

**PUBLIC ACCOUNTS COMMITTEE
(1977-78)**

(SIXTH LOK SABHA)

EIGHTY-SECOND REPORT

**Review of Guidelines for 1972-73—Crash
Scheme for Rural Employment**

MINISTRY OF AGRICULTURE AND IRRIGATION

(Department of Rural Development)



*Presented in Lok Sabha on 28-4-1978
Laid in Rajya Sabha on 28-4-1978*

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1978/Vaisakha 1900 (Saka)

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(1977-78)

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*Elected w.e.f 23 November, 1977 *vice* Sarvashri Sheo Narain and Jagdambi Prasad Yadav ceased to be Member of the Committee on their appointment as Ministers of State.

@Ceased to be Member of the Committee consequent on retirement from *Rajya Sabha* w.e.f 2 April, 1978.

†Ceased to be Members of the Committee consequent on retirement from *Rajya Sabha* w.e.f 9 April, 1978.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Eighty-Second Report on the Review of Guidelines for 1972-73—Crash Scheme for Rural Employment.

2. The Public Accounts Committee in their 170th Report (Fifth Lok Sabha) on Crash Scheme for Rural Employment had, *inter-alia* dealt with the guidelines issued by the Government of India in March 1972 for the implementation of the Crash Scheme for Rural Employment which prohibited taking up of projects costing less than Rs. 5,000/-. In their 228th Report (Fifth Lok Sabha) which was an Action Taken Report on the 170th Report, the Committee had recommended that, in principle, Government should identify all works so undertaken and debit the expenditure incurred in that respect to the States concerned. A representation was received from the State Minister of Community Development and Panchayats, Government of Rajasthan 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. The Committee considered the representation from the Minister of Community Development and Panchayats, Government of Rajasthan at their sitting held on 31 March, 1978 and decided that since a question involving public policy was raised by the Government of Rajasthan, the representative of the Ministry of Agriculture (Department of Rural Development) should be heard on the points raised by the State Government. Accordingly, the Committee took evidence of the representative of the Ministry of Agriculture on 17 April, 1978. The Report was considered and finalised by the Committee at their sitting held on 27 April, 1978. The Minutes of the sittings form Part II* of the Report.

3. A statement containing conclusions/recommendations of the Committee is appended to this Report (Appendix III). For facility of reference these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of these paragraphs by the Comptroller and Auditor General of India.

*Not Printed. One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

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5. The Committee would also like to express their thanks to the Ministry of Agriculture and Irrigation (Department of Rural Development) for the cooperation extended by them in giving information to the Committee.

NEW DELHI;

April 27, 1978.

Vaisakha 7, 1900 (S).

C. M. STEPHEN,

Chairman,

Public Accounts Committee.

I

1.1. The Public Accounts Committee in paragraphs 1.78 to 1.82 of their 170th Report (Fifth Lok Sabha) on paragraph 10 of Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil) relating to size of works to be taken up under the Crash Scheme for Rural Employment, had *inter alia* dealt with the guidelines issued by the Government of India in March 1972 for the implementation of the Scheme which *inter alia* prohibited taking up projects (by the executing agencies—in this case the State Governments) costing less than Rs. 5,000 each as follows:

“Audit Paragraph

Size of the works

1.78. The Central Government had requested the State Governments to ensure that the projects were not too small because, if small their number would be very large and would pose problems of logistics and supervision. If a project was to be really worthwhile its size was ordinarily to be such that it would employ a minimum of 50 persons continuously for 15 weeks. (In that event each work would cost about Rs. 22,500 to Rs. 25,000). If owing to special local circumstances, smaller projects were to be undertaken in some regions, the cost of the smaller projects was not in any case to be less than Rs. 5,000 each and their number was to be such that not more than 20 per cent of the funds allotted to a district were spent on them. However, in some States including Assam, Orissa and Tamil Nadu many petty works were undertaken. Of the 2112 works sanctioned in Assam during the two years, 621 works (amount Rs. 21 lakhs) cost less than Rs. 5,000 each while 1254 works (amount Rs. 124 lakhs) cost between Rs. 5,000 and Rs. 22,500. Further, many of the 237 works each costing more than Rs. 22,500, individually comprised a number of small works executed in different locations. Of 202 works estimated to cost Rs. 34 lakhs in Kalahandi district in Orissa, the average individual cost of 132 works was only Rs. 6,315. Of 451 works in 46 Blocks, test-checked in that State, the cost of only 35 works was more than Rs. 25,250 each. In the first phase of implementation of the programme in 123 Blocks in Tamil Nadu 2513 works were approved of which as many as 1212 cost less

