

STANDING COMMITTEE ON RURAL DEVELOPMENT

(2010-2011)

20

FIFTEENTH LOK SABHA

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

DEMANDS FOR GRANTS

(2011-2012)

TWENTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

TWENTIETH REPORT

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(2010-2011)

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(DEPARTMENT OF RURAL DEVELOPMENT)**

DEMANDS FOR GRANTS

(2011-2012)

Presented to Lok Sabha on 18 August, 2011

Laid in Rajya Sabha on 18 August, 2011



**LOK SABHA SECRETARIAT
NEW DELHI**

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(i)

COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2010-2011)

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sandeep Dikshit
6. Shri Manikrao Hodlya Gavit
7. Shri H.D. Kumaraswamy
8. Shri Raghuvir Singh Meena
9. Shri Sidhant Mohapatra
10. Shri Gobinda Chandra Naskar
11. Shri Rakesh Pandey
12. Shri P.L. Punia
13. Shri A. Venkatarami Reddy
14. Shri Jagdish Sharma
15. Shri Navjot Singh Sidhu
16. Shri Jagdanand Singh
17. Dr. Sanjay Singh
18. Shri Makansingh Solanki
19. Shri Kodikkunnil Suresh
20. Shrimati Usha Verma
21. Shri Ramesh Vishwanath Katti

Rajya Sabha

22. Shri Mani Shankar Aiyar
23. Shri Ganga Charan
24. Sardar Sukhdev Singh Dhindsa
25. Dr. Ram Prakash
26. Shri P.R. Rajan
27. Vacant*
28. Shrimati Maya Singh
29. Shri Mohan Singh
30. Miss Anusuiya Uikey
31. Dr. (Smt.) Kapila Vatsyayan*

Secretariat

- | | | |
|--------------------|---|---------------------|
| 1. Shri Brahm Dutt | - | Joint Secretary |
| 2. Shri A.K.Shah | - | Additional Director |

* Vacant caused consequent upon the demise of Shri Arjun Singh, Mp, Rajya Sabha on 4 March, 2011.

(ii)

INTRODUCTION

I, the Chairperson of the Standing Committee on Rural Development (2010-2011) having been authorized by the Committee to submit the Report on their behalf, present the Report on Demands for Grants (2011-2012) of the Department of Rural Development (Ministry of Rural Development).

2. The Committee took evidence of the representatives of the Department of Rural Development of the Ministry of Rural Development at their sittings held on 12 May, 2011 and 15 June, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 21 July, 2011.

4. The Committee wish to express their thanks to the officials of the Department of Rural Development (Ministry of Rural Development) for placing before them the requisite material and their considered views in connection with the examination of the subject.

5. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

NEW DELHI;
12 August, 2011
21 Sravana, 1933(Saka)

(SUMITRA MAHAJAN)
Chairperson,
Standing Committee on
Rural Development

ABBREVIATIONS

AARDO	-	Afro-Asian Rural Reconstruction Organisation
ADB	-	Asian Development Bank
APL	-	Above Poverty Line
APO	-	Additional Project Officer
ARTS	-	Advancement of Rural Technology Scheme
BE	-	Budget Estimate
BLCC	-	Block Level Coordination Committee for SGSY
BPL	-	Below Poverty Line
CAPART	-	Council for Advancement of People's Action and Rural Technology
CCEA	-	Cabinet Committee on Economic Affairs
CCSS	-	Credit-cum-subsidy Scheme
CIPART	-	CAPART Institute for Poverty Alleviation and Rural Technology
CIRDAP	-	Center on Integrated Rural Development in Asia and Pacific
CLCC	-	Central Level Coordination Committee for SGSY
CLGF	-	Commonwealth Local Government Forum
CMD	-	Chief Managing Director
DAVP	-	Directorate of Advertising and Visual Publicity
DLCC	-	District Level Coordination Committee
DLM	-	District Level Monitoring
DPR	-	Detailed Project Report
DRDA	-	District Rural Development Agency
DRI	-	Differential Rate of Interest
DWCRA	-	Development of Women and Children in Rural Areas
EAS	-	Employment Assurance Scheme
EFC	-	Expenditure Finance Committee
EGoM	-	Empowered Group of Ministers
ETC	-	Extension Training Centre
FAQ	-	Fair Average Quality
FCI	-	Food Corporation of India
GDP	-	Gross Domestic Product
GJRHFS	-	Golden Jubilee Rural Housing Finance Scheme
GKY	-	Ganga Kalyan Yojana
GOI	-	Government of India
GSM	-	Gram Shree Mela
GVA	-	Gramin Vikas Andolan
HCR	-	Head Count Ratio
HLC	-	High Level Committee
HRDS	-	Human Resource Development Scheme of CAPART
HSD	-	High Speed Diesel
HUDCO	-	Housing and Urban Development Corporation Limited
HUPA	-	Housing and Urban Poverty Alleviation
IAY	-	Indira Awaas Yojana
IBRD	-	International Bank for Reconstruction and Development
ICAR	-	Indian Council for Agricultural Research
IEC	-	Information, Education and Communication
IRDP	-	Integrated Rural Development Programme
IRH	-	Innovative Rural Housing
IRMA	-	Indian Institute of Rural Management, Anand
ITD	-	Information Technology Division

ITEC	-	Indian Technical and Economic Cooperation Programme
IWDP	-	Integrated Wastelands Development Programme
JGSY	-	Jawahar Gram Samridhi Yojana
JRY	-	Jawahar Rozgar Yojana
KM.	-	Kilo Meter
LIBOR	-	London Inter Bank Exchange Rate
MP	-	Member of Parliament
MPR	-	Monthly Progress Report
MNP	-	Minimum Needs Programme
MWS	-	Million Wells Scheme
MGNREGA	-	Mahatma Gandhi National Rural Employment Guarantee Act
NABARD	-	National Bank for Agriculture and Rural Development
NA	-	Not Available
NC	-	Not Covered
NCT	-	National Capital Territory
NFFWP	-	National Food for Work Programme
NGA	-	Nirmal Gram Abhiyan
NGO	-	Non-Governmental Organization
NICD	-	National Institute of Community Development
NIRD	-	National Institute of Rural Development
NLM	-	National Level Monitor
NRLM	-	National Rural Livelihoods Mission
NRRDA	-	National Rural Roads Development Agency
NSAP	-	National Social Assistance Programme
NSSO	-	National Sample Survey Organisation
NYK	-	Nehru Yuvak Kendra
OB	-	Organization of Beneficiaries of CAPART
OB/UB	-	Opening Balance/ Unspent Balance
OTC	-	Organisation of Training Courses/Seminars/Workshops
PADI	-	People's Action for Development India
PC	-	Public Cooperation regarding promotion of Voluntary Action in Rural Development
PDS	-	Public Distribution System
PMGY	-	Prime Minister's Gramodaya Yojana
PMGSY	-	Pradhan Mantri Gram Sadak Yojana
PRC	-	Performance Review Committee
PURA	-	Provision of Urban Amenities in Rural Areas
PRIs	-	Panchayati Raj Institutions
RAC	-	Research Advisory Committee
RBI	-	Reserve Bank of India
RBC	-	Rural Building Centres
RC	-	Regional Committees of CAPART
RD	-	Rural Development
RE	-	Revised Estimate
RH	-	Rural Housing Schemes
RIDF	-	Rural Infrastructure Development Fund
Rs.	-	Rupees
SAY	-	Samagra Awaas Yojana
SC	-	Scheduled Caste
SEGF	-	State Employment Guarantee Fund
SHG	-	Self Help Group
SGRY	-	Sampoorna Grameen Rozgar Yojana
SGSY	-	Swarnajayanti Gram Swarozgar Yojana
SIDBI	-	Small Industries Development Bank of India
SIRD	-	State Institute of Rural Development

SITRA	-	Supply of Improved Tool Kits to Rural Artisans
SLBC	-	State Level Banker's Committee
SLCC	-	State Level Coordination Committee for SGSY
SLSC	-	State Level Sanctioning Committee
ST	-	Scheduled Tribe
SVO	-	Support Voluntary Organisations
TRC	-	Technology Resource Centre
TRYSEM	-	Training of Rural Youth for Self-Employment
UB/OB	-	Unspent Balance/Opening Balance
UC	-	Utilisation Certificate
URP	-	Uniform Recall Period (of 30 days)
UT	-	Union territory
VA	-	Voluntary Agency
V&MC	-	Vigilance and Monitoring Committee
VO	-	Voluntary Organisation
WEP	-	Wage Employment Programme
WSD	-	Watershed Development
ZP	-	Zilla Parishad

Report

PART-I

NARRATION ANALYSIS

I. Introductory

Role of the Ministry of Rural Development (Department of Rural Development)

The Ministry of Rural Development consists of three Departments, (i) Department of Rural Development, (ii) Department of Drinking Water & Sanitation and (iii) Department of Land Resources. Broadly, the aims of the Ministry of Rural Development are:

- Bridging the rural-urban divide. To ensure rapid development, budgetary support for implementing the various rural development schemes has increased manifold over the years.
- Guaranteeing wage employment and ensuring food security. This is sought to be achieved through the Mahatma Gandhi National Rural Employment Guarantee Act.
- Making rural people the arbiter of their own destiny and to provide for their economic upliftment through promotion of self employment.
- For development to be in consonance with the people' s wishes and aspirations, emphasis is put on participation of people as also social mobilization of rural poor through Self-Help Groups and Panchayati Raj Institutions.
- Creating rural infrastructure for better economic opportunities and growth. Connectivity is provided to all unconnected habitations and village road infrastructure is also created through works undertaken under wage employment schemes.
- Providing for dignified living. The Ministry provides shelter, water and clean environment through rural housing, drinking water and sanitation schemes.
- Restoring lost or depleted productivity of the land. This is done through watershed development programmes and initiating effective land reform measures for providing land to the landless rural poor.

1.2 The Department of Rural Development implements various Central Sector and Centrally Sponsored Schemes. Some of the main Yojanas/Programmes/Schemes being implemented by the Department are:

1. Mahatma Gandhi Rural Employment Guarantee Scheme
2. Pradhan Mantri Gram Sadak Yojana
3. Indira Awaas Yojana
4. Swarnjayanti Gram Swarozgar Yojana
5. DRDA Administration
6. BPL Survey
7. Management support to Rural Development programme & strengthening district planning process.
8. Grants to National Institute for Rural Development (NIRD)
9. Assistance to CAPART
10. Provision of Urban Amenities in Rural Areas (PURA)

CHAPTER-II

A. Demands for Grants at a Glance

1.3 Demands for Grants (2011-12) of the Department of Rural Development (Ministry of Rural Development) are contained in Demand No. 82 with the following gross provisions, recoveries and net provisions:

	Amount (Rs in crore)
Gross provisions	1,46,909.72
Recoveries on account of:	
(i) National Investment Fund	-8448.00
(ii) National Employment Guarantee Fund	-40,000.00
(iii) National Investment Fund to support MGNREGA	-18,768
(iv) Central Road Fund (CRF)	-5550.00
	-72,766.00
Net provisions	74,143.72
	(74,100.00 Plan + 43.72 Non-Plan)

1.4 The Scheme-wise allocation for the year 2011-12 is as under:

		(Rs. in Crore)
Sl. No	Name of Scheme	Allocation
1.	Mahatma Gandhi Rural Employment Guarantee Scheme	40,000
2.	Pradhan Mantri Gram Sadak Yojana	20,000
3.	Indira Awaas Yojana	10,000
4.	Swarnjayanti Gram Swarozgar Yojana	2,914
5.	DRDA Administration	461
6.	BPL Survey	300
7.	Management support to Rural Development programme & strengthening district planning process.	120
8.	Grants to National Institute for Rural Development (NIRD)	105
9.	Assistance to CAPART	100
10.	Provision of Urban Amenities in Rural Areas (PURA)	100
	Total Plan	74,100.00
	Non-Plan	43.72

For Headquarter establishment of Department of Rural
Development, Grants to NIRD etc.

Grand Total

74,143.72

1.5 The Brief summary of the Detailed Demands for Grants of the Department for the year 2010-2011 and 2011-2012 are given in **Appendix-I**.

1.6 Demands for Grants (2011-12) of the Department of Rural Development were discussed in Lok Sabha on 14 March, 2011 and were passed by the House on same day. While examining the Demands for Grants (2011-12) the Committee took note of various issues discussed in the House and have been dealt with in the Report.

1.7 Demands for Grants (2011-12) have been examined in the context of performance of Department in Eleventh Plan (2007-12), Proposed *vis-à-vis* Approved outlay for Annual Plan (2011-12) and Preparedness for Twelfth Plan (2012-17). These are discussed in the succeeding paragraphs.

B. Five Year Plans

(i) Eleventh Plan (2007-12)

1.8 Year wise proposed outlay by the Development of Rural Development, approved outlay by the Planning Commission and anticipated expenditure of the Department of Rural Development during 11th Plan (2007-12) are as follows:-

(Rs in crore)

S.No	Name of the Scheme	Proposed outlay (Through Annual Plans)	B.E (approved outlay)	R.E (anticipated)	Actuals (anticipated)
1	Sampoorna Gramin Rozgar Yojana	13784.00	2800.00	10300.00	11300.00
2	National Rural Employment Guarantee Scheme	202285.00	147200.00	161200.19	151381.06
3	Swarnajayanti Gram Swarozgar Yojana	39281.00	12198.00	12398.00	11947.18
4	DRDA Administration	1745.00	1578.00	1578.00	1835.00
5	Rural Housing	56773.20	38240.00	41977.50	41977.50
6	Pradhan Mantri Gram Sadak Yojana	90492.50	58030.00	67620.15	68019.95
7	Grants to National Institute of Rural Dev	380.00	250.00	251.81	266.81
8	Assistance to C.A.P.A.R.T.	409.00	360.00	362.20	312.20
9	PURA	962.00	294.00	244.00	176.21
10	Management support to RD Programmes and strengthening district planning process	1113.30	458.00	457.65	453.65
11	BPL Survey	662.00	462.00	562.00	450.65
	Total : (RD)	407887.00	261870.00	296951.50	288120.21

1.9 During the course of examination the Committee pointed out that the cumulative amount proposed by the Department of Rural Development to the Planning Commission was reduced to the level of three fourth at approval stage during the current Plan period. When asked whether the Department of Rural Development has taken up the issue of grant of higher funds for carrying out the responsibilities entrusted to them before the Planning Commission and at what level the matter was taken up with the Planning Commission during these years and with what results, the Department of Rural Development in a written note informed as under:

“The Budget Allocation of the Department of Rural Development has been enhanced over the years with the support of the Planning Commission to implement various rural development programmes. This may be seen from the following table.”

DEPARTMENT OF RURAL DEVELOPMENT

(Rs. In crore)

SI	Name of the Scheme/Project/Programme	2007-08		2008-09		2009-10		2010-11	
		Budget Estimate	Revised Estimate	Budget Estimate	Revised Estimate	Budget Estimate	Revised Estimate	Budget Estimate	Revised Estimate
1	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	12000.00	12000.00	16000.00	30000.19	39,100.00	39,100.00	40,100.00	40,100.00
2	Swarnjayanti Gram Swarozgar Yojana(SGSY)	1800.00	1800.00	2150.00	2350.00	2350.00	2350.00	2984.00	2984.00
3	DRDA Administration	212.00	212.00	250.00	250.00	250.00	250.00	405.00	405.00
4	Rural Housing (Indira Awaas Yojana)	4040.00	4040.00	5400.00	8800.00	8800.00	8800.00	10000.00	10337.50
5	Pradhan Mantri Gram Sadak Yojana(PMGSY)**	11000.00	11000.00	14530.00	14780	18500.00	17840.00	22000.00	22000.00
6	Grants to National Institute of Rural Dev.(NIRD)	10.00	10.00	15.00	16.81	15.00	15.00	105.00	105.00
7	Assistance to CAPART	60.00	60.00	50.00	52.20	50.00	50.00	100.00	100.00
8	Monitoring & Evaluation								
9	PURA	10.00	10.00	30.00	30.00	30.00	30.00	124.00	74.00
10	Management Support to RD Programmes & Strengthening of District Planning Process in lieu of Programmes*	68.00	68.00	75.00	74.65	75.00	75.00	120.00	120.00
11	Sampoorna Gramin Rozgar Yojana (SGRY)	2800.00	3800.00		7500.00				
12	.BPL Survey						150.00	162.00	112.00
	Total	32000.00	33000.00	38500.00	63853.85	69,170.00	68,660.00	76,100.00	76,337.50

*This includes IEC, Training and Monitoring & Evaluation

**This includes NABARD Loan Rs.4500 cr., Rs. 7000 cr. and Rs. 6500 cr. during 2007-08, 2008-09 and 2009-10 respectively. NABARD Loan of Rs. 10000 crore for 2010-11.

(ii) Proposed vis-à-vis Approved outlay for Annual Plan 2011-12

1.10 As against the proposed outlay for 2011-12 of Rs. 1, 19,610.42 crore, the approved outlay of the Department is only Rs. 74,100 crore. The scheme wise breakup of the proposed vis-à-vis approved outlay is as under:-

Sl. No.	Name of Scheme	Proposed Outlay (Rs, in crore)	Approved Outlay
1.	Mahatma Gandhi Rural Employment Guarantee Scheme	64,022.00	40,000.00
2.	Pradhan Mantri Gram Sadak Yojana	31,500.00	20,000.00
3.	Indira Awaas Yojana	17,900.82	10,000.00
4.	Swarnjayanti Gram Swarozgar Yojana	5,000.00	2,914.00
5.	DRDA Administration	475.00	461.00
6.	Management support to Rural Development Programmes	281.00	120.00
7.	Grant to NIRD	172.00	105.00
8.	Assistance to CAPART	100.00	100.00
9.	PURA	110.00	100.00
10	BPL Survey	48.00	300.00
	Total	1,19,610.42	74,100.00

1.11 During the course of examination the Committee pointed out that significantly higher amount were proposed by the Department on big schemes like MGNREGA, PMGSY, IAY and SGSY, however, the allocation was substantially lower in all the schemes. Asked about the reasons for seeking higher funds at proposed outlay in above schemes, the Department of Rural Development in a written note explained scheme wise details stating as under:

“The reasons for seeking higher funds in respect of major schemes implemented by the Department of Rural Development are given below:

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

MGNREGA has been extended to cover all the rural areas of the Country with effect from 1.4.2008. At present 625 districts are covered under the scheme.

