of every road constructed under the programme, together with status, are expected to be provided by the District

Programme Implementing Agencies on the web site www.pmgsyonline.nic.in. Any person can access this web site and can also make comments, register complaints or ask queries on the **Feedback** link provided on the web site.

The quality of road works is being monitored by independent quality monitors at national level. The observations of the National Quality Monitors are sent to State governments for appropriate action and action taken reports are received in NRRDA. Based on the results of independent quality monitoring, it clearly emerges that the quality of works at the field level is not very poor. Improvement in quality of road works is a continuous process. As an endeavor to continuously update and achieve the targets to the best of quality, the three tiers of quality mechanism is being revisited. It is proposed that:

Under the first tier of quality mechanism, the frequency of tests may be rationalized and concept of stage passing may be introduced to ensure clear accountability of the various functionaries of the implementing agency.

Under the second tier of quality mechanism, reporting formats and detailed guidelines would be developed and made mandatory for States. Hitherto, States were supposed to develop their own mechanism of State level independent quality mechanism.

Under the third tier of quality mechanism, with a view to ensuring more accountability of independent monitors, the process of selection of NQMs has been made independent, the guidelines and reporting format for inspection of works are being revised and the process of continuous performance evaluation of National Quality Monitors by way of periodic review of reports and field verification by reputed institutions is envisaged.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 46 of Chapter I of the Report)

CHAPTER V

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

Recommendation (Serial No. 32, Para No. 3.90)

The Committee note that in addition to the Public Sector Commercial Banks, Cooperative Banks, Regional Rural Banks, some Private Sector Banks are also being involved in the implementation of SGSY. The Committee would, therefore, like to know the performance of various Private Sector Banks *vis-a-vis* the Public Sector Banks, Cooperative Banks and Regional Rural Banks in term of the credit target *vis-a-vis* achievement in each year since these Banks were involved to analyse the role of Private Sector Banks critically and comment further in this regard. The information with regard to total number of beneficiaries assisted and the total credit made available in each year, and the average benefit made available to each beneficiary in each case of Commercial Banks, Cooperative Banks, Regional Rural Banks and Private Sector Banks may be provided for the information of the Committee.

Reply of the Government

It is a fact that in addition to the Public Sector Commercial Banks, Cooperative Banks, Regional Rural Banks, some Private Sector Banks are also being involved in the implementation of SGSY. In this regard, it is submitted that the information is not readily available with the Ministry. As desired by the Committee, the Reserve Bank of India has been asked to furnish the details showing progress made by the Private Sector Banks *vis-a-vis* Commercial banks, RRBs & Cooperative Banks in the implementation of SGSY.

[Department of Rural Development (Ministry of Rural Development)
O.M. No. H-11020/5/2006-GC(P) dated: 20.9.06]

Comments of the Committee

(Please see Para No. 3 of Chapter I of the Report)

NEW DELHI;
15 March, 2007
24 Phalgun, 1928 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

APPENDIX I

PROGRESS OF IMPLEMENTATION OF NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

Sl. No.	State	Districts	Applications received for registration	Job cards issued	Employment demanded (No. of persons)	Employment provided (No. of persons)	No. of works taken up	Funds released	Expenditure
1	2	3	4	5	6	7	8	9	10
1.	Andhra Pradesh	13	3954522	3954522	721868	704101	22063	20000	8304.25
2.	Arunachal Pradesh	1	45070	17480				272.85	
3.	Assam	7	160897	104383	11205	6990	534	13970.8	155.8
4.	Bihar	23	2401836	1071522	533009	505281	17619	40503.4	5171.194
5.	Chattisgarh	11	1696860	1534636	165245	162480	9671	17321.7	9834.02
6.	Gujarat	6	604695	597028	73791	73791	1716	4113.94	819.03
7.	Haryana	2	81489	76421	20261	15573	288	913.39	188.95
8.	Himachal Pradesh	2	70084	62408	29080	24848	2249	683.64	339.27
9.	Jammu & Kashmir	3	169038	65531	4127	4127	283	986.365	
10.	Jharkhand	20	1755005	1171831	496725	467832	9451	37618.6	
11.	Karnataka	5	572892	315412	118810	66530	3678	6329.69	909.28
12.	Kerala	2	225133					2179.51	
13.	Madhya Pradesh	18	4281258	4144413	1913133	1804953	69783	109384	40380.9
14.	Maharashtra	12	4139778	1094659	192867	183075	6152	17961.6	4441.42
15.	Manipur	1	45172	17880				570.89	
16.	Meghalaya	2						2064.68	
17.	Mizoram	2	41808	29016	14508			298.9	23.6
18.	Nagaland	1						430.11	
19.	Orissa	19	2702290	1900553	577814	563681	23559	31516.6	8494.48
20.	Punjab	1	39318	33375		21284	976	755.75	451.97