than Rs. 5,000 each, 1204 works cost between Rs. 5,000 and Rs. 23,500 each, while only 97 works cost more than Rs. 23,500. The same pattern was followed in 107 blocks taken up for implementation in the second phase (October, 1971). Of 1262 works taken up for execution in 1972-73 at an estimated cost of Rs. 84.35 lakhs in 48 blocks selected for review, 1240 works (91 per cent; cost Rs. 76.93 lakhs) were small works costing less than Rs. 23,500 thus exceeding the prescribed ceiling of 20 per cent for small works. Further, as in 1971-72, 431 small works (14 per cent; total cost Rs. 11.72 lakhs) the estimated cost of each of which was less than Rs. 5,000, were taken up. In two blocks all the 78 works were estimated to cost less than Rs. 5,000 each.

[Paragraph 10 of Chapter II to the Supplementary Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Civil)]”

1.79. According to the guidelines the cost of each work should not be less than Rs. 22,500. However, in special local circumstances smaller projects could be undertaken but their cost was in no case to be less than Rs. 5,000 each and their number would be such that not more than 20 per cent of the funds allotted to a district were spent on them. According to the Audit test check in Assam, Orissa and Tamil Nadu 2264 works costing less than Rs. 5,000 each were undertaken and 3658 works out of a total of 6338 works cost between Rs. 5,000 and Rs. 22,500 each. The Committee asked for detailed information in respect of works costing less than Rs. 5,000 and between Rs. 5,000 and Rs. 22,500 taken up in each State/Union Territory and cases where the expenditure on works costing less than Rs. 5,000 which was recoverable from States was recovered. The Department of Rural Development in a written note have stated:

“Information in regard to execution of works costing less than Rs. 5,000 each is not readily available in the Department of Community Development. Nor has the Ministry information regarding the number of works costing between Rs. 5,000 and Rs. 22,500. The Government of J&K had approached the Ministry to execute works costing less than Rs. 5,000 each in excess of 20 per cent of the outlay in view of the special conditions obtaining in the State. The Ministry acceded to the request of the State as a special case. No other State made any request in this regard. It was presumed that the guidelines issued in this behalf in March, 1972 would be kept in view by the State

Governments while taking up works under CSRE. The Ministry, in its part, had been insisting on the desirability of taking up large works, and pointed out to individual States whenever undertaking of small works came to its notice. Instructions to avoid taking up small works were issued to the States because it was considered that small works would not be durable. Matter pertaining to implementation of programmes under CSRE in the respective States have been included in the Audit Reports being submitted to the Governors of the States. It is, therefore, expected that the State Governments will be seized of any deviations from the aforesaid guidelines brought to their notice in the Audit Reports for appropriate action. Besides, letters have been addressed to A.G's of all States and U.Ts. to effect recoveries of amounts spent on works or items in contravention of the provisions of the CSRE schemes."

1.80. Asked whether the State Governments have been informed that expenditure on works costing less than Rs. 5,000 each and on works costing between Rs. 5,000 and Rs. 22,500 exceeding 20 per cent of the outlay in a district was recoverable, the Department of Rural Development in a written reply have stated:

"The State Governments have been requested to have a list prepared of works costing less than Rs. 5,000 each in excess of the 20 per cent of the funds allotted to a district. The expenditure incurred on such works was to be debited to the State Governments. It may, however, be noted that during the first year of the implementation of the scheme instructions regarding size of works were only of a general nature. Specific provision were made in the guidelines in March 1972. These were based on the experience gathered in the first year. The question of recovery would therefore arise only in respect of works taken up for implementation after the instructions were issued. There was no limit on the works costing between Rs. 5,000 and Rs. 22,500."

1.81. In reply to a question as to the special local circumstances under which smaller projects could be undertaken up for execution and how far such small works would be durable and of public utility, the Committee have been informed that "areas having sparse population, difficult terrain, under long spells of rains/snow etc. have a comparatively short period during which work projects envisaged under CSRE could be executed. Where the works have been

properly chosen with reference to felt needs of the people and taking into consideration the permanency of the assets, these have definitely served useful purpose and are of permanent use.

