

**PUBLIC ACCOUNTS COMMITTEE  
(1974-75)**

(FIFTH LOK SABHA)

**HUNDRED AND SEVENTIETH REPORT**

**CRASH SCHEME ON RURAL EMPLOYMENT**

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



**LOK SABHA SECRETARIAT  
NEW DELHI**

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## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1974-75) . . .	(iii)
INTRODUCTION . . . . .	(v)
REPORT . . . . .	I
APPENDICES	
I. Revised Draft of Crash Scheme for providing Employment in Rural Areas submitted by Shri P. Govindan Nair. . . . .	104
II. Statement showing the amounts given by Government of India to the State and Union Territory Governments in 1971-72 and 1972-73 and the amounts spent by the latter in those two years. . . . .	110
III. Statement showing the amounts spent on the different classes of works by the State and Union Territory Governments. . . . .	113
IV. General condition laid down for implementation of works under Crash Scheme for Rural Employment. . . . .	115
V. Statement showing the allocations for and the expenditure on all special programmes in 1971-72 and 1972-73 and the allocations for 1973-74. . . . .	117
VI. Summary of main conclusions Recommendations. . . . .	118

### PART II\*

Minutes of the sitting of the Public Accounts Committee held on :

1-11-1974 (AN)

2-11-1974 (FN) & (AN)

28-4-1975 (AN)

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## **PUBLIC ACCOUNTS COMMITTEE**

(1974-75)

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**Shri B. K. Mukerjee—Chief Legislative Committee Officer**

**Shri N. Sunder Rajan—Senior Financial Committee Officer**

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Seventieth Report (Fifth Lok Sabha) on Crash Scheme on Rural Employment—Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil).

2. The Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil) was laid on the Table of the House on 8th August, 1974. The Committee examined the Audit Report relating to Crash Scheme on Rural Employment at their sittings held on the 1st and 2nd November, 1974. The Committee considered and finalised this Report at their sitting held on 20th April, 1975. Minutes of these sittings form Part II\* of the Report.

3. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to the Report (Appendix VI). 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 the Audit Report by the Comptroller and Auditor General of India.

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 28, 1975.  
Vaisakha 8, 1897 (Saka).

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee.

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\*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

**REPORT**  
**CRASH SCHEME FOR RURAL EMPLOYMENT**

**Audit Paragraph**

**Genesis**

1.1. Unemployment both in urban and rural areas has continued to rise. According to the Planning Commission there were several factors which contributed to such a rise. Starting with a Plan holiday and the recession that followed it, there was industrial stagnation. Adverse weather conditions and drought in several parts of the country led to a setback in agricultural production. There was also a sharp rise in population in the decades 1951—1961 (growth rate: 21.64 per 1000 population) and 1961—1971 (growth rate: 24.80 per 1000 population). Our educational system also has its own weaknesses.

1.2. Government of India came to the conclusion that normal programmes could not meet the unemployment problem adequately and that special measures were necessary, both in rural and urban areas. Accordingly, the following programmes were started in the recent past:

(A) For the educated unemployed:

- (I) Programme for educated unemployed including engineers and scientists—This was initiated in 1971-72. Expansion and improvement of the quality of primary education, financial assistance to small entrepreneurs for self-employment ventures, rural engineering surveys, agro-service centres, investigation of road, irrigation and flood control projects, design units for rural water supply natural resources surveys, etc., were included in this programme.
- (II) Special employment programme for States and Union Territories—This was started in 1972-73. Subject to certain broad guidelines issued by the Planning Commission, initiative was left to the States and Union Territories to formulate the schemes.
- (III) Half a million jobs programme for educated unemployed—This was started in 1973-74 to supplement the existing special employment programmes by creating job opportunities for 5 lakh educated unemployed. Scheme for

self-employment training, provision of incentive to employers in the private sector and cooperatives to employ engineers, diploma-holders as well as persons from the weaker sections of the community, are included, the attempt being to find employment for all engineers, scientists, technologists and all graduates from scheduled castes and scheduled tribes by the end of 1973-74.

(B) For the rural unemployed:

- (I) Small farmers development agency and marginal farmers and agricultural labourers.—These have been in operation since 1969-70 and aim at developing subsidiary occupations, such as dairying, poultry, etc. and providing credit and agricultural infrastructure.
- (II) Drought prone area programme.—This was started in 1970-71. Under this a plan covering minor irrigation, soil conservation, afforestation, rural roads and pasture land development with an outlay of Rs. 2 crores during the period 1970-71 to 1973-74 was prepared for each of the 54 chronically drought affected districts in the country. As most of these works are labour-intensive, they are expected to create substantial employment in rural areas.
- (III) Crash Scheme for rural employment.—Because the employment-cum-production oriented special scheme, notably those mentioned above relating to small farmers, marginal farmers and drought prone areas, had only limited coverage, Government of India considered it necessary in 1970-71 to formulate and implement a country-wide scheme to relieve unemployment and under-employment mainly in those rural areas which were not covered by either substantive development programmes or special schemes or where such programmes had either not fully spread by then or afforded limited benefits. Accordingly, early in 1971 the Union Department of Community Development formulated the crash scheme for rural employment to provide quickly and directly employment to at least some specific numbers in each of the districts of the country. It was a Central scheme operated through the State Governments. The intention was to provide employment, by spending Rs. 12.5 lakhs in a district annually, for a thousand persons, in each district for ten months in a year. The additional employment was to be generated through execution of labour intensive projects which would create durable, productive assets. Certain classes of projects were listed, for example, road building, minor



irrigation, soil conservation, reclamation and development of land, drainage, flood protection and anti-water logging, construction of additional classrooms for primary school buildings and special repairs as distinct from ordinary day-to-day maintenance or repairs of existing assets with a view to making them durable and useful. This list was illustrative and not exhaustive and any project that was labour intensive and useful for development of a district could be undertaken as long as wages formed not less than 80 per cent of the total cost. The balance was for materials and equipment required to make the works durable. Later, it was decided that upto 40 per cent of the total expenditure on a work could be spent on materials if required to ensure durability, provided that expenditure on wages in the district as a whole was around 70 per cent of the amount allocated for the district. The guidelines issued by the Central Government stipulated that labourers from families where no other adult member was working should be preferred and work was to be provided as near their place of habitation as possible.

1.3. On 25th February, 1971 the Union Department of Community Development (which administers the scheme) intimated to the State and Union Territory Governments the decision to launch the scheme. In order that field operations might commence from April 1971, those Governments were requested to proceed immediately to formulate district-wise projects and submit them as soon as possible, and preferably by 15th March, 1971, to the Union Department of Community Development, which would sanction the projects and release necessary funds for the year 1971-72. According to the guidelines issued by Government of India, the size of a project was ordinarily to be such that it would employ a minimum of 50 persons continuously for 15 weeks. According to the level of wages prescribed, the cost of such work would have been about Rs. 22,500—Rs. 25,000. This, by Central Government standards, may not be regarded as large. Under this scheme many State Governments undertook a very large number of small works. Since the works were to be in rural areas, it might have been possible to foresee before launching the scheme that this was likely to be so. Why it was necessary for the Central Government to examine the works and then sanction them is not very easy to see. One consequence seems to have been that proposals were formulated by State Governments in too short a time.

1.4. In modification of what was prescribed for 1971-72, from 1972-73 onwards the State Governments and subordinate authorities in the States were authorised to sanction works of the classes specified in:

the guidelines issued by Government of India or the types already approved in 1971-72. All other works, namely, construction of rural godowns, housing colonies for the weaker sections of the community, etc., were to be submitted to Government of India for approval.

In February 1971 Government of India had informed the State and Union Territory Governments that the crash scheme was likely to continue for three years (1971-72, 1972-73 and 1973-74), and that on receipt of their proposals funds would be released for 1971-72. In 1972-73 the State Governments were authorised to formulate proposals for works for the two years 1972-73 and 1973-74.

[Paragraphs 1—4 of Chapter II to Supplementary Report of the Comptroller and Auditor General of India, for the year 1972-73, Union Government (Civil).]

## GENESIS

1.5. A Seminar-cum-Workshop on Crash Scheme for Rural Employment was held at New Delhi from 17th to 19th February, 1972. The first half of the Plenary Session was chaired by Shri T. Swaminathan, Cabinet Secretary and the second half by Shri V. I. Gidwani, Employment Commissioner and Secretary, Cabinet Secretariat. The post-lunch Plenary Session in the afternoon was chaired by Dr. B. S. Minhas, Member, Planning Commission.

1.6. In his preliminary remarks, Shri Swaminathan said that the whole scheme (Crash Scheme for Rural Employment) was really the personal and original thinking of the Prime Minister. This is a scheme in which she takes a great deal of personal interest and keeps looking at all the monthly and periodical reports. She had held two meetings, presided over by herself, in order to give suggestions and guidance.

Spelling out the philosophy underlying this scheme, Shri Swaminathan said in spite of three Plans, the common man did not feel the impact of development. Great realist that the Prime Minister is, she had built into this scheme the idea of the durability of assets. Shri Swaminathan congratulated the Sub-Committees of the Seminar-cum-Workshop on getting ready their recommendations in a concise and crisp form.

1.7. The witness has stated during evidence that the note (for the Crash Scheme for Rural Development) came from the late Finance Secretary and that the Finance Minister had desired that the scheme should be taken up and a note of 5-6 pages was given. The

note recorded by the late Finance Secretary (Shri P. Govindan Nair) on 27th October, 1970 is reproduced below:

***“Crash Scheme for providing Employment in Rural Areas.—***

I had submitted an original draft of the scheme already to F.M. This was discussed with Secretary (EA) and C.E.A. and as a result of the discussion certain modifications were suggested. These were primarily—

- (a) We do not prescribe as rigid objective a scheme in every district. We would leave some option to the State Governments to leave out districts where other schemes are in operation or they do not require such special measures. Preference would be on the area approach.
- (b) On re-examination it is found that while we would emphasise the labour intensive nature of the schemes, laying down strict proportions between labour costs and other overheads in raw materials cost may not be feasible. We had thought of a proportion of 2:1 but it may have to go up even to 1:1 in many cases.
- (c) It is proposed also that initial allocation of Rs. 50 crores should be amongst the States in proportion to their population (as an employment oriented scheme, population seems to be the best criteria); and within the allocation of each State the State Government would draw up and submit their schemes to the Centre.”

1.8. A revised draft scheme which was put up by Shri Govindan Nair along with his note of 27th October, 1970 is given in Appendix I.

1.9. The representative of the Department who appeared before the Committee stated in evidence:

“When the first meeting of the Chief Secretaries was convened under the direction of the Prime Minister by the Cabinet Secretary, I think the Cabinet Secretary at that stage also referred to the PM’s association with the scheme.”

He read out the following observations of the Cabinet Secretary:

“The Cabinet Secretary stated that the main reason why the Prime Minister had asked him to call this conference was to emphasise that this scheme was a very important part of the overall plan of development and upliftment of the people and to highlight the need for a co-ordinated approach.”

He also read out a letter dated the 10th March, 1971 from the Finance Minister to the Prime Minister. The letter is as follows:

"The crash programme for rural employment which was adopted at the Patna session of the AICC is perhaps the most important programme of our party. I understand that in pursuance of the decision taken on this subject by the Government sometime ago, the Department of Community Development have addressed to State Governments on 25 February 1971 to formulate schemes for implementation of this programme. I also understand that we have not received any concrete schemes so far from the State Governments. I am sure you will agree with me that unless the urgency of the task is brought to the notice of the Chief Ministers personally, it would be difficult to make any sizable impact of this problem in the coming months. It would also be difficult to fulfil the target of providing employment to half a million people before the current year unless the implementation of the programme commences immediately so as to take advantage of the off season before the commencement of the monsoon. I think it would be useful if a letter could be addressed by you, or the Minister of Food and Agriculture and Community Development could write to the Chief Ministers, inviting their personal attention to this national problem. It may also be useful if the Cabinet Secretary convenes a meeting of the Chief Secretaries of the State Governments at an early date to finalise the arrangements for the implementation of the programme."

The representative of the Department further stated that on the basis of the letter dated the 18th March, 1971, the Cabinet Secretary convened the Chief Secretaries' Conference which was held on the 12th April, 1971. In the course of this conference, the Secretary (Agriculture) stated that the Crash Scheme for Rural Employment (CSRE) had been worked out on a joint initiative of the Prime Minister, the Finance Ministry and the Ministry of Food, Agriculture, Community Development and Cooperation. Such an approach had been adopted to secure effective coordination at the Centre. The Department of Community Development had sent out guidelines for the scheme on the 25th February, 1971. After a decision to hold this Conference had been taken, the guidelines were following up by a letter requesting the States to favour the Department of Community Development with their views so that some processing could be done in advance. Comments had been received only from a few States. It was necessary that those States which had not sent their comments

earlier should indicate their views during the Conference. The Cabinet Secretary stressed the importance of the time element and said that it was unfortunate that although the Department had requested the State Governments/Union Territories to send their schemes by 15th March, very few such schemes had been received. He requested the Chief Secretaries to see that the scheme are formulated quickly and sent at once to the Department of Community Development, so that funds can be placed at the disposal of the State Governments.

During the course of evidence, the representative of the Ministry of Finance has informed the Committee that a note on Crash Scheme for Rural Employment was prepared by the Ministry of Finance on 1st November, 1970 and it was circulated by the Cabinet Secretariat on the same day. On the 3rd November, 1970, it was considered by the Committee of Secretaries under the aegis of the Cabinet Secretary. The Committee of Secretaries further considered this subject on 28th November, 1970.

1.11. Asked about the specific consideration for entrusting the initial formulation of the Scheme to the Ministry of Finance and not to the Department of Community Development who were directly responsible for implementation of the Scheme, the Department of Rural Development in a note have informed:

“An outline of crash scheme for providing employment in rural areas was prepared in the Ministry of Finance in pursuance of a direction from the Finance Minister. It is not unusual for the Finance Ministry to take part in formulating schemes for tackling such general economic problems as unemployment. For example, the Half a Million Jobs programme was formulated in 1973-74 by the Planning Commission and the Finance Ministry.”

1.12. In a note prepared on the CSRE by the Ministry of Finance for consideration at the meeting of the Committee of Secretaries on 3-11-1970, the Ministry of Finance had proposed that the Scheme should be outside the Plan but because of the urgency of the problem it should be accorded priority over all other non-Plan development scheme in the call upon Central Government resources. In the meeting, however, the Finance Secretary stated that on further considerations he was of the view that it should be a centrally sponsored Scheme within the Plan. The other features of the Scheme agreed to at this meeting were:

- (i) The scheme would be designated for providing employment to those who belong to families where no adult member was employed. First preference would be given

to persons of this category but there would be a provision for employing others also keeping in mind the problems of seasonal unemployment as well as under-employment.

- (ii) Each person employed would be paid according to the local wage rate and work made available to him for approximately 10 months each year, if needed.
- (iii) In view of the fact that in quite a few blocks there would be actual labour shortage due to intensive agriculture development and multi-cropping as also there may be no need to take up additional works in some drought prone areas where intensive employment projects were in hand, it was decided that the scheme would be required to be implemented in approximately 4,000 blocks out of a total of 5,000 blocks in the country. Furthermore, since there will be variations in the intensity of unemployment areas in these 4,000 blocks, this scheme should provide for employment at the rate of 100 persons for block in 3,000 blocks and 50 persons per block in 1,000 blocks would be such where the scheme would not be required.
- (iv) Provision to the extent of 1/3rds of the allocation for materials and equipment should be kept in order to ensure works of durable quality.
- (v) The machinery for implementing this scheme would be that of the Department of Community Development and the community development blocks in the States. In view of the fact that a vast machinery already exists, there would not be any need for recruiting additional staff at the field level.
- (vi) The works selected should be such as are labour intensive and require the minimum investment in materials and equipment. They should also be such as could be completed within two working seasons.
- (vii) Secretary, Finance, was requested to obtain approval of Finance Minister on the approach outlined above. In the light of his observations, the Department of Agriculture (Community Development) would prepare a detailed scheme for the consideration of the Cabinet.

1.13. At the meeting of the Committee of Secretaries held on the 28th November, 1970 to further consider the Scheme, it was *inter alia* decided that:

- (i) The Department of Community Development would prepare a modified scheme of the Crash Programme for Rural Employment keeping the district as the unit of imple-

mentation. The scheme would cost approximately Rs. 50 crores per year, of which Rs. 40 crores would be spent on wages and Rs. 10 crores on the purchase of materials and equipment. The programme should result in the creation of at least 1,000 jobs in each district in schemes to be implemented in areas selected by local authorities. Wages would be paid at the local off-sea on labour rate and would be limited to a maximum of Rs. 100 per month per person. The scheme would ensure employment for 4.2 lakh persons every year for a period of 10 months.

- (ii) The scheme would be included within the Plan, and funds found for it without disturbing the allocations already made. Central Coordination Committee would ensure proper examination of the scheme prepared for each district before it is implemented.
- (iii) The works selected for implementing the scheme would be labour intensive and such as would be clearly part of the area development plan of each district. The formulation of area development plans would be taken in hand immediately; guidelines being issued by the district planning unit of the Planning Commission.

It is also decided at that meeting that while integration with area development plans was necessary, the implementation of this scheme should not be held up till the formulation of these plans and works which could be obviously integrated with any such area development should be taken up in the first year of the scheme i.e. in the 1971-72, fiscal year. The formulation of area development plans would be taken in hand simultaneously. It was suggested at that meeting that the district planning unit of the Planning Commission may send out broad guidelines for the formulation of such plans. Secretary, Planning Commission was of the view that the Planning Commission would be unable to endorse any scheme or part of any scheme unless the Commission had an opportunity to examine it properly and therefore it was premature to think of Planning Commission being in a position to issue guidelines before the schemes have been considered and accepted.

1.14. As the initial outlines of the Scheme had been formulated by the Ministry of Finance, the Committee desired to know the responsibility of the Ministry of Finance subsequently during the implementation of the Scheme and how did the Ministry of Finance ensure that the guidelines suggested by them were not violated. The Department of Rural Development in a written reply have stated:—

“The Ministry of Finance was concerned with controlling the expenditure on the scheme and this control was exercised

through scrutiny of budget proposals and proposals for sanctioning funds to the States. The Ministry of Finance had been actively watching the progress of implementation of the scheme. It may also be noted that the Central Coordination Committee for Rural Development and Employment constituted in the Planning Commission regularly reviewed the progress of implementation of various employment schemes. Secretary (Expenditure) was a member of the Committee and took active interest in reviewing the progress of implementation of the scheme and also modifications made in the guidelines."

1.15. A copy of the proposed scheme was also sent to Planning Commission. The Planning Commission in their letter dt. 2-1-1971 was of the view that the Scheme was essentially an employment scheme inasmuch as it sought to provide employment on a scale and in a wide-spread manner and it was, therefore, difficult to visualise then whether the Scheme would really become a development programme. The Commission suggested that the programme might be tried out for a year in 1971-72 as a non-Plan Scheme and at the end of the year a decision could be taken whether it should be included in the Plan. The Planning Commission expressed also reservations about the administrative ability of the States to implement the programme and recommended that the coverage should be limited and selective. The scheme was approved in January, 1971. It was decided that the Scheme should be treated as a non-Plan Scheme pending its formal approval as a centrally sponsored scheme by the National Development Council.

1.16. Asked about the reasons for ignoring the views expressed by the Planning Commission and extending the Scheme to all districts in the States on a uniform basis, the Department of Rural Development in a written reply have stated:—

While it was realised that the potention for employment varied from district to district, it was thought that formulating a progrmmme on the basis of district as a unit had distinct advantages. The idea was that this would enable the State and District authorities to locate the schemes in such areas of the district which had sizeable unemployment and under-employment. It was thought that the scheme left sufficient scope for selectivity within a district. It was also the idea that the State Governments would have the discretion to utilise the allotted funds in another district, if necessary.



It was noted that labour intensive schemes relating to small farmers, marginal farmers and the rural works programme in chronically drought affected areas would be implemented only in certain specifically selected districts of the country and, therefore, there could be a very large number of districts where no such benefits of employment generation would be available. It was, therefore, thought necessary that a scheme should be introduced to directly provide employment to at least some specified numbers in each district of the whole of India.

1.17. According to the Audit paragraph, on the 25th February, 1971, the Department of Rural Development intimated to the State and Union Territories Governments the decision to launch the Scheme. In order that the field operations might commence from April, 1971, those Governments were requested to proceed immediately to formulate district-wise projects and submit to them for sanction as soon as possible, and preferably by 15th March, 1971.