A higher outlay is envisaged under the Scheme during 2011-12 because of recent indexing of wage payable under MGNREGA, expansion in the scope of works by including the provision of irrigation facility, horticulture, plantation and land development facilities to land owned by households belonging to SCs/STs and higher coverage.

Average cost during the previous years has been Rs.125.97 for 2008-09, Rs.133.66 for 2009-10 and during 2010-11, it is expected to be Rs.147/- (approximately). As on 31st Oct, 2009, the average cost was Rs.123.78 and during 2009-10 average cost rose to Rs.133.66 (7.98%). Similarly, as on 31st Oct, 2010, the average cost was Rs.134.83 and based on previous trend is expected to reach Rs.145.60. Since the matter relating to revision of wage rate is sub-judice and if the wage rate has to be equated with prevailing minimum wage rate in the States, an increase of around 25 to 30% is expected in overall cost in the implementation of MGNREGA during 2011-12. Accordingly, Average cost during the year 2011-12 is expected to be substantially higher at Rs.190/-.

Based on above presumption, during the year 2011-12, the outreach would be 5.85 crore households with an average of 60 days of employment per household. The financial requirement for 2011-12 would be of the order of Rs.66, 690 crore. This estimation is based on the actual trends during the year 2008-09, 2009-10 and current year with regard to scale and intensity of MGNREGA implementation.

On the basis of the above, the financial requirement would be Rs 66,690 crores. **The Central Liability comes to Rs 64022 crores.**

Central Government bears entire payment liability for unskilled labourers and 75% of material cost. Wage and material ratio to be maintained at district level has been specified as 60:40. Thus, the Central contribution comes to 90% of the total cost. In addition, 6% is allowed for meeting administrative expenditure which is entirely borne by Government of India. The total Central Liability is thus 96% of the total financial requirement.

Accordingly, the budget support for 2011-12 is estimated at Rs.64022 crore. However, Mahatma Gandhi NREGA being demand driven, if there is additional requirement of funds, it will be raised through Supplementary Demand for Grants.

Swarnjayanti Gram Swarozgar Yojana (SGSY)

The total funds allocated for SGSY in the 11th Plan is Rs. 17,803 crores. An amount of Rs. 9,484 crore has been allocated for the 1st four years of the 11th plan i.e. 2007-08, 2008-09, 2009-10 and 2010-11. Therefore, an amount of Rs. 8319 crores is still available for 2011-12. It is expected that National Rural Livelihood Management (NRLM) will be implemented from the next financial year i.e. from 1st April, 2011. Keeping in view the future plan of action and revised norms approved by the CCEA for NRLM, Rs. 5000 crore is required, for various activities under NRLM for 2011-12. The Ministry would have proposed for all the remaining funds of 11th Plan period i.e Rs. 8319 crore, but due to delayed approval of CCEA Note of NRLM and capacities of the States/UT in implementation of NRLM, the Ministry is proposing only Rs.5,000 crore for the year 2011-12. Once all the states become NRLM compliant, the requirement of funds will go up. The Ministry is also expecting that the World Bank may provide Rs. 500 crore for NRLM during 2011-12.

Pradhan Mantri Gram Sadak Yojana (PMGSY)

Target set under Rural Road Component of Bharat Nirman have to be achieved by March, 2012. As on September, 2010, out of 54,648 eligible habitations, projects have been sanctioned for 53,570 habitations. Projects for the remaining 1,078 habitations are to be sanctioned for want of DPRs from a number of States. Furthermore, projects for connecting habitations eligible under PMGSY in Left Wing Extremism (LWE) affected areas are also to be sanctioned on priority basis as decided by the Task Force on LWE chaired by the Cabinet Secretary. Secretary, Planning Commission regularly monitors the progress of road connectivity in LWE districts.

As on 30th September, 2010 projects worth Rs. 1, 17,285 crore have been sanctioned under PMGSY to connect habitations and to upgrade existing roads. As on 31st September, 2010, Rs. 72,294 crore has been released and about Rs.10, 000 crore is likely to be released during November, 2010 to March, 2011. Thus there would be a gap of about Rs. 34,991 crore as on 1st April, 2011 for these sanctioned projects.

Based on these requirements, the funds requirement of Rs. 28,000 crore (Rs. 25,789 crore cess and budgetary support and Rs. 2211 crore for EAP) for 2011-12 has been projected which is bare minimum to avoid the retardation in pace of execution of the projects and to meet the target for Bharat Nirman.

Further, the requirement of funds could be more during the year 2011-12 due to further addition of habitations eligible for connecting under PMGSY in case of LWE affected districts due to relaxation in guidelines *i.e* covering 250 + habitations. Further, some States presently lagging behind in achieving the Bharat Nirman targets at present may pick up in future.

Indira Awaas Yojana (IAY)

The Indira Awaas Yojana (IAY) is a flagship scheme of the Ministry of Rural Development to provide houses to below the poverty line (BPL) families in the rural areas. It has been in operation since 1985-86. Recently, the unit assistance was enhanced with effect from 1.4.2010 to Rs. 45000 in plain areas and to Rs. 48500 in hilly /difficulty areas. In addition, an IAY beneficiary can avail a loan of upto Rs. 20000 at an interest rate of 4% per annum under DRI. With effect from this year, 35 focused Left Wing Extremism (LWE) affected districts have been made eligible for higher rate of unit assistance of Rs. 48500/- 50 lakh houses are required to be constructed every year in case the housing shortage is to be met in five years. For this purpose, the Central outlay of Rs. **17401.82 crore per annum** is required at the proposed revised unit assistance rate of Rs. 45000-50000/-. Because of these changes, the requirement of funds under the scheme is expected to go up, necessity a higher plan allocation.”

Asked about in what way lowering of proposed amount by the Planning Commission will affect the accomplishment of projected task in different schemes, the Department of Rural Development in a written note stated as under:

“Under the allocation based schemes such as IAY and SGSY, the Department of Rural Development has maintained the same level of annual allocation of funds as in the previous year 2010-11. The allocation is tentative at

the BE stage of 2011-12. Planning Commission may be requested to enhance the funds as per requirements of the schemes at the RE stage 2011-12.”

(iii) Preparedness for Twelfth Plan (2012-17)

1.13 The Department of Rural Development has informed that 12th Plan of the Department will be formulated in consultation with the Planning Commission. In this process, Special Working Groups are generally constituted by the Planning Commission to deliberate on the approach, strategy, thrust areas, programmes and other related issues. The Programme relating to wage employment, self employment, rural housing and roads will continue to be the priorities for this.

1.14 When asked whether any Working Group for 12th Plan has been constituted, if so, work done by these Working Groups for special areas, if identified, the Department of Rural Development in a written note informed as under:

“Planning Commission has started the process of constituting Working Groups for the 12th Five Year Plan. For instance, it has set up Working Groups on Empowerment of Scheduled Tribes, Empowerment of Scheduled Castes and on Empowerment of Persons with Disabilities. Secretary (RD) is represented in these Working Groups. However, the Working Group specific to rural development has not yet been constituted.”

1.15 When further enquired in what way the priorities of wage employment, self-employment, rural roads, rural housing are likely to be addressed during Twelfth Plan by the Department of Rural Development, the Department of Rural Development further explained in a written note stating as under:

“The programmes relating to Wage employment, self employment, rural housing and rural roads will continue to be the priorities of this Department.”

II. SCHEME-WISE ANALYSIS

(i) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

1.16 The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of the people in rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work. The Act was implemented in 200 districts in first phase with effect from 2.2.2006. Additional 130 districts of the Country were covered in the second phase during 2007-2008. All the remaining rural areas of the Country have been brought under MGNREGA with effect from April 1, 2008.

Financial performance

1.17 The BE, RE and actuals under MGNREGA during last two years from 2009-2010 onwards are as under:

(Rs. In crore)

Year	BE	RE	Releases
2009-2010	39,100	39,100	33,506.61
2010-2011	40,100	40100	35,768.95

1.18 The position of financial outcome during 2009-2010 and 2010 -2011 are as under:

(Rs. In crore)

Year	Central Releases	Total funds available including Opening Balance	Total expenditure	Per centage of expenditure against total available funds
2009-2010	33,506.61	49,579.19	37,905.23	76.45
2010-2011	35,768.95	49,579.19	39,377.27	

1.19 The Committee wanted to know the reasons for lower expenditure compared to releases the Department of Rural Development in a post evidence reply stated as under:

“Some of the important reasons for low expenditure compared to releases under MGNREGA in States/UTs (Including Uttar Pradesh, Maharashtra, Bihar, Madhya Pradesh, Tamil Nadu and Jharkhand) could be due to carry over of large unspent balances from previous Financial Year (s), relative slump in work demand under MGNREGA due to seasonal aspects, wage differential between marker wage as fixed under MGNREGA.”

1.20 When asked about monthly details of releases and expenditure, the Department of Rural Development in a written note stated as under:

(Rs. In crore)

Month	Releases	Expend.
April, 10	9986.41	0.00
May, 10	10000.00	3247.68
June, 10	14020.50	5627.85
July, 10	14763.21	9365.87
August, 10	17426.90	12126.96
September, 10	17791.60	15133.48
October, 10	22995.61	16851.30
November, 10	23591.66	18979.25
December, 10	24240.87	20854.46
January, 11	29614.90	23238.58
February, 11	33808.50	26099.79
March, 11*	35841.49	30954.04

1.21 The issue of allocating Rs.40, 000 crore for MGNREGA against the proposed amount of Rs.64, 022 crore during 2011-12 also came up for discussion before the Committee. The Committee pointed out that in the light of rising inflation and indexing wage rate under MGNREGA (which constitute nearly 50 per cent of rural development funds) with Consumer Price Index for Agriculture Labour, the actual demand of funds may increase manifolds and whether any exercise has been done to revise the funds requirements for inclusion in supplementary budget, the Department of Rural Development in a written note stated as under:

“For the financial year 2011-12, a demand for Rs.64022 crore was made in the Annual Plan 2011-12 for implementation of Mahatma Gandhi NREGA. This demand was made keeping in view the revision of wage rate and expected increase in outreach of households with a national average of 60 days of employment per household during the year. Against this, the actual budget allocation is Rs.40000 crore for the current year.

As Mahatma Gandhi NREGA is demand based, requirement of funds and employment generation depends on demand for work. Funds are released to the districts/states on the basis of agreed to Labour Budget which is finalized before the beginning of the financial year. Under the Act, Central Government is committed to bear the entire expenditure towards wages paid to the unskilled manual workers along with other expenditure as per the provisions of the Act. In case more funds are required by the States/districts, they may revise their labour budget and ask for additional funds.”

1.22 Explaining the requirements of funds for MGNREGA, its provisioning in the context of need for the rural areas, the Secretary of the Department stated during evidence:

“.....Our Budget is based on labour budget and the cost of our labour budget was to Rs.64, 164 crore. Based on previous years labour budget which the State Governments prepare and give to us and there is a process involved in preparation of labour budget wherein first of all labour budget will be prepared by ward Panchayats, thereafter, it will be approved by Gram Sabha and then through the medium of State Governments that comes to Central Government, we approved that Last year the labour budget of Rs.64116 crore and our responsibility was Rs.61, 669 crore. In addition to it, we thought that in view of wage rates being raised and will further rise. We after factoring in our wage rates demanded Rs.65, 000 crore. However, I want to assure the Committee that we have held detailed discussion with Ministry of Finance and after the detailed discussions, the Ministry of Finance had already told that the Programme is based on demand and as such it is demand driven and if you will require additional funds that additional funds will be readily given by Ministry of Finance. Therefore, our concern is that State Governments should utilize this amount. Last year. I ignoring the objections raised by the Ministry of Finance issued a Special Circular saying that based on demand and their utilization the funds should be given. So this arrangement we had made and it is also seen that huge amount of about Rs.14,000 crore is unspent. So here lies a problem of utilization. This problem is not of allocation as per demand and the Department will be glad I will be glad if any State Government utilizes its share that has been given in First term of labour budget and utilizes it in two months and returns to us saying that give us additional amount, if happens, I will be extremely happy.”

1.23 The Committee pointed out that (i) as against the provision of 100 days of guaranteed employment under MGNREGA, average employment being given under the scheme was 50 days and out of 11 crore job card holders in the Country, the average employment given was only 5 crore job card holders. (ii) The official figures stating that in populous States like Uttar Pradesh, Bihar and Chhattisgarh only 6 per cent to 8 per cent of the total households demanded employment. (iii) Section 7 of MGNREGA providing for wages to the beneficiaries if demanded employment is not given is not been followed in true spirit among the needy. Clarifying these issues the Secretary, Department of Rural Development deposed before the Committee:

“Madam, lot of questions have come up. Some are special and majority are policy related. I will try to answer one by one. First of all, I in my submission had referred MGNREGA Scheme I would like to read Section 4 of the Act which says

“For the purpose of giving effect to the provisions of Section 3, every State Government shall, within one year from the date of commencement of the Act by notification make a scheme for providing not less than 100 days of guaranteed employment in a financial year to every household in the rural areas covered.”

“But, wherever there are shortcomings, weaknesses, I have accepted these.”

1.24 He further added:

“It is also true that 11.6 crore job cards were prepared. Out of these around 6 crore job cards are being implemented rest 6 crore job cards are not being implemented. It is our concern as to why these are not being implemented’.

1.25 On the issue of true reach of Section 7 of the MGNREGA law, the Secretary, Department of Rural Development admitted before the Committee:

“I entirely agree that Section 7 (of the MGNREGA Law) where there is a provision of compensation (to the beneficiary) for non-allotment of work or there is a provision of compensation for non-payment of wages in time, is not being followed and reason behind it that payment of compensation is to be given through State Governments. We number of times have been writing to them and number of Committees have expressed their concern. However, in this direction appreciable work has not been done. However, I feel that by next year, when we will be before you this Department on the area of use of biometric will be moving some way ahead and with that whoever engaged in MGNREGA work will be able to register one’s demand, he will get payment and necessary measurement will be done on that basis. So we are working in that direction.”

1.26 On being suggested by the Committee that the shortfall in labour demand could be met by way of convergence of labour component of different Centrally Sponsored Schemes (CSSs) like schemes for construction of hospitals, schools, irrigation works, roads etc., the Secretary, Department of Rural Development stated as under:

“It is true that all our programmes that are being implemented, this year the Planning Commission is preparing for reducing these. In all our programmes there should be a linkage so that these can be useful. We want convergence with agriculture, horticulture and fisheries. In this direction as I had already requested, we are doing preparations for it. In Punjab agriculture is a problem. In Punjab and Haryana, I myself went and I have stayed in number of villages. I found that there is a class of people, I do believe, that still wants work. There whatever are the high wage rates, these are seasonal which have been mentioned by the Hon’ble Member. Besides, this there is enough scope for MGNREGA. We have taken up this issue with State Governments.”

1.27 He added:-

“If all the States put together can do a simple thing under Section 1 (d) of upgrading their private lands, land given to SCs/STs, Small and Marginal farmers and those who got land under Land Reforms Programme, the MGNREGA can run very efficiently. Small and marginal farmers and those which have got land under land reform programme, if there are upgraded; this programme can be run very efficiently. I have been in Barmer district, there individually they have constructed tanks and their work under MGNREGA has been in a very big scale and section of Society has also been benefited by the programme.”

1.28 Explaining it further, the Department of Rural Development in a written note in reply to a query has also stated as under:

“Scope of the works has been enhanced by allowing works provided in para 1 (iv) of the permissible list of activities on the lands owned by small and marginal farmers. Construction of Bharat Nirman Rajiv Gandhi Sewa Kendras as Village Knowledge Resource Centre and Gram Panchayat Bhawan at Gram Panchayat level has been included as a permissible activity under the Act. Joint convergence guidelines for convergence of rural development programmes of Ministries of Environment & Forests, Agriculture; Water Resources; Deptt. of Land Resources; SGSY & PMGSY programmes of Department of Rural Development with NREGA have been issued.”

1.28 A The issue of bringing in large number of tradition artisan, leather workers under MGNREGA was also come up for discussion. In this connection, the Committee pointed out that under Schedule I of MGNREGA Act, nine kinds of ‘permissible works’ have been defined. In this connection a suggestion has come before the Committee that in view of large number of traditional skills available in the country like artisans, leather workers, blacksmiths, ironsmiths, clay potter makers etc and there is a threat of these skilled worker giving up their traditional occupation and are becoming unskilled labour for cutting stones, the Programme MGNREGA should include large variety of skills prevalent all over India and should also take into cognizance the fact that in many of these skills and traditional technologies, work is done in a cooperative fashion with different members of the family who have responsibility for distinct tasks. This reality should not be ignored.

1.28 B In this connection, the Committee wanted to know in what way these traditional skills can be brought under MGNREGA and for this whether the ‘permissible works’ under MGNREGA be enlarged to include the above class of tradition skilled people. In a post evidence reply the Department of Rural Development informed as under:

‘The proposal to include skill development as a permissible work under MGNREGA was considered by the MGNREGA Central Employment Guarantee Council in its 14th meeting held on 23.6.2011 and majority opinion was against broadening the scope of works under MGNREGA to include skill development. The Council felt that skill up-gradation and employment of skilled labour can be done through other existing programmes of the Government like the National Rural Livelihood Mission (NRLM) of the Ministry of Rural Development.’

1.28 C The issue of impact of household norm for the purpose of employment under MGNREGA to joint family system in the country also came up for discussion before the Committee. In this connection the Committee pointed out that the objective of MGNREGA is to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto. The terms ‘household’ as defined under Section 2 (f) means the members of a family related to each other by blood, marriage or adoption and normally residing together and sharing meals or holding a common ration card. The Committee enquired that in the light of the existing provisions whether this provision of MGNREGA programme may become

responsible for the breaking up of the joint family system in the rural areas. The Department of Rural Development in a post evidence reply stated as under:

'There are no reports that the provisions in MGNREGA have led to break up of joint family system in rural areas.'

1.29 On the question of empowering Panchayats for the effective implementation of the Schemes, the witness stated as under:

"... I had been Additional Secretary in the Ministry of Panchayati Raj. I also had been Joint Secretary in that Ministry. Ministry of Panchayati Raj says that the role of Sarpanch is same as of Chief Minister of the State. But, there is no Secretary. For instance in some States for five Panchayats there is one Panchayat Secretary....

