

# **PUBLIC ACCOUNTS COMMITTEE (1978-79)**

**(SIXTH LOK SABHA)**

**HUNDRED AND SIXTEENTH REPORT**

**REVIEW OF GUIDELINES FOR 1972-74  
CRASH SCHEME FOR RURAL EMPLOYMENT**

**MINISTRY OF AGRICULTURE AND  
IRRIGATION**

**(DEPARTMENT OF RURAL DEVELOPMENT)**

**[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 82nd Report (Sixth Lok Sabha)]**

*Presented in Lok Sabha on*  
*Laid in Rajya Sabha on*

11 Feb 1979



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**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1979/Phalguna, 1900 (S)*

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# CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE . . . . .	(iii)
INTRODUCTION . . . . .	(v)
CHAPTER I— Report . . . . .	I
CHAPTER II— Recommendations and Observations that have been accepted by Government . . . . .	5
CHAPTER III— Recommendations and Observations which the Committee do not desire to pursue in the light of the replies received from Government . . . . .	9
CHAPTER IV— Recommendations and Observations replies to which have not been accepted by the Committee and which require reiteration	10
CHAPTER V — Recommendations and Observations in respect of which Govern- ment have furnished replies . . . . .	11
APPENDIX	
Statement of Conclusions and Recommendations . . . . .	12

**PUBLIC ACCOUNTS COMMITTEE**  
(1978-79)

Shri P. V. Narasimha Rao—*Chairman*

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14. Shri M. Satyanarayan Rao
15. Shri Vasant Sathe

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21. Shri B. Satyanarayan Reddy
22. Shri Gian Chand Totu

**SECRETARIAT**

1. Shri H. G. Paranjpe—*Joint Secretary*
2. Shri D. C. Pandey—*Chief Financial Committee Office*
3. Shri T. R. Ghai—*Senior Financial Committee Officer*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Sixteenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Eighty-Second Report (Sixth Lok Sabha) on Review of Guidelines for 1972-73-Crash Scheme for Rural Employment.

2. On 31 May, 1978, an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Report:

- |  |                  |
|--|------------------|
| 1. Shri P. V. Narasimha Rao— <i>Chairman</i> . |                  |
| 2. Shri Asoke Krishna Dutt— <i>Convener</i> .  |                  |
| 3. Shri Vasant Sathe                           | } <i>Members</i> |
| 4. Shri M. Satyanarayan Rao                    |                  |
| 5. Shri Gauri Shankar Rai                      |                  |
| 6. Shri Kanwar Lal Gupta.                      |                  |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1978-79) considered and adopted the Report at their sitting held on 20 February, 1979. The Report was finally adopted by the Public Accounts Committee (1978-79) on 8 March, 1979.

4. For facility of reference the recommendation of the Committee has been printed in thick type in the body of the Report. For the sake of convenience the recommendation of the Committee has also been reproduced in the Appendix to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;  
March 8, 1979.

*Phalgun* 17, 1900 (S).

P. V. NARASIMHA RAO,  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the conclusions and recommendations of the Committee contained in their 82nd Report (Sixth Lok Sabha) presented to the Lok Sabha on 28th April, 1978, on the Review of Guidelines for 1972-73-Crash Scheme for Rural Employment.

1.2. Action Taken Notes in respect of all the 5 conclusions and recommendations contained in the Report have been received from the Government and these have been categorised as follows:—

(i) *Conclusions and Recommendations that have been accepted by Government:*

S. Nos. 1—5.

(ii) *Conclusions and Recommendations which the Committee do not desire to pursue in view of the replies received from Government:*

NIL

(iii) *Conclusions and Recommendations replies to which have not been accepted by the Committee and which require reiteration:*

NIL

(iv) *Conclusions and Recommendations in respect of which Government have furnished interim replies:*

NIL

1.3. The Committee will now deal with the action taken by Government on their recommendation.

*Guidelines issued in March 1972 regarding Crash Scheme for Rural Employment (Para 1.21 to 1.25 Sl. Nos. 1—5)*

1.4. The Public Accounts Committee in their 170th Report (1974-75-Fifth Lok Sabha) on Crash Scheme for Rural Employment had, *inter-alia*, commented on the fact that information was not readily available with the Ministry of Agriculture on the list of works costing less than Rs. 5,000 each which were executed in violation of the Guidelines issued in March 1972. Subsequently information with

regard to such works, as received from 12 States, was forwarded to the Committee. This information comprised the number of works which were undertaken both in 1971-72 and 1972-73. Finding from this information that in respect of 12 States/Territories works costing less than Rs. 5,000 each had been taken up during 1972-73 onwards in violation of the Guidelines, the Committee in their 228th Action Taken Report had recommended that, on principle, Government should identify all works so undertaken and debit the expenditure incurred in that respect to the States concerned.