The district-wise project proposals, required to be sent to the Department of Community Development as soon as possible and preferably by 15th March, 1971, were to indicate in respect of each district:

- (i) the nature of the projects to be undertaken;
- (ii) the number of persons likely to be employed;
- (iii) the period likely to be taken for completion of the projects;
- (iv) the manner in which the project was related to the District Plan or to the overall development needs of the area;
- (v) the total cost of each project and separately the labour component and material component thereof;
- (vi) the outlay that would be necessary for the project (s) and its phasing.

1.18. As there had to be surveys before formulation of projects and estimates were also to be prepared, the Committee wanted to know whether the time given to the State/Union Territory Government

was enough for the purpose. In reply the Department of Rural Development in a note have stated:

"The guidelines issued in February, 1971, did not contemplate that proposals for all the districts were to be formulated and approved before April, 1971. It was considered that the States should be able to prepare some of the proposals either for all the districts or for some of the districts so that the implementation of the scheme could start on April 1, 1971. More schemes could be formulated gradually. The period from the end of June to the beginning of September is the monsoon period over large parts of the country. Thus the implementation of this scheme in right earnest could start only from the middle of September. Six months was thus not a short period for formulation of the type of schemes envisaged to be taken up under the CSRE. Over the Plan periods the State Governments had gathered a shelf of projects which could not be executed due to paucity of funds. The commencement of the CSRE provided an opportunity for execution of such works. The State Governments also drew upon their 20 years programme for the construction of roads. The guidelines for the scheme issued in February, 1971 had indicated that the scheme was likely to continue for a period of three years. The State Governments could prepare schemes for a period of three years. As a matter of fact a large number of States and Union Territories drew up proposals for implementation under the CSRE for a period of three years. There was no dearth of good proposals for implementation under the CSRE."

1.19. The Committee have been informed by the Department of Rural Development that during the course of implementation of the Scheme in the first year i.e. 1971-72, a number of modifications were introduced for the years 1972-73 and 1973-74. Asked about the modifications introduced in the guidelines and the reasons therefore, the Department of Rural Development in a note have stated:

"Visits to States, discussions with the representatives of the States and correspondence with the States brought forth a number of problems in the implementation of the projects taken up under the scheme. This necessitated modification in the guidelines. Important modifications related to revision of the ratio between the cost of labour and the cost of material, inter district transfer of funds,

liberty to the States to change approved projects, delegation of powers of sanctioning projects, permission to incur expenditure on additional field staff, permission to take up construction of school rooms and rural godowns under the CSRE. The reasons for introducing modifications are indicated below:—

*Revision of the ratio between the cost of labour and the cost of material.*—The scheme prescribed a ratio of 80 : 20 between the cost of labour and the cost of material, equipment etc. Representations were received from several State Governments that unless the prescribed ratio of 80 : 20 was revised it could not be possible for them to construct good durable roads. This matter was carefully examined in consultation with the Ministry of Finance. On the one hand, there was need to generate employment and, on the other, there was need to ensure the durability of the projects. It was decided with these two distinct needs kept in view that 50 per cent of the funds allotted to every district will be spent in such a manner that the expenditure on material etc. did not exceed 20 per cent of the total expenditure as prescribed and the balance of 50 per cent could be spent in such a manner that the expenditure on material did not exceed 40 per cent of the total.

*Inter district transfer of funds.*—The States and Union Territories were permitted with the prior approval of the Central Government to distribute the funds admissible to them among their districts in such a manner as may be found equitable instead of adhering to the uniform basis of Rs. 12.50 lakhs for every district in cases where owing to the existence of special features and exceptional circumstances the latter basis will not be equitable.

*Liberty to the State to change approved projects.*—During the first year the projects of all States and Union Territories required the approval of the Government of India, before they could be executed. Some of the State Governments had represented that at the last minute owing to unforeseen and unavoidable circumstances it might be necessary to substitute one project by another of the same kind and obtain *ex-post factor* approval of the Government of India.

*Delegation of powers to sanction projects.*—During the course of implementation of the scheme in the first year an understanding was reached between the Central Government and the States in regard to the type of projects that could be taken up under the scheme. It was, therefore, decided to delegate the powers of sanctioning the projects to the States from the second year.

*Expenditure on additional field staff.*—It was represented that additional staff would be required by the States/ Union Territories for implementing the scheme. It was decided to permit all states and Union Territories to devote 5 per cent of the total outlay under the scheme towards employment of additional field staff that would be necessary for the implementation of the scheme.

*Nature of schemes.*—Besides generation of employment the scheme insisted upon the durable and worthwhile assets which would add to the development of the districts. With this end in view it was found necessary to widen the variety of works. All States and Union Territories were authorised to undertake the construction of new class rooms for primary school buildings and meet the cost of labour not exceeding Rs. 2,000 per class room from the funds available under the scheme. Secondly, recognising the need for providing shelter for the indigent and weaker sections of the community, the States and Union Territories were permitted to take up the construction of houses for the weaker sections. Thirdly, for the development of rural markets and better supply of inputs, the States and Union Territories were permitted to take up the construction of rural godowns."

1.20. Regarding the expenditure so far incurred on the scheme, the Secretary, Department of Rural Development, informed the Committee that during 1971-72, 1972-73 and 1973-74, the total allocation of funds was Rs. 142.74 crores. The amount actually released was Rs. 122.62 crores. The expenditure incurred was Rs. 125 crores, that meant, the State Governments spent something out of their own resources.

1.21. In a subsequent note, the Department of Rural Development have stated that an expenditure of Rs. 127.67 crores has been incurred on the CSRE during the years 1971-72, 1972-73, 1973-74 and April, 1974 to October, 1974 and the entire expenditure on it related to the Fourth

**Five Year Plan period.** The details of the expenditure incurred under the Scheme in the various State/Union Territories during this period is shown at Appendix II.

**1.22. Asked about the resources for the Scheme, the Joint Secretary, Planning Commission stated during evidence:**

“When this particular scheme was started this was a non-plan scheme. In the first year, the expenditure was not in the plan. At the mid-term appraisal stage an overall review was made by the Planning Commission and in relation to many activities the outlays were increased and in relation to some the outlays were reduced. So, the mid-term appraisal document stated that an outlay of Rs. 100 crores has been provided in the plan for 1972-73 and 1973-74, the remaining two years of the plan.”

**1.23. The Secretary, Department of Rural Development, however, stated during evidence:—**

“The Finance Ministry’s note showed that this project will carry a provision of Rs. 50 crores a year, i.e. Rs. 150 crores for three years. We did not question how the resources would be found. We straightaway formulated the guidelines and tried to implement the scheme.”

**1.24. The representative of the Ministry of Finance (Department of Expenditure) explained that in the first year, the scheme was not a part of the Plan. The expenditure of Rs. 50 crores for the first year of the schemes was found from the non-plan side. As regards the additional outlay of Rs. 100 crores under the Fourth Plan, the Department of Rural Development in a note have stated:—**

“The additional outlay of Rs. 100 crores was included in the Plan with effect from the financial year 1972-73. This was done as a part of the normal review of different Fourth Plan provisions. Inclusion of this scheme in the Plan did not entail any corresponding specific cut in other plan schemes. While the Plan provisions for various schemes underwent changes as a result of normal review, the amount of Rs. 100 crores was provided separately for this scheme.”

**1.25. Asked about the considerations on which the Scheme was initially included in the ‘non-plan’ Sector and later on reclassified in**

the 'plan' sector, the Department of Rural Development in a note have stated:

**"The Crash Scheme for Rural Employment was formulated after the Fourth Plan was prepared. The Planning Commission considered that the objective of the scheme appeared to be to provide as much employment as possible and in as widespread a manner as possible throughout the country. In this respect it was essentially an employment scheme and it was difficult to visualise at that time (January 1971) whether this would really become a development programme. Therefore, the Commission was of the view that the programme might be tried out for a year in 1971-72 as a 'non-plan' scheme. At the end of the year a decision could be taken as to whether it should be included in the 'plan' at the time of the mid-term appraisal when a number of new schemes were included in the 'plan', for example the Drought Prone Areas Programme."**

**1.26. The genesis of the Crash Scheme for Rural Employment can be traced to the decision taken at the Patna Session of A.I.C.C. It has been stated that the whole scheme was the personal and original thinking of the Prime Minister who took interest in it. At the Conference of Chief Secretaries, it was made clear by the Cabinet Secretary that "the main reason why the Prime Minister had asked him to call this conference was to emphasise that this scheme was a very important part of the overall plan of development and upliftment of the people and to highlight the need for a coordinated approach." It was also stated by the Secretary, Department of Agriculture, at the conference of the Chief Secretaries held on the 12th April, 1971 that the Crash Scheme for Rural Employment had been worked out on a joint initiative of the Prime Minister, the Finance Ministry and the Ministry of Food, Agriculture, Community Development and Cooperation. Such an approach had been adopted to secure effective coordination at the Centre.**

**The Committee have observed that the note on the Crash Scheme for Rural Employment was prepared by the Ministry of Finance on 1st November, 1970 and it was circulated by the Cabinet Secretariat on the same day. On the 3rd November, 1970, it was considered by the Committee of Secretaries under the aegis of the Cabinet Secretary.**

**The Committee of Secretaries further considered the outline of the draft scheme on the 3rd and 28th November, 1970 wherein it was**

decided that the scheme should be operated by the then Department of Community Development. The Department of Community Development prepared the detailed scheme which was approved in January, 1971. It was also decided that it should be treated as non-Plan scheme pending its formal approval as Centrally sponsored scheme by the National Development Council.

The Committee have noted that there has been considerable vacillation on the part of the Department as to whether the scheme should be treated as Plan scheme or a non-Plan scheme. In a note prepared by the Ministry of Finance for consideration of the Committee of Secretaries on 3-11-70, the Ministry of Finance had proposed that "the scheme should be outside the Plan but because of the urgency of the problem it should be accorded priority over all other non-plan development schemes in the call upon Central Government resources." The Finance Secretary however had stated in the same meeting that the scheme should be treated as a Centrally sponsored scheme within the Plan. At the meeting of Secretaries held on the 28th November, 1970, it was decided that the scheme would be included within the Plan and funds found for it without disturbing the allocations already made. When the scheme was approved in January, 1971, it was decided that the scheme should be treated as a non-Plan scheme pending its formal approval as Centrally sponsored scheme by the National Development Council. In this connection, it may be mentioned that the Planning Commission in their letter dated the 2nd January, 1971 had expressed the view that the scheme was essentially an employment scheme inasmuch as it sought to provide employment on a scale and in a wide-spread manner and it was therefore difficult to visualise whether the scheme would really become a development programme. The Committee feel that there was not that much degree of coordination between the various departments for the satisfactory implementation of a scheme which had the support of the Prime Minister and several Cabinet Ministers.

1.27. The Committee have no doubt that the scheme was rushed through ignoring the views of the Planning Commission. The Committee have noted that on the 25th February, 1971, the Department of Rural Development intimated to the State and Union Territories Governments the decision to launch the scheme. In order that the field operations might commence from April, 1971, those Governments were requested to proceed immediately to formulate district-wise projects and submit to them for sanction as soon as possible, and preferably by 15th March, 1971.

It is difficult to comprehend how it was possible for the States to formulate district-wise projects and to submit them to the Government of India within a period of about 15 days.

1.28. The district-wise projects proposals were to indicate in respect of each district particulars like nature of projects, number of persons likely to be employed, likely period of completion, the manner in which the project related to the District plan or the overall development needs of the area, total cost of project indicating the labour and material component thereof etc. which involved preparation of surveys and estimates. As matter stand, the Department of Community Development received proposals in respect of 307 districts out of a total of 355 districts in the country and sanctioned proposals in respect of 281 districts involving an outlay of about Rs. 30 crores out of the total outlay of Rs. 50 crores earmarked for the year by the 30th June, 1971. To attempt to execute a project of this magnitude in such a haste was clearly unsound or unsatisfactory.

1.29. According to the scheme, as it was approved at the meeting of the Committee of Secretaries on 3-11-1970, it was inter alia provided that (i) the scheme would be designed for providing employment to those who belong to families where no adult member was employed; (ii) provision to the extent of 1/3rds of the allocation for materials and equipment should be kept in order to ensure works of durable quality, and (iii) the machinery for implementing this scheme would be that of the Department of Community Development. During the course of implementation of the scheme in the first year, i.e. 1971-72, a number of modifications were introduced for the years 1972-73 and 1973-74. These changes were made as a result of "visits to States, discussions with the representatives of the States and correspondence with the States which brought forth a number of problems in the implementation of the projects taken up under the scheme. This necessitated modification in the guidelines".

1.30. The Committee feel that even after one year of the implementation of the scheme, the Department did not have any clear conception of the scheme that was to be implemented. Important modifications in the scheme made from the second year onwards related to the revision of the ratio between the cost of material, inter-district transfer of funds, liberty to the States to change approved projects, delegation of powers to sanctioned projects, expenditure on additional field staff, etc. The Committee consider that a scheme of such a far-reaching importance involving an outlay of Rs. 50 crores per year should have been subjected to the



closest scrutiny prior to its implementation. In this context, it is noteworthy that the Secretary, Department of Rural Development has informed the Committee during evidence: "The Finance Ministry's note showed that this project will carry a provision of Rs. 50 crores a year, i.e. Rs. 150 crores for three years. We did not question how the resources would be found. We straightaway formulated the guidelines and tried to implement the scheme". The crash programme is a good example of how an important programme should not be undertaken in haste so that we will have to repent at leisure what we are doing now.

#### *Audit Paragraph*

1.31. As soon as works were sanctioned by the State Governments and other authorities in the States, their particulars were required to be furnished to the Government of India in prescribed forms. The State Governments were also required to prepare and submit to the Government of India monthly, quarterly and half-yearly reports on the progress of the works under the scheme. The forms prescribed for communicating the particulars of works sanctioned by the State Governments and other authorities and for the half-yearly progress reports were elaborate, particularly the letter which had 15 printed pages.

The allocation of funds to the State/Union Territories was at the rate of Rs. 12.50 lakhs per district annually. Seven States, namely, Andhra Pradesh, Bihar, Kerala, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal, were given additional allocations. Having regard to their individual needs, allotments to Manipur, Tripura and the Union Territories were reduced in 1972-73. Allocations to Jammu and Kashmir and Assam were also reduced as it was anticipated that these two States would not be able to spend the full amount.

The amounts given by Government of India to the State and Union Territory Governments in 1971-72 and 1972-73 and the amounts stated to have been spent by the latter in those two years are shown in Appendix II. In these two years Rs. 83.08 crores were given as grants by Government of India to the State and Union Territory Governments which, in turn, spent Rs. 84.10 crores on the crash scheme for rural employment. The proportions in which the State and Union Territory Governments spent the amounts on the different classes of works, for example, roads, minor irrigation, soil conservation, land-reclamation, drainage and flood protection, afforestation, construction of additional class-rooms for primary school buildings, etc. are shown in Appendix III. During the first two years

(1971-72 and 1972-73) to which this review is limited, all State Governments, save Punjab, West Bengal, Madhya Pradesh and Manipur spent or earmarked not less than 50 per cent of the funds for construction of roads. The share of roads was the highest in Bihar, being as much as 99.9 per cent (total expenditure on the whole programme in that State was Rs. 8.18 crores in the two years). Next was Tamil Nadu (total expenditure Rs. 5.91 crores) where the share of roads was 91 per cent. Next in order of descending percentages was Meghalaya (89 per cent), Uttar Pradesh (88 per cent), Maharashtra (85 per cent), Himachal Pradesh (84 per cent), Andhra Pradesh (80 per cent), Nagaland (75 per cent), Kerala (74 per cent), Gujarat (73 per cent), Karnataka (72 per cent), Orissa (69 per cent), Rajasthan (59 per cent), Haryana (57 per cent), Jammu & Kashmir (53 per cent) and Assam (52 per cent). Thus, these sixteen States concentrated almost entirely or largely on roads. Of the total expenditure of Rs. 69.03 crores under the programme in these States Rs. 44.43 crores were spent on roads alone. (These figures exclude expenditure in 1972-73 in Orissa and Uttar Pradesh). At the other end of the spectrum was Punjab where 65 per cent of the total expenditure was on construction of flood protection embankments and drains, desilting of drains and repair of bunds. Assam and West Bengal had a wider and more even mix of projects. Assam spent 52 per cent on roads, 17 per cent on panchayat land development and pisciculture tanks, 15 per cent on land reclamation and 8 per cent on minor irrigation; West Bengal spent 38 per cent on roads, 18 per cent on soil conservation, 15 per cent on flood protection, 12 per cent on afforestation, 6 per cent on minor irrigation and 5 per cent on pisciculture. The project mix in Haryana was roads 57 per cent, link drains/minor irrigation/bunds 17 per cent, afforestation 10 per cent and irrigation water courses/soil conservation 11 per cent. Madhya Pradesh spent 45 per cent on roads, 13 per cent on minor irrigation, 13 per cent on rural godowns and 8 per cent on school classrooms. Amongst the States, Rajasthan and Kerala gave the maximum importance to minor irrigation; the former spent 26 per cent of the total expenditure on minor irrigation while the latter spent 24 per cent.

[Paragraph 5 of Chapter II to the Supplementary Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Civil)].

### **Expenditure on Roads**

1.32 The Committee have been informed by Audit that by 30th June, 1971, the State & Union Territory Governments had sent proposals in respect of 307 districts out of a total of 355 districts in the

country. Of these, proposals involving an outlay of Rs. 2998.44 lakhs in respect of 281 districts had been sanctioned by the Government of India upto 30th June, 1971. The types of the Schemes approved for some of the States were as under:—

State	Total cost of schemes approved (in lakhs of rupees)	Types of the schemes approved (in lakhs of rupees) Roads	Minor Irrigation	Afforestation	Drainage	Miscellaneous
Bihar . . . . .	212.50	212.50	..	..	..	..
Haryana . . . . .	87.50	57.00	10.50	10.00	10.00	..
Himachal Pradesh . . . . .	138.00	128.00	..	..	..	..
Maharashtra . . . . .	179.51	134.88	44.63	..	..	..
Meghalaya . . . . .	15.28	13.14	1.43	..	..	0.71
Karnataka . . . . .	179.69	124.90	27.33	..	..	17.46

It will be seen from above that during 1971-72, more than 60 per cent of the total sanctioned outlay in Bihar, Himachal Pradesh, Haryana, Maharashtra, Meghalaya and Karnataka were on roads. The Committee were also informed by Audit that a large number of small works were undertaken in Assam, Andhra Pradesh, Tamil Nadu, Jammu and Kashmir, Orissa, Meghalaya, Kerala and Tripura.

1.33. The Committee wanted to know on what considerations did the Government deviate from its own guidelines and sanctioned during 1971-72 proposals with preponderance of roads and large number of small works. Further when the State Government sanctioned similar works during 1972-73 and 1973-74, what steps the Union Government take to secure a judicious mix of projects. In a written reply the Department of Rural Development have stated:

"The guidelines issued in February, 1971 did not prescribe any percentage for taking up different category of works or any percentage for taking up small works. In fact, even subsequently, no percentage was fixed for different types of works. It was, however, noted from the proposals received from the States during 1971-72 that there was a preponderance of roads in these proposals. The Ministry, therefore, emphasised upon the State Governments

not to concentrate on road works alone. It was stressed that the State Governments should have a judicious mix of projects. It cannot be said that the State Governments have deviated from the guidelines, though it would have been preferable if they had avoided undue concentration on road works. There are important reasons for concentrating on these works, such as, their labour intensive character, opening up of areas for bringing in inputs and for marketing of agricultural produce, making the areas accessible etc. There is no possibility of taking up works other than roads in certain areas. "The scheme had to be implemented through the States and the Government of India had to rely on the judgement of the State Governments in regard to the suitability of the different types of schemes being taken up by them."

The scheme was intended to provide employment for people in different pockets of a district where there was under-employment and unemployment and where other rural works were not ordinarily available. The benefit of the scheme had to be spread equitably all over the district. Of necessity, large works could not be undertaken. Yet there was certain risk in taking up small and petty works. A balance had therefore to be struck between the two types of works and attention is invited to the following provisions in the guidelines:—

"Care should be taken to see that the projects formulated for execution are not too 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.

It may be noted that these specific provisions were made in the guidelines issued in March 1972. These were based on the experience gathered in the first year. During 1971,

instructions regarding size of works were only of a general nature."

1.34. In reply to a question as to why the State Government had accorded high priority to roads, the former Joint Commissioner in-charge of CSRE in the erstwhile Deptt. of C.B. informed the Committee during evidence that they had not prescribed any particular kind of project to be undertaken. They had given the illustrative lists of works that might be done, but in regard to choice and even in regard to mix of these projects, it was left entirely to the discretion of the State Governments and it so happened that among various competing claims like those of afforestation, minor irrigation, soil conservation etc. the State Governments had accorded very high priority to roads. The reason for that was that for the other projects, they did find money from other sources, they could even get institutional credit but not much was available for roads.