Recommendation

"1.82. The Committee note that according to the guidelines issued by the Central Government, the cost of each work taken up under the Crash Scheme was ordinarily not to be less than Rs. 22,500. However, in special circumstances smaller projects could be undertaken but cost was in no case to be less than Rs. 5,000 each and their number was to be such that not more than 20 per cent of the funds allotted to a district were spent on them. In clear violation of the guidelines in Assam, Orissa and Tamil Nadu 2264 works costing less than Rs. 5,000 were undertaken and the cost of 3,638, 22,500, according to a test check by Audit. The Committee regret to note that information is not available readily with the Department in regard to list of works costing less than Rs. 5,000 and between Rs. 5,000 and Rs. 22,500 taken up in the States."

1.2. Subsequently information with regard to the works costing less than Rs. 5,000 each and between Rs. 5,000 and 22,500 taken up in the States as received from 12 State Governments was furnished by the Ministry of Agriculture and Irrigation (Department of Rural Development) in their Action Taken Note dated the 20 April 1976 as under:

"The guidelines for Crash Scheme for Rural Employment were issued during the year 1972-73 while the Crash Scheme for Rural Employment was in operation with effect from 1971-72. There was no bar for the State Governments to take up works costing less than Rs. 5,000/- during the year 1971-72. The restriction on taking up smaller works costing less than Rs. 5,000/- was applicable only with effect from 1972-73. The observations of Audit in these cases seem to be based on the works executed during both the years of 1971-72 and

*The relevant extract from the guidelines of March 1972 is reproduced below :

"Care should be taken to see that the projects formulated for execution are not so small, for in that case their number will become very large. Multiplicity of small projects is attended by the danger that supervision over their execution is likely to be lax and also by the risk that the money invested in them may prove wasteful, for small projects cannot produce useful and durable results. If a project is to prove really worthwhile and produce useful results its size should ordinarily be such that it will employ a minimum of 50 persons continuously for a period of 15 weeks. In some regions, however, owing to special local circumstances smaller projects may have to be undertaken. But the cost of such smaller projects shall not in any case be less than Rs. 5000 and their number shall be such that not more than 20 per cent of the funds allotted to a district are spent on them."

1972-73. As there were no specific instructions against taking up small works costing less than Rs. 5,000/- during 1971-72, it is presumed that most of the 2,264 works were taken up during the first year in the States of Assam, Orissa and Tamil Nadu. The State Governments were requested to supply information regarding the number of works costing less than Rs. 5,000/- from the year 1972-73 onwards. The information, so far, received from the State Governments is enclosed (given below). The States which have not yet furnished information have been reminded to do so:

Sl. No.	State/Union Territory	No. of works (less than Rs. 5,000)
1.	Gujarat	12
2.	Haryana	14
3.	Karnataka	121
4.	Madhya Pradesh	Nil
5.	Maharashtra	Less than 5,000/- not taken up at all.
6.	Meghalaya	Nil
7.	Nagaland	Nil
8.	Chandigarh	Nil
9.	Dadra & Nagar Haveli	Nil
10.	Delhi	Nil
11.	Goa, Daman & Diu	2
12.	Mizoram	8
	Total	257 "

1.3. Commenting on the above mentioned Action Taken Note, the Public Accounts Committee in para 1.38 of their 228th Report (Fifth Lok Sabha) had observed as under:

"It is surprising that instead of furnishing specific information, Government have merely "presumed" that most of the 2264 works, costing less than Rs. 5,000 had been taken up during the first year of implementation of the Scheme in the States of Assam, Orissa and Tamil Nadu where there was no bar for the State Governments to

take up such works. The Committee, however, find from the information now furnished in respect of 12 States/Territories that even from 1972-73 onwards, some States/Territories, like Gujarat, Haryana, Karnataka, Goa, Daman and Diu and Mizoram had taken up works costing less than Rs. 5,000 in violation of the guidelines. The Committee deplore the apparently irresponsible manner in which replies are sent to their specific recommendations. There seems to have been no proper monitoring and scrutiny of the expenditure in relation to the nature of schemes. Perhaps the State Governments found themselves entirely free to use their discretion and take up any works even in disregard of the instructions issued by the Centre. The Committee would like, on principle, that Government should identify all work so undertaken and debit the expenditure incurred in that respect to the States concerned. The final position in this regard should be communicated to the Committee."