1	2	3	4	5	6	7	8	9	10
21.	Rajasthan	6	1443720	1423013	853061	846263	13809	64100	22266.39
22.	Sikkim	1	4696	4696				451.5	
23.	Tamil Nadu	6	541568	535519	86625	82009	668	9889.21	429.41
24.	Tripura	1	62736	58114	20148	16218	327	1456.66	276.834
25.	Uttar Pradesh	22	1977488	1662768	657041	528552	16293	33498.7	3700.97
26.	Uttaranchal	3	233019	187029	13522	11178	2221	1910.6	145.7
27.	West Bengal	10	3322241	1149145	646412	495493	3305	18358.8	1622.08
TOTAL		200	30572613	21211354	7149252	6584259	204645	437542	107955.55

Blank spaces in the table denote information not received from States.

Applications are the number of applications for registration of households.

Funds released and expenditure pertain to 2006-07 [in lakh Rs.].

Progress Report is based on reports received from States upto 19th July, 2006.

APPENDIX II

NAMES OF DISTRICTS UNDER FIRST PHASE OF NREGA WHICH ARE WHOLLY OR PARTLY INCLUDED IN SCHEDULE V & VI OF THE CONSTITUTION.

Name of the State	Name of Districts Vth Schedule	Name of Districts VIth Schedule
1	2	3
Andhra Pradesh	1. Vizianagaram (part), 2. Adilabad (part), 3. Warangal (part), 4. Khammam (part), 5. Mahabubnagar (part).	Nil
Assam	Nil	1. Kokrajhar, 2. K. Anglong 3. N.C. Hills
Jharkhand	1. Ranchi, 2. West Singhbhum, 3. Saraikela, 4. Kharsawan, 5. Gumla, 6. Lohardaga, 7. Dumka, 8. Sahebganj, 9. Pakur, 10. Jamtara, 11. Simdega, 12. Latehar, 13. Godda (2 blocks) 14. Garhwa (1 block).	
Orissa	1. Gajapati (5 blocks) 2. Kalahandi (2 blocks)	Nil

1	2	3
	3. Keonjhar (10 blocks), 4. Koraput (14 blocks), 5. Malkangiri (7 blocks), 6. Mayurbhanj (26 blocks), 7. Nabarangpur (10 blocks), 8. Phulbani (12 blocks), 9. Rayagada (11 blocks), 10. Sambalpur (3 blocks), 11. Sundargarh (17 blocks).	
Rajasthan	1. Banswara, 2. Dungarpur, 3. Sirohi (Abu Road block of Abu Road Tehsil) 4. Udaipur (Entire Tehsils of Phalasiya, Kherwara, Koda, Sarada, Salumpur and Lasadia and 81 villages of Girwa Tehsil).	Nil
Tripura	Nil	Dhalai (Part)
Himachal Pradesh	1. Chamba (Tribal Sub-division of Pangi & Bharmour)	Nil
Manipur	1. Tamenlong	
Meghalaya	Nil	1. South Garo Hills 2. West Garo Hills
Mizoram	Nil	1. Lawngtlai 2. Saiha
Gujarat	1. Dang, 2. Narmada (Bedipara, Sagbara and Nandob blocks) 3. Panchmahal 4. Dahod 5. Sabarkantha	Nil