Asked whether the Government of India pointed out to the State Governments that it was not correct to give priority to Roads over minor irrigation etc. the Secretary, Department of Rural Development stated during evidence:

"This scheme if you take in totality—Plan and Non-plan—and go according to priority there is no doubt in this country irrigation and particularly minor irrigation should receive the highest priority. But this scheme as contemplated had twin objectives—generation of employment and secondly, works of civil nature which are very durable. First year we tried to sanction the schemes but then we found it was difficult. From the next year the States were allowed subject to the guidelines and fulfilment of the twin objectives which was the policy of the Government of India. So, there was no question of objection from us. We did object why so much money is being spent on roads. They would say we have no funds for roads. This is the fast employment generating scheme and village roads are also important for agricultural output links. All the State Governments insisted that roads will be preponderant and most important in this scheme."

The Secretary, Department of Rural Development further informed that the Additional Secretary of the Department had addressed the following circular letter to all the State Governments on 10th August, 1972:—

"You are no doubt aware that the Government of India have requested the State Government to undertake a special

production drive to make good the losses that might have occurred due to the erratic monsoon and to use all available funds for the purpose. I am writing to draw your attention to the useful role that the Crash Scheme for Rural employment can play in this drive. The scheme contemplates various kinds of works which can directly contribute to agricultural production in the short run. Important among these are works relating to minor irrigation, water conservation and ground water re-charging. In the present context it is necessary that works of this nature e.g., the excavation or deepening or desilting of irrigation canals, tanks etc. are given preference over other projects such as roads while sanctioning new projects under CSRE. They should rank next to incomplete works carried forward from next year and scheduled for completion during the current year. We will appreciate if suitable instructions in this regard are issued to everyone concerned."

1.35. The Department of Community Development had informed the Audit that:—

"The question of the predominance of road works under the CSRE came up for discussion at the C.S.R.E. Seminar held in February 1973. It was the unanimous view of the State representatives that their crying need was rural roads, without which development cannot take place. They underlined the fact that facilities of raising funds for other categories of works were available from institutions like the Agricultural Refinance Corporation, Land Development Banks, etc. but no such funds were available for construction of rural roads."

"It is felt that in the context of the development needs of rural India, rural roads do have a place of high priority. The approach to the Fifth Plan lists certain essential minimum needs which have got to be fulfilled. One of such needs mentioned is rural roads. Therefore, rural roads occupy a place of conspicuous importance for overall rural development. They provide the mobility needed for moving the production inputs to the farms and for transporting the resultant produce to the centres of consumption."

1.36. The Audit have informed the Committee that the representative of the Planning Commission (Dr. B. S. Minhas, Member) in

the seminar held in February 1973 had said that the popularity and demand of rural roads were conceded but the allocation of complementary facilities like road rollers could not be ignored and, therefore, the policy of project mix as advocated in the guidelines was the best in the circumstances.

1.37. The Audit have also informed the Committee that the Central team which visited Tamil Nadu in February 1972 to study the progress of the Scheme had observed as under:—

“The pride of place is given to road works. About 90 per cent of the proposed outlay on the programme is on road works. Important programmes having a direct impact on production like reclamation of land, soil conservation, etc. has been given a low priority. The total cost of projects for minor irrigation, water conservation, land reclamation is comparatively low and did not bear any reasonable ratio to the total outlay.

Overall balanced development of the area, provision of continuous employment, and a built-in potential within the selected projects to sustain employment on its own, are some of the considerations that should weight in the selection of Projects. A large sized road building programme without counterpart effort in the other sectors is bound to result in lop sided development and increase the recurring liability for future maintenance.”

1.38. While examining the scheme in December 1970 the Planning Commission had brought out the importance of minor irrigation works and had observed as under:—

“Another question for consideration is about the utilisation of the funds in a proper and effective manner so that the maximum amount of potential can be created for additional agricultural production. While this principle has been accepted in the programme as framed, the manner of implementation will require careful consideration. As far as possible, the schemes to be taken up should be such as will yield dividends as quickly as possible. In other words, the schemes should have quick gestation periods like minor irrigation schemes. Soil conservation and other measures should get a lesser priority. It will be correct to assume that in a Minor Irrigation Scheme with an expenditure of Rs. 400, it should be possible for an irrigation potential of one acre to be created. Therefore

if only 50 per cent of the amount of Rs. 150 crores is spent on suitable minor irrigation schemes, this should be expected to add 15 lakh acres of land to the irrigation potential."

1.39. From the statistics furnished to the Committee, it is observed that during 1971-72, more than 60 per cent of the total sanctioned outlay in Bihar, Himachal Pradesh, Haryana, Maharashtra, Meghalaya and Karnataka were on roads. A large number of small works were undertaken in Assam, Andhra Pradesh, Tamil Nadu, Jammu and Kashmir, Orissa, Meghalaya, Kerala and Tripura. Questioned about the deviation on the guidelines and sanctioning of proposals with preponderance of roads and large number of small works, the Department of Rural Development have informed the Committee that the guidelines issued in February, 1971 did not prescribe any percentage for taking up different category of works or any percentage for taking up small works. Even subsequently, no percentage was fixed for different types of works. It was, however, noted from the proposals received from the States during 1971-72 that there was a preponderance of roads in those proposals. The Ministry, therefore, emphasised upon the State Governments not to concentrate on road works alone. The scheme was left to the State Governments to implement in any way they liked. This is evident from the statement made by the Ministry that "the scheme had to be implemented through the States and the Government of India had to rely on the judgment of the State Governments in regard to the suitability of the different types of schemes being taken up by them."

It has been stated before the Committee by the representative of the Department that the Central Government had given illustrative lists of works that might be done, but in regard to choice and even in regard to mix of these projects, it was left entirely to the discretion of the State Governments and it so happened that among various competing claims like those of afforestation, minor irrigation, soil conservation etc. the State Governments had accorded very high priority to roads. The reason for that was that for the other projects, they did find money from other sources, they could even get institutional credit but not much was available for roads. The Committee are not at all satisfied with this statement of the Ministry. In fact, one of the basic objectives of the scheme was to create durable assets. They fail to understand how construction of roads some of which were liable to be washed off during rains could be construed as creation of durable assets. It has been admitted by



the Secretary, Department of Community Development that this scheme taking in totality, Plan and non-Plan, and going according to priority there is no doubt in this country irrigation and particularly minor irrigation should receive the highest priority. In view of this, the Committee fail to understand why the Central Government readily agreed with the demand of the State Governments that "roads will be preponderant and most important in this scheme."

1.40. The Committee regret to say that in spite of the circular letter issued to the State Governments on the 10th August, 1972 and the discussion at the C.S.R.E. Seminar held in February, 1973 wherein the policy of project mix was advocated, the pride of place was given to construction of roads. According to the observations made by the Central Team which visited Tamil Nadu in February, 1972 to study the progress of the scheme, about 90 per cent of the proposed outlay on the programme was on road works. Important programmes having a direct impact on production like reclamation of land, soil conservation, etc. had been given a low priority. It is noteworthy that in December, 1970 the Planning Commission had brought out the importance of minor irrigation works when they stated that "If only 50 per cent of the amount of Rs. 150 crores is spent on suitable minor irrigation schemes this should be expected to add 15 lakh acres of land to the irrigation potential". This was not done. The Committee hope that in future before any such ambitious schemes are launched, projections should be clearly stated and the foolproof machinery for the implementation of the schemes should be provided. Where the implementation of a scheme for which the Central Government was providing the entire funds, greater degree of supervision, at least, was called for on the part of the Central Government or whatever schemes were in operation with State Governments.

#### *Release of Funds*

1.41. According to the guidelines for 1972-73 for the Scheme issued by the Department of Community Development in March, 1972, release of funds for the Scheme was to depend upon submission to the Government of India of all prescribed particulars in respect of projects sanctioned by State Governments. The Audit has informed the Committee that the particulars of projects sanctioned

by the State and Union Territory Governments for execution in 1972-73, which were required to be submitted to the Government of India as soon as they were sanctioned had not been received in the Department of Community Development from eight States and two Union Territory Governments till February, 1973. Monthly progress reports were not received during the year 1971-72 from Jammu and Kashmir, Manipur, Karnataka, Punjab, Goa and Arunachal Pradesh. During 1972-73, no monthly reports were received from Manipur and Mizoram. Other States, with the exception of Andhra Pradesh, Kerala and Tamil Nadu, were sending the reports two to six months late. Half-yearly reports containing detailed information about various aspects of implementation of the Scheme were required to be sent within two months of the half year under report but were not received till June, 1973 in respect of the half year ending 30th September, 1972 from Andhra Pradesh, Gujarat, Himachal Pradesh, Manipur, Karnataka, Nagaland, Orissa, Rajasthan (no report for any earlier half year had been received from Rajasthan) Tripura, Andamans & Nicobar Islands, Arunachal Pradesh, Chandigarh, Mizoram and Pondicherry.

1.42. Asked on how many occasions were funds released during 1972-73 and 1973-74 without receipt of particulars of projects sanctioned by State/Union Territory Governments, monthly reports, quarterly reports and yearly reports and what were the specific circumstances in each case for releasing funds without these reports, the Department of Rural Development in a note have stated:

"Releases to States were made according to the prescribed procedure. First instalment of funds was released without asking for details of sanctioned works or progress reports so as to get the works started without delay. Subsequent releases were made on receipt of details of sanctioned works and a report that two thirds of the last instalment had been utilised. The States were required to furnish every year details in regard to actual expenditure incurred during the first three quarters and anticipated expenditure for the last quarter. Final instalment of funds in March was released on an assessment made on the basis of anticipated requirement of funds communicated by State Governments."

1.43. The following statement furnished by Department of Rural Development indicates the number of times releases made

without receipt of particulars of works/requisite amount of expenditure being incurred during 1972-73 and 1973-74:

State	Number of times releases were made without particulars of works/requisite amount of expenditure being incurred during:	
	1972-73	1973-74
1. Assam . . . . .	1	1
2. Gujarat . . . . .	..	1
3. Haryana . . . . .	1	1
4. Himachal Pradesh . . . . .	1	2
5. Jammu & Kashmir . . . . .	2	1
6. Karnataka . . . . .	1	1
7. Kerala . . . . .	..	1
8. Madhya Pradesh . . . . .	1	1
9. Maharashtra . . . . .	..	1
10. Meghalaya . . . . .	1	1
11. Nagaland . . . . .	1	1
12. Rajasthan . . . . .	1	1
13. Orissa . . . . .	1	..

Giving reasons for such releases, the Department of Rural Development have informed that releases made to Rajasthan and Orissa during 1972-73 were due to prevalence of drought and in respect of other cases they have stated that CSRE was an on-going programme, and funds had to be released on the basis of requirements communicated by the State Governments. It was not always possible to insist on completion of formalities first, e.g. details of works sanctioned, monthly, half yearly and yearly reports, etc. so as to ensure that the programme was not held up owing to lack of funds merely for procedural formalities. The Ministry was otherwise satisfied about the genuineness of the requirements of the State Governments.

Drawing attention to the Department's reply that before release of funds it was not always possible to insist on the completion of the formalities first, the Committee desired to know whether it was a normal procedure. The Department of Rural Development

in a written reply have stated that funds were released after making an assessment of the genuineness of the requirements of the State Governments and there was no deviation from the normal procedure. Asked whether any special machinery/agency was set up by the Department to satisfy themselves about the genuineness of the requirements of the State Governments or whether any on-the-spot visits conducted or test checks carried out in such cases, the Department have replied:—

“No special machinery/agency was set up to satisfy about the genuineness of the requirements. Senior officers of the Ministry visiting the States or the officers of the State Government visiting the Ministry would discuss the progress of implementation of the scheme or the special situation obtaining in a particular State and decide about the release of funds.”

1.44. According to the guidelines for the scheme issued by the Department of Community Development in March 1972, release of funds for the scheme was to depend upon submission to the Government of India of all prescribed particulars in respect of projects sanctioned by State Governments. The Committee are surprised to note that particulars of projects sanctioned by State and Union Territory Governments for execution in 1972-73, which were required to be submitted to the Government of India as soon as they were sanctioned, had not been received in the Department of Community Development from eight States and two Union Territory Governments till February 1973. Monthly progress reports were not received during the year 1971-72 from Jammu and Kashmir, Manipur, Karnataka, Punjab, Goa and Arunachal Pradesh. No monthly reports were received from Manipur and Mizoram during 1972-73. Some States were sending the reports two to six months late. The Committee are surprised that during 1972-73 and 1973-74 funds were released to as many as 13 States without receipt of particulars of expenditure. The Committee are unhappy to be told that “it was not always possible to insist on completion of formalities first, e.g. details of works sanctioned, monthly, half yearly and yearly reports etc. so as to ensure that the programme was not held up owing to lack of funds merely for procedural formalities”. Even in a crash programme it is important that there should be strict compliance with such rules that may be laid down specifically for financial and budgetary control.

### Audit Paragraph

#### Roads

1.45. One of the basic objectives which Government of India had while formulating the scheme was creation of assets of a durable nature. In February 1971, the Department of Agriculture, Government of India, had informed the States that the rural roads being constructed as part of the drought-prone areas programme (then known as rural works programme) should conform to standards and specifications recommended by a single member committee known as the Sinha Committee appointed in 1968. Specifications proposed by that Committee varied with the soil, but compaction of the formation, surfacing with macadam, brick, gravel, bitumen or some such material (except on certain soils e.g. alluvial) and cross-drainage were common feature. In December 1971, the State Governments were informed that specifications for rural roads under the scheme were being revised, but meanwhile it was presumed that the specifications recommended by the Sinha Committee were being kept in view in preparing specifications for these roads. However, in the guidelines for 1972-73 for the crash scheme issued by Government of India in March, 1972 it was stated that "the estimates, specifications and all other details will be in accordance with the same scale and standards as laid down for similar works" namely, as undertaken by the States and Union Territories under their own plans and from their own resources. At a meeting held by the Ministry of Agriculture in May 1972, the subject of specifications for construction of rural roads under the scheme was discussed and it was decided that specifications should be worked out within June, 1972 by the Roads Wing of the Ministry of Transport after discussion with the Chief Engineers of the States. The Director of the Central Road Research Institute was also to be associated with the exercise. A study team of the Central Road Research Institute produced in June, 1972 a report which *inter alia* suggested specifications for rural roads under this scheme. This report was made available to the representatives of the State Governments at an All India Seminar held in February, 1973. However, no specific guidelines incorporating the recommendations of the Central Road Research Institute were issued.

The study team of the Central Road Research Institute had recommended that the crust of *pucca* rural roads fit for bullock cart traffic might be 17.5 to 22.5 cm. thick (comprising 10 to 15 cm. thick base course and 7.5 cm. thick water-bound macadam surface). At each of the stages of road construction, namely, preparation of sub-grade, ~~soling and water-bound macadam~~, rolling by road rollers is necessary. There should also be cross-drainage works at appropriate

places. The Union Department of Community Development and Co-operation stated (June 1974) that it "did not deliberately prescribe any specifications for works that would be taken up under the scheme. Most of these works were being implemented by the States and the Government of India did not have any special expertise. It was left to the State Governments to follow the same specifications for the works to be taken up under this scheme as they had adopted for similar works taken up in the plan and non-plan programmes of the State Governments." The Department also stated that it would not have been proper to lay down specifications for the country as a whole in view of the differing conditions in different States, Districts and Blocks about the topography of the area, soil conditions, availability of local materials, etc. "The specifications laid down by the Sinha Committee did not take into consideration the employment constraints prescribed under this scheme, since the Sinha Committee Report was made three years earlier. Obviously, employment constraints were more important under this scheme and the durability though important had to be consistent with the employment achievements."

In the absence of definite instructions about specifications for roads under the scheme, different States built roads to widely differing standards.

In Haryana, all the roads constructed were to be metalled and in Bihar 65 per cent of the roads were sanctioned to be *pucca*. Most roads in many other States were *kutcha*. On many of them only earthwork was done while cross-drainage works, link roads and bridges were not provided.

Under the programme in Rajasthan, 2300 kms. of *kutcha* roads were to be constructed as against 1690 kms. of *pucca* roads. On the *pucca* roads expenditure was incurred in the first two years more on the earlier stages of the work, namely, earthwork and soling, than on the subsequent stage of water-bound macadam. Estimates of some roads did not provide for water-bound macadam and consolidation. Estimates of 15 roads (estimated cost Rs. 9.65 lakhs—works were in progress) in Bharatpur district did not provide for bitumen surface on top without which the normal life of a metalled road in that district which is prone to frequent floods, is estimated (by the Executive Engineer, Buildings and Roads, State Public Works Department, Bharatpur) to be two seasons only. In Nagpur district, 128 kms. of gravelled roads on which Rs. 11.49 lakhs were spent were not consolidated due to scarcity of water (consolidation being left to be done by traffic). Of the entire material component of Rs. 1.59 lakhs in road works in Jaisalmer district, Rs. 1.53 lakhs consist-

ed only of the cost of transportation done through contractors; the material itself was mostly obtained without cost from famine relief works and government quarries.

In five districts of Gujarat, 220 road works taken up were mainly improvements to or completion of existing roads. Except in two districts, roads were mostly *kutchha*. Few of the works were complete. For instance, a different items of work relating to road 22 kms. long were taken up and executed but two portions in between could not be executed because land was yet to be acquired (November 1973). Again, the completion of one road (15 km.) started as scarcity relief work in 1969-70 was taken up under this programme and Rs. 1.03 lakhs spent but the road can be completed only after a bridge and seven minor crossings are built and metalling done, all of which will cost Rs. 40 lakhs or so. Two roads have been completed upto the *taluka* boundary, but portions falling in adjacent *talukas* have not been taken up and the roads remain incomplete. In another district, a road 10 km. long (estimated cost Rs. 0.89 lakh) can be completed only after a bridge estimated to cost Rs. 3 lakhs is built. In two districts, Hume pipes worth Rs. 2.30 lakhs were purchased for construction of cross-drainage works on the roads but the pipes had been lying unused for about a year, while only earth-work has been done (October/November 1973). Total expenditure on roads in Gujarat in 1971-72 and 1972-73 was Rs. 249.08 lakhs.

A substantial portion of the expenditure in Himachal Pradesh was on construction of *kutchha* roads. No cross-drainage was provided in the estimates for many of these roads.

In the three districts, test-checked in Assam, most works were improvements to existing *kutchha* roads. Although most of the roads in Meghalaya were gravelled subgrade and water-bound macadam were not provided nor was consolidation done.

In Jammu & Kashmir most of the roads were *kutchha*. Of the total expenditure of Rs. 70.56 lakhs in certain blocks for which information was collected by audit, expenditure on *kutchha* roads was Rs. 37.43 lakhs. The work done therein was limited to excavation of earth and filling in of earth without any ramming and compaction.

In West Bengal, Rs. 167.95 lakhs were spent on construction of new roads and improvement of existing roads. Of 411 Kms. of roads in four districts examined in audit, 341 Kms. were *kutchha* without brick soling, gravelling, consolidation, etc. In the blocks test-checked in Orissa, only earth-work with murrum spread was done on most of the roads without any compaction and cross-drainage works.

In Tamil Nadu, Rs. 5.36 crores were spent on roads during the two years and, according to the State Department of Rural Development, 8435 Kms. of roads were formed under this programme. Most of the road works, however, were merely earthwork formation. Except in a few instances, there was no provision for metalling, cross-drainage, etc.; also there was no provision for compaction in many cases.

In the five districts (test-checked in audit) in Karnataka, 534 Kms. of *kutcha* roads were stated to have been built as against 260 Kms. of *pucca* roads. Some of the *pucca* roads were not up to the prescribed standard. Of the 260 Kms. of *pucca* roads in these five districts, 176 Kms. had crust ranging from 7.5 cms. to 15 cms. only as against 17.5 cms. to 22.5 cms. recommended by the Central Road Research Institute. Five roads, 31.4 Kms. long, were treated as closed with only half the length metalled in order to keep the outlay within the sanctioned estimates. As against the standard unit cost of Rs. 14,000 per Km. of *pucca* road prescribed by that State Government, the actual unit cost ranged from Rs. 3,666 per Km. in Mysore district to Rs. 11,388 per Km. in Bijapur district. One hundred and twenty-eight Km. of *kutcha* roads built in four districts at a cost of Rs. 4.15 lakhs were mere earthwork. Roads in black cotton soil area, if not completed with murrum casing and metal, are not durable and fit for traffic. While the *kutcha* roads in Karnataka had usually some material components, the roads constructed in two districts with a predominantly black cotton soil have been treated as completed after earthwork for formation and embankment, without murrum casing. Instructions were issued by the State Government in November 1971 that all roads constructed under the programme should be metalled at least during the following year, but no such follow up action was taken (October 1973) in any of the five districts, to make *kutcha* roads into *pucca*.