..... we have told all the State Governments that you from our 6 per cent administrative cost can appoint Panchayat Development Officer who can be MBA. I myself had been to Gulbarga District there I found that one Post Graduate is doing the work of a Panchayat Sewak and all Sarpanch have reposed confidence on him and I felt that Panchayat Office is working just like an Office. So we have asked them for this kind of arrangement that you can appoint a Panchayat Development Officer, one junior Engineer. For these we are ready to pay salaries. There is no conflict in between my views and that of the Ministry. Unless the Panchayats are empowered, this programme can't run smoothly at grassroots levels....."

1.30 During the course of evidence of the representatives of Department of Rural Development, the Committee also pointed out that in States like Rajasthan, Madhya Pradesh and Chhattisgarh etc. there is a demand that instead of 100 days of guaranteed employment, the actual demand should be 150 to 200 days. The Committee wanted to know the difficulty in increasing number of days on the suggested lines and what prohibited the Government for giving more than 100 days of guaranteed employment, the Department of Rural Development in a written reply stated as under:

"The Mahatma Gandhi NREGA provides for supplementary wage employment to ensure livelihood security. Productive absorption of under employed and surplus labour force in the rural sector has always been a major focus of planning for rural development. The situation of unemployment has been compounded by the absence of any social security mechanism. Mahatma Gandhi NREGA intends to provide the social security mechanism for the days which is beyond the period of engagement in agriculture. Any increase in number of days of guaranteed employment will create a competitive disadvantage towards agricultural productivity.

It is further stated that the average persondays demanded has been around 50 days a year since the inception of MGNREGA. At present extending the guaranteed days of employment beyond 100 days may not be utilized at all. However, the sub-section (4) of Section 3 provides that the Central Government or the State Government may, within the limits of its economic capacity and development, make provisions for securing work to every adult member of a household under a Scheme for any period beyond the period guaranteed under sub-section(1), as may be expedient.

The wage rate notification dated 1st January, 2009 was issued by the Ministry notifying minimum wages notified for agricultural labourers by States as of December 1st,

2008 as the wage rate under section 6(1) of the Mahatma Gandhi NREG Act, 2005. These wage rates formed basis of all subsequent revisions. The wage rate in respect of all State Governments/UTs have been fixed under a settled wage policy of the Government of India. Vide notification dated 14th January, 2011, revised wage rate based on indexation to Consumer Price Index for Agriculture Labour have been notified. It has led to a situation where MGNREGA wage rate is more than minimum wage rate for agricultural labourers in 27 States.

The food security of the masses is directly linked with the agricultural productivity. The increase in number of days of guaranteed employment and increased wage rate in comparison with minimum wage rate for agricultural labourers will create undesirable competition for agricultural works and in turn, may affect the agricultural productivity adversely. It would however, be desirable to have a national consensus on such a decision having a far reaching impact.”

1.31 When asked whether the view of the Ministry of Law has been taken on the issue of enhancing number of days of guaranteed employment under MGNREGA the Department of Rural Development in a written reply stated as under:

“This matter is not under consideration of the Government.”

(a) Monitoring of MGNREGA

1.32 The issue of dismal performance of completion of work under MGNREGA figured in Lok Sabha during the course of discussion of Demands for Grants (2011-12) of Department of Rural Development. The main issues highlighted in the discussion inter-alia were

- (i) Very low percentage of completion of works under MGNREGA;
- (ii) Creation of non-durable assets under the programme, and;
- (iii) Non adherence to guidelines e.g. use of machines is prohibited under MGNREGA but these are being followed.

1.33 The Committee wanted to know why was low level of completion of works reported in MGNREGA, particularly when amount spent was full, the Department of Rural Development in a written reply clarified as under:

“From the financial year 2010-11, all States have been asked to furnish information on MIS. It takes time to digitize the entire information and place it on the website. Therefore, data reported on the web site generally is not updated because of different level of adaptability of MIS by the States.

There is a lag between physical and financial closure of works due to late submission of project completion report (PCR) and squaring of accounts at different levels- Gram Panchayat and Block level.

Some works are abandoned due to non-feasibility encountered at a later stage e.g. detection of hard rock boulder in digging of Well. Since works are subject to audit only after their completion, there is a tendency on part of the implementing agencies not to close them to avoid audit.

A Circular dated 21st January, 2011 has been issued to all the States/UTs to complete on-going works within a given time-frame and indicate progress of works taken up and completed in the proposal of labour budget.”

1.34 The Committee also enquired as to why complaints of sub-standard and non-durable assets under MGNREGA are coming when the Department of Rural Development claimed that everything is alright based on social audit reports, the Department of Rural Development in a written reply stated as under:

“The Act aims to enhance the livelihood security of the poor households by providing 100 days of guaranteed supplementary wage employment. However, in doing so, creation of durable assets and strengthening of livelihood resource base have to be kept in mind.

The lack of technical personnel at the various level of implementation has sometimes resulted in creation of sub-standard and non-durable assets. The States have been advised to engage sufficient number of technical staff at all levels. In fact, it has been stated that there should be minimum of two engineers for 6000 population of rural households and for hilly areas it is 3000 households (Circular dated 3rd May, 2010).

The Social Audit has not worked as efficiently as it was expected except in few States like Andhra Pradesh, wherein, substantial detection and recovery has been made in course of social audit related to works.

The Government has notified MGNREGA Audit of Scheme Rules, 2011 in the Gazette on 6th April, 2011 for inviting objections and suggestions from the public within one month for finalization of the Rules.

Inadequate awareness and capacity of the stakeholders like MGNREGA workers, the staff and officials involved in the implementation of MGNREGS at grass root level is a serious constraint resulting into creation of sub-standard and non-durable assets. Initiatives like hand holding with the Nehru Yuvak Kendra, in addition to extensive IEC campaign, are being undertaken.”

1.35 The Committee further enquired as to whether social audits are genuine or these are again eye wash, the Department of Rural Development in a written reply stated as under:

“The Act provides under Section 17(2) that the Gram Sabha shall conduct regular social audits of all the projects under the Scheme taken up within the Gram Panchayat. Further, sub-clause (XI) of Clause 13(b) provides for public participation to the extent of attending the social audit as observer but without intervening the proceedings of the social audit.

The common perception arising out of the provisions of the Act is that the authority responsible for spending the money is auditing the expenditure as well and there cannot be

participation from outsiders like NGOs, CSOs etc. In absence of capacity and expertise with the members of the Gram Sabha to conduct social audit in true spirit, the social audit has not yielded the desired results so far.

The Government of India has taken cognizance of this shortcoming and has published in the Gazette MGNREGA Audit of Scheme Rules, 2011 on 6th April, 2011 for inviting objections and suggestions from the public within one month for finalization of the Rules. It took some time because of intensive as well as extensive consultation with C& AG, National Advisory Council and leading CSOs.”

1.36 When asked about how far the Alternative social audit is practicable, the Department of Rural Development in a written reply stated as under:

“Section 17(2) of Mahatma Gandhi NREGA provides that Gram Sabha shall conduct social audit of all projects taken up within a Gram Panchayat. Regular monitoring of the progress of the Act and feedback from various sources has however, raised doubts about the conduct of social audits by the Gram Sabha. MGNREGA is being implemented through Panchayati Raj Institutions (PRIs) and funds are transferred to PRIs through State Governments. The Central Government is committed to transparent implementation of the Act. Sub-section (2) (e) of Section 31 read with sub-section (1) of Section 24 of the Act mandates the Central Government to make rules, in consultation with Comptroller & Auditor General of India (CAG) to prescribe appropriate arrangements for audit of the accounts of the Schemes at all levels. Accordingly, the Ministry has prepared Draft Audit of Schemes Rules and these were referred to Comptroller & Auditor General for comments. A Working Group had been constituted to examine the comments received from the CAG. The draft rules modified on the basis of comments of CAG and views of the Working Group has been vetted by Ministry of Law & Justice and have been published in the Gazette for inviting objections and suggestions from the public. The salient features of the draft Rules are as under:-

- (1) Social audit facilitation. The State Government shall establish a Directorate of Audit of Schemes under MGNREGA to facilitate and oversee the process of audit of accounts including the social audits throughout the State and act as a co-coordinator between the Comptroller and Auditor General and State Accountant General (Audit).
- (2) The Directorate of Audit shall select the resource persons from community and other civil society organisations at district level and at State level who are having knowledge and experience of working on strengthening and establishing the rights of people at the grassroots and provide training in social audit processes, scrutiny and analysis of documents, physical verification of sites or stock of materials, preparation of reports, recording of proceedings of social audit.
- (3) The Social Audit shall be a process independent of any process undertaken by the agency implementing the Scheme.
- (4) The implementing agency at no time, whether prior to, during or after the conduct of social audit, interferes with the Social Audit.
- (5) All public representatives and staff involved in implementing the Schemes under the Act (including the staff of the Non-Governmental Organisations, the Self

Help Groups, etc., if any), involved in implementing Schemes shall be present at the Gram Sabha to respond to queries. The Gram Sabha will provide a platform to all villagers to seek and obtain further information and responses from the resource persons, public representatives and officials.

(6) The person appointed by the Comptroller and Auditor General may be present at the Gram Sabha conducting social audit and may provide information and clarifications (including details of audit findings and observations) relating to the implementation of the Schemes at the Gram Sabha and he may also facilitate the social audit process.

(7) The Social Audit shall be an open and inclusive Gram Sabha to encourage broad based public participation.

(8) The Gram Sabha conducting the Social Audit shall be presided over by a person, who is not directly or indirectly, involved in implementation of the Scheme under the Act.

(9) The labourers and village community shall be informed about the Gram Sabha and for conducting Social Audit by the social audit resource persons as well as the Administration to ensure full participation. Creating awareness amongst the labourers about their rights and entitlements under the Act will be an important part of the Social Audit Facilitation.

1.37 On the issue of use of machine in MGNREGA works the Committee enquired as to why strict action is not taken for use of machines for MGNREGA works, the Department of Rural Development in a written reply stated as under:

“The use of Machinery in implementation of MGNREGS is strictly prohibited as per the provisions of MGNREG Act. However, the Ministry has been receiving complaints from various sources regarding use of machinery under the Act. Such complaints are immediately forwarded to the concerned State Government for investigation and taking action against the responsible person in accordance with the law. For investigation into complaints of serious nature, National Level Monitors are deputed by the Ministry and their reports are analyzed and findings are forwarded to the concerned State Government for taking corrective measures.

The Ministry has issued instructions under Section 27 of the Act to States regarding stoppage of funds in case of any violation of the provisions of the Act in its implementation.

1.38 The Committee also wanted to know whether the Department is going to overhaul the MGNREGA scheme by way of addressing issues of regional imbalances, talking to States about framing of schemes so that money spent by Centre is not wasted on non-durable assets, the Department of Rural Development in a written reply stated as under:

“Under Section 3 of the Act, it is incumbent upon the State Governments to formulate Schemes. The Act aims to enhance the livelihood security of the poor households by providing 100 days of guaranteed supplementary wage employment.

However, in doing so, creation of durable assets and strengthening of livelihood resource base have to be kept in mind.

The MGNREGS is demand driven, which is generated due to state specific agronomical reasons, which varies from State to State. It reflects in the labour budget based on which funds are released to the States.

The Ministry is getting regular feedback about implementation of Mahatma Gandhi NREGS from the States in Performance Review Committee meetings, from Eminent Citizens, by field visits of Central Employment Guarantee Council members. It has brought certain issues of regional imbalances about non-creation of durable assets. In appreciation of these issues, the Ministry did set up Working Groups to recommend measures for strengthening the implementation of MGNREGS. The Working Groups are Working Group on Planning and Execution, Working Group on Wages, Working Group on Transparency & Accountability, Working Group on Capacity Building, Working Group on Specific Needs of specific category of workers and Working Group on Works to be taken up on individual Lands. The recommendations of the Groups have been shared with the States for implementation.

Anomalies in the implementation of the Act have been identified and action has been taken to rectify these anomalies. Action taken in this regard relate to strengthening of the implementation system by deployment of dedicated technical and non-technical staff with the implementing authorities. The Ministry has enhanced administrative expenses under the Act in order to meet expenses on salaries of such dedicated staff and States have been asked to fully utilize these funds by deploying adequate staff.”

(b) Payment of wages under MGNREGA

1.39 When asked about how far the schemes like Business Correspondent envisioned by the Department for needs of payment of wages can solve the problem without opening Bank Branches and Post Offices near work sites, the Department of Rural Development in a written reply stated as under:

“Disbursement of wages through Post Offices & Banks in compliance with the provisions of Mahatma Gandhi NREGA is very often impacted due to inadequate outreach of Post Offices and Banks. The issue of widening outreach of both Post Offices & Banks has regularly been taken up with Department of Posts and Department of Financial Services. However, to ensure due compliance with the statutory provisions, adoption of business correspondent was mooted by the Ministry. However, States approached the Ministry and informed that Banks have asked for service charge of 2% for rolling out the business correspondent model in unbanked areas. Accordingly, Ministry took up the issue of waiver of 2% service charge in case of adoption of business correspondent model for disbursement of wages under the Mahatma Gandhi NREGA with Department of Financial Services, which in turn raised the issue with Banks.

Based on the consultation with Banks, Department of Financial Services submitted the proposal for payment of Rs.80/- per annum per account as remittance charges for a period of three years. The Ministry agreed to the proposal of Department of Financial Services. As payment of wages in time is crucial to comply with the statutory provisions, Department of Financial Services asked the Ministry to indicate stipulated time within which MGNREGA wages are required to be disbursed. The time schedule furnished by the Ministry was shared with Banks by the Department of Financial Services. Banks

brought out that the payment of wages to the workers are seamless where the funds are made available to the paying Bank on the date the payment instructions are given and the Banks on the core Banking solution. However in cases where the payment instructions are given by way of manual lists or the accompanying pay order is by way of a cheque drawn on a different Bank, a minimum of 5 days or even more would be required.

Accordingly, the matter was discussed in a meeting with Department of Financial Services. Based on the discussion and to ensure timely payment of wages to workers, it was suggested that a Consultative and Coordination Committee may be formed to resolve the performance standard requirements to be laid down for Banks for providing timely wage payments to MGNREGA beneficiaries.

Reserve Bank of India has also laid down financial inclusion targets and appointment of Business Correspondent by the end of 2012. Accordingly the Ministry is regularly in touch with Department of Financial Services to expedite adoption of business correspondent model.”

1.40 The Committee wanted to know how the role of middlemen can be eliminated who take money meant for uneducated poor the beneficiaries under MGNREGA, the Department of Rural Development in a written reply stated as under:

“The role of middlemen has been contained to a large extent after the payment of wages has been made mandatory through Post Offices & Banks. However, it is envisaged that with the adoption of ICT-biometric system of attendance on site, improved social audit mechanism and capacity development of Mahatma Gandhi NREGA workers, role of middlemen may be eliminated completely.”

1.41 In reply to a query from the Committee about implementation constraints in MGNREGA, the Department of Rural Development in a written note has spelt out the following implementation constraints in MGNREGA:

(i) Devoted staff for implementation at district, block and Gram Panchayat (GP) level is less than that is needed, (ii) supervision and monitoring is not systematic and regular, (iii) documentation of prescribed forms and reports is not maintained properly, (iv) IT based MIS is not fully operational in many districts, especially in North East region, (v) delayed payment of wages, (vi) nonpayment of unemployment allowances and (vii) job cards, muster roll and measurement books are not up to date, (viii) social audit is not properly conducted and (ix) lack of application of grass-route level planning.

(ii) Pradhan Mantri Gram Sadak Yojana (PMGSY)

1.42 The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched on 25 December, 2000 as a 100 per cent Centrally Sponsored Scheme. The Programme seeks to provide connectivity to all eligible unconnected habitations in the rural areas with a population of more than 500 persons through good All-weather roads. In respect of the Hill States (North-East, Sikkim, Himachal Pradesh, J&K, Uttarakhand), Tribal (Schedule-V) areas and the Desert (as identified in Desert Development Programme) areas, the objective would be to connect habitations with a population of 250 persons and above. Recently, the Programme Guidelines have been amended to extend the coverage under the Programme to habitation having population of 250 persons and above in the 60 districts identified by Planning Commission for implementation of Integrated Action Plan (IAP) for selected backward and Tribal districts. 1,68,268 habitations were eligible for coverage under the programme, out of which 31,804 habitations have been reported either connected under other schemes or not feasible. Therefore, 1,36,464 habitations were targeted for providing road connectivity under PMGSY. The Programme also has an 'Upgradation component with a target to upgrade 3.75 lakh km. of existing rural roads (including 40 per cent renewal of rural roads to be funded by the States) in order to ensure full farm to market connectivity.

The 'rural roads' have been identified as one of the six components of 'Bharat Nirman' with a goal to provide connectivity to all habitations with a population of 1000 persons and above (500 persons and above in the case of hill States or Schedule V tribal areas) with an all-weather road. The Programme also has an 'Upgradation' component with a target to upgrade 1.94 lakh km. of existing rural roads (including 40 per cent renewal of rural roads to be funded by the State) in order to ensure full farm to market connectivity. Based on ground verification by States, 54648 habitations are targeted to be connected under Bharat Nirman by March, 2012.

(a) Financial Performance

1.43 The allocation, releases and expenditure for 2008-2009, 2009-2010 and 2010-2011 and allocation for 2011-12 in respect of PMGSY is as under:

(Rs. in crore)

Year	Allocation	Releases	Expenditure
2008-2009	15,280	15,280	15,162
2009-2010	17,840	17,840	18,833
2010-2011	22,000	13,641 (upto December, 2010)	15479 (upto January, 2011)
2011-2012	20,000	-	

1.44 The amount proposed by Department of Rural Development vis-à-vis amount allocated during Tenth and Eleventh Plan are as under:

(Rs. in crore)

Plan	Amount proposed by the Ministry of Rural Development	Outlay provided
Tenth	55,000	17,787
Eleventh	1,07,492.50	86,120

(b) Physical performance

1.45 The target vis-à-vis achievement under PMGSY during the last two years has been as under:

	2008-2009		2009-2010	
	Target	Achievement	Target	Achievement
Habitations (in NOs.)	18,100	14,454	13,000	7,896
Length for new connectivity (in Kms)	36,720	28,151	30,000	24,662
Length for upgradation (in Kms)	29,720	24,254	25,000	35,455

1.46 As regards, targets vis-à-vis achievement during 2010-2011, the Department of Rural Development has given the following figures:

	Target	Achievement
Habitations to be connected	4,000	3,949 (upto December, 2010)
Length of road to be completed	34,090	28,963 (upto December, 2010)

1.47 About fund requirements for PMGSY during 2011-2012 the Department of Rural Development in a written note stated as under:

“Absorption capacity of the States has increased manifold during the last few years. To sustain this, adequate funds are required for achieving the physical targets. Minimum funds requirement for the year 2010-12 is Rs.54, 000 crore. Planning Commission and Ministry of Finance are being requested to be the needful and increase the budgetary support so that physical pace of implementation does not slow down.”