1.5. The State Government of Rajasthan, which was one of the States which had undertaken 131 small projects costing less than Rs. 5,000/- each in violation of the Guidelines, represented to the Committee that in view of the peculiar conditions obtaining in the State under which these works were executed, Government should not insist on the State Government to reimburse the expenditure incurred on them.

1.6. From the information furnished to them the Committee observed that besides Rajasthan, Gujarat had undertaken 12 works, Haryana 14 works, Karnataka 121 works, Kerala 4 works and Tamil Nadu 429 works during the years 1972-73 and 1973-74, all costing less than Rs. 5,000/- each.

1.7. Suggesting review of question of recoveries from State Governments on all cases of deviation from guidelines issued in March, 1972 regarding Crash Scheme for Rural Employment, the Committee, in their 82nd Report (Sixth Lok Sabha), had observed as under:—

“1.24. The Committee do appreciate that for enforcing financial discipline in the matter of execution of projects some guidelines were necessary. However, all such guidelines have to serve public purpose and cannot be imposed as a cast iron rule defeating the very purpose of the project. The object of the crash scheme is admittedly the provision of employment for a short duration and the creation of corresponding assets in that process. The stipulation with respect to the number of workers to be employed, the period of their employment and the amount to be spent are all meant to ensure that this objective is attained. The relevant question to consider, therefore, is whether the projects undertaken were genuinely undertaken and whether they served the purpose of the scheme. Since local conditions differ from State to State, it is quite conceivable that on account of higher rate of wages or conditions of terrain necessitating employment of larger number of persons

the same work may in one State cost more than Rs. 5,000|- and in another less than Rs. 5,000|-. The State Government has strongly maintained that the amount spent had generated productive employment and that it has resulted in the development efforts of the State. The Ministry of Agriculture does not want to dispute this assertion by the State Government. The Committee has, therefore, no reason to doubt that the State Governments had undertaken works and spent money on them with a full sense of responsibility in view of their substantial utility to the people. Judging from the total number of works that were executed in these States and the amount spent on them, the Committee are inclined to feel that these works were executed|undertaken for genuine public welfare purposes. In the light of the facts now brought out, the Committee, therefore, feel that it would be causing hardships to the State Governments of Rajasthan etc. if they are asked to refund the amount of expenditure incurred by them on projects costing less than Rs. 5,000|- each.

- 1.25. The earlier recommendation of this Committee was also based on the fact that the Department had (vide para 1.79 of 170th Report) on their own addressed to the Accountants General of all States|Union Territories to effect recoveries of amounts spent on works or items in contravention of the provisions of the Scheme. The Committee would, therefore, urge the Government to review the question of recoveries on all cases of deviations from the guidelines in the light of the observation made above."

1.8. In their Action Taken Note dated 24 October, 1978, the Department of Rural Development, Ministry of Agriculture and Irrigation have stated as follows:—

"The Government has reviewed in consultation with Integrated Finance the question of recoveries in cases of deviation from guidelines. The Integrated Finance was of the view that before dropping the question of refund, the Department of Rural Development may elicit the justification from the other State Governments concerned with regard to criteria applied in the case of Rajasthan viz., local conditions and the public purpose. The matter is being pursued with the concerned State Governments."

1.9 The Committee hope that views of other State Governments must have since been received in the matter and a consensus reached on the question of reimbursement or otherwise of the expenditure incurred by those States on works costing less than Rs. 5,000 each which were executed in violation of the guidelines issued in March, 1972. Since it is long back when the scheme had been closed the Committee would urge that a final decision in this regard should be taken early.

1.



## **CHAPTER II**

### **RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

The Committee in their 170th Report (1974-75-Fifth Lok Sabha) on Crash Scheme for Rural Employment had, *inter-alia*, commented on the fact that information was not readily available with the Ministry of Agriculture on the list of works costing less than Rs. 5000 each which were executed in violation of the Guidelines issued in March 1972. Subsequently information with regard to such works, as received from 12 States, was forwarded to the Committee. This information comprised the number of works which were undertaken both in 1971-72 and 1972-73. Finding from this information that in respect of 12 States/Territories works costing less than Rs. 5000 each had been taken up during 1972-73 onwards in violation of the Guidelines, the Committee in their 228th Action Taken Report had recommended that, on principle, Government should indentify all works so undertaken and debit the expenditure incurred in that respect to the States concerned.

[Sl. No. 1 (Para 1.21) of Appendix III to 82nd Report of PAC (Sixth Lok Sabha)].

#### **Action Taken**

Recommendation merely contains observations and no action is required on this.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20020/1/78-R.M.E. dated 9th February, 1979].