In the seven districts (test-checked in audit) in Andhra Pradesh, of the total expenditure of Rs. 189 lakhs, expenditure on roads was Rs. 151 lakhs. In those districts, as against 352 Kms. of *pucca* roads, 1786 Kms. of *kutcha* roads and 250 Kms. of soft metalled roads were stated to have been constructed. Compaction by road-rollers was not done in one district, although 102 Kms. of *pucca* roads are said to have been built. In another district the metal used was soft and therefore no compaction by road-roller was done for 250 Kms. of metalled road formed. Hand road-rollers are said to have been used on some of the *kutcha* roads.

When the scheme was launched in Madhya Pradesh in 1971, precise specifications for these roads had not been prescribed by the



State Government. Therefore, while some of the district authorities took up costly roads, some others took up only fair weather roads. The specifications for roads received from the Union Ministry of Transport in August 1972 were circulated by the State Government to the executing agencies in December 1972. After considering the very wide range of specifications actually adopted by the executing agencies in the meantime, the State Government decided in January 1973 that all the roads built to inferior specifications should be upgraded to specifications for Class I roads. Implementation of this decision had not proceeded (October 1973) beyond processing of proposals for upgrading in a few cases. In the eight districts, selected for test audit the total length of roads required to be so upgraded was 1163 Kms. including 165 Kms. of *kutsha* roads built at a cost of Rs. 11.92 lakhs in Sagar, Dhar and Indore Districts and 976 Kms. of Class II roads built in Raipur, Bastar, Shahdol and Indore Districts on which cross-drainage works were not provided.

In the eleven districts (test-checked in audit) in Bihar, the roads constructed were almost entirely on already existing mule tracks/, *kutch*a roads belonging to the District Boards. The model estimates for the roads prepared by the Chief Engineer of the Rural Engineering Organisation provided for only Hume pipe culverts, there being no provision for bridges. Of 448 road works (5481 Kms.) 259 road works (3539 Kms.) are to be made *pucca*. While earth-work is stated to be almost complete, other items of work remain to be done on the entire length, except 416 Kms. which too are in short stretches and not complete roads (January 1974). Test-check of some roads indicated that consolidation and construction of culverts were incomplete; on others, much more earth-work had been done than justified by the model estimates. Six roads constructed at a cost of Rs. 38.55 lakhs (upto July 1973) in two districts had come to function as bye-passes for major State highways, the increasing volume and intensity of traffic on which these roads are not designed to bear.

In Punjab, 94 Kms. of *pucca* roads and 227 Kms. of *kutch*a roads were stated to have been built. Half of the expenditure on roads (Rs. 26.6 lakhs) was on repairs which were of the nature of setting right berms of link roads, earth-work on which had been done by the beneficiaries. Due to non-availability of road-rollers and water tankers neither watering nor rolling was done in the entire 236 Kms. of earth-work of roads in two districts (test-checked by audit) in Maharashtra.

In Haryana, Rs. 96 lakhs were spent on roads in the two years. The State Government had decided earlier to link every village with a metalled road by January 1973 as part of the State's Fourth Plan and work on those roads was in progress when Central assistance became available under this scheme. Some of these roads were then transferred to this scheme and the cost of labour as well as part cost of material (depending on the stage of progress of the work) were debited to the scheme.

Government of Meghalaya had reported to Government of India that in 1971-72 and 1972-73, 107 Kms. and 160 Kms. of roads respectively were completed in Khasi Hills and Jaintia Hills districts. It was, however, found during check that actually only 25 Kms. of roads were completed in the former year and none in the latter.

The Union Department of Community Development and Co-operation stated in June 1974 that "the scheme had two basic objectives, namely, the direct generation of employment through labour intensive works and the production of assets of a durable nature. To start with it was provided that the expenditure on wage component would be 80 per cent of the total outlay and on material component 20 per cent. The material component of 20 per cent was found to be inadequate and the overall ratio was revised to 70 : 30. The State Governments could take up works upto 50 per cent of the outlay having a labour material ratio of 60 : 40. The modification in the scheme was made with a view to enabling State Governments to spend larger amount on material components which was necessary to ensure durability of works. Even under 60 : 40 ratio certain kinds of works could not be done consistent with durability. Bearing this in mind the State Governments were told to provide additional money required for materials from their own resources. Accordingly, several State Governments provided funds for materials from their own resources. The Ministry see no objection to this arrangement and propose to do the same in similar programmes in future. The basic concern under the crash scheme for rural employment was to provide minimum quantum of employment so that a minimum amount goes to labourers. As the State Governments were able to provide employment of the order envisaged under the scheme, there could be no objection if the State Governments provided additional funds from their own resources for materials or if the savings from labour were utilised for materials to ensure greater durability". The Department also stated that "an important factor to be reckoned in rural areas is that it is not possible to take up construction of pucca roads straightaway. In the first year, the major part of the work on roads has to be earth-work only. The

earth must settle down before soling and metalling can be undertaken. For the purpose, it is necessary that the area should have one or two good monsoon seasons. Consequently, soling and metalling can be undertaken during the second or the third year. It is against this background that expenditure on roads is to be considered".

[Paragraph 6 of Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)]

#### *Construction of Rural Roads*

1.46. The Committee have been informed by Audit that the need for some standards for the rural roads to be constructed under the scheme was high-lighted in the 13th meeting of the Central Committee for Coordination of Rural Development and Employment, held on 7th August 1971. As a result, a sub-committee consisting of Shri M. Ramakrishnayya, Addl. Secretary, Community Development, Shri S. N. Sinha, Director General (Roads Development) and Shri Baweja, Jt. Secretary, Planning Commission was constituted to go into the question of specifications for rural roads in different regions. In its meeting held on 22nd October, 1971, the sub-committee decided to recommend that the specifications suggested by the Sinha Committee for roads under the Rural Works Programme should be adopted for the roads under the Crash Scheme till these were revised. A seminar-com-workshop on crash Scheme for Rural Employment was convened from 17th February 1972 to 19th February 1972 by the Department of Community Development. The seminar decided that to ensure durability of assets, standard specifications for compaction, design of profiles, construction of culverts etc. followed by the State Government should be adopted for the works taken up under the scheme.

The specifications suggested in the C.R.R.I's report took note of prevalent conditions in rural areas. But the typical village road to CRRRI specifications with water bound macadam surface (11.4 cm compacted thickness) would have cost Rs. 33,470 per Km. of which wages would have accounted for only 51.8 per cent. With a single coat surface dressing the cost would have been Rs. 40,000 per Km. of which wages would have been only 46.8 per cent.

At the 17th meeting of the same committee held on 17th August 1972, it was stated that an evaluation of selected road works constructed under the Scheme was being arranged. This work was entrusted on 13th March, 1973 to the Central Road Research Institute with consultancy charges of Rs. 4 lakhs.

It was stipulated that the Central Research Institute would furnish to the Ministry interim reports as and when the studies were completed in different States and that the final Report would be submitted by the end of December, 1973. In an interim report submitted in August, 1973, the Institute gave an appraisal of rural roads constructed under the scheme in eight States/Union Territories—Jammu & Kashmir, Himachal Pradesh, Maharashtra, Goa, Daman and Diu, Nagaland, Manipur, Tripura and Kerala. Extracts from some general recommendations in the Report intended for application to the eight States/Union Territories are given below:

- (i) "There is a need to improve overall technical control and supervision."
- (ii) "At some places, there is a need to improve the geometrics of roads constructed."
- (iii) "In general, inadequate compaction of various components of road works such as earthwork and pavement crust has been observed."
- (iv) "In order to assist the construction staff for adopting appropriate construction practices, it appears desirable to organise short-term workshops at some selected construction sites."

1.47. Asked about the action taken by the Ministry on the Interim report of the Central Institute of Road Research, the former Joint Commissioner, Incharge CSRE in the erstwhile Department of Community Development informed the Committee during evidence:—

"This was the first time that we had undertaken a road building project of such dimension through labour-intensive methods and in the Fifth Plan the building of roads through labour intensive methods would be an important element. Preparing for that event, we asked the Institute to study what had been done and to recommend a technique for adoption in the Fifth Plan. This was not a post-mortem study of the roads but a study with the Fifth Plan in view. They were asked to recommend techniques on labour-intensive methods in the Fifth Plan. But when they gave a report they gave specifications which I found were more material-intensive than labour intensive. We circulated it to the State Governments for their guidance in the Fifth Plan saying 'if you want good durable roads, these are the recommendations of the Institute for various climatic, physical and geographical conditions'."

1.48. Although the Study Team of the Central Road Research Institute had submitted a report in June, 1972 *inter alia* suggesting specifications for rural roads under the Scheme, no specific guidelines incorporating the recommendations of the Central Road Institute were issued by the Department of Community Development to the States in respect of construction of roads. The Department of Community Development have informed Audit in June, 1974 that it did not deliberately prescribe any specifications for works that would be taken up under the scheme, as the Government did not have any special expertise. According to Audit in the absence of any definite instructions about specifications for roads under the scheme, different States built roads to widely differing standards. In view of the two sets of specifications in respect of roads the Sinha Committee's and the Central Road Research Institute's—being available, the Committee desire to know why was it decided not to take advantage of either sets of specifications and to allow the State Governments to build roads to various different specifications. The Department of Rural Development in a note have stated:—

“Though it is true that the Ministry did not prescribe any specifications for the construction of roads, it needs to be emphasised that the State Governments were required to follow the same specifications for the works to be taken up under the CSRE as they had adopted for similar works taken up under the plan and non-plan programmes of the State Governments. It would not have been proper to lay down specifications for the country as a whole because conditions differ from State to State, district to district and block to block. The topography of the area, the soil conditions, availability of local materials etc. would necessitate construction of different types of roads with varying specifications. It is also to be noted that the specifications laid down by the Sinha Committee did not take into consideration the employment constraints prescribed under the CSRE since the Sinha Committee report was made three years earlier than commencement of the CSRE. Obviously, employment constraints were more important under the CSRE and the other aspects though important, had to be consistent with employment achievements.

There appears to be a feeling that the State Governments did not at all follow any specifications or those recommended by the Sinha Committee or the Central Road Research Institute. It needs to be clarified that the recommendations made by the Sinha Committee were forwarded to

the States and Union Territories for guidance and adoption. A number of State Governments had adopted these specifications for the roads constructed under the plan and non-plan programmes of the States. The guidelines for the CSRE had made a specific provision that the State Governments should follow the same specification for the works to be taken up under the CSRE as they had adopted for similar works taken up under their plan and non-plan programmes. Obviously, the State Governments which had adopted the specifications recommended by the Sinha Committee for the execution of their plan and non-plan programmes would have followed the same specifications for construction of roads under the CSRE."

1.49. In addition to the direct generation of employment through labour intensive works, the other basic objective of the scheme was the production of assets of a durable nature. According to the Audit, in most States with the exception of Punjab and Haryana, the road works were for construction or improvement to kutchha specifications mostly without metal soling or surfacing. Even where the State Governments intended to build pucca roads eventually, as in Madhya Pradesh or Bihar, expenditure till the end of 1972-73 or later had mostly been on earth work. It was seen that much of the earth work had also not been compacted nor was cross-drainage provided. Regarding not taking up construction of pucca roads, the Department of Community Development had informed the Audit that "an important factor to be reckoned in rural areas is that it is not possible to take up construction of pucca roads straightaway. In the first year, the major part of the work on roads has to be earth-work only. The earth must settle down before soling and metalling can be undertaken. For the purpose, it is necessary that the area should have one or two good monsoon seasons. Consequently, soling and metalling can be undertaken during the second or the third year. It is against this background that expenditure on roads is to be considered."

Asked to comment on it, the Chief Engineer (Planning), Ministry of Shipping and Transport (Roads Wing) reacted:

"We don't subscribe to it. Our specifications say that the earth work and compaction should be done simultaneously, preferably with a mechanical road roller. Rainfall gives neither adequate nor uniform compaction. Besides, it erodes loose earth."

1.50. In February, 1973, a representative of the Planning Commission had raised a doubt regarding the feasibility of so many roads being taken up in view of the shortage of complementary facilities like road rollers. It is seen from Audit Report that some States have given out the reason that lack of road rollers etc. left certain roads incomplete and kutchha. The Committee desired to know as to why the views of the representative of the Planning Commission and of the State Governments ignored. The former Joint Commissioner, Incharge of CSRE in the erstwhile Department of Community Development stated during evidence:—

“This road roller problem had been brought to our notice. shortage of coal was also there. We took up this matter with the Ministry of Industrial Development. At one stage we were thinking whether we could import a number of them, but the Ministry, as far as I remember— it is subject to correction—promised to us that the schedule of production in the country would be adhered to and sufficient number of road rollers would be available. We knew that these would be required after two-three years. In the beginning, kutchha work has to be done. We proceeded on that basis. The other action that we took was that we advised the State Governments to make greater use of their existing rollers by engaging extra staff and running the road rollers more shifts....At that stage, nothing could have been done. That problem was brought to our notice in 1973. Metalling work etc. could be done at a later stage. That was the only way to retrieve the situation at that time.”

1.51. A statement showing observations of the Officers of the Central Government, who toured various States to review the progress and implementation of the Scheme in 1971 and 1972, in respect of construction of roads is given below:—

*Andhra Pradesh:*

(i) The roads constructed under CSRE are mostly gravelled kutchha. The standards and norms prescribed for a WBM road had not been followed in all instances. The provision for soling, compaction in layers, metalling and CD works were not included in the estimates.

(ii) The roads are without any approach and are not connected.

**Assam:**

The roads proposed conform more or less to kutchra formation without arrangements for soling, compaction and metalling or surfacing with hard murrum.

**Gujarat:**

(i) There are deep cutting along the sides of the roads and there is likelihood of the road being eroded and damaged if left without consolidation.

(ii) detailed estimates have not been prepared.

(iii) no effort appears to have been made to achieve consolidation through hand ramming of earth at each successive layer.

(iv) roads required proper alignment.

**Himachal Pradesh:**

There is need for repair of roads in Bilaspur District and of the road being taken up by the PWD for maintenance well before the monsoon.

**Jammu and Kashmir:**

(i) The State Government has to examine how the kutchra roads formed could be made pucca by providing the various items incidental to the construction of a durable road lest the investment should become infructuous.

(ii) Most of the road works undertaken are likely to be damaged and the utility would be reduced if they are not provided with cross drainages, culverts etc.

**Karnataka:**

At places only road formation without proper compaction has been done.

**Kerala:**

The road works taken up require the provision of cross drainage soling and metalling in order to make them durable.

**Madhya Pradesh:**

Road programme of Dhar District is not satisfactory.



**Meghalaya:**

(i) The road works in the Mawryngngang block (e.g. improvement of smiti-unpharest—Mawmuthoor road) do not provide for soling, compaction, metalling or gravelling. It is just earth formation with a provision for construction of retaining walls wherever founded necessary.

(ii) Many road construction works or even the road improvement projects do not have provision of soling, consolidation, compaction and gravelling, in the estimates approved by Government.

**Orissa:**

The usual method of making roads by relying on natural consolidation or on too much machinery will not do. There is an attempt to make roads as cheaply as possible but such cheap roads are not likely to be durable.

**Tamil Nadu:**

(i) The earth work done is quite satisfactory but needs proper compaction and drainage. Plantation on both sides of the roads is suggested.

(ii) Improvements in alignments etc.

Asked about the action taken by the Union Government on these tour notes, the former Joint Commissioner incharge CSRE in the erstwhile Department of Community Development informed the Committee during evidence:—

“We have brought the fact to the notice of the State Governments..... At the initial stage, you will come across one or two mistakes. But thereafter comes the question of maintenance of these roads over the years. Now, this is something which the various States sought to do in different manners. It all depends on, whether the State Governments have been able to carry out the annual maintenance of those roads.”

1.52. The guidelines circulated to the States in February, 1971 had suggested that the rural infra structure including road works should be taken on Master Plan basis. The Committee wanted to know whether there were Master Plans for each State and whether an order issued saying that the States could take up the building of roads without drawing up a Master Plan. The Secretary, Department of Rural Development informed the Committee during evidence that “that was the original thinking but it was examined by the

Secretaries Committee and the Department of Community Development, it was provided that 'the projects undertaken should be essentially labour intensive and should promote development of districts.' Any project which is labour intensive can be undertaken; it is a blanket sanction." The witness added that "it should be relatable to the District Plan or, in its absence, to the obvious elements thereof." To a query whether the Director-General (Roads) was consulted at the Central level, the Additional Secretary, Ministry of Agriculture stated "not about this particular scheme."

1.53. The Committee desired to know the following particulars in respect of construction of roads by the States/Union Territories under the Scheme:—

- (i) Total length of roads which have been completed with compaction, surfacing and cross-drainage under CSRE in each State/Union Territory district-wise;
- (ii) Length of roads left unfinished on 31-3-1974 or completed kutcha each State/Union Territory and the funds required to complete these roads with compaction, surfacing and cross-drainage and make them durable;
- (iii) the States/Union Territories which have completed these unfinished or kutcha roads after 31-3-1974 or the extent to which that has been done. The Department of Rural Development in a written reply have stated:

"District-wise information is not collected by the Department of Community Development. Information in regard to length of roads left unfinished on 31-3-1974 or completed kutcha in each State/Union Territory and the requirement of funds to complete the roads with compaction, surfacing and cross-drainage is not available. Though the scheme was discontinued with effect from April 1974, the Government of India had authorised the States to utilise the unspent balances lying with them as on 31-3-1974 till the end of October 1974. A number of State Governments viz. Andhra Pradesh, Bihar Karnataka, Madhya Pradesh etc. have made arrangements for completing the roads taken up under the C.S.R.E. from their own resources."

1.54. It is seen from Audit Report that most of the roads constructed under the CSRE are incomplete and the Committee have been informed that in respect of roads on which all items of work have not been carried out, the concerned State Government will make

their own arrangements for carrying out residual work and meet the cost thereof. For Bihar, specifically it has been stated that while the earth work was being debited to the CSRE, the Bihar Government would find funds from its own resources to complete all other items. In view of the financial position of the Bihar, the Committee desired to know whether the State Government has earmarked sufficient funds to complete the residual works and the date by which they are going to be completed. The Department of Rural Development in a written reply have stated:

"The Government of Bihar sanctioned improvement of 5438 kms. of rural roads at an estimated cost of Rs. 31.58 crores under the Crash Scheme for Rural Employment for three years. As the non-labour component in road schemes was in excess of the prescribed ratio, the State Government supplemented the Central fund (Rs. 12.62 crores) to the extent of Rs. 3.60 crores during the three years to overcome this limitation. The State Government completed construction of 1600 kms. of surfaced roads. In case of roads of 3838 kms., which spilled over to the Fifth Plan Period, earth work on embankment had nearly been completed and the remaining works were in various stages of construction. It has been estimated that on the present day rates about Rs. 22 crores should be required to complete the spill-over road schemes during the Fifth Five Year Plan. The State Government, have accommodated the spill-over road schemes under the Minimum Needs Programme. The amount provided by the State for the purpose during the current year is Rs. 160 lakhs. The rural roads constructed under CSRE are being maintained by the State Government and provision is made every year in the State Budget for repair and maintenance of these roads."

1.55. In August, 1971 the Central Committee for Coordination for Rural Development and Employment had highlighted the need for some standards for rural roads to be constructed under the CSRE and as a result a sub-Committee of that Committee had recommended in October, 1971 that the specifications suggested by the Sinha Committee for roads under the Rural Works Programme should be adopted for roads under the Crash Scheme till these were revised. Similarly a seminar-cum-workshop on the CSRE held in February, 1972 had decided that to ensure durability of assets, standard specifications for compaction, design of profiles, construction of culverts etc. should be adopted for the works taken up under the Scheme. Further, in June, 1972 a Study Team of the

Central Road Research Institute had also suggested specifications for rural roads under the Scheme. The Committee regret to note that although these specifications were available, the Government did not take advantage of any of these specification and did not issue any specific guidelines in this regard and instead allowed the State Governments to build roads of widely differing standards. This cannot but have resulted in defeating one of the basic objectives of the Scheme, namely, creation of durable assets.

1.56. The Committee find from Audit Report that in most of the States, the road works were for construction or improvement to kutchra specifications mostly without metal soling or surfacing. Even where the State Governments intended to build pucca roads eventually expenditure till the end of 1972-73 or later had mostly been on earth work. It was seen that much of the earth work had also not been compacted nor was cross drainage provided. As for not taking up construction of pucca roads in the rural areas, the Department of Rural Development had contended that it was not possible to take up construction of pucca roads straightaway as the earth work could only be done in the first year and only after the earth had settled down by one or two good monsoon seasons, the soling and metalling could be done during the second or third year. The Chief Engineer (Planning), Ministry of Shipping and Transport (Roads Wing) denied Department of Rural Development's contention and has stated during evidence that the earth work and compaction should be done simultaneously, preferably with a mechanical road roller. According to him rainfall gives neither adequate nor uniform compaction, besides it erodes loose earth. The Committee are surprised that before starting construction of roads, the Department took no action whatsoever to lay down the specifications of roads in consultation with the Roads Wing. The result has been that there has been large-scale construction of sub-standard roads as has been pointed out by the officers of the Central Government touring the various States.