1.48 The Department of Rural Development in a written note giving the latest figures about PMGSY scenario stated as under:

“Target set under Rural Road Component of Bharat Nirman have to be achieved by March, 2012. As on September, 2010, out of 54,648 eligible habitations, projects have been sanctioned for 53,570 habitations. Projects for the remaining 1,078 habitations are to be sanctioned for want of DPRs from a number of States. Furthermore, projects for connecting habitations eligible under PMGSY in Left Wing Extremism (LWE) affected areas are also to be sanctioned on priority basis as decided by the Task Force on LWE chaired by the Cabinet Secretary. Secretary, Planning Commission regularly monitors the progress of road connectivity in LWE districts.

As on 30th September, 2010 projects worth Rs. 1, 17,285 crore have been sanctioned under PMGSY to connect habitations and to upgrade existing roads. As on 31st September, 2010, Rs. 72,294 crore has been released and about Rs.10, 000 crore is likely to be released during November, 2010 to March, 2011. Thus there would be a gap of about Rs. 34,991 crore as on 1st April, 2011 for these sanctioned projects.

Based on these requirements, the funds requirement of Rs. 28,000 (Rs. 25,789 crore cess and budgetary support and Rs. 2211 crore for EAP) for 2011-12 has been projected which is bare minimum to avoid the retardation in pace of execution of the projects and meet the target for Bharat Nirman.

Further, the requirement of funds could be more during the year 2011-12 due to further addition of habitations eligible for connecting under PMGSY in case of LWE affected districts due to relaxation in guidelines *i.e* covering 250 + habitations. Further, some States presently lagging behind in achieving the Bharat Nirman targets at present may pick up in future.”

(c) Role of Panchayats as fourth tier for quality of PMGSY roads:

1.49 During the course of evidence of the representatives of the Department of Rural Development, the important aspect of involving PRIs as fourth tier for monitoring of quality of PMGSY was raised. The Committee pointed out that quite often there are complaints about poor quality of PMGSY roads which are supposed to be quality wise so strong that for five years there is no scope of their repairs. However, in some occasions it so happened that on a complaint nobody listens because the contractor who has constructed the road has strong links at higher level Officers and because under the system there is an absence of role of Panchayat for supervision of quality. The Committee wanted to know about any perceived role for Panchayats as a fourth tier, first, second and third tiers being District, State and National level quality Monitors for ensuring the people participation in PMGSY road work and thereby ensuring rural connectivity in rural areas is especially in Tribal and in Scheduled Five areas that are largely affected by naxalism, a representative of Department of Rural Development submitted as under:

“You have raised the point of Joint Forest Management Committee wherein the representatives of Gram Panchayats would be there. In that after holding consultations with State Governments because it is a very important institution and is wide spread, in many area JFMCs are doing good work, we want to be benefited by these intuitions. If their vigil will be on PMGSY, I understand that PMGSY road will also be good.”

(d) Issue of coverage of habitations of 500 and more

1.50 The Committee pointed out that the original objective of PMGSY scheme launched in December 2000 was to provide all-weather road connectivity in rural areas with population of 250 person, then to 500 and thereafter 1000 persons. The Committee also pointed out that with the

start of Bharat Nirman in 2005, the original objective of PMGSY has not received desired attention as it ought to have been because of change in coverage of eligible habitations with a population of 1000 leaving the original objective in the mid of the course. The Committee enquired whether PMGSY will be closed in several States in many districts where the work of connecting the habitations of 1000 population has been completed. The Committee also wanted to know whether all the States/Districts will not get PMGSY funds till all the unconnected habitations with 1000 population are connected. The Committee also wanted to know the reasons for stopping the road works of connecting habitations with population of 500 last year in States like Madhya Pradesh and as a result all such States being in disadvantageous position. A representative of the Department of Rural Development submitted as under:

“...One issue that has been raised more than one occasion is what action is being taken for connecting broadly with population of 500-999 since Bharat Nirman connects habitations with population above 1000 persons. I can give you one example that during 2010-2011 under Bharat Nirman we have connected 3840 habitations. We have connected 3600 habitations also which are outside Bharat Nirman”....

1.51 He further elaborated

“Second question was what is the current policy for connecting habitations with population of 1000. From Madhya Pradesh, Uttar Pradesh, Rajasthan and some other States this question has been raised. My request is when the Bharat Nirman programme was started in 2005 there have been some sanctions which by some reason or other might not have been completed. Their number is not many and under rules we should have closed these in different States. But State Governments told us that because of forest clearance or remoteness of the place connecting those was not possible thus those were not brought in for those habitations also we have given time upto September so that these are connected....”

1.52 The Committee also wanted to know the stand of the Ministry on the coverage of habitation below 1000 population a representatives of Department of Rural Development clarified stating as under:

“Madam, sanctions are not being given, however, some sanctions date back earlier period, new sanctions are being given under World Bank.”

1.53 At this the Committee further asked why sanctions are not being given or does it mean PMGSY is closed and Bharat Nirman is working. The Committee also pointed out whether the Ministry is not working on PMGSY because as against the initial targeted habitations of 1.36 lakh the present target is only 54 000 habitations because habitation below 1000 have been left out. The Secretary, Department of Rural Development deposed before the Committee stating as under:

“You are amply clear that initially it was PMGSY Scheme.”

1.54 At this the Committee further asked that if it was so the Ministry should issue a declaration that PMGSY has been closed and whatever is being done is for Bharat Nirman, the Secretary, Department of Rural Development further submitted:

“No, Madam, I will explain it that initially it was PMGSY. Thereafter, in 2005, we decided a priority that habitations with 1000 population will be taken first and PMGSY will be taken later and we named it ‘Bharat Nirman’. Bharat Nirman and PMGSY both programmes were run very concurrently.”

1.55 On being further asked as to both the programmes are being implemented, the Secretary, Department of Rural Development further explained

“Madam, both works were started I can give statistics for this. Thereafter it is so happened that both the works we issued work orders during 2010-2011 and 2011-2012. For PMGSY and for Bharat Nirman both we simultaneously issued orders. Our committed liability was Rs.60, 000 crore against which we did not have proper funds. Therefore, for the time being a provision was made that since the Bharat Nirman works are to be completed before March, 2012, we, therefore, will firstly give sanction to Bharat Nirman works because a situation was arising that the moment we gave sanction and State Governments issued work orders and their one installment was released. Thereafter, we could not give funds to these works.... Therefore, we had merely fixed a priority and there is nothing showing that work of PMGSY has been stayed/stopped...”

1.56 The witness added: -

“the preparation for Twelfth Plan has begun and again we are going before the Planning Commission. We have made so many presentations before the Planning Commission and Planning Commission has accepted that it is a very important programme. We hope that during Twelfth Plan at least PMGSY and Bharat Nirman both the two programmes are completed. In this direction, we require your assistance. If this Committee resolves that whatever funds would be required, these would be made available and during Twelfth Plan this would be definitely completed so we would be greatly helped. This much I can submit”.

1.57 On being asked by the Committee whether Bharat Nirman has hampered the PMGSY, the Secretary, Department of Rural Development clarified:

“I very humbly submit that Bharat Nirman and PMGSY are not different programmes. Programme is one. Basic programme is PMGSY. Merely for want of funds as we initially had submitted that Department’s hand should be strengthened and it should be taken up with increased funds. I do admit that since there is scarcity of funds and many States are coming before us with PMGSY proposals and we are unable to sanction these. But it does not mean that we have stopped PMGSY Programme. We are still implementing PMGSY. In our naxal affected areas we are implementing it...”

(e) Participation of Panchayats/People's representatives in planning and implementation of PMGSY works.

1.58 The Committee wanted to know the role/participation of people's representatives in implementation of PMGSY Scheme is not ensured, the Secretary, Department of Rural Development said that

"We have issued Circulars. The first point that we have stated in the Circulars that the national quality monitors who are deputed by the Government of India have to contact the hon. MPs before their visit and before leaving they have to confirm with them telephonically. They will also inform their programme to the hon. MPs either by telephone or by fax, and in case the hon. MP wishes to be present at the time of inspection either in person or through some representative, they should be allowed of habitations."

1.59 When further enquired about the role of Gram Panchayats in decision making the Secretary, Department of Rural Development clarified

"There is a laid down system as to how the transect walk would be made. The alignment of the road will be decided in consultation with the local people."

1.60 He further added

"Sir, the design has been so prepared, which has been reinforced by our circular that how the transect walk will be conducted. In that, the Gram Panchayat and other members of the Panchayat are contacted and they are requested to for a walk through right from the point outside the village to the point where they want the Centre to be located. The Gram Sabha is fully taken into confidence. So that is very clear. We can further reiterate this and take this point. But the circulars are clear. We just want to enforce them. We have said that the photographs of the hon. MPs, the Members of the Gram Sabhas and other; when the DPRs come, those photographs have to be there. In the case, the photographs are not there, we will not accept their proposals; we will not fund their proposals till they carry it out in the proper way."

(iii) Indira Awaas Yojana (IAY)

1.61 This scheme is implemented since 1985-86 to provide financial assistance for construction/upgradation of dwelling units to below poverty line (BPL) rural households belonging to the Scheduled Castes, Scheduled Tribes and freed bonded labourers categories. From the year 1993-94, the scope of the IAY has been extended to cover below the poverty line Non Scheduled Castes/ Scheduled Tribes families in the rural areas. IAY was delinked from the Jawahar Rozgar Yojna (JRY) and made an independent scheme with effect from 1st January 1996. IAY is a flagship scheme of the Ministry. The brief salient features of the scheme are as under:

"Financial assistance of Rs.45, 000 in plain areas and Rs.48, 500 in hilly and difficult areas is provided for construction of a house. Recently, 60 LWE identified districts have been made eligible for higher rate of unit assistance of Rs.48, 500 by

treating these 60 districts as difficult areas for the purpose of unit assistance under IAY.

As per the scheme guidelines, the funding under IAY is shared between the Centre and State in the ratio of 75:25. In case of North-East, funds shared between Centre and State in the ratio of 90:10. As per the allocation criterion funds are distributed to various States/UTs by assigning 75 per cent weightage to housing shortage and 25 per cent weightage to SC/ST component. Under the scheme a minimum of 60 per cent of the total financial allocation has to be spent on SC/ST BPL families and upto 40 per cent on other eligible BPL families.

(a) Financial Performance

1.62 The allocation, Central releases and % age of achievement under IAY has been as under:

Year	Allocation (Rs. in crore)	Central releases (Rs. in crore)	% age of achievement
2008-2009	8800	8800	100
2009-2010	8800	8800	100
2010-2011	10337.50	8294.41 (upto 18.2.2011)	75.80
2011-2012	10000	-	-

(b) Physical Performance

1.63 Physical performance under IAY during 2009-2010 and 2010-2011 has been as under:

(Figures in lakhs)

	2009-2010 (As on 31.03.2010)	2010-2011 (As on 31.12.2010)
Physical target	40.52	29.09
Houses constructed	33.86	14.57
Houses under construction	22.73	26.45
Percentage of physical achievement	83.55	50.12

1.64 The Department of Rural Development has stated that due to imposition of model code of Conduct from March to Mid May, 2009 and because of General Election to the Lok Sabha, there has been shortfall in achievement during 2009-2010 whereas for 2010-2011 it has stated that target is likely to be achieved by the end of the year.

(c) Extent of shelterlessness in rural areas

1.65 During the course of evidence of the representatives of the Department of Rural Development the Committee wanted to know the extent of shelterlessness in the Country including Kutcha / unserviceable houses keeping in view the target of 'Housing For All by 2017' and how much distance has been covered. A representative of Department of Rural Development submitted before the Committee:

“Regarding the estimate of houselessness, there are several estimates right now in circulation. The most authentic is the Census of 2001 and maybe within six months or one year, 2011 Census figures will come out. As per the 2001 Census, there are 32 lakh families who are houseless and one crore and fifteen lakh families are living in unserviceable *kutcha* houses. The number of *kutcha* houses is about 3.2 crore in the country. For the allocation purpose, we are taking non-serviceable houses plus houseless families the estimate for fund allocation. Apart from that, the Housing Bank has come out with an estimate and they have taken into account other factors like congestion and the multiple families. According to that, there is a housing shortage of about 4.4 crore in the country.”

1.66 He further added

“The Working Group of the Planning Commission for the Eleventh Five Year Plan had estimated that at the end of 2009, there would be a shortage of 2.5 crore houses in the country and about 90 per cent of that would be those who belong to the BPL families. Based upon that we have thought out that we should take an aggressive approach to have housing for all by the end of the 12th Five Year Plan. We thought of estimating a three crore housing shortage and we wanted to project fifty lakh houses per year starting from this year. We have given a projection of Rs. 17000 crore to the Planning Commission. The Planning Commission kept our allocation on par with last year. Last year also we had a budget of Rs.10000 crore. This year also we have 10000 crore. Last year Rs. 337.05 crore was given separately in the Supplementary Budget specially for one lakh houses in Jharkhand. That is why, last year our allocation was Rs.10,337 crore. The actual allocation initially was Rs.10, 000 crore. Now for the selection, we are right now following the BPL list of 2002.”

1.67 The Committee also enquired as to how the housing shortage of 4.4 crore can be met with current rate of construction of houses which according to growing demand should have been 60 lakh houses per year against which the Government is constructing 60 lakh houses in five years. The Committee also enquired in view of low level of work done about construction of houses why greater funds are not being demanded by Department of Rural Development from the Planning Commission. The representatives of the Department of Rural Development clarified as under:

“In 2009, it was 2.5 crore houses. So, we had added an additional estimate of 50 lakh houses and taken 3 crore houses, which would mean 50 lakh houses each year starting from this year. In the six years, it would be 3 crore houses. That is our estimate. I agree that allocation has to be much more than that comes to another issue which has been raised several times earlier that the unit assistance is very low than what is required; the houses are of very small size.”

1.68 On the issue of ensuring shelter for all the Committee wanted to know whether the amount of per unit assistance under IAY has to be increased on the pattern of Tamil Nadu where the ceiling is Rs.70,000 to Rs.75,000 per house, a representatives of Department of Rural Development clarified:

“We would need a lot of support from all of you but for unit assistance we have taken up the matter with the Planning Commission. Tamil Nadu is building a

house Rs.70, 000 or Rs.75, 000; they have taken up a programme for completing all in six years. We have also requested the Planning Commission that assistance should be increased to Rs.75, 000 from Rs.45, 000. We have got a response that allocation is fixed, if we increase unit assistance, the number of units would go down. We are in a catch 22 situation. But still we are working out and we can go for unit assistance, increase to the target and approach the Planning Commission for increasing the allocation. I would need that assistance.”

1.69 He further submitted :

“Apart from that for the 12th Five Year Plan, as Sir has mentioned, apart from the BPL because of the limited amount of assistance available, a Committee has been formed under the chairmanship of CMD of Central Bank of India to tell us if viable Bankable schemes can be worked out for the BPL, APL and richer sections so that overall housing shortage can be met and housing demands are improved. So, we are working and report would come very shortly.”

1.70 In this connection, the Secretary, Department of Rural Development also informed:

“I want to emphasise that even if the Government enhances the allocation, still there is a need for using the Bank funds for completing the housing for all programmes. Therefore, in the interim report; the Committee on Bankable scheme have submitted that at least Rs.50, 000 at DIR rates plus Rs.75, 000 from our own funds. So, Rs.1.25 lakh. The payment is to be made through the Bank so that it eliminates some irregularities which have been alleged. For the APL also, we have decided to have a programme where the interest rate would be slightly higher. We have not decided on the interest rate. But it would be slightly higher. We want this programme to take off because giving five to 10 houses per panchayat is not solution at all. Therefore, we have to take a firm resolve in regard to implementing Housing for All by 2017.”

(d) Linking of construction of toilet schemes under Total Sanitation Campaign (TSC) and MGNREGA with Indira Awaas Yojana (IAY)

1.71 During the course of examination, another important issue that came up for discussion was linking of construction of toilet schemes under Total Sanitation Campaign (TSC) under the Department of Drinking Water & Sanitation and MGNREGA with Indira Awaas Yojana (IAY). In this connection, the Committee wanted to know why the scheme of construction of toilet under Total Sanitation Campaign and for the purpose of labour MGNREGA cannot be linked in IAY so that the beneficiaries can construct their own house under IAY by their own hands. The Committee also wanted to know the difficulty coming in the way of adding another Rs. 3000 or Rs.4000 for providing the house under IAY alongwith a toilet. A representative of the Department of Rural Development stated as under:

... ”Regarding TSC convergence we have taken up that if a beneficiary does not have a toilet, along with IAY, he must be given assistance for toilet under TSC. In fact, we have taken up, and within a week, a letter will be dispatched to all the districts and States with the joint signature of myself and the Joints Secretary (TSC). It will be the responsibility of the person sanctioning IAY house to give the TSC

assistance also. Right now, it is Rs.2200 and Rs.2700. As it increases, this would go up. Thus, we are trying to converge”.

(iv) Swarnjayanti Gram Swarozgar Yojana (SGSY)

1.72 Swarnjayanti Gram Swarozgar Yojana (SGSY), which came into effect from 1.4.1999 has been conceived as a holistic programme covering all aspects of self-employment, organization of rural poor into Self Help Groups (SHGs) and their capacity building, training, planning of activity clusters, infrastructure development, financial assistance through Bank credit and subsidy, marketing support etc. Past experience has shown that rate of success is high, if the efforts made are group based rather than individual oriented. The programme, therefore, emphasizes on promoting Self Help Groups. It also emphasizes on cluster approach, development of micro-enterprises of identified key activities. The Banks and other financial institutions are closely associated and involved in implementation of the programme starting with preparation of project report for each key activity, selection of the swarozgaris and post project monitoring etc. The funds are shared between Centre and State in the ratio of 75:25, except in the case North Eastern States where it is on 90:10 basis. The target groups of the SGSY consist of rural poor families living below poverty line. Within the target group, the guidelines for the SGSY provide that the SC/ST shall account for 50 %, women for 40%, minorities 15 % and disabled for 3 % of the target.