1	2	3
Madhya Pradesh	<ol style="list-style-type: none"> 1. Jhabua, 2. Mandla, 3. Dindori, 4. Barwani, 5. Dhar(Dhar,Sardarpur,Kuachi, Dharamपुरi,Gandhwani and Manawar Tehsils), 6. Khargone(Khargone, Bhagwanpura, Sengaon, Bhikmangaon Jhiranya and Maheswar Tehsils), 7. Khandwa(Halwa block under Harswod tehsils), 8. Betul (Bhainsdehi and Shahpur tehsils, Betul Tehsil (except Betul block)), 9. Seoni (Lakhnadaun, Ghansaur and Kurai Tehsil), 10. Balaghat (Behar Tehsil), 11. Shahdol (Jaitpur, Sohagpurand Jai Singh Nagar tehsils), 12. Umaria (Pali block of Pahi Tehsil), 13. Sidhi(Kusmi block of Kusmi Tehsil), 14. Sheopur (Karahal block of Karahal Tehsil). 	Nil

APPENDIX III

STATEMENT INDICATING THE RELEASE OF FUNDS DURING 2005-06 UNDER PURA

(Rs. in lakhs)

Sl. No.	State	Road	Market connectivity/ Employment generation	Drinkign Water	Education/ Health	Total
1.	Andhra Pradesh	43.80	5.00	30.00	—	78.80
2.	Assam	-	86.00	—	50.00	136.00
3.	Bihar	100.00	50.00	—	—	150.00
4.	Maharashtra	30.50	78.88	37.92	—	147.30
5.	Orissa	100.00	100.00	—	—	200.00
6.	Rajasthan	100.00	—	—	30.00	130.00
7.	Uttar Pradesh	100.00	07.90	—	50.00	157.90
		474.30	327.78	67.92	130.00	1000.00

APPENDIX IV

STATEMENT INDICATING THE STATUS OF IMPLEMENTATION OF PURA SCHEME

Sl. No.	State Govts.	Name of the cluster and district	Amount released during 2004-05 (March-2005)	Expenditure reported during 2005-06**	% of expenditure	Physical achievement
1	2	3	4	5	6	7
1.	Assam	Gohpur Distt. Sonitpur	Rs. 1.5 crore	Rs. 139.73 lakh	93.15%	It has been reported that a total of 73 numbers of works under road connectivity were sanctioned out of which 45 numbers of works relate to road improvement whereby small existing roads have been broadened, raised and extended by earth-work. Twenty five numbers of R.C.C. culverts have been constructed at vantage points to ensure water drainage throughout the year. Three numbers of works are for Road Black Topping.
2.	Andhra Pradesh	Rayadurg Dist. Annatpur	Rs. 1.5 crore	Rs. 103.18 lakhs	68.78%	6 works have been identified under Scheme. It has been reported that targets have been achieved.

1	2	3	4	5	6	7
3.	Bihar	Motipur Dist: Muzzafarpur	Rs. 1.5 crore	Rs. 126.958 lakh	84.6%	It has been reported that 144.156 road schemes* were taken up under PURA out of which 104.030 have been completed.
4.	Maharashtra	Basmath Dist: Hingoli	Rs. 1.0 crore	Rs. 79.00 lakh	79%	Out of 14 sanctioned works, all are in progress.
5.	Orissa	Kujanga Dist: Jagat Singhpur	Rs. 1.5 crore	Rs. 112.92 lakh	75.28%	Base work of all black top and cement concrete roads has been completed.
6.	Rajasthan	Shahpura Dist: Bhilwara	Rs. 1.5 crore	Rs. 98.40 lakh	65.6%	Works for 12.26 KM. reported to be in progress.
7.	Uttar Pradesh	Bharthana Dist: Etawah	Rs. 1.5 crore	Rs. 120.913 lakh	80.60%	Work for 47.10 KM. of Kharanja & sewer reported to be progress.
Total			Rs. 10.00 crore	Rs. 781.101 lakhs	78.11%	

* We have sought clarification from the State Government to the figures of physical progress, quoted by them.

** Achievements reported so far are presumably with reference to funds released in 2004-05 since funds for the year 2004-05 were released in March 2005.