1.57. The Committee regret to note that although the guidelines circulated to the State Government in February, 1971 had suggested that rural infra-structure including road works should be taken on a Master Plan basis, the guidelines were changed later on and the States were given a blanket sanction to undertake projects without drawing up Master Plans if the projects were labour intensive and relatable to District Plan or in its absence, to the obvious elements thereof. It has been admitted by Additional Secretary, Ministry of Agriculture, during evidence that the Director

**General (Roads) of Ministry of Shipping and Transport was not consulted about this particular Scheme. The Committee cannot but deplore this lapse.**

1.58. The Committee regret to note that although a representative of the Planning Commission had raised a doubt in February, 1973 regarding the feasibility of so many roads being taken up in view, absence of complementary facilities like road rollers etc. and several States had also stated that lack of road rollers etc. left certain roads incomplete and kutchha, no remedial measures whatsoever were taken by the Central Government to augment the availability of road rollers or for optimum utilisation of the road rollers already available. This was deplorable. And this is yet another example in regard to this entire programme, which illustrates how little care was taken in the planning and execution of different works under the Scheme.

1.59. The Crash Scheme for Rural Employment was discontinued with effect from April, 1974. The Department of Rural Development have not made available till date to the Committee details regarding total length of roads left unfinished on 31st March, 1974 or completed kutchha in each State/Union Territory and the requirement of funds to complete these roads with compaction, surfacing and cross-drainage. The Committee would like to be apprised of these particulars in respect of incomplete kutchha roads and the arrangements made by the State Governments to make the durable or for carrying out the residual work and the progress made in this behalf. The Committee apprehend that a very large number of these roads were left unfinished on 31st March, 1974 at a stage at which the chances of their resulting in total infructuous expenditure are very great.

#### **Audit Paragraph**

##### *Minor Irrigation*

1.60. In Sri Ganganagar, which is relatively a prosperous district, 113 minor irrigation works for converting *kutchha* (earthen) water courses into *pucca* (line with brick masonry channels in 444.9 squares (825 Rft. in each square) estimated to cost Rs. 18 lakhs approximately were undertaken on lands belonging to private cultivators who paid substantial contributions, because the State Government had laid stress on collection of public contribution in that district. Even under normal rules, such water courses are not to be constructed at public expense, and concerned cultivators are required

to make their own arrangement or to bear expenses (including departmental charges) incurred by the Government in constructing them on their behalf. These works were also material intensive. Against the actual expenditure of Rs. 15.37 lakhs (July 1973), the material component alone was Rs. 12.62 lakhs, made up of Rs. 3.78 lakhs from funds under the crash scheme and Rs. 8.84 lakhs from public contributions. The labour component was Rs. 2.04 lakhs only. The labour-material ratio was 18 : 82. The selection of these works was thus out of tune with the spirit of the scheme. It was also seen that Rs. 0.40 lakh granted to the Panchayat Samiti Bhadra in this district, by the Public Health Department for construction of wells was treated as public contribution for constructing Diggis, thus misutilising the original grant. In Jaisalmer district, 10 khadeem works—earthen embankments for collection of water by directing its flow into nullahs—estimated to cost Rs. 4.38 lakhs (actual expenditure Rs. 3.85 lakhs upto July 1973) were undertaken in 1972-73 on lands belonging to private individuals.

Expenditure on minor irrigation works in seven districts (test checked in audit) in Andhra Pradesh, costing Rs. 21.6 lakhs, constituted 11.4 per cent of the total expenditure in those districts. Of that Rs. 8.5 lakhs were spent on restoration of, or repairs to, existing minor irrigation works. Community irrigation wells were dug in large numbers in Warangal and Hyderabad districts. In the former district the services of the State Agro-Industries Corporation were utilised for investigating the sites of the wells and water is said to be available in 95 out of 100 wells dug. In Hyderabad district, on the other hand, ground water survey was not undertaken and water is stated to be available in only about half of the 77 wells dug on which Rs. 5.7 lakhs were spent.

For water conservation in one district in Gujarat, 36 tanks estimated to cost Rs. 13.95 lakhs were sanctioned in 1971-72 and 1972-73 and Rs. 3.33 lakhs spent thereon. Earthwork in 23 tanks had been completed (October 1973). According to the estimates, all the tanks needed waste weir facilities which, however, have not yet been undertaken (November 1973). From 11 tanks irrigation by lift of 260 hectares is possible but the potential beneficiaries are yet to instal pumps (October, 1973).

In Haryana, Rs. 18.77 lakhs were spent on digging of *kutcha* water courses in the three drought prone districts of Hissar, Mohindergarh and Gurgaon. According to the Northern India Canal and Drainage Act 1873, irrigation water courses are constructed at the cost of the cultivators. The water courses in the above three districts were constructed at Government cost on the ground that lift irrigation works

undertaken in the drought prone areas deserved special treatment. After construction is over, maintenance is the responsibility of the cultivators. These works require considerable maintenance expenditure because, having been constructed in sandy regions, they are liable to get filled up by sand and become silted, especially as supply in the parent channels is highly seasonal. In fact, desilting had to be done in Hissar soon after the water courses were completed. These works were executed through gang leaders.

The majority of the minor irrigation works undertaken in Orissa consisted of renovation of, and improvements to existing minor irrigation works. Construction of only a few new tanks was undertaken. In many minor irrigation works, turfing, stone pitching, etc., necessary to make the works durable, were not done.

In West Bengal, Rs. 26.26 lakhs were spent on minor irrigation during the two years. The material content of those works was only 4 to 10 per cent of the cost. The works were re-excavation of tanks, field channels and small irrigation canals. Rupees 0.86 lakh were spent in one district for improvement of five private tanks taken on lease by Government which would have to be restored to the owners in course of time.

[Paragraph 7 of Chapter II to the Supplementary Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Civil)]

1.61. According to the Audit Report on the minor irrigation works carried out in the District Sri Ganganagar (Rajasthan), as expenditure of estimated to cost Rs. 18 lakhs was incurred on conversion of *kutcha* water courses into *pucca* channels which was material intensive and for the benefit of concerned cultivators of that area. Asked whether the Ministry had investigated this expenditure on these works after the audit had brought them to their notice, the additional Secretary, Ministry of Agriculture stated during evidence:

“Rajasthan have reported that water courses are common property and no land revenue is charged on land pertaining to water courses. Cultivators are penalised if they cultivate on 16½ ft. belt even though existing in their own field. Like village roads, it is public property. Construction of *pucca* water courses not only benefits the community as a whole, but it reduces evaporation, covering more area under cultivation and adding to production programme, and benefits to the nation 20 per cent additional irrigation. Public contribution to the tune of Rs. 10 lakhs had been realised and works amounting to Rs. 6.51 lakhs have

been done. The material for the balance has been transferred to the Panchayat Samitis for further work to be undertaken. They have said that in the absence of these works, other works of different nature could not have been taken up."

When pointed out that even under the normal rules such water courses are not to be constructed at public expenses and cultivators are required to bear their own expense including departmental charges incurred by the Government in constructing them on their behalf, the witness stated that 'they have said that in desert areas, no road works and other works are possible. Therefore, they had to resort to these *pucca* channels.'

1.62. As regards the question that the labour—material ratio in this district was 18:82, the former Jt. Commissioner incharge of CSRE has stated that the 'audit report mentions that Rs. 8.84 lakhs came from public contribution and so long 20 per cent of the material comes from CSRE and the rest of 80 per cent for material is contributed by the public, the spirit of the scheme is not violated.' The Committee have been informed in a subsequent note that the cost of material in excess of prescribed ratio was met through public contribution.

1.63. With regard to the Audit Report that in Jaisalmer district in Rajasthan where 10 'khadeem' works estimated to cost Rs. 4.38 lakhs were undertaken in 1972-73 on lands belonging to private individuals, the Committee were informed in a written note that the 'khadeem' works were not the property of the individual but these belong to five or more individuals and in the absence of these works other works of different nature could not have been taken up in this district.

1.64. In the case of Hyderabad District—in Andhra Pradesh, where Audit Report mentions that grounds water survey was not undertaken and water is stated to be available only above half of the 77 wells dug on which Rs. 5.77 lakhs were spent, the Committee have been informed that the locations were marked on local enquiry and they were mostly successful but a number of wells dried up due to drought conditions and in such cases the Executive Engineer was asked to deepen the wells.

1.65. Regarding cases of incomplete tank works in one district of Gujarat commented in the Audit Report, the Committee have been informed that all works were either incomplete during scarcity period or were spill-over works. These have now been completed.



1.66. The Audit Report mentions that Rs. 18.77 lakhs were spent by the Haryana Government on digging of *kutch*a water courses in three drought prone districts. Although under the Northern India Canal & Drainage Act, 1873, irrigation water courses are to be constructed at the cost of the cultivators, the work in these three districts was executed at Government cost as a special case, and the responsibility for the maintenance of these water courses was entrusted to the cultivators. The Committee therefore enquired about the proper maintenance by the cultivators. The Department of Rural Development in a written note have stated:

“Water courses were constructed at Government cost because the areas deserved special treatment. The irrigation water released to these high-parched areas had to be harnessed fully and without loss of time which could not have been done but for the Government undertaking these works at its own cost. The peasantry having been given the taste of irrigated farming, it was considered that there would be sufficient awareness amongst them for maintaining the water courses. The release of water through these channels coupled with other agro-soil conservation practices would mitigate the problem of the water courses being filled up through wind action. There was a team of extension workers. Consequently, now there was no difficulty regarding maintenance by farmers.”

1.67. With regard to incomplete minor irrigation works in Orissa, the Committee have been informed that the items of works pointed out by Audit could not be done in some cases for paucity of funds. These had, however, been done in a large number of cases and would be done in the remaining projects from out of other funds.

1.68. According to the Audit Report, Rs. 0.86 lakh were spent in one district of West Bengal for improvement of five private tanks taken on lease by Government which would have to be restored to the owners in due course. The State Government in their comments have stated that the benefits of an irrigation system cannot fully accrue unless the whole net-work of irrigation channels was in a good state of maintenance. Water conservation cannot be achieved in case of ill-maintained field channels termed as ‘Zamindari Khuls’. These khuls had been taken over, improved and remodelled and maintained by Irrigation Department. A directive was issued to take over all such khuls which had 1500 acres and above under their command under CSRE. Khuls have been taken up for improvement and were maintained by Irrigation Department.

1.69. Regarding the cases pointed out by the Audit, the Department of Rural Development in a written note have added:

"The basic objection implied in the observations contained in the Audit Report appears to be that the works were taken up with material component in excess of the prescribed ratio and that these were not community works. It may be clarified that the cost of material component in excess of the prescribed ratio had been met by the State Governments from their own resources or out of public contributions. It would thus be noted that the wage component provided under the scheme had been utilised for the creation of employment opportunities only. The Ministry has in fact insisted in a number of cases, where the nature of schemes required larger material component, that the States would provide funds from their own resources to make the assets durable."

1.70. The Committee have been informed in a note furnished by Department of Rural Development that 1.32 lakh hectares of minor irrigation had been created under the Crash Scheme. The Committee enquired whether the Central Government have investigated whether this had actually led to increase in the irrigated areas with details thereof. The Department of Rural Development in a note have stated that information in respect of actual increase in the irrigated areas has not been collected and also no investigation has been carried out to ascertain as to whether the irrigation potential created under CSRE has actually led to increase in the irrigated areas.

1.71. In reply to a question whether any cases, where expenditure incurred on ordinary repairs were debited to minor irrigation works which are not permissible under the CSRE, came to the notice of the Government and if so, the action taken in recovery of such irregular expenditure from the State Government, the Department of Rural Development in a written note have stated that minor irrigation works in question would generally fall in the category of works costing less than Rs. 5000 each. They have added that the States have been addressed to prepare list of works costing less than Rs. 5000 each in excess of 20 per cent of the funds allotted to a district and once these lists are prepared and finalised, necessary recoveries would be effected from the States concerned.

1.72 The Committee are surprised to note that in Sri Ganganagar district (Rajasthan) a relatively prosperous district, 113 minor irrigation works for converting kutchha water courses into pucca channels estimated to cost Rs. 18 lakhs approximately were under-

taken on lands belonging to private cultivators. The Audit have pointed out that these works were material intensive and for the benefit of concerned cultivators of that area. The Ministry have explained that these works were not material intensive as the bulk of the material portion was realised from public contribution and cost on material debited to scheme was within the 20 per cent prescribed limit. The Committee cannot lose sight of the fact that this expenditure on channels benefitted a few private cultivators which should have been borne by the cultivators themselves.

1.73. Another irregularity is in respect of the digging of kutchra water courses in three drought prone districts of Hissar. Although under the Northern India Canal and Drainage Act 1873, irrigation water courses are constructed at the cost of the cultivators, the Committee have noted that the works in these three districts were executed at Government cost on the ground that lift irrigation works undertaken in the drought prone areas deserves special treatment. It was stated by the representative of the Department that release of water through these channels coupled with other agro-soil conservation practices would mitigate the problem of the water courses being filled up through wind action. The Government's reply is silent about the follow-up of action necessary for the maintenance of water courses. It has been pointed out by Audit that desilting had to be done in Hissar soon after the water courses were completed. The Committee would like to be assured that the expenditure on the construction of these water courses was not infructuous and that a proper machinery has been created for the maintenance of the water courses.

1.74. The Committee also note that in Jaisalmer district in Rajasthan 10 'khadeem' works estimated to cost Rs. 4.38 lakhs were undertaken on lands belonging to private individuals. The Committee are unable to accept the explanation given by the State Government that in the absence of these works, no other works could have been taken up in these districts. It is surprising that this work could not have been finished by the State Government out of their own resources and the expenditure had to be debited to the CSRE Scheme.

1.75. The instances pointed out by Audit are only some test cases. The Committee would like that a survey should be undertaken to see whether any expenditure on minor irrigation schemes had been wrongly debited to the CSRE Scheme.

1.76. The Committee have been informed that certain items of works in Orissa which could not be done for paucity of funds are being completed from out of other funds. The Committee hope that the incomplete works would be completed expeditiously and the Committee informed of the progress made in this regard.

1.77. Although the Committee have been informed that 1.32 lakh hectares of minor irrigation have been created under the Crash Scheme, the Government have been unable to give information in respect of the actual increase in the irrigated area under the Crash Scheme. The Committee desire that an investigation should be carried out to ascertain whether the irrigation potential created under CSRE has actually led to an increase in the irrigated areas. The Committee would like to be informed about the results of investigation in due course.

#### 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 the 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, on 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. Matters 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 scheme."

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."

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 works out of a total of 6338 works was between Rs. 5,000 and Rs. 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.

### Audit Paragraph

#### *Executing and Supervisory Agencies*

1.83. Government of India had presumed that the Block overseer or his equipment was in position in the blocks and would provide the basic servicing needed for the works. Technical guidance for implementing the programme, as necessary, was to be made available by the technical departments of the State Governments.

In Haryana, Punjab and Rajasthan the works were executed by the State Government departments, namely, Public Works Department (Buildings and Roads), Irrigation Department, Forest Department, etc. In Maharashtra and Gujarat, the district panchayats which have technical personnel, implemented the programme. In Bihar the roads part of the programme was executed by the State Rural Engineering Organisation which is headed by a Chief Engineer and has Superintending Engineers, Executive Engineers, etc. In Orissa, responsibility for execution of the programme was of the panchayat samities which, however, got some of the works executed by Government departments. In West Bengal minor irrigation, flood protection, pisciculture and certain road works were executed by the Block Development Offices, which during the two years spent about 54 per cent of the total expenditure on the programme in the State.

Initially, all works in Madhya Pradesh were being executed by the Blocks and panchayat samities. However, in order to speed up execution, the State Government decided in December 1971 to entrust to the Public Works Department (Buildings and Roads) and Irrigation Divisions all road and irrigation works estimated to cost

Rs. 20,000 or more including those already taken up by the Blocks. Upto July 1972 all works in Himachal Pradesh were undertaken through the Blocks but from August 1972 onwards the road works were transferred to the Public Works Divisions for execution. In Jammu & Kashmir the Block Development Offices were in-charge of the execution of all the works upto the end of March 1973 and thereafter (but effectively only from August 1973 or later) the engineering wing of the Agriculture Department. In Karnataka, the works were executed by the Blocks and the Land Army to which works estimated to cost Rs. 154 lakhs were given for execution upto the end of 1972-73. The technical staff of the land army consisted of an army Brigadier as Director, a Lt. Colonel as Deputy Director and a Civil Engineer incharge of a technical cell. Actual execution of the works was supervised by a task force commander/assistant commander generally selected from retired officers of the Corps of Engineers. In Kerala, execution of the works in each Block was entrusted to a local committee consisting of the chairman of the block development committee, the presidents and members of panchayats, etc. A convener selected by that committee was in-charge of actual execution.

Government of Madhya Pradesh sanctioned 24 additional posts of Assistant Engineers and 228 overseers in October 1972 for the scheme. However, most of the new posts of overseers remained vacant while none of the posts of Assistant Engineers was filled (May 1973). In eight districts selected for test check, 61 overseers who were in position in May 1973 had to supervise, in all, 915 works (estimated cost Rs. 73.28 lakhs) being executed at the same time by the blocks themselves, the panchayat samities, rural cooperative societies under this programme.

In Rajasthan, irrigation works constituted 23 per cent while roads constituted 63 per cent of all the works. Fifty engineering subordinates were recruited in the Irrigation Department, but there was no strengthening of the Buildings and Roads branch of the State Public Works Department.

In Orissa, 100 posts of sub-assistant engineers were created in 1971-72 and 76 more in 1972-73 for this programme. In addition, 110 posts of sub-assistant engineers sanctioned in 1972-73 for relief works were also placed at the disposal of the Collectors for allotment to the Blocks.

Tamil Nadu Government sanctioned one additional overseer and two road inspectors for each Block.

[Paragraph 11 of Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil).]



184. The Committee have been informed by Audit that it was envisaged by the Government of India in the Scheme communicated to the State Governments with its letter of 25th February, 1971 that the Projects under the Scheme would be executed in the districts through the Collectors, the Zila Parishads of the District Development Councils, the Community Development Blocks actually carrying out the works in the field. This arrangement would also result in further utilisation of the extension staff at the Block level, particularly of the Blocks in post stage III where Blocks staff had not generally been fully employed for want of substantial flow of programmes and funds. In the guidelines of the Scheme for 1972-73 circulated in March, 1972, it was stated that "the projects that have been sanctioned may be executed through the Collectors of Districts or Zila Parishads, District Development Councils or such other agencies as the State Governments may select". There was no mention of Community Development Blocks and instead "such other agencies as the State Governments may select" was added. According to the Audit Report very few State Governments strengthened their technical organisations so that they could supervise the works executed under the Scheme. Asked whether the Department of Rural Development did not consider it their responsibility to see that, in fact, necessary adequate organisations were set up or strengthened by each of the State Governments so that works under the Scheme and other programmes in the rural areas could be properly supervised, the former Jt. Commissioner incharge of CSRE in the erstwhile Department of Community Development stated:—

"Two States set up special rural engineering organisations for this purpose—Bihar and Jammu & Kashmir. Elsewhere the State Governments' technical departments were either themselves executing the schemes or were getting them executed through the block level organisations under the supervision of the technical departments. For this purpose both at the State and district headquarters there were Co-ordination Committees of all the technical departments. We had allowed a maximum of five per cent of the funds for the strengthening of the staff although we would have liked to increase it to 10 per cent."

On this point, the Department of Rural Development in a subsequent note have stated:—

The Scheme envisaged that the extension staff, particularly of blocks in the post stage II, who were not generally fully employed for want of a sustained flow of programmes and funds, could be utilised for the execution of work

projects under the scheme. Technical guidance in implementing the work projects was to be made available by the concerned technical departments of the State Governments. With a view to enabling the State Governments to have adequate staff for formulating and implementing the schemes and exercising proper supervision over implementation, States were allowed to employ additional staff provided the expenditure on such staff did not exceed 3 per cent of the total outlay. The percentage expenditure to be incurred on staff was subsequently raised from 3 to 5. This arrangement, by and large, worked satisfactorily. Most of the State Governments appointed additional staff and, in some States, fullfledged engineering divisions were constituted for the purpose.