#### **Recommendation**

The State Government of Rajasthan, which was one of the States which had undertaken 131 small projects costing less than Rs. 5000 each in violation of the Guidelines, have represented to the Committee that in view of the peculiar conditions obtaining in the State under which these works were executed, Government should not

insist on the State Government to reimburse the expenditure incurred on them.

[Sl. No. 2 (Para 1.22) of Appendix III to 82nd Report of PAC (Sixth Lok Sabha)].

### **Action Taken**

Recommendation merely contains observations and no action is required on this.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20020/1/78-R.M.E. dated 9th February, 1979].

### **Recommendation**

The Committee note from the information furnished to them that besides Rajasthan, Gujarat had undertaken 12 works, Haryana 14 works, Karnataka 121 works, Kerala 4 works and Tamil Nadu 429 works during the years 1972-73, and 1973-74, all costing less than Rs. 5000 each.

[Sl. No. 3 (Para 1.23) of Appendix III to 82nd Report of PAC (Sixth Lok Sabha)].

### **Action Taken**

Recommendation merely contains observations and no action is required on this.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20020/1/78-R.M.E. dated 9th February, 1979].

### **Recommendation**

The Committee do appreciate that for enforcing financial discipline in the matter or execution of projects some guidelines were necessary. However, all such guidelines have to serve public purpose and cannot be imposed as a cast iron rule defeating the very purpose of the project. The object of the crash scheme is admittedly the provision of employment for a short duration and the creation of corresponding assets in that process. The stipulation with respect to the number of workers to be employed, the period of their employment and the amount to be spent are all meant to ensure that this objective is attained. The relevant question to consider, therefore, is whether the projects undertaken were genuinely undertaken and whether they served the purpose of the scheme. Since local conditions differ

from State to State, it is quite conceivable that on account of higher rate of wages or conditions of terrain necessitating employment of larger number of persons the same work may in one State cost more than Rs. 5000 and in another less than Rs. 5000. The State Government has strongly maintained that the amount spent had generated productive employment and that it has resulted in the development efforts of the State. The Ministry of Agriculture does not want to dispute this assertion by the State Government. The Committee has, therefore, no reason to doubt that the State Governments had undertaken these works and spent money on them with a full sense of responsibility in view of their substantial utility to the people. Judging from the total number of works that were executed in these States and the amount spent on them, the Committee are inclined to feel that these works were executed/undertaken for genuine public welfare purposes. In the light of the facts now brought out, the Committee, therefore, feel that it would be causing hardships to the State Governments of Rajasthan etc. if they are asked to refund the amount of expenditure incurred by them on projects costing less than Rs. 5000 each.

[Sl. No. 4 (para 1.24) of Appendix III to 82nd Report of PAC (sixth Lok Sabha)].

### **Action Taken**

Recommendation merely contains observations and no action is required on this.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20020/1/78-R.M.E. dated 9th February, 1979].

### **Recommendation**

The earlier recommendation of the Committee was also based on the fact that the Department had (vide para 1.79 of 170th Report) on their own addressed to the Accountants General of all States/ Union Territories to effect recoveries of amounts spent on works or items in contravention of the provisions of the Scheme. The Committee would, therefore, urge the Government to review the question of recoveries on all cases of deviations from the guidelines in the light of the observations made above.

[Sl. No. 5 (Para 1.25) of Appendix III to 82nd Report of PAC (Sixth Lok Sabha)]  
/

**Action Taken**

The Government has reviewed in consultation with Integrated Finance the question of recoveries in cases of deviation from guideline. The Integrated Finance was of the view that before dropping the question of refund, the Department of Rural Development may elicit the justification from the other State Governments concerned with regard to criteria applied in the case of Rajasthan, viz., local conditions and the public purpose. The matter is being pursued with the concerned State Governments.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. 20020/1/78-R.M.E. dated 23rd October, 78].

### **CHAPTER III**

#### **RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT**

—Nil—

## **CHAPTER IV**

### **RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

**NIL**

## CHAPTER V

### RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

NIL

NEW DELHI;  
March 8, 1979  
Phalguna 17, 1900 (S).

P. V. NARASIMHA RAO,  
*Chairman,*  
*Public Accounts Committee.*

## APPENDIX

### *Statement of Conclusions and Recommendations*

Sl. No.	Para No. of the Report	Ministry/Deptt. concerned	Conclusion or Recommendation
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4

1      2      3

1      179      Ministry of Agriculture and Irrigation (Department of Rural Development)

The Committee hope that views of other State Governments must have since been received in the matter and a consensus reached on the question of reimbursement or otherwise of the expenditure incurred by those States on works costing less than Rs. 5,000 each which were executed in violation of the guidelines issued in March 1972. Since it is long back when the scheme had been closed the Committee would urge that a final decision in this regard should be taken early.