1.4. The State Government of Rajasthan was one of the States which had not then furnished information on the number of petty works costing less than Rs. 5,000 each taken up under the Crash Scheme for Rural Employment which was in violation of the guidelines issued for the implementation of the Scheme. On being reminded by the Ministry of Agriculture and Irrigation (Department of Rural Development) to prepare the list of works costing less than Rs. 5,000 each executed during the years 1972-73 and 1973-74 and to refund the amount so spent to the Government of India, in pursuance of the above recommendations of the Committee, the State Minister, Community Development and Panchayats, Rajasthan, in his letter D.O. No. F(88) Accts/Crash/Vol. II/75.46528 dated 26 November, 1977 (Appendix I) made a request for exempting the State Government of Rajasthan from reimbursement of expenditure incurred on such works in view of the fact 'the State has a special feature as compared to other States of India.' It has its own peculiarities and problems. It is a scarcely populated State and density of population varies from one region to another to a great extent and at the same time its villages are stretched at great distances.

1.5. The Ministry of Agriculture and Irrigation (Department of Rural Development) who had also been addressed in the matter separately by the State Government of Rajasthan have in their O.M. No. M.20011/7/74-BME, Vol. III dated 6 January 1978 (Appen-

dix II) requested that the views of the State Government might be placed before Chairman, PAC to seek the Committee's approval to the relaxation of the guidelines in the case of Rajasthan.

1.6. The Public Accounts Committee considered the representation from the Rajasthan State Government as also that from the Deptt. of Agriculture at their sitting held on 31 March, 1978. In view of the fact that a question involving public policy was raised by the Government of Rajasthan, it was decided to hear the representatives of the Ministry of Agriculture (Department of Rural Development) on the points raised by the State Government. Accordingly, the Committee took evidence of the representatives of the Ministry of Agriculture and Irrigation on 17 April, 1978.

1.7. The Committee wanted a list, State-wise, of works costing less than Rs. 5,000 showing their total number and the total amount involved in such works executed under the scheme separately during each of the years 1971-72 and 1972-73. The Department of Rural Development in a note have stated:

"A statement showing State-wise details of works costing less than Rs. 5,000/- is enclosed. The works included in this statement primarily related to the year 1972-73 and some works taken up during 1973-74 but such works taken up during 1971-72 are not included in the statement since State Governments could take them in that year under the guidelines."

Sl. No.	State/U.T.	Details of works	Amount less than Rs. 5000	Remarks
1	2	3	4	5
1.	Andhra Pradesh	N.A.@	N.A.@	
2.	Gujarat	12 (Roads, Drainage, Tanks)	₹22,654	State Government has been requested to refund
3.	Haryana	14 (Improvement/reclamation of village ponds for fish culture)	41,030	Do.
4.	Karnataka	121 (Details not known)	N.A.	Do.
5.	Kerala	4	6,866	Do.
6.	Madhya Pradesh	Nil	Nil	
7.	Maharashtra	Nil	Nil	

1	2	3	4	5
8.	Meghalaya	Nil	Nil	
9.	Nagaland	Nil	Nil	
10.	Rajasthan		317,379	State Government has been requested to refund.
11.	Tamil Nadu	429@ (Roads, Minor Irrigation, Culverts)	837,617	Do.
12.	Tripura	Nil	Nil	
13.	West Bengal	Nil	Nil	
UNION TERRITORIES				
14.	Arunachal Pradesh	Nil	Nil	} Union Territories get their funds from Government of India. Hence the question of refund does not arise
15.	Chandigarh	Nil	Nil	
16.	Dadra and Nagar Haveli	Nil	Nil	
17.	Delhi	Nil	Nil	
18.	Goa, Daman and Diu	2 (Roads)	4,506	
19.	Lakshadweep	Nil	Nil	
20.	Mizoram	8 (Play Grounds)	32,000	
21.	Pondicherry	28 (Minor Irrigation)	81,625	
<p>N. A. Not available. @ Incomplete information.</p>				

1.8. It will be seen from the above table that out of 13 States and 8 Union Territories in respect of which information has been furnished only 6 States and 3 Union Territories had incurred expenditure on schemes carrying less than Rs. 5,000/-. The total amount spent on such works was Rs. 13,43,671. As regards Rajasthan State, there were in all 131 works below Rs. 5,000 each which were executed there at a total cost of Rs. 3.17 lakhs, after the issue of the guidelines. The break-up of these works District-wise as furnished by the Ministry is given below:

Sl. No.	Name of District	No. of works	Sanctioned amount	Expenditure incurred
1.	Bharatpur	2	6,150·00	258·48
2.	Pali	3	5,649·00	5,648·24
3.	S. Madhupur	5	14,530·00	11,218·80
4.	Bhilwara	1	2,200·00	270·00
5.	Alwar	1	3,500·00	3,493·46
6.	Barmer	13	57,191·00	45,722·61
7.	Churu	1	4,558·00	2,781·00
8.	Jhunjhunu	8	23,000·00	18,325·91
9.	Bikaner	2	3,520·00	3,549·36
10.	Jhalawar	13	43,984·00	39,263·36
11.	Bundi	4	11,162·00	7,478·60
12.	Ajmer	1	3,864·00	3,864·00
13.	Nagour	1	3,450·00	2,281·17
14.	Tonk	1	2,090·00	2,089·92
15.	Dungarpur	3	8,200·00	10,602·24
16.	Jaipur	59	2,08,475·00	1,40,122·24
17.	Ganganagar	13	45,146·00	20,408·79
TOTAL		131	4,39,669·00	3,17,379·18

To a question as to what public utility was involved in each case and whether their number was to be such that not more than 20 per cent of the funds allotted to a district were spent on them, The Ministry of Agriculture, in a note, have stated:

“It is not possible to collect public utility duly certified by the Collectors concerned within the short-time as required. However, without public utility the collectors would not have undertaken these works. A copy of the letter from district authorities, Jaipur, is enclosed herewith (not reproduced in the Report) to show that the amount was utilised by them for digging village tanks for provision of drinking water.

No expenditure in excess of 20 per cent of district allocation was incurred in any district of the State on works costing less than Rs. 5,000."

1.9. The Committee enquired whether it would be correct to assume that if the Committee had not recommended in their 228th Report, Government would not have asked the State Government of Rajasthan (along with others) to refund the expenditure incurred on works costing less than Rs. 5000. The Secretary of the Department in his evidence stated:

"It is difficult to say that. Obviously, the expenditure by the Government of Rajasthan has been incurred on certain types of projects which were not approved by the Government of India. So, basically it is improper expenditure."

1.10. On further enquiring as to what was the consideration before the Government in specifying that expenditure on a project should not be less than Rs. 5,000, the Secretary, Ministry of Agriculture has clarified:

"The main principle of the whole scheme which was started in April, 1971 was to ensure that some people get employment on public works of some kind. There was a fear that if the large number of small projects would be taken up, they would not be easily identifiable and also on which the number of people employed would be extremely small which would actually mean that we would be spending on projects which are not identifiable and sometimes on non-existent projects. We had instructions that care should be taken that projects for execution were not too small. In that case, the multiplicity of small projects is attended by the danger that supervision over their execution is likely to be lax and also that small investment on small projects cannot produce useful durable results. It says that projects which will employ minimum of 50 persons continuously for a period of 15 weeks should be taken up. The minimum cost of the project would be Rs. 22,500."

1.11. When pointed out that according to an earlier statement made by the Ministry of Agriculture, three States, viz., Tamil Nadu, Orissa and Assam had been given exemption from this rule, the representative of the Ministry has clarified:

“The rule about Rs. 5,000 came from 1972-73 onwards. Before that, the States had undertaken some works which were less than Rs. 5,000. The exemption was given from 1972-73 onwards in a legal manner. From 1972-73 onwards, the rule was that under no circumstances it should be less than Rs. 5,000. The Scheme was started in 1971-72. Before that, there was no such scheme....Rs. 5,000 exemption we gave to nobody in the second year.”

1.12. In the same context, the Secretary, Ministry of Agriculture, has added:

“In 1971-72 we had not issued such strict guidelines about the size of works and the amount of money spent under the crash scheme of rural employment. There were a number of complaints that the money was misused. Therefore, we issued detailed guidelines in 1972-73. Again, a sum of Rs. 50 crores was earmarked. This expenditure relates to the year 1972-73. The PAC Report pertains to these particular items of expenditure. It is not unlikely that in 1971-72, some States did take up work costing less than Rs. 5,000. That was in order, at least not against any specific instructions issued by the Government of India.... The PAC took note of the guidelines and made an observation that this was an improper expenditure.”