1.85. The Committee note that apart from two States, namely, Bihar and Jammu & Kashmir who had set up special engineering organisations to supervise the works executed under the scheme, in the remaining States the supervision of the works was not done nor were the works adequately supervised by the technical department of the concerned State Governments. It is unfortunate that most of the State Governments did not strengthen their technical organisations to supervise the works executed under the Crash Scheme.

#### Audit Paragraph

##### *Works abandoned or suspended*

1.86 A number of works were abandoned or remained suspended for long in the States. In Uttar Pradesh, 18 works on which Rs. 20.05 lakhs had been spent were abandoned in seven districts due to technical objections by Public Works Department, non-availability of land or labour, etc. Thirty-eight works (expenditure Rs. 2.67 lakhs) in four districts in Jammu & Kashmir had been proposed by the engineering wing of the State Agriculture Department for being dropped due to disputes over transfer of land to Government, change of alignment, etc. Further, twelve works in three districts on which Rs. 1.19 lakhs were spent were not completed (October 1973) because of labour disputes. Fifty works (expenditure Rs. 2.17 lakhs) in two districts in that State, taken up in 1971-72, remained suspended in 1972-73. In six of the seven districts in Andhra Pradesh test checked in audit, a number of works on which Rs. 21.29 lakhs had been spent were suspended, principally because of lack of funds, preoccupation with drought relief, strike by non-gazetted officers, land disputes etc.

In Himachal Pradesh, five roads started in 1971-72 were not found to be according to the specifications of the Public Works Department and, as such, considerable portions thereof had to be abandoned resulting in infructuous expenditure of Rs. 0.90 lakh. Another four roads constructed during 1971-72 at a cost of Rs. 4.93 lakhs, were according to the Public Works Department, of no utility as roads running parallel to the newly constructed roads were already in existence.

In West Bengal, a number of works on which Rs. 10.46 lakhs were spent were abandoned or remained suspended for long or would not prove useful to the extent anticipated. Seventy-nine works on which Rs. 6.80 lakhs had been spent in Rajasthan were abandoned, while execution of 56 works (estimated cost Rs. 30 lakhs) on which Rs. 15 lakhs were spent remained suspended for long, *inter alia* because of want of funds and cement. In 1972-73, Punjab Government did not make any provision for construction of pucca roads under this programme and accordingly nine pucca roads, started in 1971-72, were left incomplete. Owing to land disputes nine other works on drains in that State were suspended after Rs. 1.33 lakhs were spent. Because of land disputes, defective work etc. twenty-one works were abandoned or suspended in Karnatka after spending Rs. 1.34 lakhs.

Because of lack of labour, a number of works in five districts test checked in Gujarat were badly delayed and some were abandoned or suspended for this and other reasons.

[Paragraph 13 of Chapter II to Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)]

137. The Committee wanted information about the total number and cost of works abandoned or suspended in each State/ Union Territory. The Department of Rural Development were also asked whether they examined how many of these projects could be usefully and economically completed and the steps taken in the matter. The Department of Rural Development in a written reply have stated —

“No information was received in the Department in respect of works abandoned or suspended. It is true that certain works may not have been completed in the year in which they were taken up. These could be completed in the subsequent year/s. It is to be noted that though

the scheme was discontinued with effect from April, 1974, States were authorised to utilise unspent balances lying with them till October, 1974 so that they could complete the works under execution."

1.88. The former Joint Commissioner incharge of CSRE in the Department of Community Development informed the Committee during evidence that the State Governments have been allowed time till 31st October, 1974 to complete as much of those works as possible and now a report is being obtained from them as to how much they have been able to complete and how much will still remain incomplete. He added that "but the State Governments, I understand, will complete the abandoned work."

In a subsequent note the Department of Rural Development have furnished the following statement showing the unspent CSRE balances lying with the States at the end of 31-3-1974:—

State	Amount
1. Bihar	... 16.93
2. Karnatka	... 8.45
3. Kerala	... 2.18
4. Maharashtra	.. 41.08
5. Meghalaya	... 5.47
6. Orissa	... 28.72
7. Rajasthan	... 5.01
8. Tamil Nadu	10.72
9. Tripura	.. 26.74
10. Uttar Pradesh	... 89.32
11. West Bengal	... 39.79

1.89 In reply to a question about the present position of incomplete works and the steps taken by the Central Government to ensure that the works were completed in all respects by 31st October, 1974, the Department of Rural Development in a written reply have informed the Committee:—

"A number of State Governments have sought permission to utilise the funds till the close of the financial year 1974-75. Information in respect of incomplete works as

on October 31, 1974 is awaited from States. Right from the inception of the scheme in 1971-72, it was impressed upon the State Governments that the scheme was to operate for a period of three years only and that they should so plan the execution of the works that the expenditure did not exceed the allocations made to them. Any expenditure in excess of the allocations made to them was to be met by the State Governments from their own resources. It was also impressed upon them to complete all the works in progress at the end of March 1974 from their own resources. Reports received in this Ministry indicate that a number of State Governments have included the incomplete CSRE works under various programmes of the Fifth Five Year Plan."

1.90 With regard to specific cases pointed out by Audit of some road works being suspended or left incomplete owing to land disputes in Punjab and Karnataka, the former Joint Commissioner incharge of CSRE in the Department of Community Development agreed that it was quite possible.

1.91. The Committee regret to note that the Department do not have detailed information about the total number of works abandoned or suspended in the various States and their cost. It has, however, been admitted in evidence that a great many cases of abandonment or suspension of works may have occurred in some States. The Committee would suggest that rather than recovering the money the unspent balance should be utilised for completing the works to a point where they would not be wasted.

#### **Audit paragraph**

##### *Employment of contractors*

1.92. According to the guidelines issued by Government of India, the works were not to be executed through the agency of private contractors. In a number of States it was noticed that contractors had been employed. In Bihar, only earthwork was done departmentally while the rest of the work was done through contractors. In eight districts of Uttar Pradesh works costing Rs. 14.87 lakhs were executed through contractors or similar agencies. In Madhya Pradesh, semi-skilled and unskilled works like metal-breaking, earthwork, jungle clearance, spreading, stacking and consolidation of murrum, etc. were got executed through contractors to whom Rs. 71.50 lakhs representing nine per cent of the total outlay on the pro-

gramme were paid by the Public Works (Buildings and Roads) and Irrigation Departments. In Bastar, Guna and Shivpur districts (out of eight districts test checked in audit) amounts paid to contractors ranged from 26 to 28 per cent of the total expenditure by these departments in those districts. In two districts of Andhra Pradesh some work was got executed through contractors. Works under this programme in Gujarat were predominantly earthwork excepting some cases of collection of murrum and soling and construction of cross-drains which were mostly done through contractors. In one district of the five test checked payments to contractors were 66.7 per cent of the total expenditure on roads.

[Paragraph 15 of Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)]

1.93. Asked whether the Central Government had ascertained the extent to which contractors were used in the implementation of the Crash Scheme in the various States/Union Territories and the reasons for this violation of the guidelines, the Department of Rural Development in a written reply have stated:—

“Instances of appointment of contractors for the implementation of the projects under the scheme did not come to the notice of the Ministry. It may however, be pointed out that the Ministry itself had permitted some of the State Governments to engage contractors for the purpose of transporting materials. The scheme envisaged that the contractors will not be used as implementing agencies. The primary reason for this was that contractors imported labour from outside and paid them lower wages. However, there is no objection to the State Governments purchasing material or transporting material through contractors because the entire cost is to come from the portion of funds reserved for material.”

The Department of Rural Development in a subsequent note have stated:—

“States have been addressed on October 30, 1974 to prepare a list of works executed through contractors and credit expenditure incurred on such works to the Government of India. Details are awaited from the States.”

1.94. With regard to case of engagement of contractors in Bihar, the former Joint Commissioner incharge of CSRE in the erstwhile

Department of Community Development informed the Committee during evidence:—

“...in regard to this question of engagement of contractors, in a number of cases we have very expressly allowed it. For Bihar we had allowed it. In Bihar the roads formation were entirely labour intensive. But the State Government could not meet the cost of macadamising the roads from our scheme and they therefore proposed that after the labour intensive part had been done with own money, namely the preliminary earth work, they would do the macadamising or blacktopping at their own cost; and for doing that part of the work they engaged the contractors with my own express approval.”

The Secretary, Department of Rural Development added:—

“This matter was looked into by us. By and large the earth work was not done with our funds by using contractors and, over and above that, the blacktopping was done out of their normal plan funds. The procedure of employing contractors was a normal PWD procedure.”

**1.95. Although the guidelines for 1972-73 circulated to the State Governments had specifically provided that the projects under the Crash Scheme should not be executed through the agency of private contractors, in a number of States, namely, Bihar, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh and Gujarat, some works were got executed through contractors in clear violation of the guidelines. The Committee are glad to know that these States have been called upon to refund the amount of money spent on such work as were executed through contractors. The Committee would be interested to know whether the State Governments have complied with these instructions.**

#### **Audit paragraph**

*Purchase of heavy equipment, etc.*

**1.96. Purchase of heavy equipment like tractors, road-rollers, jeeps, motor cars, etc., was not permissible under the programme. In eleven districts (out of 12 districts test checked in audit) of Maharashtra, Rs. 12 lakhs were spent on purchase of road rollers, trucks, etc. and in three of those districts they were utilised on works under this programme only to a small extent while in one district, they were not utilised on works under this scheme. In**

Uttar Pradesh, tractors, tugs, compressors, etc. were purchased in certain districts and Rs. 3.51 lakhs debited to the scheme.

[Paragraph 16 of Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)]

1.97. According to the Guidelines for 1972-73 circulated to the State Governments expenditure on jeeps, motor cars etc. and heavy equipment like tractors, road rollers etc. are not permissible and heavy equipment whenever necessary will have to be purchased by the State Government from their own resources and the cost of their operations may be met from the cost of material etc. that is admissible for the various projects.

The Audit Report has pointed out instances in Maharashtra and Uttar Pradesh relating to purchase of heavy equipments, jeeps, motor cars etc. incorrectly debited to the CSRE. The Committee enquired about the extent of the expenditure in such purchases and action taken by the Central Government to recover this amount and the recovery made so far. The Committee also wanted to know whether similar cases came to the notice of Government in respect of other States. The Department of Rural Development in a written reply have stated that States have been addressed on 30th October, 1974 to prepare a list of heavy equipment purchased out of the funds provided for CSRE and to credit the expenditure incurred on such equipment to the Government of India and the details are awaited from the States.

1.98. The Committee are surprised that although the guidelines for 1972-73 circulated to the State Governments provided that expenditure on jeeps, motor cars etc. and heavy equipments like tractors, road rollers etc. are not permissible and necessary expenditure thereon would have to be borne by the State Governments from their own resources, in eleven districts of Maharashtra, Rs. 12 lakhs were spent on purchase of road rollers, trucks, etc. and in three of those districts they were utilised on works under this programme only to a small extent. In Uttar Pradesh, tractors, tugs, compressors, etc. were purchased in certain districts and Rs. 3.51 lakhs debited to the scheme. The Committee note that Government have taken steps to require the States to refund the money spent on heavy equipment. The Committee would like to be informed that this requirement has been complied with by the States.



### Audit paragraph

#### *Additionality*

1.99. The crash scheme for rural employment was to be in addition to everything contained in the Fourth Plan and in addition to everything which the States wished to do on their own.

Haryana Government had decided in 1970-71 to link every village with metalled road by January, 1973 as a part of the State's Fourth Plan. Work on these roads had commenced before the scheme was launched. But when central assistance for the scheme became available, these roads were transferred to this scheme to which was debited the cost of labour and part of the expenditure on materials. In three districts, out of the total expenditure of Rs. 19.08 lakhs on 26 link roads during 1971-72 and 1972-73, Rs. 4.45 lakhs were debited to the scheme and the balance of Rs. 14.63 lakhs to the Plan budget. In another district, expenditure of Rs. 3.11 lakhs and Rs. 3.43 lakhs on 19 and 86 roads already booked as Plan works during 1971-72 and 1972-73 respectively was transferred to the scheme. The Chief Engineer, Public Works Department (Buildings and Roads) stated (March 1974) that the expenditure booked to the Plan budget was transferred to the scheme due to financial stringency. While expenditure of Rs. 96.06 lakhs and employment generation of 21.95 lakh mandays were reported, the objective of creating additional employment was not fulfilled nor were any assets created beyond what was already planned. Further, Rs. 2.57 lakhs were spent on drains which were already included in the flood control programme of that State.

Punjab Government had also planned to link all the villages in the State by pucca roads by the end of the Fourth Five Year Plan. Therefore, the expenditure of Rs. 13.31 lakhs on construction of pucca roads in that State during the two years may not be additional to the Plan. For the same reason, Rs. 22.61 lakhs spent on construction of kutchha roads may not also be debitable to the crash scheme for rural employment. In Andhra Pradesh, out of saving elsewhere Rs. 8.86 lakhs were allotted to Hyderabad district on 28th March, 1973 and Rs. 6.80 lakhs already spent on community wells as part of the drought relief scheme were shown as spent on this scheme, by a transfer-debit.

Eighteen works in three districts in Maharashtra which were being executed under the State Plan or were earlier taken up under the scarcity relief programme were subsequently transferred to the crash-scheme for rural employment. Expenditure incurred on those works under this scheme was Rs. 7.07 lakhs.

In Tamil Nadu, the scheme was implemented in 24 blocks (amongst others) where already a similar State Plan scheme "Rural Manpower Programme" was in operation. Allotment under the latter was Rs. 65,000 per Block upto March, 1971 and was reduced to Rs. 30,000 from April 1971 onwards. In 1970-71 that State Government had also launched a programme for providing employment opportunities in the rural areas for which Rs. 100 lakhs were provided in the budget estimates for 1971-72 for that programme, which was suspended in September, 1971.

In six districts in Uttar Pradesh, certain works included in the Plan or which were being executed under other schemes were brought under this scheme. The expenditure on these works debited to this scheme was Rs. 14.14 lakhs.

The Ministry stated in June 1974 that "During the first year, when the individual works were being sanctioned by the Ministry, the State Governments were generally certifying that all the works included in the CSRE proposals were in addition to their normal activities. But from the second year onwards, when the States themselves were authorised to sanction the Projects, this certificate was not obtained. It is possible that a number of States might have included in CSRE certain works which already formed part of their IV Plan."

[Paragraph 18 of Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)]

1.100. The Committee pointed out to the witness there were three points which should be borne in mind. In the first place, the scheme should act as employment generator in the second place, the production should be durable and in the third place, it should be additional. The concept of 'additional' includes not only projects not touched or taken in hand but it will also include labour force which was not getting any work so far and the guidelines were given that families which had no earning member as yet, should be given priority. These were the basic ideals of the concept. So far as the additionality was concerned, the Committee wanted to know how far it was correct to state that certain projects which were already taken up by the State Government and had almost been completed would come under the purview of the crash scheme for which money was sanctioned. They also wanted to know what steps had been taken to recover the money in such cases from the spending authorities. The former Joint Com-

**missioner incharge of CSRE in the erstwhile Department of Community Development has stated during evidence:—**

“This concept of additionality was put in as a measure to ensure that none of the activities which the State Government had contemplated was slowed down or substituted. In other words, this was going to be an addition to the efforts that had already been planned earlier. This was the basic concept. But I have a lot of reservations on this. For one thing, it is not possible to ensure in practical terms adherence to this concept of additionality. I have not been able to devise a way in which we can ensure that there really is additionality. . . . Now for roads, the States have, under CSRE, incurred a certain amount of expenditure. How can any one at all judge that this has been or has not been in addition to plan funds. It is not possible. The actual State Plan is not district-wise, it is sectoral plan. In the State Annual Plan, there will be sectoral allocation for roads, say a sum Rs. X lakhs and so on. . . . what we could have done is to adopt a test on this additionality. What was possible is this. We could assess under the plan that they were supposed to spend Rs. X and we had given them Rs. y; did they spend Rs. x Rs. y. But the plan allocations are seldom honoured. There is always a variation and that, in fact, a negative variation. We are not able to place at the disposal of the State Governments the full resources needed for their plans. If this situation is accepted, then I would not personally be able to argue for this additionality concept. If the money of the Central Government and the State Government is pooled together, if those resources are judiciously invested, I would see no objection that.”

**The Secretary, Department of Rural Development added:—**

“I am going to read out from one typical sanction which we used for every project in the State. This is for Gujarat. This sanction was released subject to modification and keeping in view the following condition. It says:—

“The State Government will make sure that the works was taken up by the scheme under joint resources in the development programme already drawn up, or contemplated by the State Government in the 4th Five Year Plan period. The State Government should immediately furnish plan and non-plan provisions

made during the year 1971-72 in respect of items to be taken up under this programme separately.'

This clearly shows that we wanted that there should be no substitution of any programme or diversion of the fund, etc. What he was saying is that it is very difficult to judge it. This was the condition precedent to the sanction for our funds."

1.101. According to the Audit Report, Haryana Government had decided in 1970-71 to link every village with metalled road by January, 1973 as a part of the State's Fourth Plan. Work on these roads had commenced before the Scheme was launched. But when the Central assistance for the scheme was available, these roads were transferred to this scheme to which was debited the cost of labour and part of expenditure on materials. The Audit have mentioned that while expenditure of Rs. 96.06 lakhs and employment generation of 21.95 lakh mandays were reported, the objective of creating additional employment was not fulfilled nor were any assets created beyond what was already planned. Asked to give their comments on the Audit paragraph, the Department of Rural Development in a written reply have stated:

"The Government of Haryana had decided in 1971 to link up every village with metalled road by January 1973 as part of its Fourth Plan. The implementation of this decision was however dependent on the availability of adequate Plan outlays. Table below indicates the Plan provision, actual expenditure incurred from the State Budget and under CSRE:—

Year	(Rs. in lakhs)		
	State Plan Provision	Actual Expenditure from State Budget	Actual Expenditure under CSRE
1970-71	801.61	832.60	Nil
1971-72	1695.57	1744.21	53.45
1972-73	695.79	702.54	39.59
1973-74	320.54	325.47	39.23

It would be seen from the above that there has been no diversion of plan funds and money provided by the Government of India under CSRE has not been in substitution of the State Plan provision. Every year the State Government have spent more than what was provided in the Annual Plan. All that the State had done is that in pursu-

ance of its policy to link up every village with metalled road it tried to expedite the programme by utilising the funds under CSRE."

1.102. Regarding Haryana, the former Joint Commissioner in-charge of CSRE in the erstwhile Department of Community Development, stated during evidence:—

"The State Government found that they were able to implement their project on their own to a limited extent only and not fully because they did not have money for it. For that part of the project which was not completed or was not executed, they sought our assistance to this kind of thing, we should not have any objection in principle. It is not as if something that has already been done was being debited to us. Something new, something which had not been done, was actually being done under our scheme. To this, I personally do not think, there can be any objection."

1.103. Similarly the Punjab Government had also planned to link all the villages in the State by pucca roads by the end of the Fourth Five Year Plan. According to the Audit, the expenditure of Rs. 13.31 lakhs on construction of pucca roads in that State during the two years may not be additional to the Plan and for the same reason, Rs. 22.61 lakhs spent on construction of kutchha roads may not also be debitable to the Crash Scheme for rural employment. Asked whether this expenditure was not contrary to the purpose of the Scheme, the Department of Rural Development in a written reply have stated:—

"The Government of Punjab had taken up under CSRE improvement of the kutchha roads constructed out to its own funds and lying incomplete for want of funds. The expenditure resulted in making existing assets durable and useful. Work projects taken up under the CSRE in urban or semi-urban areas would have generated employment. These areas formed part of the districts covered under the programme."

1.104. In reply to a question whether the Department of Rural Development came across any cases of expenditure already incurred by the States being debited to the Crash Scheme, the former Joint Commissioner incharge of CSRE stated during evidence:—

"...not to my knowledge. If they have done so, I would be the first person to say that that should be a charge on

the State Government's revenues and we would be prepared to write to the A.G. concerned asking them to retrench this money."

In a subsequent note furnished to the Committee in this regard, the Committee have been informed by the Department of Rural Development:—

"The primary intention under the CSRE was that the quantum of employment to be generated should be in addition to what would have been generated under the normal programmes—plan and non-plan—taken up in the States. It was found very difficult to ensure compliance with this stipulation. The State Governments were requested to communicate details of all works similar to those taken up under the CSRE as a part of their Plan and non-Plan programmes. During the first year, when the individual works were being sanctioned by the Ministry, the State Governments were generally certifying that all the works included in the CSRE proposals were in addition to their normal activities. But from the second year onwards, when the States themselves were authorised to sanction the projects this certificate was not obtained. A copy of the general conditions laid down for implementation of works under CSRE is as *Appendix IV*.