1.73 In order to try out new pioneer initiatives in time bound projects mode spanning across districts and sector, with different agencies like Government, semi-Government, non-Government, private corporate bodies etc., 15 % of the funds under SGSY programme are earmarked for special projects.

1.74 In order to improve the delivery and expand the coverage over a period of time, it has been decided to restructure SGSY into National Rural Livelihood Mission (NRLM). The main features of the NRLM are to bring each BPL household under the SHG net, setting up of dedicated professional implementation structure at various levels, enhanced capital subsidy for the beneficiaries, easy access for multiples doses of credit along with provision of providing credit to rural BPL from Banks at low rate of interest (introduction of interest subsidy), formation and strengthening of people owned organization such as SHGs and SHG Federations at various level and upscale the skill development and placement programmes. In addition, Rural Self Employment Training Institute (RSETIs) will be set up in each district in the country. The objectives of RSETIs will be to provide short-term skills training to rural BPL youth for taking up self employment or skilled wage employment. Special emphasis will be given for convergence with other programmes in order to achieve synergies.

1.75 For providing sustainable livelihoods to women farmers in the Country a sub-component *i.e.* Mahila Kisan Sashaktikaran Pariyojana” has also been initiated under NRLM.

(a) Financial Performance

1.76 The Central allocations, central releases, % release credit mobilization under SGSY during the last three years from 2009-2010 onwards is as under:

Year	Central allocation (RE)	Central releases	% releases	Credit mobilization		
				Target	achievement)	in percentage
2009-2010	2350	2337.39	94.89	4443.91	4447.03	100.07
2010-2011 Dec, 2010	2984	1940.20	67.27	5210.63	2901.36	55.68
2011-2012	2914					

(b) Physical Performance

1.77 The physical performance under SGSY during 2009-2010 and 2010-2011 has been as under:

Particulars	2009-2010		2010-2011	
	Target	Achievements	Target	Achievements
Numbers of SHGs Swarojaris assisted (assuming 20 members per group)	15,52,884	17,36,214 (112%)	18,55,250	10,56,027 (57%)
Total number of individual swarozgaries assisted	2,69,598	3,48,963 (129%)	3,22,093	2,25,194 (70%)
Total number of swarozgaries assisted	18,22,482	28,85,177 (114%)	21,77,343	12,81,221 (59%)

* Assisted Swarozgaries are those who get Bank credit linked subsidy.

1.78 Detailing out the objective of NRLM, the Department of Rural Development in a written note informed that

“SGSY has been restructured as National Rural Livelihoods Mission (NRLM), in the year 2010-11. NRLM has the task to reach out to 7 crore rural poor households and stay engaged with them till they come out of abject poverty, in a time bound manner. States are expected to transit to NRLM in a phased manner and it is expected that during the year both SGSY and NRLM would operate side by side.”

1.79 About NRLM Programme explaining its evaluation, the Secretary, Department of Rural Development submitted before the Committee:

“As the hon. Members would kindly recall, it was in 1999 SGSY was started. Subsequently, a high powered Committee was set up under the Chairmanship of Prof. P. Radhakrishna, a very eminent economist to look into credit and other related issues under SGSY. They made certain recommendations. On the basis of them, we have restructured the programme.”

1.80 In this connection, a representative of Department of Rural Development further informed:

“This programme was approved in June 2010. The framework for implementation was approved in December 2010. In this, each State will prepare its own action plan. As per the Tendulkar Committee which estimated seven crore rural poor households; so, the task of the National Rural Livelihood Mission is to reach out to each and every family and was engaged with them, till they come out of abject poverty. This is through organizing them and building institutions of poor and to do this in a time bound manner.

1.81 He further informed:

Prof. Radhakrishna Committee and other evaluations looked at all rural livelihood programmes in the country to assess their success in removing abject poverty. Their conclusion was that for the poor households to come out of poverty, they need continuous support for at least 6-8 years and this support is through their own organizations and their continuous capacity building and nurturing by their organizations. At least a minimum assistance of Rs.1 lakh per family in repeat doses should be given. So, in NRLM, there are five aspects – dedicated support structures at national, State, district levels and sub-district levels linkages with PRIs, financial inclusion and support from the Banks is very important, and sustainable livelihood promotion, and also, partnerships with NGOs, private sector and training institutions. This was one of the major gaps in the earlier programmes – there was a lack of a dedicated unit at the national, state, district and below district levels. We are not trying to do this in every village in the same year; we are saying that this will be done in a phased manner so that the States will select around 10 per cent blocks and the reason for phasing is because of lack of adequate social capital in the villages, the fact that it will take some time to put these dedicated structures in place, and also, in this first 3-4 years, the States will get experience on various ways, what works and what does not work. We also want an exit policy for the Government support structures in place; so, it is visualized that the institutions of the poor, especially women SHGs, their federations or livelihood organizations will take over the functions of this Government support structure eventually.”

1.82 He further explained:

“We have been having series of consultations with all the State Governments on various thematic issues. The first was on how these institutions can be linked with the PRIs; we have had a workshop in Cochin and we had established that for sustainable poverty eradication, PRIs need to support such institutions of poor and consistent capacity building has to happen of both PRIs and institutions of poor and their federations. This is one of the important priorities of the programme.”

1.83 Regarding involvement of Banks/Financial Institutions with the Scheme, the witness stated as under:-

“This is also very critical that for livelihood promotion, linkage with the Banks and that is one of the weaknesses currently of the SGSY. That is what we are finding in many States, that the response of the Banks has been inadequate. This is one of the areas; it is a challenge to us; we have not been very successful in many States in this; so, we recognize this as an issue that we need to tackle. For a family to get out of poverty, we are looking at different strategies. One will be how to stabilize their own current livelihoods, because 80 per cent of the livelihood in the rural areas is around agriculture, livestock, and fisheries or in the tribal areas, forest product collection. Then, some may be engaged in self-employment and also skilled wage employment – how to take the youth into the growth sectors of the economy. We are focusing on agriculture. Another key activity is the Mahila Kisan Sashaktikaran Pariyojana which focuses on women farmers because 80 per cent of the rural women who are in the active economic life are involved in agriculture.”

1.84 The Committee further pointed out that the Outcome Budget (2011-12) of the Department of Rural Development has indicted following risk factors coming in the way of SGSY schemes:

- (a) Non-receipt of counterpart funding from States which is 1/3rd of the outlay.
- (b) Non-identification or delay in identification of genuine beneficiaries for current year.
- (c) Lack of adequate local training centres in States / UTs for providing training to beneficiaries in desired skills / activities / trades.
- (d) Inadequate flow of Bank credit to Swarozgaris.
- (e) Delay in release of State matching share.

1.85 The Committee wanted to know whether the above risk factors will not affect the new programmes of NRLM, the Department of Rural Development in a written note clarified as under:

“The SGSY has been restructured as NRLM after taking into account the various problems brought out by stakeholders and recommendations made by various studies including those conducted by National Institute of Rural Development (NIRD), Hyderabad, reports of the Steering Committee of the Planning Commission, report of Radhakrishna Committee. NRLM plans to address the risks highlighted in the outcome budget (2011-12) of the Ministry of Rural Development as follows:

(a) & (e): The proportion of non release of SGSY fund on account of non receipt of counterpart funding from States was negligible at 1.35%, during the financial year 2010-11.

(b): The Government is in the process of preparing a new BPL list which is expected to remove the lacunae of the existing BPL list. The BPL list would be on electronic database to bring in more transparency.

(c): Under NRLM there has been a major shift in strategy for training and capacity building of key stakeholders. It is proposed to develop Community Resource Persons and Community Professionals as grass root trainers. Besides it is also proposed to develop villages and blocks as resource centers which not only is more effective but would also reduce the pressure on state/district level training centers. NRLM plans to partner with major training institutes and professional bodies for improving the quality of training provided to the beneficiaries. It is also proposed to strengthen the National Institute of Rural Development, State Institutes of Rural Development, Extension Training Centers and other existing training infrastructure available in the country.

(d) Inadequate flow of Bank credit continues to be a serious problem and NRLM would be paying close attention to this aspect. NRLM proposes to work on both the demand side and the supply side of the problem. On the demand side, NRLM will invest heavily in improving the quality of SHGs, building strong and sustainable federations, improving the accounting and book keeping of the SHGs, tracking their repayment record etc. which is expected to build the confidence of the Bankers in their ability to repay loans. This will also be duly supported by IT infrastructure for close monitoring and evaluation. On the supply side, the Bankers will be sensitized through field visits and exposure to best practices. Making rural poor households the preferred clients of the Banking system, and mobilizing Bank credit is core to the NRLM financial inclusion and investment strategy. The Ministry will work closely with the Department of Financial Services to enable setting up of dedicated financial institutions which would lend exclusively to women SHGs and SHG federations. In addition, in those States where SHG federations at block and district level exist and have established themselves as strong, self-reliant institutions, the Ministry would work on enabling them to become community owned financial institutions to serve the financial needs of their member organizations.”

(v) DRDA Administration

1.86 The District Rural Development Agency (DRDA) is the principal organization at the District level to oversee the implementation of various Rural Development Programmes. The scheme for “DRDA Administration” was introduced from 1 April, 1999 to enable DRDAs to develop a proper administrative and personnel structure for effective management of Rural Development Programmes. Under the Scheme, grants are given to DRDAs to meet staff costs and contingency expenses subject to specific norms. Being a Centrally Sponsored Scheme the funding is shared between Centre and states in the ratio of 75:25. The funding ratio in respect of North Eastern States has been revised to 90:10 w.e.f. 2008-09.

1.87 The actual 2009-10, BE, RE 2010-11 and BE 2011-12 of Grants to DRDA Administration are as under:

Rs. in crores

Actuals 2009-10	BE 2010-11	RE 2010-11	BE 2011-12
385.00	405.00	314.38 (Actual upto 10.02.11)	461.00

1.88 The Committee were informed that the Ministry has stated in order to strengthen the DRDAs and to work out suitable strategy for its holistic reform, the Ministry has set up a Committee on restructuring of DRDA under Shri V. Ramachandran which was to submit its report by May, 2011. When asked about the latest position in this regard, the Department of Rural Development informed:

“The Committee has already met on 19th January and 28th March, 2011. The Committee is likely to submit its report in May, 2011.”

1.89 The Committee also enquired about the broad areas of restructuring of DRDAs, the Department of Rural Development informed:

“The DRDAs were visualized as a specialized and a professional agency capable of managing the antipoverty programmes of Ministry of Rural Development on the one hand and to effectively relate these to the overall effort of poverty eradication in the district. It needs professional staff that can play active role in planning, implementation and monitoring of programmes in a time bound manner. MGNREGA itself creates a huge demand of planning, supervision and technical efficiencies which are not being met by the DRDAs. Similarly, the funding under the IAY programme has expanded enormously and they need technical staff. Also, the Ministry of Rural Development is in process of launching the prestigious National Rural Livelihood Mission (NRLM) programme which promises to be the flagship programme of the Ministry. The main objective of NRLM is organizing the poor through social mobilization and building institutions of the poor which may help to bring poorest of the poor above poverty line and into the mainstream of development. DRDAs are going to play important role in achieving the above NRLM objectives.

There has been enormous expansion in the volume of funds being handled by the DRDAs. With MGNREGA emerging as the largest programme in the portfolio of Rural Development and increased allocation to programmes like Rural Housing, Self-Employment etc, the DRDA is presently handling huge amount of funds in comparison to what was handled by it a decade back.

Further, with the opening of the Banking and the private sector, there is a need for the DRDAs to have strategic interaction with the private sector, the voluntary sector, the academia and the Banking sectors. The present structure of the DRDAs is not equipped to cope up with the above demands. Hence, there is a need to have a fresh look at DRDA structure and capacity building of its staff.

In order to strengthen and professionalise the DRDAs to meet the new challenges, the Ministry has constituted the Committee under the Chairmanship of Shri V. Ramachandran. The Committee will suggest appropriate structure for the DRDAs taking into account the demands on DRDAs in different States. It will suggest professional qualifications for the staff of DRDAs, the mode of recruitment and their service conditions. It will also suggest integration of DRDAs with Zila Parishads and the District Administrations.”

1.90 During the course of evidence of the representatives of Department of Rural Development, the Committee wanted to know that latest update about Ramachandran Committee Report, a representative of the Department of Rural Development clarified: -

“Last year, the Ministry had constituted a Committee under the Chairmanship of Shri Ramchandran ji who was part of Second Administrative Reform Commission; in that Committee, Shri B. N. Yugandhar is also there who was in Planning Commission. Twice the discussion of the Committee have taken place. The Committee in small groups has directed to prepare draft. The third and perhaps the final meeting will be held in the middle of July. Mr. Ramachandran is not in the Country, he has just returned. He in second meeting has formed Groups to prepare the recommendations of the Report of the Committee:

1.91 Elaborating the reason about current restructuring of DRDA scheme the witness further stated as under:

“DRDA was established in 1980. Thereafter, lot of work have increased. Those programmes which were earlier for wage employment work has been formed as MGNREGA. Their flow of funds is at district level. It has grown in multiple terms and the original structure of DRDA, it was not meant to handle such an expanded programme. One is the increase in the programme of NREGA. Then, expansion in the watershed programmes. In some States they used to do it through DRDA. In some States there are separate agencies for these programmes. SGSY is now being restructured as NRLM. Not only district level but the body below district level is to be strengthened.”

1.92 He further added

“On the one hand, a number of new programmes are being introduced, but, at the same time, the district level structure has not changed. This is the basic mismatch that we are finding. DRDA basically is an agency, which is implementing the anti-poverty programmes. So, the Committee has been basically asked to suggest appropriate structure for the DRDAs, taking into account increase in the demands from DRDA and the professionalisation of the DRDA; the kind of staff is required because its workload and technical requirements have increased. There is a talk that if professionals are needed then these have to be brought in from open market because the capacities that are required are not readily available within the Government. What should be the funding for the DRDAs?

1.93 Explaining further the witness added:

“There is one issue. At present, the Chairman of the Zila Parishad is also chairing the governing body of the DRDA. This Committee is expected to give us the recommendations on integration of the DRDAs into Zila Parishad. In the earlier two discussions, the Committee has suggested that DRDA, being an implementing agency, should help in the district planning of all anti-poverty programmes. The analysis of various anti-poverty programmes should be done at the district level. The Committee said that we should also look at what is happening in health and nutrition and in primary education. A lot of money is flowing, but there is no analysis. The Committee is of the view that the DRDA was originally constituted as a planning body. We are to collect evidence whether the programmes are being implemented properly or not and keep the Zila Parishad and the district administration informed

about the progress of various programmes and mid-course corrections. At present, the correction is happening after three or five years. The idea was, can we change the manner in which DRDAs are functioning? Right now, because of lack of professional staff, they have become a fund release body.”

(vi) Assistance to Council for Advancement of People’s Action and Rural Technology (CAPART)

1.94 The Council for Advancement of People’s Action and Rural Technology (CAPART) aims at involving the people through non-Government voluntary organizations in the implementation of development programmes as also in need based innovative projects. CAPART works towards creating a people’s movement for development in the rural areas by means of a higher degree of social mobilization, lowering of social barriers and empowerment of the rural people.

1.95 The actuals 2009-10, BE, RE 2010-11 and BE 2011-12 in respect of assistance to CAPART are as under:

(Rs. in crore)

Actuals (2009-10)	BE (2010-11)	RE (2010-11)	Actuals (As on 31.01.2011) (2010-11)	BE (2011-12)
50.00	100.00	100.00	18.06	100

1.96 During the course of examination, the Committee pointed out that main reason for non-achievement of targets by CAPART was non-holding of Project Approval Committee. Meetings as per the Executive Decisions and non-release to the Organisation which was due to the Ministry of Rural Development Order dated 30.09.2010.

1.97 The Ministry has given the following figures for financial and physical targets and their achievements:

Year	Financial (Rs in crore)		Physical (in number)	
	Target	Achievement	Target (for sanctioning of projects)	Achievement
2009-10	50.00	37.20	1000	88
2010-11	50.00	20.29	1410	43(as on 31.03.2011)

1.98 Asked about the details of Ministry’s Order under reference and why it is coming in way of over-all performance of CAPART, the Department of Rural Development informed

Ministry’s Order dated 30.09.2010 is reproduced below:

“A re-organisation of CAPART is under progress. The Executive Committee of CAPART has taken a decision to set up six Sub-Groups to make recommendations on this process. The Groups have since submitted their reports which have been duly considered by the EC which has resolved to appoint IRMA

for making a study of CAPART and the recommendations of six Sub-Groups and suggest a new structure and policy for CAPART. The EC has also resolved vide its Resolution dated 30th September 2009 to hold all funding under abeyance pending the conclusion of the process of re-organisation.

In view of the aforesaid, CAPART may bring a composite resolution before the next EC regarding the process of re-organisation seeking instructions inter-alia for resumption of funding. Till the EC resolves to that extent, all funding to organization will continue to be under abeyance.” Studies into re-organisation of CAPART by six Sub-Groups constituted by the Executive Committee, CAPART and Institute of Rural Management Anand (IRMA) were commissioned. Four Sub-Groups and IRMA have submitted their reports which have been examined in the Ministry and discussed in the Executive Committee meeting dated 8th December, 2010 & 29th March, 2011. A decision on this matter is under process.”

1.99 The Committee wanted to know the reasons why lately CAPART has not been receiving desired attention or whether slowly its role is being minimized, the DG, CAPART explaining the position submitted the following facts before the Committee:

“You have raised the issue that Department of Rural Development is a very big Department but CAPART is shrinking. In my view this should be pondered over. If Committee deems fit may give suggestions whether the Ministry is supposed to issue this kind of order to any autonomous body as it happened in September, 2010. As you said CAPART is shrinking, we should think what should be done.”