1.13. The Committee pointed out that according to the directions issued by the Central Government for the implementation of the Scheme, it would imply that any project which employed 10 or 15 people and which ran for a few days was acceptable to Government provided the cost was above Rs. 5,000 and 80 per cent of that was paid towards wages; in exceptional cases it being sixty-fourty. However, in cases where the expenditure was below Rs. 5,000 it was not permissible e.g. in the case of Rajasthan where they wanted water which had precedence over all other items in some of the districts there and for that purpose the entire expenditure could conceivably be for wages only as no other material was needed. There in a district a large number of wells were dug, human labour was employed and as a result 100 per cent of the expenditure was made towards human labour.

1.14. Asked about Government's views regarding relaxation of the guidelines where the money involved was a small fraction of the total amount spent in a State and the State Government had,

with a full sense of responsibility, spent the money on projects which were of substantial utility to the people and a large number of persons were given employment as a result thereof, the Secretary, Ministry of Agriculture, stated in evidence:

“Obviously the State Governments have spent the money with the *bona fide* belief that this particular type of expenditure was necessary, and it is also not unlikely that in their desire to take up a large number of works which would provide employment, they have taken them up.”

1.15. To a specific question whether Government disputed the *bonafides* of the State Government of Rajasthan where a major part of the money was spent in accordance with the guidelines and the State Government had assured that this was spent in a very responsible manner and that there was no wasteful expenditure, the witness replied:

“We don't want to dispute, but the only thing is that there are other works also. All the works are not of water supply; there are various other schemes also like soil conservation, minor irrigation and things like that. And I am sure that the minor irrigation works are so minor that they will not do any irrigation. But obviously they were used to provide employment. But, with this kind of criticism that it was a scheme which was taken up outside the Plan, the Government of India were finally forced to drop this scheme altogether.”

1.16. The Committee wanted to know that if the emphasis was on employment and for a fairly long period employment which meant that the project was an employment-oriented one, what was the necessity of issuing the guidelines for 1972-73. The witness clarified:

“The guidelines are very detailed. It was a crash scheme for rural employment. The intention was to see that there would be a wage-earner in every family getting about Rs. 100 per month. The idea was that this scheme would benefit the general community.”

1.17. The Secretary, Ministry of Agriculture, spelt out the basic objectives of the scheme in the following words:

“(i) The direct generation of employment in all the districts of the country through the execution of projects which are essentially labour-intensive; and

- (ii) The projection of assets of a durable nature in consonance with local developed plans so that all round development of the district is assisted. The scheme intends to generate employment for 1000 persons on an average per year in every district. If a year is taken as consisting of 10 working months and a month as consisting of 25 working days, it follows that on an average 2.50 lakhs mandays of employment should be generated in every district.

It was for providing employment together with creating assets which are of durable importance."

1.18. On being asked whether it was subject to the situation varying from district to district, the witness replied that "we left it to the State Governments." As regards supervision by the Centre over the implementation of the Scheme, the Committee were informed by the witness that it was done by the respective State/ Union Territory Governments. The Ministry of Agriculture used to get reports periodically from the State Governments.

1.19. When the Committee posed the proposition whether it was not conceivable that the terrain or condition in a district might be such where employment of a few persons for a few days might not produce assets of a durable nature, the witness has stated:

"The idea at that time was to produce employment for 1000 people in a district. It is not that everybody should get employment in every village. 4-5 people in a village move over to a work site."

1.20. The Committee were also given to understand by a representative of the Ministry during evidence that if a particular State Government pleaded that the amount had been spent properly, there was no point in disputing that statement except that the Audit might look into the fact whether the expenditure had been incurred properly. When pointed out that generally Audit would go by the guidelines and for the *bona fides* of the expenditure made, the Centre was entirely dependent on the reports of the State Government, the Secretary, Ministry of Agriculture has stated "Naturally" and added:

"Even within the guidelines they can go into the *bona fides* of the expenditure."

1.21. 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. 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.

1.22. 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.

1.23. 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. 5,000/- each.

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 em-

ployment 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. 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.

NEW DELHI;
 April 27, 1978.
 Vaisakha 7, 1900 (S).