1.105. Asked about the checks whether the amount that was given under the Scheme for a particular work was actually spent on that work after it was sanctioned and not debited to a work already executed by the State Government, the witness replied:—

"We have only two checks. . . The first check is that people from Delhi just go and pay surprise visits and find out whether there is actual progress in the works or not. The second check is that you rely on the State Governments veracity. If they tell lies, it is unfortunate."

The witness, however, admitted that 'in the Department of Community Development, there were only handful of officers. We requisitioned the services of some senior officers of other departments. It was humanly impossible for this small number of officers to physically inspect and check every work going on in every district of the country.'

1.106. The Committee have been informed that the primary object under the CSRE scheme was that the quantum of employment to be generated should be in addition to what would have been generated under the normal programme—Plan and non-Plan—taken

up in the States. The Committee have noted that in Haryana, work on the construction of roads for the purpose of linking each village with metalled road had started before the CSRE scheme was launched, but when the Central assistance for the scheme became available, these roads were transferred to the scheme to which was debited the cost of labour and part of expenditure on materials. The Committee note that, according to the statement of Department of Rural Development, there has been no diversion of Plan funds, and money provided by the Government of India under CSRE has not been in substitution of State Plan provision. All that the State had done is that in pursuance of its policy to link up every village with metalled road it tried to expedite the programme by utilising the funds under CSRE. The Committee are surprised at this statement of the Department. Utilisation of the money earmarked for CSRE scheme would also be, in their opinion, diversion of funds from one scheme to another. A similar diversion had also taken place in Punjab.

1.107. The Committee are unable to accept the plea advanced by the representative of the Department that "if the money of the Central Government and State Government is pooled together and if these resources are judiciously invested, there is no objection to that (utilisation of CSRE resources for State Plan Schemes)." In the opinion of the Committee such discretion, given to the States, did run counter to the basic objects of CSRE scheme.

1.108. The Committee have noted that during the first year when the individual works were being sanctioned by the Department, the State Governments were generally certifying that all the works included in the CSRE proposals were in addition to their normal activities. But from the second year onwards, when the States themselves were authorised to sanction the projects, these certificates were not obtained. The Committee consider this to be a serious lapse and desire to be satisfied that the conditions were not relaxed to suit certain individual States.

#### Audit paragraph

##### *Selection of areas*

1.109 As the intention of Government of India was to generate certain minimum employment in every district the amounts allotted to the States and Union Territories were to be distributed as far as

possible equally among all the districts. However, diversion of funds from a less needy district to another could be allowed if relevant facts and justification for such diversion were placed before Government of India. While examining the crash scheme for rural employment, the Planning Commission had observed in 1970-71 as follows.—

"It is necessary to consider whether the programme should be implemented in each and every district of the country..... Districts like Purnea, Tanjore and Champaran could be excluded as these are areas which have been provided with large scale irrigation schemes.... Then, there are districts of acute scarcity of labour on account of which even Plan schemes as prepared are suffering. There are areas in Assam which depend on imported labour from Bihar and Uttar Pradesh. Then there are districts like Dhanbad where mining and industry provide plenty of employment opportunities with the result that there is scarcity of labour. There are similar areas in Maharashtra....."

In Bihar during the three years 1971-72 to 1973-74 the districts of Purnea, Champaran and Dhanbad were allotted Rs. 81 lakhs, Rs. 62 lakhs and Rs. 21 lakhs respectively. Similarly, Patna district was allotted Rs. 107 lakhs and Singhbhum (an industrial district) Rs. 78 lakhs, while the relatively backward districts of Santhal Parganas and Saharsa were allotted Rs. 54 lakhs and Rs. 43 lakhs only.

In Tamil Nadu, the scheme was implemented in 230 blocks out of 374 blocks. The scheme was taken up in several well developed blocks such as Modakurichi in Coimbatore district, Kanchipuram in Tanjore district, Madurai West in Madurai district, Vellore in North Arcot district, etc. and also in some of the highly industrialised areas such as Villivakkam in Chingleput district and Tirupur in Coimbatore district, etc. Relatively backward areas such as Karamadai and Perur in Coimbatore district, Vaiyampatti in Tiruchi district, Sakkotai in Ramand district, etc. were left out. The result was that some Collectors namely, North Arcot, Coimbatore and Ramand) surrendered Rs. 8.37 lakhs in 1971-72 and Rs. 1.89 lakhs in 1972-73 inter alia because of labour shortage.

In Visakhapatnam district, no works were executed in any of the three tribal blocks which are in hilly and remote localities. Further, road works were taken up in some blocks, where there is already



more road mileage, in preference to block where the mileage was less as indicated below:—

	Road mileage at the commencement of the scheme	Road mileage sanctioned under the scheme
1. Kotavarutla . . . . .	136.3	22.2
2. Naktapalli . . . . .	97.9	22.6
3. Gantyalu . . . . .	87.3	21.3
4. Madugula . . . . .	80.8	19.2
5. Narsimpatnam . . . . .	69.1	20.85
6. Ravikamatham . . . . .	25.6	..
7. Kasimkota . . . . .	40.0	..
8. Bhogapuram . . . . .	43.5	..
9. Bheemunipthnam . . . . .	49.6	..
10. Sabbavaram . . . . .	61.2	..

In Nellore and Guntur districts only 18 per cent and 38 per cent respectively of the total expenditure was incurred in backward blocks. Funds were equally distributed among the blocks in Hyderabad district.

It has been mentioned earlier that 113 works (estimated cost Rs. 18 lakhs) were taken up in Sri Ganganagar district to construct water courses etc. As the prevalent wage-rate in that district was higher than the maximum permissible (Rs. 4 per day or Rs. 100 per month), the balance was paid to the labourers from private sources, in cash or kind.

In Gujarat, 88 talukas in nine districts were selected. However, out of 18 talukas in five districts test checked it was noticed that two talukas were covered by the drought prone areas programme which, too, was employment oriented and seven talukas were not those identified by the State Government as economically backward.

Out of 296 blocks in Maharashtra, the crash scheme was implemented in 161 blocks in 25 districts (i.e. excluding Bombay suburban district).

[Paragraph 19 of Chapter II of the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)]

1.110. In regard to ignoring the views of the Planning Commission, the Committee enquired how the Department ignored the advice of the Planning Commission that attempt should be made to make a distinction between districts where unemployment was more acute than others. The former Joint Commissioner incharge of CSRE in the Department of Community Development informed the Committee during evidence:

"The first parameter it was rigid parameter of the Scheme—was that district should be uniformly treated. On that I had no say. Why should it be so? The Committee can definitely question that. But the decision was handed down to us. That having been decided, as far as we are concerned, that become rigid. Then within the districts preference should be given—this was negotiable so far as we were concerned—to the less developed pockets."

1.111. Regarding considerations for allocating Rs. 12½ lakhs uniformly for every district irrespective of the unemployment in these districts, the Department of Rural Development have stated —

"As the scheme envisaged provision of employment to at least 1000 persons in every district, a uniform allocation of Rs. 12½ lakhs per district was made. It was considered that there were backward pockets even in relatively advanced districts and, therefore, it was necessary to provide employment to at least 1000 persons in every district. Additional allocations were made to seven States, namely, Andhra Pradesh, Bihar, Kerala, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal, taking into consideration the larger proportion of rural population in these States."

1.112. The Scheme was intended to give employment to 1500 persons in each district for 200 days irrespective of the density of population and acuteness of unemployment. Asked about the action taken on it, the Secretary, Department of Rural Development informed the Committee during evidence:

"In the beginning there was a thinking that it should be done like this.....But when this Scheme was, ultimately finalised, the Scheme is as before you with an objective that it will give employment to 1000 persons in every district irrespective of constraints pointed out.....This is the note we had sent to the Cabinet, as approved by Government.....It says:

.....The objective of the crash programme is to generate additional employment for 1000 persons in each district at the local prevailing off-season wages. This number will, however, be flexible and could be more in larger districts depending upon the number of blocks and severity of unemployment in the local areas....."

The witness added that they issued the following letter to the States giving guidelines:—

"While distributing funds, the amounts allotted to States and Union Territories should be distributed, as far as possible, equally amongst all the districts for the intention of the Government is to generate certain minimum quantum of employment in every district. It is, however, possible that between some districts, and others, there may be wide variation in the size of the rural population, alternative opportunities of employment, etc. with the result that the need for generation of employment in one district may be for greater than in others. In such cases, diversion of funds from the latter to the former may be allowed if all relevant facts and justification for such diversion are given."

There was room for flexibility. We allowed certain transfers."

The witness informed the Committee that by and large, the Scheme was implemented in the manner in which it was formulated with some exceptions here and there.

The former Joint Commissioner in-charge of CSRE in the erst-while Department of Community Development informed the Committee that in some cases they did receive requests for transfer of funds from one district to another and in some States, the transfer took place without consulting them and they have to give *ex post facto* sanction. The witness added "the most glaring case is of U.P. In other States, there were one or two small cases."

1.113. Asked to furnish details of cases, state-wise, indicating (i) the cases in which prior approval of the Central Government was obtained for diversion of funds from one district to another and the justification therefor, and (ii) cases in which *ex post facto* sanction had to be accorded, the Department of Rural Development in a note have stated:

"Allocation to States were made at the rate of Rs. 12.50 lakhs per district per annum. A number of States, namely,

Andhra Pradesh, Bihar, Kerala, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal were allotted additional amounts in view of larger population of rural population in these States. During the years 1972 and 1973 additional allocations were made to a number of States, keeping in view the progress of expenditure in these States and their capacity to incur additional expenditure. Additional allocation to these States were possible because it was found that a number of States could not utilise their allocations in full. It was therefore, possible to apply out to the latter States and distribute the funds among the former States. The Government of Madhya Pradesh has represented that there were considerable variations in terms of population and area among districts and therefore, they had requested for allotment of funds block-wise. The State Government was permitted to re-allocate the total funds placed at their disposal among the different districts with due regard to the number of blocks in each district. The question of diversion of funds from one district to another has, therefore, to be considered not only with reference to the allocation made at the rate of Rs. 12.50 lakhs per district but also made at the rate of Rs. 12.50 lakhs per district but also after taking into consideration the additional allocation made to certain States for various reasons enunciated above and also the permission given to the Government of Madhya Pradesh to re-allocate funds among the different districts with due regard to the number of blocks in each district.

Specific instances of diversion with prior approval of *ex post facto* sanction are indicated below.

## 2. Bihar

The State Government had represented that the problem of unemployment was not very acute in the district of Dhanbad because that district was primarily a coal mining district. The problem was more acute in other districts and, therefore, the allocation in respect of Dhanbad could be brought down. The proposal of the State Government was approved.

## 2. Gujarat

The State Government had represented that the districts of Danga and Gandhinagar consisted of only one taluka each whereas the average size of a district was of 10 or more talukas. Further, a number

of districts namely Ahmedabad, Rajkot, Baroda, Jamnagar, Panchmahal, Surrindernagar, Mehsana, Kaira and Bhavnagar experienced scarcity conditions and consequently there was larger demand for work. Backwardness of the area, comparatively bigger areas, hilly terrain, larger population of tribals etc. were the other reasons indicated by the State justifying the diversion of funds from the district of Danga and Gandhinagar to the other districts. Prior approval of the Central Government was given to the States proposal.

### 3. Maharashtra

It was represented that some Zila Parishads, were lagging behind in the progress of CSRE work due to being busy with normal planning activities as also accelerated programme under Employment Guarantee Scheme as well as scarcity works. On the other hand, a few districts like Thana had not only reached the targetted expenditure of Rs. 12.50 lakhs but were also clamouring for additional amounts due to good enthusiasm and response for carrying out CSRE works and necessity for such works being felt in the interior parts of the districts. The State Government was requested to forward details. No reply was received.

### 4. Meghalaya

State Government sought permission for transfer of Rs. 4.87 lakhs from Jaintia Hills to Garo Hills (Rs. 2.50 lakhs) and Khasi Hills (Rs. 2.37 lakhs). It was represented that the latter districts not only had larger population but were also affected by drought and by dislocation of trade with Bangladesh due to trade restrictions imposed all along the border. These areas required urgent measures for generation of employment opportunities to ameliorate the distress of the people. Prior approval of the Central Government was given.

### 5. Punjab

In the border districts of Amritsar and Gurdaspur many people were unrooted due to conflagration in that area and needed rehabilitation. The State Government spent larger funds in these districts in anticipation of the approval of the Central Government.

### 6. Uttar Pradesh

In most of the districts of this State the amount spent over the three years period has exceeded or fallen short of the average allocations. This is explained in terms of larger population, backwardness of the area, hilly terrain, paucity of schemes etc. The State Government had sought prior approval in the case of 9 districts.

## 7. West Bengal

There was unprecedented drought in West Bengal during 1972-73 leading to virtual suspension of agriculture operation in the 11 districts where larger allotments beyond Rs. 12.50 lakhs had to be made out of CSRE funds to cope with the problem of rural unemployment during April to July, 1972 and again from December, 1972 to March, 1973. Employment was offered to the unemployed in these drought affected districts mainly in agriculture oriented schemes so that these schemes could help in agriculture operation directly and indirectly. In the second place, districts like Cooch Behar and Jalpaiguri were visited by floods during May to July, 1972 and CSRE operation could be done only from January, 1973 to March, 1973. Hence there was a less allotment in these districts from Rs. 12.50 lakhs as minimum ceiling. As regards Howrah district, there was considerable portion covered by industrial area in Sadar Sub-division. Hence there was less demand for CSRE scheme in this district and consequently the allotment could not reach Rs. 12.50 lakhs. In regard to Hooghly district no fresh allotment was made during 1972-73 as the allotment of 1971-72, which was received at the fag end of the financial year, was carried forward by the Hooghly Zila Parishad and spent during 1972-73. Such allotment was, however, to the tune of Rs. 14.60 lakhs. The State Government sought *ex post facto* sanction.

1.114. The Committee have been informed by Audit that Chandigarh and Andaman and Nicobar Islands were also treated as districts under the Scheme and for this purpose Rs. 25 lakhs and Rs. 7.28 lakhs were sanctioned to these Union Territories for 1971-72 and 1972-73.

In Chandigarh problem of rural employment or under-employment did not exist and there was no underdeveloped area as such where projects envisaged under the Scheme could be selected. The sums placed at the disposal of the Union Territory was spent just because they were made available. 4.82 lakhs mandays reported to have been generated included 0.25 lakh donkey-days as no mæen were available.

Implementation of the Scheme in Andaman and Nicobar Islands was delayed to September, 1971 mainly because the cultivators were busy with their seasonal agricultural occupation. According to the Administration, non-agricultural labour inhabiting the islands was almost negligible, they being imported from the main land.

Asked to give comments on Chandigarh and Andaman and Nicobar Islands cases, the former Joint Commissioner-in-charge of CSRE

in the Department of Community Development informed the Committee during evidence:

' That is correct. When the scheme was handed down to us, it was a very rigid one and to every district we had to give Rs. 12½ lakhs. That is how to Chandigarh and Andaman and Nicobar Islands Rs. 12½ lakhs each went. When this fact was brought to our notice, the allocation was reduced. In the case of Andamans and Nicobar Islands, it was reduced to Rs. 4 lakhs.'

In reply to a query, that even in areas where there was no unemployment problem the money was allocated, the witness stated that these two Union Territories told that there was no such unemployment problem so as to warrant the expenditure of Rs. 12½ lakhs and when we got to know that position we promptly withdrew the money.

The witness however admitted that even to-day the Government of India do not have a precise estimate of unemployment. I concede to that extent, the Scheme, as originally conceived, was defective, that every district should be given an equal amount of money. The scheme by itself could not be expected to make much of a dent on the problem of unemployment.'

1.115. It has been stated in Audit report that in Bihar during the three years 1971-72 to 1973-74 the districts of Purnea, Champaran and Dhanbad were allotted Rs. 81 lakhs, Rs. 62 lakhs and Rs. 21 lakhs respectively. Similarly, Patna district was allotted Rs. 107 lakhs and Singhbhum (an industrial district) Rs. 78 lakhs, while the relatively backward districts of Santhal Parganas and Saharasa were allotted Rs. 54 lakhs and Rs. 43 lakhs only.

Asked about the action taken in these cases, the former Joint Commissioner-in-charge of CSRE in the erstwhile Department of Community Development stated

"We did not make this allocation, the State Government must have done it on their responsibility without our knowledge. I will straightway admit that 107 lakhs over three years period was far in excess of what was just or proper because the average for a district, as far as we are concerned, is 12½ lakhs. For Bihar we gave a little more, so the average for Bihar was about Rs. 20 lakhs. Judging from that, Rs. 62 lakhs is all right and Rs. 81 lakhs is also perhaps, all right but Rs. 107 lakhs is on the high side. I admit that."

1.116. With regard to cases in Tamil Nadu and Andhra Pradesh, the Audit have informed the Committee that that a Central team which visited Tamil Nadu in February, 1972 to study the progress of the scheme pointed out in its report that the works were thinly spread over the entire area of the Blocks without any special efforts to identify particular pockets where there were more unemployed persons and no work were executed in any of the eight and not three tribal blocks in Visakhapatnam district.

1.117. As the Audit Report was based only on a test check, the Committee enquired whether the Central Government has conducted any investigation to ascertain in how many cases such excesses had occurred where claims of relatively backward districts were ignored. The Department of Rural Development in a written reply have stated:

"The Ministry have reviewed the cases of districts where expenditure incurred has been in excess of the prescribed amount. It has been observed that the expenditure, by and large has been within the prescribed limits. It needs to be emphasised that many backward areas have no worthwhile schemes for execution. Essentially the absorbing capacity of such areas is limited."

1.118. The Committee have noted that the Central Government in their guidelines to the States had stated that while distributing the funds, the amounts allotted to State and Union Territories should be distributed, as far as possible, equally among all the districts. Diversion of funds from one district to another may be permitted if all relevant facts and justification for such diversion are given. The Committee are unhappy to be told that in some States the transfer of funds from one District to another took place without consultation with the Central Government and to regularise such transfers the Department had to give ex post facto sanction. The Department of Rural Development have furnished specific instances of diversion with prior approval or ex post facto sanction in regard to States of Bihar, Gujarat, Maharashtra, Meghalaya, Punjab, Uttar Pradesh and West Bengal. The Committee have noted that the reasons advanced for diversion of funds from one district to another were mainly prevalence of drought conditions, acute unemployment, floods, etc. The Committee consider that for diversion of funds to combat situations created by floods, drought, unemployment, etc., the State Government should have obtained prior permission of the Central Government in all cases so as to obviate the necessity of issuing ex post facto sanctions. This was not done.



The Committee are unable to appreciate the justification for placing Rs. 25 lakhs and Rs. 7.28 lakhs at the disposal of Chandigarh and Andaman and Nicobar Islands where the problem of rural unemployment or under-employment did not exist. It is surprising that without making an appraisal of the requirements of these Union Territories money was sanctioned to them in terms of the Scheme. The representative of the Department has informed the Committee: "When the scheme was handed down to us, it was a very rigid one and to every district we had to give Rs. 12½ lakhs. That is how to Chandigarh and Andaman and Nicobar Islands Rs. 12½ lakhs each went."

1.119 The Committee have been informed by the representative of the Department during evidence that the Government did not have a precise estimate of un-employment and the stipulation that every district should be given an equal amount of money was not correct. The Committee consider that the provisions made to Chandigarh and Andaman and Nicobar Islands were unrealistic and unwarranted.

1.120. The Committee have noted that some backward districts in the States have received lesser allocations as compared to other districts. The Department have informed the Committee that "the Ministry have reviewed the cases of districts where expenditure incurred has been in excess of the prescribed amount. It has been observed that the expenditure by and large has been within the prescribed limits. It needs to be emphasized that many backward areas have no worthwhile schemes for execution." The Committee do not agree with the views of the Ministry. It was for the Government to draw up worthwhile schemes for implementation in regard to backward areas, where the need was no less pressing than many advanced areas.

1.121. The Committee are surprised to note that inspite of the suggestion made by the Planning Commission that an attempt should be made to make a distinction between districts where un-employment was more acute than others, it was decided to provide employment to 1000 persons in every district irrespective of the un-employment problem in the district. The Committee have been informed by the Department that they had no say in the matter in as much as "that was the decision handed down" to them. In view of the fact that relatively backward districts or backward areas in a district were left out while implementing the scheme, the Committee feel that selection of areas was done in the most hapha-

zard manner. The Committee would like to emphasize before any scheme of this magnitude is taken up for implementation the specific approval of the Parliament should normally be obtained.