1.100 Asked about the views whether the Ministry on minimizing the role of CAPART, a representative of Department of Rural Development submitted as under:-

“In this connection, I want to submit that since long complaints have been pouring in about functioning of CAPART and CBI raids were also conducted against many of its Officers. After receiving complaints about irregularities its restructuring is being contemplated. The order of the Ministry which has been referred to right now that was issued because its many difficulties are coming in the way of functioning of CAPART and how it has to be restructured. On this the Government is also worried. During the last 30 years, infirmities have been created. How CAPART has to be made effective, it is being seen. It is not the view of the Ministry that it should be closed. On the contrary, the view is how it can be strengthened. The scheme that are implemented in large scale, if we look to all the Departments then in a year approximately Rs.80, 000 crore is being spent, wherein rural technology has to play a major role. How it has to be linked with the working of the Ministry is being seen. It is a very big task; therefore, it is taking some time. Now, the status is that a decision on its restructuring is yet to be taken.”

1.101 The Committee also wanted to know about action taken for stamping out complaints, the DG, CAPART submitted:-

“Presently, we have taken a number of steps. Two Group A officers have been removed, as has been told that CBI raids have also been conducted there is something beyond this also”

1.102 He further added:

“Madam, I would like to submit that CAPART is a classic case of unfolding of interplay of the so called perverse incentives in the system. It means that there is a very important stakeholder who feels that they should run CAPART as DG. Because of that, there is an incentive to make the system dysfunctional for a long time so that they can say that the present management structure is not compatible with the requirement of the job, and therefore, people from the voluntary sector should come and man this organisation. This is the chess play which has been going on for the last ten years. I can say that I have here been more than two years. In this period, we have been mostly dysfunctional because of this tug of war whether a DG should be somebody from the NGO sector.

1.103 DG, CAPART further explained

“Now, there is a new strain in the talk also where they look at the post of DG as a post-retirement avenue. You know that no Secretary in the Government of India is having more than a year or two to work. But, there is a proposal that it should be a Secretary-level post - presently, it is an Additional-Secretary level post - and that the incumbent should stay there for five years. So, you can read in-between the lines. So, this is a classic case of inter play of perverse incentive in the system.”

1.104 He also informed:

“In the last 25 years of existence of CAPART, there have been 20 DGs because they were not, according to me, allowed to function as per the rules and regulations of CAPART. To illustrate the point I will take the example of a research scholar in a University. If the teachers do not take their classes, then you tell the research scholar to take the classes. As a result, if the research scholar instead of completing his research in two years takes five years, then you say that the research scholar or research facilities are not good. Something like this is happening because the Ministry is so big and its schemes are also big it is not directly implementing those schemes. It is implementing its schemes through the States. Now there are limitations to control and communicating with the States. So, the result is that whenever a particular scheme does not work, they say that CAPART should do this or do that. As per scheme of things, CAPART should be allowed to focus on the objects of the CAPART. If there is any problem within the mandate of CAPART, then the Ministry should change the bye-laws and objects of CAPART instead of making use of CAPART as a fire-fighting mechanism. This is my considered view analysis of two years and three months which I am going to submit with all humility, without complaining against the Ministry or the individuals in the Ministry. We have fantastic relations with individuals, but unless the issue of this perverse incentive playing around in the whole system is addressed and it comes out very clearly that CAPART should not become a residual and supplementary implementing agency to various schemes and should be allowed to function and implement its mandate as per the objectives laid down in the rules of CAPART, it will not help. Then probably the CAPART’s functioning will be as per your expectations.”

(vii) Provision of Urban Amenities in Rural Areas (PURA)

1.105 The Provision for Urban amenities in Rural Areas (PURA) aims to meet gaps in physical and social infrastructure in identified rural cluster to further their growth potential to stem rural urban migration. The PURA scheme was implemented on a pilot basis from 2004-2005 for a period of 3 years in seven clusters one each in the States of Andhra Pradesh, Assam, Bihar, Maharashtra, Rajasthan, Orissa and Uttar Pradesh so that necessary experience could be drawn for redesigning the scheme in future. The pilot phase of PURA ended in March 2007. Considering the mixed experience of this pilot phase, steps were taken to restructure the scheme even while the pilot projects were under implementation. Based on the experience learnt during the pilot phase evaluation conducted by National Institute for Rural Development (NIRD) of pilot phase and the technical support of Asian Development Bank (ADB), the scheme has been restructured. The restructured PURA scheme has been approved for implementation by the Cabinet Committee on Economic Affairs (CCEA) on 21.01.2010. The budgetary provision for the scheme is Rs.248 crore for the Eleventh Plan. The restructured PURA scheme proposes holistic and accelerated development of compact areas around a potential growth centre in a Gram Panchayat (or a group of Gram Panchayats) through Public Private Partnership (PPP) framework for providing livelihood opportunities and urban amenities to improve the quality of life in rural areas. The primary objectives of the scheme are the provision of livelihood opportunities and urban amenities in rural areas to improve the quality of life in rural areas. The primary objectives of the scheme are the livelihood opportunities and urban amenities in rural areas to bridge the rural – urban divide. The scope of the scheme is to select private partners to develop livelihood opportunities, urban amenities and infrastructure facilities to prescribe service levels and to be responsible for maintenance of the same for a period of 10 years in selected Panchayats/cluster of Panchayats. No funds have been released under PURA scheme as the process of selection of private partners to implement PURA scheme has not been completed so far.103

1.106 The actual 2009 – 10, BE, RE 2010 – 11 and BE 2011 – 12 regarding PURA are as under:

(Rs in crore)

Actuals (2009 – 10)	BE 2010 – 11	RE (2010 - 11)	BE (2011 - 12)
0.00	124.00	74.00	100.00

1.107 During the course of examination, the Committee found that funds for PURA for 2008 – 2009 and 2009 – 10 to the tune of Rs. 30 crore in each year were surrendered. When asked whether funds for 2010 – 11 have also been surrendered, if so, the reasons therefor, the Department of Rural Development in a written reply informed

“The Ministry of Finance effected a cut of Rs. 50.00 crore under PURA at RE 2010 -2011 stage thereby reducing the budget allocation from Rs. 124.00 crore to Rs. 74.00 crore. The reduction was due to the fact that no fund could be released under PURA during 2009 – 10 as the restructured PURA was approved at the fag end of the financial year and also due to non release of funds in the first half of the financial year 2010 – 11 due to non completion of the process of the selection of private partners. Accordingly the reduced provision of Rs. 50.00 crore was surrendered. After restructuring has been approved by Cabinet Committee on Economic Affairs (CCEA) on 21st January 2010, the restructured PURA scheme proposes to select private partners for development, livelihood opportunities, urban amenities etc for 10 years in selected Gram Panchayats and the process of selection is still not complete.”

1.107 The Committee wanted to know the latest position in this regard the Department of Rural Development in a written reply informed:

“The Government has approved the restructured PURA scheme for implementation on pilot basis in the XI th Five Year Plan. The scheme proposes holistic and accelerated development of compact areas around a potential growth centre in a Gram Panchayat (or a group of Gram Panchayats) through Public Private Partnership (PPP) framework for providing livelihood opportunities and urban amenities to improve the quality of life in rural areas. For selecting the private partners, a notice was issued inviting Expression of Interest (Eoi) from private sector entities on 15th April 2010 in leading national and financial dailies. In response, 93 Eols were received out of which 45 organizations qualified at the Eol Stage. These 45 organizations were asked to submit the detailed bid alongwith concept plan. 9 organizations had submitted 14 proposals out of which 11 proposals qualified. The concerned private entities were asked to submit to Detailed Project Report (DPR) to the Ministry of Rural Development by 22nd February 2011. In response, 5 organizations have submitted 8 DPRs which are under evaluation and are likely to be completed by June 2011.

The budgetary allocation for PURA Scheme for 2010 – 11 (RE) was Rs. 74 crore out of which Rs. 07.80 crore was meant for North Eastern (NE) States. Since no projects were received from NE States, the funds meant for NE States were re-appropriated and used in some other schemes of the Ministry. The remaining amount of Rs. 66.20 crore has been placed with concerned District Rural Development Agencies (DRDAs) where the pilot PURA projects are to be implemented.”

1.109 The Committee further enquired about the process of selection of private partners, the Department of Rural Development in a written reply informed:

“Through an open competitive bidding process, 8 PURA pilot projects of 5 private partners have been shortlisted who have submitted the Detailed Project Reports (DPRs). These DPRs are under evaluation which is expected to be completed by June 2011. Subsequently, letter of award will be issued.”

1.110 During the course of evidence of the representatives of Department of Rural Development, the Committee wanted to know the latest update in this regard, a representative of Department of Rural Development informed:

“It is in the final stages. What we have done is that we have issued an advertisement. In response to whatever proposals have come, they have been screened through various levels. They have gone for detailed DPR.”

1.111 When further asked whether the work on implementation of PURA has been started:

“The witnesses replied in the negative.”

1.112 The Committee also wanted to know the components of PURA, the representatives of Department of Rural Development explained as under:

“We have been provided with Rs.248 crore in the Eleventh Plan. Some of the components are Water Supply, Village Street-lighting, Solid Waste Management, Skill Development, Development of Economic Activity, etc.”

(viii) BPL Survey

1.113 The important issue of absence of genuine BPL List in the Country was also came up during the course of examination of the Department of Rural Development before the Committee and also before the House at the time of discussion on Demands for Grants 2011-12 of the Department of Rural Development and the Committee expressed its helplessness to public demand for inclusion of genuine claimants under BPL list on the ground that no BPL Survey since 2002 has been conducted in the Country and Committee after Committees examining the issue making the issue more complex. The House on the contrary suggested the Government to come out of the process of Expert Committee and identify the rich first; the poor would automatically be identified in the process.

1.114 In this connection, the Committee wanted to know the details about the problem, the Secretary, Department of Rural Development tracing out the geneses of the issue submitted:

“Initially, if we take the history of the Survey, 1992, the first survey which used the income criteria. In 1997, for the first time, proxy indicators were used. In 2003-04, when the survey was there, it was on the basis of the report of Dr. P.L. Sanjeev Reddy, which used a 13 indicators and thereafter, there were many Reports, including in this hon. Committee, there were serious inclusion and exclusion errors. Therefore, the Ministry appointed N.C. Saxena Committee, which submitted its Report in August. We put that Report before a Group of Experts, and all the persons who are experts in poverty in the country were consulted, who suggested a pilot. So, a pilot was done in over 260 villages using a sample size of one lakh houses.”

1.115 He added that

“.....We have changed the methodology because the previous methodology was that the survey would be formed and then the data would be entered separately. We found in the pilot that there were a lot of problems. So, through the BEL, we have got a tabular PC developed, which cost Rs.3900. BEL will be providing the data entry operators; there will be one enumerator who will display and the whole thing will be done on the tabular PC and it will be directly uploaded on our central MIS. We have also made the provision that all the data will be placed before the Gram Panchayats and they will make such amendments as they like. So, we are expecting to start, subject to the approval of the Cabinet; we are expecting that it will start in three States in June, because the manufacturing of the machines will take some time, but we hope to complete it by March 2012. That list will be uploaded and it will be available for use by any Ministry and this will have the greatest advantage – all the categories or persons out of the exclusion will be ranked in nine categories. Subject to the availability of funds, it will be done; if some States for some programmes, we want to respect the Tendulkar cut off; that will also be generated out of the system. So, this is a very versatile and a bold step that we have taken. I am sure, it is going to yield much better results.”

1.116 Subsequently, a representative of Department of Rural Development giving the update on this issue submitted as under:

“The Cabinet approved the methodology of conducting the BPL Census on 19th of May. Subsequently, we had an EFC conducted under the Chairmanship of Expenditure Secretary on the 10th of this month. Broadly, the expenditure proposed by the Ministry has been approved.”

1.117 The Committee wanted to know when the work of BPL Survey will be completed supposing it starts on June 2011, the Secretary, Department OF Rural Development informed:

“It should be completed by end March, 2012”.

1.118 Unfolding the steps taken for conducting the BPL Survey the representatives of Department of Rural Development further submitted:

“We have also drawn a tentative schedule for conducting the Census. Another important thing is that unlike the earlier ones, the present Census will be conducted through a Tablet PC, which is currently being developed by Bharat Electronics Limited (BEL), a public sector undertaking. The BEL-led consortium of three public sector undertakings, namely, BEL, ECI and ITI, are developing the Tablet PC. We will be using them while conducting the BPL Census. It will be done like this. There will be a set of two persons who will be collecting the data. One would be a Data Entry Operator and the other one is the traditional Enumerator. The Enumerator will be asking the questions to the household, and whatever information is voluntarily given by the respondent will be fed into the Tablet PC by the Data Entry Operator.”

1.119 He further informed that

“We have also started training the people for this purpose. In fact, right now, there is a training of the national level trainers going in the Delhi Office of the RGI. Another field test of the machine is being done. Last month, one such test was done in Bangalore. Right now, there is another testing going on in Sonapat, Haryana. After that only and before going to the field, we will assess whether these machines meet our expectations or not.”

1.120 He further added:

“Certain States have been identified where the Census will be launched, that is, Census will be launched in Tripura by the end of this month; and in some of the Union Territories like Chandigarh, Puducherry, Daman and Diu, and Dadra and Nagar Haveli. We have identified these Union Territories for conducting the Census. Another development is that unlike the previous Censuses where it was confined only to the rural sector, for the first time, the urban sector Census is also being done. It will be done concurrently along with our Census. So, it will be a joint operation. The data for cost enumeration, which was mandated by the Parliament, will also be obtained through the questionnaires by the Office of RGI.

Broadly, these are the developments. We have the target of launching it in the current month itself and the exercise will be completed by the end of December this year. Since the data is being obtained through the Tablet PC, the data production will be faster and the processing of the data will also be very fast, apart from the fact that it will be transparent and more objective as compared to the previous Censuses. The data will be kept or maintained in a very extensive MIS. We are also in dialogue with NIC for that purpose. NIC will be developing a very comprehensive MIC which will store this data for subsequent use in whatever the stakeholders decide to take. I think broadly these are the steps taken by the Ministry.

1.121 The Committee also wanted to know about what will happen to those families in rural areas who are neither in APL or BPL categories and as a result are not getting the benefit in that case how that ‘family’ would be defined. Further, the Committee also suggested that Government should evolve a clear norm for identification of BPL wherein a plain yardstick be followed about how many number of family members are living under a roof instead of any norm of expenditure or income. For instance, the Committee suggested that it merely acquiring an asset like refrigerator or temporary getting wages under MGNREGA for few days by a poor will not land him in APL category. It should be on easily understandable local language precisely Hindi either at Panchayat Samiti level or District level. So that, the poor do not suffer. The Committee also suggested that since unreliable data is based on total planning which are far from reality the process of identification of poor be so designed under a single roof for completing all formalities. The Committee also suggested that for true data Planning Commission should hold regular meeting at District level which currently are not being held. A representative of Department of Rural Development explaining the position elaborated as under:

“About Panchayats, they have a very important role to play that is because from the data entry stage we are trying to make very transparent or whatever data has been entered. That will be conveyed to household after reading it before him it is finally entered in Computer. If someone want to raise objections, he can do that at that stage and his objection would also so recorded. Finally whatever list would be prepared in Gram Sabha and whatever data will be given by respondent will be displayed in Gram Sabha for raising objections. Only after that it will be finalised. From that point we think it is amply transparent”.

1.122 About definition of household a representative of DoRD clarified:

“We are visualizing the rural household in three categories. One, who is poorest of the poor who should not be asked any question blindly he should be in BPL List. Two, we had put five criteria. About some household we can see from naked eye that these household should never come into BPL list. For that we called exclusion criteria. We had eight to ten criteria. About this there is difference of opinion that whether what should be excluded and what should be included under the apprehension that poor may not be included in BPL List. We will take care about that Rest are the people whom we will block on which deprivation they are in. Seven items have found and based on seven items we will declare it, who will have all seven deprivations he will get first number in BPL. The one who will have six deprivations he will come thereafter. In this way we are doing.”

1.123 Informing the Committee about the standard definition of family, a representative of Department of Rural Development further clarified:

“We have taken a very revolutionary approach with regard to households. Standard definition of household in India adopted by the offices of the Registrar General, Census and Census Commissioner and the National Sample Survey Organisation that is what we used to take all this. It is a very simple approach. We have a common kitchen or a common cooking concept. They are considered as to be living in the same household. But, now, we have taken a different stand. This is, particularly, with female member of the household. We have done a lot of research on this and we have found that women members in a household are little bit deprived more than other persons because of our age old systems. What we have decided is that if in any household, a woman member declares herself that if she is treated as a separate household despite the fact that she is cooking food from the same kitchen and eating that food in the same kitchen but still she is treated as a separate household.”

PART-II
RECOMMENDATIONS

2.1 The Committee take note that the Rule 331 G of the Rules of Procedure and Conduct of Business in Lok Sabha relating to examination of Demands for Grants by the Departmentally Related Standing Committee (DRSCs) was suspended by the Hon'ble Speaker, Lok Sabha due to rescheduling of the Financial Business in Lok Sabha to pass the Demands for Grants for the year 2011-12 during the Seventh Session of Fifteenth Lok Sabha without being referred to the concerned DRSCs. However, the Committee have examined the Demands for Grants and made report thereon. Since the Budget for the year 2011-12 has already been passed by the Parliament, the Committee endorse the same. Nevertheless, the Committee feel that the suggestions and recommendations of the Committee would help the Department of Rural Development, Ministry of Rural Development in analyzing their performance and implementation of various Schemes/Projects during the current year, which happens to be the terminal year of the 11th Plan period. The Observations/Recommendations of the Committee are given in the succeeding paragraphs.

(Recommendation Sl. No.1)

2.2 The Planning Commission must recognize that accelerated growth has not led to inclusive growth; that the overwhelming majority of our population is nowhere near and many have even fallen off, the high trajectory of GDP growth that widening disparities are a danger to both the Democracy and Development; it is in the area of rural development inclusive growth is most required; and that for inclusive growth, participative development through Panchayati Raj Institutions as mandated by Part IX of the Constitution, read with Article 243 ZD and the Eleventh Schedule is indispensable. In view of these considerations, the Committee's examination has revealed that the most important area of rural development of the Indian economy has not received the desired level of attention for the allocation of funds from the Planning Commission during the Eleventh Plan Period (2007-2012). For instance, as against the proposal of about Rs.4.07 lakh crore, the Ministry of Rural Development received only Rs.2.96 lakh crore *i.e.* about 75 per cent of the amount sought. The Committee stress that before slashing the demands of rural development which touches on basic needs of the 'aam admi' like shelter, drinking water, sanitation, employment, rural infrastructure including roads etc., the Planning Commission should prioritize these basic needs and find ways and means of making available higher allocations in the Twelfth Plan (2012-2017) for which the planning process is on.