C. M. STEPHEN,
 Chairman,
 Public Accounts Committee.

APPENDICES

APPENDIX I

(Vide Para 1.4)

Copy of letter D.O. No. F. (88) Accts/Crash/Vol. II/75, 46523, dated 26 November, 1977 from the State Minister, Community Development and Panchayats, Rajasthan to the Chairman, P.A.C.

Crash Scheme for Rural Employment was implemented in the State for three years from 1st April 1971 to 31st March 1974 with cent per cent Central Assistance. The amount was paid to the State Government as advance for implementation of the Scheme. The Comptroller and Auditor General of India has included a draft part in the Audit Report of the Union for 1972-73 on the Scheme which besides other items provide that the expenditure on smaller projects costing less than Rs. 5,000 incurred by the State Government will not be admitted by the Union Government and the State Government had been asked to reimburse it to the Union Government.

In this connection I would like to inform you that Rajasthan State has a special feature as compared to other States of India. It has its own peculiarities and problems. As you know, Rajasthan is a scarcely populated State and density of population varies from one region to another to a great extent and at the same time its villages are stretched at great distances. According to guidelines sent by Union Government, efforts are to be made to take up only those works which cost more than Rs. 5,000 but there were certain places in western Rajasthan where in spite of our best efforts we had to undertake the works costing less than Rs. 5,000 due to the special features of those places. The expenditure on such works comes only .04 per cent and this had to be done due to the abnormal situation prevailing in those regions.

Such works costing less than Rs. 5,000 were undertaken only where there was acute shortage of drinking water for cattle and as well as for human beings. Works regarding digging of water tanks for supply of water to the said villages had to be undertaken as drinking water is a top priority work which the State Government is expected to perform as a welfare State.

Keeping in view all these factors the State Government had undertaken works costing less than Rs. 5,000 and as this was only .04 per cent of the total expenditure on works undertaken in the State, I think the Government of India should not insist on the State Government to reimburse it to the Central Government.

APPENDIX II

(Vide Para 1.5.)

Copy of Office Memorandum No. M. 20011/7/74-RME Vol. III, dated 6 January, 1978 from the Ministry of Agriculture & Irrigation, Department of Rural Development, addressed to the Lok Sabha Secretariat.

SUB: Supplementary Report of the Comptroller and Auditor General of India for the Union Government (Civil) for the year 1972-73 regarding Crash Scheme for Rural Employment—Size of works costing less than Rs. 5000—refund of Central Assistance.

The undersigned is directed to say that the Public Accounts Committee in their Hundred and Seventieth Report had observed that the States had taken up petty works costing less than Rs. 5,000 which was a violation of the guidelines issued by the Department of Rural Development. The State Governments were accordingly requested to prepare the list of works costing less than Rs. 5000 executed during the years 1972-73 and 1973-74 and to refund the amount so spent to the Government of India. Government of Rajasthan have stated that the State is sparsely populated and its villages are stretched at great distances. And there is acute shortage of drinking water. Projects costing less than Rs. 5000 were undertaken only where there was acute shortage of drinking water for cattle as well as for human beings. Works regarding digging of water tanks had to be undertaken on top priority basis and the expenditure on such works was to the extent of only 0.04 per cent of total expenditure incurred on CSRE. In view of the special local conditions prevailing in their area, the State Government have requested that the facts may be placed before the Chairman and Members of the Public Accounts Committee and the conditions laid down in the guidelines may be relaxed for them.

Lok Sabha Secretariat are requested to bring the above facts to the notice of the Chairman of the Public Accounts Committee and to seek his approval to the relaxations of the guidelines in the case of Rajasthan.

APPENDIX III

Statement showing the Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/ Department concerned	Conclusion/Recommendation
1	I-21	Ministry of Agriculture and Irrigation (Department of Rural Development)	The Committee in their 170th Report (1974-75—Fifth Lok Sabha) on Crash Scheme for Rural Employment had, <i>inter-alia</i> , 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. 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 identify all works so undertaken and debit the expenditure incurred in that respect to the States concerned.
2	I-22	-do-	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 Com-

mittee 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.

3 I-23 -do- 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. 5,000 each.

4 I-24 -do- 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 projects. 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

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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 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. 5,000 each.

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1-25

Ministry of Agriculture
and Irrigation
(Department of Rural
Development)

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.