APPENDIX V

COMMITTEE ON RURAL DEVELOPMENT (2006-2007)

EXTRACTS OF THE MINUTES OF THE SIXTH SITTING OF THE COMMITTEE HELD ON THURSDAY THE 1 MARCH, 2007

The Committee sat from 1500 hrs. to 1615 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Hannan Mollah — *in the Chair*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri Sandeep Dikshit
4. Shrimati Tejaswini Seeramesh
5. Shri Sita Ram Singh
6. Shri Bagun Sumbrui

Rajya Sabha

7. Shri Jayantilal Barot
8. Shri Pyarelal Khandelwal
9. Shri P.R. Rajan
10. Ms.Sushila Tiriya

SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri P.K. Grover — *Joint Secretary*
3. Shrimati Sudesh Luthra — *Deputy Secretary Grade I*
4. Shri A. K. Shah — *Deputy Secretary Grade II*

2. In the absence of Chairman, the Committee chose Shri Hannan Mollah, M.P. to act as Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took up for consideration Memorandum No. 4 regarding draft Action Taken Report on Eighteenth Report of the Committee on Demands for Grants (2006-2007) of the Department of Rural Development (Ministry of Rural Development). The Committee after deliberations adopted the draft report with slight modifications as shown at Annexure.

4. ***

5. The Committee then authorised the Chairman to finalise the aforesaid draft Action Taken Reports on the basis of factual verification from the concerned Department/Ministry and present the same to both the Houses of Parliament.

The Committee then adjourned.

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

ANNEXURE

MODIFICATIONS TO DRAFT ACTION TAKEN REPORT ON DEMAND FOR GRANTS (2006-07) OF THE DEPARTMENT OF RURAL DEVELOPMENT (MINISTRY OF RURAL DEVELOPMENT)

Sl.No.	Page No.	Para	Modifications/Additions
1	2	3	4
1.	9	16 (10th line from below)	After the word 'results' add the sentence ' While noting that the results of the BPL Survey were delayed partly due to the stay imposed by the Hon'ble Supreme Court, the Committee are perturbed to note that the State Governments were not ready with the provisional results when the stay was vacated. This is inspite of the fact that the Committee have repeatedly been recommending to the Department to direct the State Governments to complete the exercise and be ready with the provisional results pending decision of the Hon'ble Supreme Court'.
1.	14	22 (6th line)	After the word 'District V&MC' add the following sentence. 'The Committee also recommend that reporting format of Utilisation Certificate should also include the number of meetings of the Vigilance and Monitoring Committees (V&MCs) held in each quarter of the year'.

1	2	3	4
2.	25	37 (2nd line from below)	<i>The words 'and the provisions of foodgrain component in the Act is dispensed with if it is likely to cause any delay in enactment of the Act or meeting the legal obligation of payment of wages within the prescribed time frame' may be substituted by the word 'and suggestions made in this regard'</i>
3.	38	46 (2nd line from below)	<i>add the words 'after the contractual period of five years is over' after the words 'issue of maintenance of roads'.</i>

APPENDIX VI

[Vide Para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE EIGHTEENTH REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (14TH LOK SABHA)

I. Total number of recommendations	43
II. Recommendations that have been accepted by the Government	23
Para Nos. 2.6, 2.34, 2.36, 2.47, 2.56, 3.36, 3.37, 3.39, 3.55, 3.58, 3.63, 3.65, 3.69, 3.70, 3.80, 3.88, 3.106, 3.127, 3.137, 3.138, 3.150, 3.163 and 3.164	
Percentage to the Total recommendations	(53.48%)
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies	Nil
Percentage to Total recommendations	Nil
IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee	19
Para Nos. 2.14, 2.15, 2.16, 2.21, 2.22, 2.33, 2.35, 2.46, 2.53, 2.54, 3.20, 3.21, 3.38, 3.61, 3.67, 3.105, 3.116, 3.117 and 3.120	
Percentage to Total recommendations	(44.18%)
V. Recommendations in respect of which final replies of the Government are still awaited	1
Para No. 3.90	
Percentage to Total recommendation	(2.32%)