(Recommendation Sl. No.2)

2.3 Coming to the expenditure side of whatever inadequate Plan funds are made available for rural development, the Committee are concerned to note that the performance of the Department falls short of expectations. Thus, against the available allocation of about Rs.2,96,000 crore, the total anticipated expenditure during Eleventh Plan is only about Rs.2,88,000 crore leaving about Rs.8000 crore that may remain unutilized. Considering the requirements of the rural masses, the Committee strongly recommend that all out efforts should be made by the Ministry of Rural Development to ensure that allocated amount does not go unutilized during current Plan. For this, necessary coordination and monitoring process may be strengthened in consultation with State Governments. In this connection, the Committee reiterate their conviction that the key to better financial management and reaching the envisaged benefits to the intended beneficiaries lies in the effective devolution of functions, finances and functionaries to the Panchayati Raj Institutions, the fostering of local level of planning by the District Planning Committee as envisaged in the 73rd and 74th amendments to the Constitution.

(Recommendation Sl. No.3)

2.4 Regarding enhancement of allocation for rural development right from commencement of the current Plan till 2011-12, the terminal year of the Plan, the Ministry have apprised the Committee that the flow of funds has progressively increased from Rs.33,000 crore in 2007-2008 to Rs.74,100 crore in 2011-12. The Committee, however, feel that requirements of the people and capacity of the State Governments have increased manifold. Also taking into

consideration of high inflationary trend of about 8 to 10 per cent, the real value of the enhanced funds has not increased much. Accordingly, the Committee would like the Ministry to seek higher allocations from the Planning Commission rather than being content with the perceived increase in nominal allocations.

(Recommendation Sl. No.4)

2.5. Another important matter that has attracted the attention of the Committee is the state of preparedness for the Twelfth Plan (2012-17). The Committee are not satisfied about the level of preparedness of the Ministry as the Working Group for Twelfth Plan for Rural Development is yet to be constituted. With the continuance of priorities of Eleventh Plan like wage employment, rural housing, rural roads in the Twelfth Plan, the Committee feel that the constitution of a Working Group for Rural Development should be done expeditiously and it should start working immediately since the Twelfth Plan is just nine months away from now.

(Recommendation Sl. No.5)

2.6. While examining the funds proposed *vis-à-vis* funds allocated for rural development for the Annual Plan 2011-12, the Committee regret that the trend of Eleventh Plan allocations being lower than the demand raised by the Department has been repeated this year also. Thus, as against the Department's proposal of Rs.1,19,000 crore, the actual allocation has been as low as Rs.74,100 crore. After perusal of the scheme-wise reasons for required

amount of Rs. 1,19,000 crore, the Committee find that the major portion was for crucial areas like employment, road and shelter under the schemes of MGNREGA, PMGSY and IAY. The Committee are entirely persuaded of the reasons and justification for the amounts proposed under these schemes. They apprehend that significant reductions in these important schemes will adversely impact rural development and social equity across the country. They, therefore, also concur with the view of the Ministry of Rural Development that any reduction in allocation for important schemes like MGNREGA, PMGSY and IAY will retard the momentum of progress; in these vital areas of employment, rural connectivity and shelter, and therefore, inimical to the imperative of inclusive growth and social justice. They, therefore, strongly recommend that the issue of additional funds for these schemes in the Twelfth Plan be vigorously pursued with the Planning Commission, highlighting the integral relationship between inclusive growth and participate rural development, especially in view of India's position on the UN Human Development Index over the last two decades of accelerated GDP growth.

(Recommendation SI. No.6)

2.7. The Committee find that after the emergence of MGNREGA as a major instrument of employment in rural areas, it constitutes a little more than half of the budget of the Department of Rural Development. The quantum of funds under MGNREGA is based on assessment of the labour budgets of different State Governments. As per the figures given by the Department of Rural Development, based on these labour budgets, and keeping in view the cost

increase arising out of the revision of wage rates and the expected increase in outreach to households to attain during this year a national average of 60 days of employment (as against present average of 54 days employment), the estimated demand is of the order of roughly Rs.65, 000 crore for 2011-12. The Committee find merit in the contention of the Ministry. The Committee, therefore, are in agreement that the current allocation of Rs.40, 000 crore is too inadequate to address the issue of employment and recommend that it should be raised to Rs.65,000 crore.

The Committee's examination has revealed that there is non-utilisation of funds under MGNREGA of the order of Rs.14, 000 crore. The Committee have been apprised that the Secretary (RD) has already taken up the matter with the State Governments to pull up their socks for meeting the target of their labour budgets. The Committee hope that different State Governments will heed to the directions of the Department of Rural Development for optimum utilization of unspent amount.

(Recommendation Sl. No.7)

2.8. On the issue of the statutory right to employment or, in the alternative, the right to unemployment allowance embodied in MGNREGA, the Committee are constrained to express their concern that as against the provision of 100 days of guaranteed employment to all who seek it in rural areas, at the ground level implementation has left much to be desired. Neither have most households, especially in States rife with rural unemployment, received anywhere near 100 days of employment, there is almost total non-performance

in providing unemployment allowances under Section 7 of the Act to those who desire but are unable to secure employment. As per the latest figures submitted by the Department of Rural Development, only 5 crore job card holders got employment out of a total of 11.6 crore job card holders and that too at an average of 54 days of employment as against the stipulated mandatory 100 days of guaranteed employment. The Committee believe that the basic methods of assessment of demand are flawed, particularly when the highest percentage of eligible households to get 100 days of MGNREGA employment stands at 36% in Tripura and precipitously drops to 6% to 8% in populous States with high rural unemployment like Uttar Pradesh, Bihar, Orissa and Chhattisgarh, and falls even lower in disturbed North Eastern States like Manipur. Equally the Committee are deeply disturbed that Government is yet to effectively implement Section 7 of the MGNREGA which stipulates the provision of unemployment allowance to beneficiaries if the work they seek is not given. The Committee have found that the highest number of beneficiaries under Section 7 is a mere 1544 in Jharkhand; down to exactly 1 person in Kerala; and nil in many States and Union Territories. The Committee, therefore, recommend that this provision of the Act should be implemented in letter and spirit and also suggest that a provision should be made in the MGNREGA Act to ensure that the liability for unemployment allowance should be on the Centre and for this MGNREGA be suitably amended. It calls for widespread dissemination of information regarding the provisions of Section 7 through Gram Sabhas and the provision of budgetary allocations specifically to meet the requirements of Section 7. The Committee

seek an urgent report from the Department of Rural Development in this regard.

Moreover, in many parts of the country, there is less than adequate involvement of the Gram Panchayats in preparing the shelf of projects of monitoring implementation. Unless all elected members of the Panchayats, and the Gram Sabha, are fully involved in the planning and implementation of MGNREGA at the ground level, the letter and spirit of the Act stand violated. The involvement of the sarpanch is no substitute for the involvement that will ensure effectual social audit which is the key requirement for cutting down corruption and promoting efficiency in implementing the Act.

Above all, it needs to be remembered the MGNREGA furnishes entitlements by legal and justifiable rights; it cannot be treated as yet another scheme. Financing is to be kept open ended and the requirements for employment sought out proactively.

(Recommendation Sl. No.8)

2.9. The Committee are unhappy to note that MGNREGA being the biggest programme of the Department of Rural Development is beset with fundamental problems with regard to its implementation, particularly the reported corruption in its implementation process, which is a disgrace to the fair name of Mahatma Gandhi, the Father of Nation, in whose name the Programme has been renamed. Effective social audit is the key to limiting malpractices as has been demonstrated already in Rajasthan and Andhra Pradesh. The Committee

welcome the decision of the Department to universalize social audit of MGNREGA. They further recommend that statutory powers be given to them to monitor panchayat level implementation to minimize malpractices.

In Committee's opinion the programme is beset with many infirmities like inadequate assessment of the true level of need for such employment in rural areas, given that two third to four fifth of our rural population fall in the category of "poor and vulnerable" identified by Arjun Sen Gupta Committee.

The Committee are also persuaded that convergence of MGNREGA with other rural development schemes will be most effective into the devolution of all the 29 subjects illustratively listed in Eleventh Schedule of the Constitution by different State Governments plus the concomitant transfer of functionaries and finances to the Panchayats. In this connection, the Committee welcome the Department's proposal that Panchayats appoint Junior Engineers and, Panchayat Development Officers from the 6 per cent of their budget for administrative costs borne by the Ministry. The Committee, recommend that the Ministry of Rural Development take up all these issues with the Ministry of Panchayati Raj in a focused manner so that MGNREGA progresses in a truly Gandhian way.

(Recommendation Sl. No.9)

2.10. The Committee are constrained to note that financial performance of MGNREGA during the last two years *i.e.* 2009-2010 and 2010-2011 has not been satisfactory. While viewing the allocations *vis-à-vis* releases position during

this period the Committee find that during 2009-2010 the shortfall in allocation and releases was to the tune of around Rs.5,600 crore which by 2010-2011 was to the level of Rs.5,232 crore. Similarly, a comparison of total availability of funds *vis-à-vis* expenditure incurred during these two years, the Committee find a dismal picture. The Committee have noticed that there has been a shortfall of over Rs.10, 000 crore between availability of funds and expenditure in each of the year. The unspent balance have been attributed to a variety of reasons like carry over of large unspent balances from previous financial year in different States/UTs, relative slump in work demand under MGNREGA due to seasonal factors like cropping seasons etc. The Committee are not happy over the above dismal financial performance under MGNREGA, particularly, when implementation of MGNREGA is joint responsibility of the Central as well as State Governments. The Committee find it equally disappointing and deplorable that, on the one hand the Ministry pleads helplessness on the account of paucity of funds under different Schemes including MGNREGA, while, on the other, it is unable to put its own house in order by observing strict financial discipline. The Committee, therefore, recommend that the Ministry of Rural Development direct different defaulting States/UTs to move faster in utilization of funds so that scarce funds do not remain unutilized.

A close look at the month-wise details of releases and expenditure under MGNREGA during April 2010 to March 2011 by the Committee reveal that the pace of expenditure started from July, 2010 and it remained increasing upto September, 2010. From October, 2010 onwards, it started declining.

Moreover, the Committee find that in different States the trend of expenditure differs. For instance, in hilly or snow-clad States like Jammu & Kashmir, where during the course of a study tour of the Committee to J & K, the Committee found the working season is very limited and as such the trend of expenditure may not be in conformity to the national pattern envisaged by the Department. In view of the foregoing, the Committee recommend that expenditure pattern in relation to releases of previous two years in different States/UTs under MGNREGA may be assessed to arrive at logical conclusions.

(Recommendation Sl. No.10)

2.11. The Committee are constrained to note that the physical performance of MGNREGA has been even more deplorable than its financial performance. Despite being five-year old programme, MGNREGA has not been able to consolidate its position in terms of completion of works as is evident from the fact that less than 50 per cent of MGNREGA works have been completed since inception. Reportedly there are large number of complaints on the issue of the quality of assets created terming most of them as sub-standard and non-durable. The level of corruption is so deep and well entrenched in the system that the matter has reached the Supreme Court. All these disquieting features about the implementation of MGNREGA call for greater monitoring and transparency in implementation of the programme. During the course of examination, the Department of Rural Development itself has conceded that there are number of implementation constraints/ ills like non-availability of devoted staff, no system of regular monitoring, absence of documentation of

prescribed forms and Reports, in-operational MIS in many districts, delayed payment etc. About setting things in order to the Department of Rural Development has laboured to convince the Committee that various steps like holding of performance reviews at State level by eminent citizens, field visits and constitution of Working Groups on important areas like planning and execution, transparency and accountability, adoption of bio-metrics system at MGNREGA site etc. have been taken to stamp out any scope of complaints. In the Committee's view all these tall claims will remain on paper if a sense of integrity is absent and does not permeate the system run by Panchayati Raj Institutions (PRIs), Government officials and Banks/Post Offices. The Committee, therefore, recommend that besides faster and implementation of MGNREGA on as per provisions of the Act, social audit, formal audit and monitoring by Gram Sabha is essential.

The Committee during its visit to Jammu and Kashmir have come across various valuable suggestions for incorporation in the MGNREGA Act for hilly and remote States like Jammu and Kashmir. These include inclusion of the comparatively high cost of transportation of material used in MGNREGA works at higher reaches as compared to plains. The Committee feel that this issue should be examined by the Department of Rural Development so that some relief is given to affected people engaged in MGNREGA to tide over such kind of problems being faced in hilly and difficult States.

During the Committee's visit to Jammu, another important issue of counting of 100 days of guaranteed employment under MGNREGA came up for

discussion. As per the existing norm, the requirement of 100 days of guaranteed employment under MGNREGA is being met in a household by distributing 100 days among the eligible adults who volunteered to work. In this connection, the issue of impact of household norms for the purpose of employment under MGNREGA on joint family system also came up for discussion before the Committee. The Committee apprehended that the existing household under MGNREGA norm which means family may lead to break-up established joint family system in the country. The issue was taken up with the Department of Rural Development and the Committee have been informed that there are no reports that the provisions in MGNREGA have led to break-up of joint family system. The Committee, however, feel that the Department of Rural Development should examine the issue in consultation with State Governments and outcome arising thereof may be apprised to them.

Another important aspect regarding implementation of MGNREGA that came up before the Committee was the need for inclusion of thousands of traditional artisans, iron-smiths, leather workers etc. in the Country within the ambit of 'permissible works' given under Schedule I of MGNREGA with a view to saving their traditional skills who in the absence of a social security mechanism are being reduced to merely as stone cutting and other works. The Committee took up the issue with Department of Rural Development so that the ambit of permissible works can be widened to include above class of people. The Committee have been informed that this issue has already been

discussed by the Central Employment Guarantee Council on 23 June 2011 who did not support any such widening of 'permissible works'.

The Committee feel that in the absence of any social security and their pitiable economic condition, the Committee do not subscribe to the stand taken by Central Employment Guarantee Council (CEGC) that their needs will be taken care of by NLRM which is yet to start with full swing. The Committee, therefore, feel that since MGNREGA is a countrywide Programme that guarantees 100 days of employment in rural areas, this issue should again be thoroughly examined by CEGC. This can be done by way of first obtaining data about number of such people who genuinely require such inclusion under MGNREGA in different States so that the traditional artisans, iron-smiths etc. are helped on realistic basis. The Committee hope that action taken thereon may be apprised to the Committee.

(Recommendation Sl. No.11)

2.12. Another important and disturbing matter that has attracted the attention of the Committee is delayed payment of wages under MGNREGA. In this connection, the Committee find that the much talked about Business Model for making available payments in villages is shuttling between the Department of Rural Development and Department of Financial Services and is to be discussed in the Consultative and Coordination Committee. In view of the gravity of the problem, the Committee recommend that both the involved

Departments should work in a pro-active manner for reaching a solution for the timely delivery of payment to the eligible rural poor under MGNREGA.

(Recommendation Sl. No.12)

2.13. The Committee have come across another important issue of genuineness of Social Audit of MGNREGA works. The Department of Rural Development has also conceded before the Committee that owing to variety of reasons the Social Audit has not yielded desired results and taking cognizance of shortcomings in Social Audit in MGNREGA, Social Audit in Scheme Rules, 2011 have been framed wherein Social Audit through C&AG has been contemplated in a detailed manner. The Committee have also been informed that these Rules have been notified on 6 April, 2011 for comments thereon from public at large for finalization thereof in a month's time. The Committee would like to be apprised about conclusive action taken in the matter.

(Recommendation Sl. No.13)

2.14. The Committee note that under PMGSY, soon after the commencement of Bharat Nirman in 2005, the emphasis was on coverage of habitations with a population of 1000 and above; as a result work relating to coverage of habitations below that level *i.e.* 500 and above, has largely not been taken up. The Committee have been informed that owing to paucity of funds, Government have prioritized coverage of habitations with a population of 1000 and more. In the Committee's opinion changing the priority from covering habitations with a population of 500 to habitations with a population of 1000

has adversely affected rural connectivity and, as such, defeated the original objective of PMGSY. The Committee, therefore, recommend that since the issue of rural connectivity is paramount, view, all-out efforts should be made to open up coverage of habitations with population of 500-1000 by ensuring the availability of funds for this purpose.

(Recommendation Sl. No.14)

2.15. The Committee's examination has revealed that so important a scheme as PMGSY for rural connectivity has not been moving as it ought to have moved in terms of both fund constraints and deviation of approach. On the issue of fund constraints, the Committee find that during the Tenth and Eleventh Plan Periods, it has not been able to get the requisite support from the Planning Commission as funds proposed were reduced to one-third and one-half level respectively at the allocation stage. On the issue of deviation of approach, the Committee are dismayed to note that instead of pursuing the coverage of habitations of 500 and more the Government deviated from that and started coverage of habitation of 1000 and more. The Committee also note that the target of coverage of habitations has also gone down from the initial level of 1.36 lakh habitations in 2000 to 56,648 habitations at the time of Bharat Nirman in 2005, presumably owing to the exclusion of habitations of population of 500-999. The Committee's examination of the coverage of habitations during 2008-2009 and 2009-2010 has revealed that the performance of PMGSY is below target. The Committee, therefore, strongly recommend that

a thorough review of PMGSY undertaken for taking corrective remedial measures.

(Recommendation Sl. No.15)

2.16. The other issue concerning PMGSY that came up during the examination by the Committee was role of Panchayats in monitoring PMGSY works at the fourth tier. The Committee are aware that monitoring of PMGSY works is at present undertaken at three levels: District, State and National level. The Committee urge that for making PMGSY a people's programme the PRIs should also play the role of watch-dog especially in Tribal and Scheduled areas. In this connection, the Committee are of the view that the inclusion of Panchayats representatives in Joint Forest Management Committee (JFMCs) in different States may be involved for PMGSY.

(Recommendation Sl. No.16)

2.17 The Committee find that there have been suggestions from various quarters to review the guidelines in existence for Pradhan Mantri Gram Sadak Yojana. The Committee recently visited Kuttanad region of Alappuzha District (Kerala) during their Study Tour. The Committee found that it is not feasible in such areas to fulfill the 8 meter width condition. Similarly, there is need to allow small bridges for connectivity to tablet habitations. The Committee, therefore, would like that for specific regions, particularly, hilly, difficult areas, areas surrounded by water like Kuttanad region, the Government should examine and allow on case to case basis relaxation for road width, inclusion of

small bridges in the Scheme, relaxation in pavement of index survey and construction of cartable bridges/structure bridges to have the real connectivity in such areas.

(Recommendation Sl. No.17)

2.18 The Committee's examination of IAY's performance has revealed that whereas its financial performance is 100 per cent during 2009-2010; its physical performance is not all that good and is much lower than the targeted level. The Committee are constrained to note that as per the latest available figures there is a housing shortage of 4.4 crore in the country and exact data will be available after the final figures of Census of 2011 are announced. The Committee have been informed that Government have declared a goal of 'Housing for All' by 2017 i.e. by the end of Twelfth Plan (2012-2017) and the Ministry has projected an outlay of Rs.17,000 crore for it.

The Committee find that the pace of construction of houses is not progressing as per the demand. The Committee recommend that instead of the target of construction of 60 lakh houses in five years it should be 60 lakh houses in one year to achieve the objective of 'Housing for All by 2017'. The Committee, therefore, stress that there is a need for revising targets and outlay for the Twelfth Plan and evolving methodologies for attaining these targets in close association with the Panchayats and the Gram Sabhas.

(Recommendation Sl. No.18)

2.19 Another area that has attracted the Committee's attention is related to providing decent housing with minimum space to live in under IAY and enhancement of per unit assistance. The Department of Rural Development has expressed its helplessness on the issue as the Planning Commission is not in favour of any such enhancement. The Secretary, Rural Development also informed the Committee that there is essentially a need for funds from the Banking Sector in this area even if the Government enhances per unit assistance since allotting one to two IAY houses in one Gram Panchayat is not a long-term solution. The Committee, therefore, feel that a broad-based dialogue among all stakeholders, including the Banking/financial sector, be initiated to find solutions for achieving the objective of 'Housing for All by 2017.'

(Recommendation Sl. No.19)

2.20 The Committee's examination has also revealed that there is a need to link IAY with Total Sanitation Campaign (TSC) for construction of toilets by way of adding an amount of Rs.3000 to Rs.4000 under IAY so that IAY housing is provided with toilets. Similarly, the labour component under IAY be sourced from MGNREGA. The Committee accordingly recommend that these issues relating to convergence of schemes be examined by the Department of Rural Development in conjunction with all the Ministries/Departments concerned. The Committee would like to be apprised about the outcome in the matter.

(Recommendation Sl. No.2.20)

2.21 The Committee have been informed that the SGSY scheme has been restructured as the National Rural Livelihood Mission (NRLM) in 2010-2011 so as to reach out to 7 crore rural poor households and uplift them from abject poverty in a time bound manner. The Committee have been informed that States have been told to operate SGSY and NRLM programme side by side. The Secretary, Rural Development has in a detailed deposition before the Committee spelt out the delivery mechanism under the new programme along with the exit policy. In view of uncertainty about genuine BPL list and other factors, the Committee feel that there is a need for close coordination between Department of Rural Development and Department of Financial Services for preparing the necessary frame-work for the new Programme of NRLM.

(Recommendation Sl. No.21)

2.22. The Committee find that the scheme of 'DRDA Administration', one of the main implementing agency of all rural development schemes at district level is in the process of being restructured with a view to shouldering the increased load of new schemes like MGNREGA and NRLM. The Committee have been informed that task of restructuring of DRDA has been assigned to a Committee headed by Shri V.Ramachandran which was to submit its Report by May, 2011. The Committee have been informed by the Secretary, Rural Development that said Report may be finalised any time in July, 2011. The Committee, therefore, recommend that the said Report be submitted as expeditiously as possible so followed by necessary examination and follow-up actions to expedite the crucial reforms in DRDA Administration Scheme

which not only envisages reform in district level and below. The Committee recommend that steps be taken to merge DRDAs with District Panchayats in States, where this process has not been completed.

(Recommendation Sl. No.22)

2.23 While reviewing the role of CAPART the Committee are dismayed to note that CAPART's performance has been almost negligible which hitherto before used to play prominent role in involving NGOs in transfer of rural technology at the door step of rural poor in the Country. The Committee have been informed that ills of CAPART have been due to variety of reasons like treating it as a post retirement sojourn by ruling elite instead of allowing it to grow its natural growth as per the objectives of CAPART. Meanwhile, the Committee have been informed that in view of large number of complaints of irregularities penal action has been taken against some officers of CAPART. The Committee would await details of restructuring of CAPART, its new priorities and objectives so that the organisation remains an organisation focusing on rural development.

(Recommendation Sl. No.23)

2.24. The Committee are unhappy to note that innovative scheme like PURA has not yet started even after though it was started way back in 2004-2005 on pilot basis. The Committee find that what is more disappointing is that year after year since 2008-2009 large funds have been surrendered. For instance,

Rs.30 crore were surrendered in each year 2008-2009 and 2009-2010 and during 2010-2011 Rs.50 crore were surrendered due to various reasons. The Committee, therefore, are not satisfied with the way this important scheme is being handled and recommend that more action oriented approach is called for and the Ministry would take conclusive action in the matter.

(Recommendation Sl. No.24)

2.25 The Committee are dismayed to note that there is no updated BPL list in rural areas in the Country and whatever BPL data are available these pertain to the year 2002. During all these years, the Committee have been highlighting the need for updating the BPL List. However, on account of various reasons the matter has not progressed much. This year, the Committee have been informed that by March, 2012 the required BPL List will be made available to the Country. In this connection, the most vital aspect with regard to BPL was identification of genuine poor in the BPL list. Various suggestions like putting together all the BPL relating matter under one roof, observing a more realistic approach with regard to identification of poor in the form of taking into account the family income or income from assets of permanent nature, full involvement of Panchayats in the process etc. have come up before the Committee. Besides, the representative of the Department of Rural Development has also put forth before the Committee steps taken for bringing transparency in method of selection. The Committee hope that the Department

of Rural Development will be benefited by these suggestions for bringing out a BPL list largely acceptable to all.

(Recommendation Sl. No.25)

NEW DELHI;
12 August, 2011
21 Sravana, 1933(Saka)

(SUMITRA MAHAJAN)
Chairperson,
Standing Committee on
Rural Development

COMMITTEE ON RURAL DEVELOPMENT (2010-2011)

**MINUTES OF THE NINTH SITTING OF THE COMMITTEE HELD ON
THURSDAY, THE 12 MAY, 2011**

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room No. 'B', Ground Floor,
Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Manikrao Hodlya Gavit
6. Shri Raghuvir Singh Meena
7. Shri Rakesh Pandey
8. Shri P.L. Punia
9. Shri Jagdanand Singh
10. Shri Makansingh Solanki
11. Shrimati Usha Verma

Rajya Sabha

12. Shri Mani Shankar Aiyar
13. Shri Ganga Charan
14. Sardar Sukhdev Singh Dhindsa
15. Shrimati Maya Singh
16. Shri Mohan Singh
17. Miss Anusuiya Uikey

Secretariat

- | | | | |
|----|-----------------|---|---------------------|
| 1. | Shri Brahm Dutt | - | Joint Secretary |
| 2. | Shri A.K.Shah | - | Additional Director |

Representatives of Department of Rural Development

1.	Sh. B.K. Sinha	--	Secretary
2.	Sh. Arvind Mayaram	--	Additional Secretary & Financial Adviser
3.	Sh. Md. Haleem Khan	--	Director General, CAPART
4.	Sh. Mathew C. Kunnumkal	--	Director General, NIRD
5.	Sh. P.K. Padhi	--	Chief Economic Advisor
6.	Sh. D.K. Jain	--	Joint Secretary
7.	Sh. Sanjay Kumar Rakesh	--	Joint Secretary
8.	Sh. P.K. Anand	--	Joint Secretary
9.	Sh. T. Vijay Kumar	--	Joint Secretary
10.	Sh. Niten Chandra	--	Joint Secretary
11.	Sh. C.R.K. Nair	--	Advisor
12.	Dr. A.K. Singh	--	Deputy Director General, CAPART
13.	Smt. N. Chatterjee	--	Deputy Director General, CAPART
14.	Dr. M.V. Rao	--	Deputy Director General, NIRD

2. At the outset, the Chairperson welcomed the members of the Committee to the sitting convened to take evidence of the representatives of the Department of Rural Development on Demands for Grants (2011-2012) of the Department of Rural Development. The Committee decided to undertake an on-the-spot study tour to Srinagar, Jammu, Ambala and Chandigarh from 27 May to 1 June 2011 in connection with implementation of programmes and schemes of the Ministries of Rural Development and Panchayati Raj.

[Witnesses were then called in]

3. The Chairperson welcomed the representatives of the Department of Rural Development (Ministry of Rural Development) to the Sitting and read out direction 55 (1) regarding confidentiality of the proceedings. Thereafter, the Secretary, Department of Rural Development with prior permission of the Chairperson, gave a power point presentation on coverage of the scheme of MGNREGA. The Committee, thereafter, took evidence of the representatives of the Department of Rural Development (Ministry of Rural Development) on their Demands for Grants (2011-12). The main points that came up for discussion include need for pursuing vigorously the provision of 100 days of guaranteed employment under MGNREGA, need for a greater role for Panchayati Raj Institutions and awareness campaign in a big way, need for imbuing the truthfulness in the Scheme which is totally invisible, for which the name of Mahatma Gandhi has been attached to it, need for convergence of all the 149 Centrally Sponsored Schemes for getting the required labour demand under MGNREGA etc. The Secretary, Department of Rural Development replied to various queries raised by members on the aforesaid issues. The Chairperson also directed that written replies to the points for which information was not available may be sent to the Secretariat.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned for lunch to meet again at 1400 Hrs.

COMMITTEE ON RURAL DEVELOPMENT (2010-2011)

**MINUTES OF THE TENTH SITTING OF THE COMMITTEE HELD ON
THURSDAY, THE 12 MAY, 2011**

The Committee sat from 1400 hrs. to 1630 hrs. in Committee Room No. 'B', Ground Floor,
Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Manikrao Hodlya Gavit
6. Shri Raghuvir Singh Meena
7. Shri Rakesh Pandey
8. Shri P.L. Punia
9. Shri Jagdanand Singh
10. Shri Makansingh Solanki
11. Shrimati Usha Verma

Rajya Sabha

12. Shri Mani Shankar Aiyar
13. Shri Ganga Charan
14. Sardar Sukhdev Singh Dhindsa
15. Shrimati Maya Singh
16. Shri Mohan Singh
17. Miss Anusuiya Uikey

Secretariat

1. Shri Brahm Dutt - Joint Secretary
2. Shri A.K.Shah - Additional Director

Representatives of Department of Rural Development

- | | | |
|-----|-------------------------|---|
| 1. | Sh. B.K. Sinha | -- Secretary |
| 2. | Sh. Arvind Mayaram | -- Additional Secretary & Financial Adviser |
| 3. | Sh. Md. Haleem Khan | -- Director General, CAPART |
| 4. | Sh. Mathew C. Kunnumkal | -- Director General, NIRD |
| 5. | Sh. P.K. Padhi | -- Chief Economic Advisor |
| 6. | Sh. D.K. Jain | -- Joint Secretary |
| 7. | Sh. Sanjay Kumar Rakesh | -- Joint Secretary |
| 8. | Sh. P.K. Anand | -- Joint Secretary |
| 9. | Sh. T. Vijay Kumar | -- Joint Secretary |
| 10. | Sh. Niten Chandra | -- Joint Secretary |
| 11. | Sh. C.R.K. Nair | -- Advisor |
| 12. | Dr. A.K. Singh | -- Deputy Director General, CAPART |
| 13. | Smt. N. Chatterjee | -- Deputy Director General, CAPART |
| 14. | Dr. M.V. Rao | -- Deputy Director General, NIRD |

[Witnesses were then called in]

3. The Committee resumed the evidence of the representatives of Department of Rural Development on schemes of PMGSY, IAY and Management Support etc. The main issues that came up for discussion, include need for implementation of PMGSY by covering eligible habitations of 500 to 999 population for ensuring last mile connectivity for which PMGSY was launched, instead of implementing Bharat Nirman to achieve the target of covering eligible habitations of over 1000 population, need for refocusing of IAY Scheme for tackling the housing shortage in meaningful manner in Twelfth Plan Period, need for adequate attention for Management Support for implementation of various rural development schemes etc. Since evidence of the witnesses remained inconclusive, the Chairperson decided to have further evidence of the representatives of Department of Rural Development at one of the subsequent sittings for completing the examination of their Demands for Grants. The Chairperson thanked the representatives of Department of Rural Development. The Chairperson also directed the officers of the Ministry to furnish written replies to the points on which information has not readily available.

[Witnesses then withdrew]

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

COMMITTEE ON RURAL DEVELOPMENT (2010-2011)

**MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE HELD ON
WEDNESDAY, THE 15 JUNE, 2011**

The Committee sat from 1100 hrs. to 1330 hrs. in Committee Room No. 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Kunvarjibhai Mohanbhai Bavalia
3. Shri Sanjay Dhotre
4. Shri Sidhant Mahapatra
5. Shri Gobinda Chandra Naskar
6. Shri Rakesh Pandey
7. Shri P.L. Punia
8. Shri Jagdish Sharma
9. Dr. Sanjay Singh
10. Shri Makansingh Solanki
11. Shrimati Usha Verma
12. Shri Ramesh Vishwanath Katti

Rajya Sabha

13. Shri Ganga Charan
14. Sardar Sukhdev Singh Dhindsa
15. Dr. Ram Prakash
16. Shri Mohan Singh
17. Miss Anusuiya Uikey
18. Dr. Kapila Vatsyayan

Secretariat

1. Smt. Veena Sharma - Director
2. Shri A.K.Shah - Additional Director

Representatives of Department of Rural Development

- | | | | |
|-----|-------------------------|----|--|
| 1. | Sh. Arvind Mayaram | -- | Additional Secretary & Financial Adviser |
| 2. | Sh. Md. Haleem Khan | -- | Director General, CAPART |
| 3. | Sh. Mathew C. Kunnumkal | -- | Director General, NIRD |
| 4. | Sh. P.K. Padhi | -- | Chief Economic Advisor |
| 5. | Sh. D.K. Jain | -- | Joint Secretary |
| 6. | Sh. Sanjay Kumar Rakesh | -- | Joint Secretary |
| 7. | Sh. P.K. Anand | -- | Joint Secretary |
| 8. | Sh. T. Vijay Kumar | -- | Joint Secretary |
| 9. | Sh. Niten Chandra | -- | Joint Secretary |
| 10. | Sh. C.R.K. Nair | -- | Advisor |
| 11. | Dr. A.K. Singh | -- | Deputy Director General, CAPART |
| 12. | Smt. N. Chatterjee | -- | Deputy Director General, CAPART |
| 13. | Dr. M.V. Rao | -- | Deputy Director General, NIRD |

[Witnesses were then called in]

2. At the outset, the Chairperson welcomed the Members of the Committee to the sitting convened for taking further evidence of the representatives of the Department of Rural Development (Ministry of Rural Development) in connection with examination of Demands for Grants (2011-2012) as the evidence of the representatives of the Department of Rural Development held on 12 May, 2011 on the subject remained inconclusive. The Chairperson also apprised the Committee that as the Secretary of the Department is unable to appear before the Committee on health ground, on a request received from Secretary, Department of Rural Development, Additional Secretary, Department of Rural Development has been allowed to tender evidence on behalf the Secretary, Department of Rural Development.

[Witnesses were then called in]

3. The Chairperson then welcomed the representatives of the Department of Rural Development to the sitting and read out Direction 55 (1) of the 'Directions by the Speaker' regarding confidentiality of the proceedings. Thereafter, the Additional Secretary, Department of Rural Development with prior permission of the Chairperson, gave a power point presentation before the Committee about some schemes that were discussed by the Committee. Thereafter, the Committee took up oral evidence of the representatives of the Department of Rural Development (Ministry of Rural Development). The main issue that came up for discussion include progress on restructuring of DRDA, workdone on Provision of Urban Amenities in Rural Areas (PURA) scheme, problems with CAPART, various deficiencies in present process of assessment and identification of BPL in rural areas in the country, etc. The Chairperson, asked the witnesses

to give a detailed note on problems with CAPART and on various issues concerning BPL issue. The Members raised their individual queries and these were answered by the witnesses and the Chairperson also directed the witnesses to furnish their replies thereto which were not readily available with them on a later date.

[Witnesses then withdrew]

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

COMMITTEE ON RURAL DEVELOPMENT (2010-2011)

**MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE HELD ON
WEDNESDAY, THE 21 JULY, 2011**

The Committee sat from 1100 hrs. to 1400 hrs. in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sandeep Dikshit
6. Shri H.D. Kumaraswamy
7. Shri Raghbir Singh Meena
8. Shri Sidhant Mahapatra
9. Shri Rakesh Pandey
10. Shri P.L. Punia
11. Shri Jagdish Sharma
12. Shri Jagdanand Singh
13. Shrimati Usha Verma
14. Shri Ramesh Vishwanath Katti

Rajya Sabha

15. Shri Mani Shankar Aiyar
16. Sardar Sukhdev Singh Dhindsa
17. Dr. Ram Prakash
18. Shri Mohan Singh
19. Miss Anusuiya Uikey
20. Dr. (Smt.) Kapila Vatsyayan

Secretariat

1. Shri Brahm Dutt - Joint Secretary
2. Shri A.K. Shah - Additional Director

2. At the outset, the Chairperson welcomed the members to the sitting of the Committee. The Committee then took up for consideration the Draft Report on Demands for Grants (2011-2012) of the Department Rural Development (Ministry of Rural Development). After some discussion, the Committee adopted the Draft Report with some modifications.

3. The Committee also authorised the Chairperson to finalise the above-mentioned Draft Report taking into consideration consequential changes arising out of factual verification, if any, by the concerned Department and to present the same to the both the Houses of Parliament.

The Committee then adjourned.