### Audit Paragraph

#### *Employment*

1.122. It was envisaged that, as far as possible, only those labourers should be employed on the projects who belong to families where no adult member is employed; if it was not always possible to adhere to this principle, persons should be selected for employment in such a manner as to give preference to those not likely to find any employment elsewhere. Further, as between two persons, those who were more needy should be given preference over others. It was accordingly stressed that suitable machinery should be devised for selecting labourers and, to that end records of local unemployed and under-employed people should be maintained. In some States, including Jammu and Kashmir, Maharashtra, Punjab, Haryana and Himachal Pradesh, as also in many areas of other States, like Uttar Pradesh and Madhya Pradesh, those who sought employment were employed. In some States, unsuccessful efforts were made to devise some arrangement. For instance, in some Blocks of Uttar Pradesh, a survey was conducted and lists of eligible persons prepared. However, it was noticed that while some persons named in the lists had not been employed, others whose names were not in the lists had been employed. In Gujarat, too, an attempt made by some District Panchayats to prepare such lists was frustrated because of the individuals' reluctance to register.

In certain States, lists had been prepared by local bodies, or functionaries. For instance, in West Bengal labourers were selected from lists furnished by Anchal Pradhans and Adhyakshayas of Gram Panchayats. In two forests divisions, labourers were selected in consultation with local M.L.As., Anchal Pradhans and other influential persons. In Tamil Nadu, selection of labourers was left to the Block Vikas Committee and employment was offered to all those who came forward. In Rajasthan, selection of labourers was entrusted to a Committee consisting of the local *tehsildar*, Pradhan and Vikas Adhikari of Panchayat Samitis. After October, 1972, executing agencies were themselves made responsible for selecting labourers. One district officer had indicated that it was not possible to locate families of which no member was employed. In Assam, labour was selected on the basis of lists forwarded by the respective Gram Panchayats. In Orissa, the State Government directed the Collectors to adhere to the guidelines and Central Government instructions but did not indicate any particular mode for selecting labour. This led

to differing practices in different districts ranging from selection of labourers by a committee of officials and non-officials, personal identification by officers, serpanchs or other local functionaries or the office Staff.

It was noticed in many States that there was considerable variation in the quantum of employment offered from month to month, with often concentration towards the end of the financial year. Examples are given below:

State	Month and year	Mandays of employment said to have been generated
		lakhs
Kerala . . . . .	January, 1972	4.74 ..
	February, 1972	6.90 ..
	March, 1972	18.07 ..
	April, 1972	3.82 ..
	May, 1972	4.75 ..
	January, 1973	2.42 ..
	February, 1973	3.42 ..
	March, 1973	14.12 ..
Tamil Nadu . . . . .	January, 1972	13.03 ..
	February, 1972	18.34 ..
	March, 1972	33.61 ..
	April, 1972	1.65 ..
	January, 1973	6.90 ..
	February, 1973	5.95 ..
	March, 1973	13.75 ..
		Labour strength per day
Tumkur District (Karnataka) . . . . .	January, 1972	1.106
	February, 1972	1.290
	March, 1972	1.576
	April, 1972	369
	January, 1973	776
	February, 1973	738
	March, 1973	16.596

In view of the large number of small works taken up and the concentration of employment in March, continuity of employment had apparently suffered.

Employment generated as reported by a number of State Governments to Government of India was to be inaccurate. A few instances are mentioned below:

During detailed check of certain selected works in the seven districts in Andhra Pradesh where records were test-checked, errors ranging from 7 to 50 per cent were noticed in the calculation of employment generated. As against 20.62 lakh mandays of employment said to have been generated the actual number of mandays generated was found to be 15.76 lakhs. There was also substantial difference in the employment figures reported by the State Government to Government of India in two sets of returns as follows:—

(In lakh mandays)

Employment generated in 1971-72 as reported in the monthly return from March, 1972	Employment generated in 1971-72 as reported in the half-yearly report to end of March, 1972	Employment generated in 1972-73 as reported in the monthly return for March, 1973	Employment generated in 1972-73 as reported in the half-yearly report to end of March, 1973
107.60	104.35	62.58	59.23

In Punjab there were following differences in the employment generated as collected from local records and that reported by the State Government to Government of India.

(In lakh mandays)

Year	Employment generated as collected by audit from local records	Employment generated as reported by State Government to Government of India
1971-72	28.10*	32.71
1972-73	26.71	24.22

\*Excludes 3.20 lakh mandays for Rs. 17 lakhs suspected to have been misappropriated in Drainage Division.

The figures of mandays of employment reported to have been generated in 11 districts (out of 21 districts test-checked) in Uttar Pradesh included 14.46 lakhs unreal mandays because the cost of materials purchased through contractors and transportation charges thereof were converted into mandays (6.62 lakhs) after dividing the expenditure by the wage rates prevailing; *ad hoc* mandays (3.13 lakhs) included on the basis of amounts advanced to exceeding agencies, 2.72 lakh mandays which were counted without supporting details and 1.99 lakhs mandays added treating Sundays and rest days as working days. Thus, instead of 110.10 lakh mandays reported to have been generated in the 21 districts in the State upto March, 1973, 95.64 lakh mandays of employment appear to have been actually generated till then.

Assam Government had reported that 6.16 lakh mandays of employment were generated in 1971-72 in three districts. On check by Audit it was seen that there was excess reporting to the extent of 0.48 lakh mandays. Similarly, the State Government reported 2.66 lakh mandays as generated in Cachar district during 1972-73 actually only 2.61 lakh mandays had been generated.

In the six district of Rajasthan test-checked the number of mandays of employment generated had apparently been increased by about 4 per cent in 1971-72 (0.13 lakh in 3.50 lakh mandays) and by about 10 per cent in 1972-73 (2.35 lakh in 25.40 lakh mandays).

According to the Bihar Government, the mandays of employment generated under the programme were:

1971-72	79.67 lakh mandays.
1972-73	118.73 lakh mandays.

The above employment figures included employment generated directly by departmental execution of works, indirectly through contractors as well as the labour component of materials supplies to the department by contractors. For supply of materials as well as execution of work by contractors, the employment figures were notionally arrived at from the measurements of the work done/ materials supplied at the department's analysis of rates.

[Paragraph 21 of Chapter II to the Supplementary Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Civil)]

1.123. The Audit have informed the Committee that Central teams and Central touring officers who visited the different States in connection with the Scheme had commented on the arrangements for selection of labour and providing them continuous employment. A few illustrative cases furnished by Audit are given below:

*Gujarat.*—There was no selection of labour. No preliminary survey or study of employment situation was made before launching the Scheme. Projects were taken up on the expectation that labourers would join. Whosoever came and joined were allowed to work. The field level officers explained that due to shortage of labour selection was not called for. [Tour note of Shri S. M. Kanu, Director (RMP), Department of Community Development, regarding his visit to Gujarat in February, 1972].

*Uttar Pradesh.*—In Lucknow, employment was offered to everybody who sought it. (Tour note of Shri S. M. Murshed, Joint Commissioner, Department of Community Development in respect of his visit to the district of Lucknow in March, 1972).

*Andhra Pradesh.*—Primary records to show the continuity of employment, whether the labourer was from the locality etc. were not maintained. The concept of selecting at least one member from a family having no employed member had given place to the idea of selecting those who were offering for employment. (Report of Central team which visited Andhra Pradesh to study the progress of C.S.R.E. in February, 1972).

*Kerala.*—No register of the selected labour was maintained. [Tour note of Shri S. M. Kanu, Director (RMP) on his visit to Kerala in September, 1971]. No primary record was maintained at Block level to indicate if a labourer was getting continuous employment. The officer informed that continuity of employment in most cases could not be ensured in view of large number of unemployed persons in each Block. They pointed out that when new works were taken up, persons from the locality where the new work was started were to be given employment. [Tour note of Shri S. M. Kanu, Director (RMP) on his visit to Kerala in April, 1972].

*Tamil Nadu.*—Primary records to show the continuity of employment, the principles involved in the selection of labour, etc. were not maintained in all the districts. The district Collectors had invariably reported that labour came from family which had no other adult member employed, that the employment was continuous, that

the labour employed was local and that wages did not fluctuate. (Report of Central Team which visited Tamil Nadu in February, 1972).

*Meghalaya.*—No registers to indicate the continuity of employment were maintained. (Tour note of Dr. N. A. Agha, Joint Secretary, on his visit to Meghalaya on 30th March, 1972).

The Audit have added that in Hooghly district in West Bengal out of a total of 3.84 lakh mandays of employment, 0.41 lakh mandays were generated by labour from outside the State.

*Haryana.*—In Karnal district of Haryana (out of 4 districts test-checked) labour from outside the State had been employed. In Punjab also migratory labour had been employed. In Rajasthan labour from other districts and also from urban areas had been employed.

In Punjab duration of employment on individual projects under the Scheme in Buildings and Roads and Irrigation (Canals) Branches of the P.W.D. was on the average three months.

In Haryana out of the total expenditure of Rs. 86.05 lakhs and Rs. 82.90 lakhs incurred during 1971-72 and 1972-73 respectively, Rs. 36.60 lakhs and Rs. 19.15 lakhs were spent in March, 1972 and March, 1973 respectively.

A statement furnished by the Department of Rural Development showing the comments of the Central Touring officers on the arrangements for selection of labour and providing them continuous employment and the action taken thereon is given below:—

*Andhra Pradesh.*—There was need for selecting the labour in accordance with the guidelines so as to ensure, to the extent possible, that the most needy persons are provided employment under the scheme. The State Government should organise the selection either through the VLWs or the panchayat secretaries.

#### **Action Taken**

The tour note was forwarded to the State Government for necessary action. They informed that instructions had been issued.

*Assam.*

- (i) The procedure to be followed for the dissemination of the information on the labour and continuity of employment have not been clearly laid down. The selection of labour

by inter-personal contact is not sufficient. There must be proper procedure and machinery for selection of labourers.

- (ii) The wages are paid on a monthly basis, at the rate of Rs. 100/- per month. The labourers do not work on Sundays, the payment is not governed by the out-turn of work. The muster-rolls, ought to be maintained at the work site, were not found at the sites of three projects. There was no convincing explanation for not maintaining them at three sites. The muster-roll is an important document.
- (iii) As per information gathered the labourers working in the projects are local people selected with the help of Gram Panchayats.

#### **Action Taken**

The observations were communicated to the State Governments for taking necessary action.

*Bihar.*—Labourers were selected in accordance with the procedure laid down by the State Government by a Committee presided over by the local M.L.A. The Mukhias or the village Panch near the road appear to have played an important part in nominating the labourers. Although the selection committee consisted of the BDO, Assistant Engineer (RFC) and two persons selected by the Block Development Committee, it was not clear whether any publicity had been given to the objective of the scheme and whether any attempt had been made to look for the most needy families in the villages.

#### **Action Taken**

The State Government intimated that action was being taken by them.

*Gujarat.*—There is no selection of labour. No preliminary survey or study of the unemployment situation was made before launching the CSRE. Projects are taken up on the expectation that labourers would join. Whosoever came and joined was allowed to work. The field level officers explained that due to shortage of labour, selection is not called for.

#### **Action Taken**

State Government replied that the matter was examined and suitable remedial measures taken.



**Orissa.**—As regards the procedure for selection of labourers, the best thing would be to announce the employment opportunities through the beat of drums and register those offering to work in the presence of the Sarpanch or Ward member.

#### **Action Taken**

The observations were communicated to the State Government, who in turn addressed the district collectors to ensure that the instructions are followed.

**Punjab.**—By and large there is no selection of labour. The labour is persuaded to work in projects at the rate of Rs. 4/- per day. In the forest area, where the afforestation and road works are taken up I was told that the forest authorities are obtaining lists of the unemployed persons of the locality from the B.D.Os. Labourers are taken from this list. No register of unemployed labour is maintained.

#### **Action Taken**

The comments were forwarded to the State Government for taking necessary action, who in turn addressed the district authorities in the matter.

1.124. It is seen from the Audit Report that the mandays reported to have been generated by the State Governments were not a correct representation of the mandays generated. The Committee enquired whether the Government of India had undertaken any exercise to find out whether the total employment reported by each State was based on correct statistics and whether any instances of distortion had been noticed by the Central officers visiting different States. Further according to the Audit Report, no uniform criteria had been laid down for calculation of the employment generated and so, did the Central Government issue any instructions in regard to reporting of mandays. The Department of Rural Development in a written reply have stated:

“States were required to report the actual number of mandays of employment generated. Obviously no criteria needed to be laid down for reporting the actual number of mandays of employment generated. By and large information furnished in regard to number of mandays of employment generated reported by the States could be taken as correct. No exercise was undertaken to find out whether total employment reported by each State was based on correct statistics. Instances of distortion noticed by the senior-officers were pointed out to the

concerned States which carried out the necessary corrections. A specific instance which came to the notice of the Central officers was in respect of the employment generated for Varanasi district in Uttar Pradesh. The Varanasi officials had been toying with the idea of showing the cost of labour involved in the manufacture of any material purchased by them from a contractor as expenditure on labour under the CSRE with the three fold result that (a) proportionately the cost of labour in the district as a whole will become higher (b) the mandays of employment will become correspondingly greater and (c) the cost of material will become lower. In such an exercise, the cost of labour will be computed on the basis of certain assumptions and the number of mandays will also be determined notionally. The muster-rolls will not show these mandays. The disapproval of the Government of India to such an arrangement was conveyed to the State Government."

1.125. The Committee desired to know on what employment statistics the Government arrived at the figure of 1000 individuals to be employed for 10 months in a year in each district and whether an amount of Rs. 50 crores per year was fixed first and the rest was determined later. The representative of the Ministry has stated:

"1,000 per district, Rs. 100 per person, 10 months in the year—whether these figures were based on the picture (of unemployment) or not, I cannot say. These figures come to us from Finance and the uniformity of these will suggest that they were not based on that picture. It was a uniform set of figures and, therefore, exhypothesi they could not be based on a study of unemployment".

1.126. The Committee asked whether the Department agreed that it was not a need-based programme; it was a resource-available based programme. The representative of the Department has stated: "The idea simply was that in every district there should be created a minimum quantum of employment on a uniform basis".

The Committee further asked whether any continuing employment has been generated as a result of the expenditure on the scheme. The witness has stated: "The C.D. Department have entrusted during the current financial year a number of agro-economic institutions with the task of finding out what has been the secondary and tertiary benefits from the project".

1.127. With regard to distortion in the reported mandays generated, the former Joint Commissioner incharge CSRE in the erstwhile Department of Community Development admitted during evidence that there may have been a little distortion. He further stated:

"There would be a slight distortion. Once again the culprit will be U.P. I noticed in Varanasi—and the audit report has pointed out the same in some other districts also—the Collector bought certain materials, say bricks. Then he did a piece of notional exercise that in the manufacture of those bricks, certain persons must have been employed. He computed those notional mandays as part of those bricks, certain persons must have been employed. He computed those notional mandays as part of the employment generated in this project. This I was able to detect and I came back and wrote a strong letter to the State Government. This kind of thing may have happened in one or two other districts. Even if you correct that distortion, the overall correction in the figures reported, I personally believe, will not be very serious. By and large, the reported figures would be correct. I personally have checked them with reference to muster-rolls, attendance registers etc."

Asked about the action taken against the collector of Varanasi, the Secretary, Department of Rural Development informed the Committee "that Collector was found to be very excellent collector. He was promoted as Commissioner".

1.128. *The Times of India*, New Delhi, dated the 2nd November, 1974 carried a news item regarding implementation of the CSRE in Kerala. It *inter alia* stated:

"In their enthusiasm to create additional mandays those working at the Ottapalam block, for instance, added one more day to June, the non-existent 31.. and the workers paid a total of Rs. 160. Several CD blocks did not have minor irrigation schemes which could give the necessary impetus for lasting development works in the rural areas.

The sponsors of the programme envisaged priority of employment for workers in families in which adult members were unemployed. The valuation team found to its dismay that only 271 of the workers employed were adults".

Asked to give comments on the news item, the former Joint Commissioner incharge of CSRE in the erstwhile Department of Community Development stated that the Department has called for comments of the State Government and they have asked for reconciliation of the figures from the Collector.

When pointed out that what can be the reconciliation when an extra day is added in June, the witness informed that before an action could be taken against an officer, it has to be established that he is guilty of something. The additional Secretary, Ministry of Agriculture added that 'if they are State Civil Service Officers or All India Service Officers belonging to State Government, action can only be taken by the State Government. We can only point out to the State Government the lapses of such officers and report action taken'.

1.129. In the light of the instances pointed out by Audit which was based on a test-check of not more than 5 per cent the Committee enquired whether the monitoring arrangements of the Government of India regarding implementation of the scheme in the various States were at all adequate. In reply, the Secretary, Department of Rural Development stated:

"It was excellent. In a scheme like this, we have done as much as is humanly possible on all sides, whether it is the administrative side or executive side or any other side. For a country of this size, to run a project like this is not easy. In the very first year, we utilised Rs. 33 crores. There might have been some defects, but the work has been done and the money has been utilised".

Regarding the genuineness of the employment figures, the former Joint Commissioner incharge of CSRE in the erstwhile Department of Community Development added:—

"...all that I can say is that we have to depend upon the veracity and the honesty of the State Governments. After all, this was a Central scheme and the work was to be executed by the State Governments under their supervision. A handful of us sitting in Delhi could only go and make a random check which we did to the best of our ability".

1.130. It was pointed out by the Committee that in one of the tour reports submitted by the Area Officers, it was revealed that the amount sanctioned within the Block was drawn from the Treasury as per the details given here, that is, 28th March 1973—'Rs. 1,31,000;

31st March, 1973—Rs. 1,31,487. This amount had been drawn as an advance and kept in cash chest for execution of the remaining incomplete work. It further says: The B.D.O., on my enquiry, revealed to me that the expenditure shown by him in respect of 1972-73 is actually the amount which has been drawn from the Treasury as an advance. As he had received the sanction of the amount at the fag end of the financial year, he drew the amount so that the funds may not lapse".

Asked to give comments, the former Jt. Commissioner in-charge of CSRE in the erstwhile Department of Community Development stated during evidence:

"This is with reference to the State of Meghalaya. This particular instance did not come to our notice. But a more glaring case did come to our notice and that is, once again with reference to U.P. At the beginning of the year 1973-74, I discovered that the State Government, rather all the Collectors, withdrew from the Treasury by giving a plain voucher funds totalling Rs. 2½ crores. It was some-thing of that order. I cannot vouch for the exact figure. But, it was in the vicinity of it. We disallowed that expenditure, what they said was that they had withdrawn that money from the Treasury in order to purchase materials for the following year. We did not allow that. We disallowed that. When we discovered it, in the case of U.P., it was a very large amount. Meghalayas' case did not come to our notice. Whatever cases came to our notice we disallowed that amount."

The Committee further pointed out that out of total expenditure of Rs. 21,54,92 during 1971-72 in the month of March, the withdrawal by Meghalaya Government was Rs. 12,85,000 while in the previous months of November, January and February, they were Rs. 1,59,000 Rs. 1,77,000 and Rs. 1,00,700 respectively. Similarly out of a total expenditure of Rs. 35,34,000 during the financial year 1972-73, in March alone, the withdrawal was about Rs. 28 lakhs.

Asked to explain the unusual heavy withdrawal of funds during the month of March, the witness stated:

"A sum of Rs. 25 lakhs was the allocation proposed for them. The actual amount that we gave them was Rs. 12½ lakhs. They incurred an expenditure of Rs. 23.84 lakhs. . . . What the State Government have been doing is that they have

been spending from their own budget and not from our own funds. Subsequently, at the end of the year, they have been recouping it. Therefore, in the month of March, always the withdrawal takes place. So, a letter index would be to observe the monthly expenditure figures which we have got....If you look at the month of March figure, against the withdrawal of Rs. 27 lakhs and odd, Rs. 10 lakhs are spent for employment generated. This was of a much smaller order.....Adjustments were being in the month of March."

1.131. The Committee observe from the reports of the touring officers of the Department of Community Development that there were no proper arrangements for selection of labour and providing them continuous employment. In Gujarat no preliminary survey or study of employment situation was made before launching the scheme. In Lucknow, employment was offered to everybody who sought it. In Andhra Pradesh, Kerala, Tamil Nadu and Meghalaya, no records were available to show the continuity of employment. The Committee regret to observe that in most cases observations of the touring officers of the Department of Community Development were forwarded to the State Governments for necessary action but no follow-up action was taken to ensure that the defects pointed out by the touring officers were in fact rectified.

1.132. According to Audit Report man-days reported to have been generated by the State Governments were not the correct representation of the man-days generated. The Committee are surprised that no exercise whatsoever was made to find out whether the total employment reported by each State was based on correct statistics. The representative of the Department has admitted that there might be a slight distortion in figures of employment. The distortion was prominently noticeable in the case of U.P.

1.133. The Committee are amazed to note that the officials of Varanasi resorted to unfair means and attempted to hoodwink the Government. "The Varanasi Officials", it has been stated "had been toying with the idea of showing the cost of labour involved in the manufacture of any material purchased by them from a contractor as expenditure on labour under CSRE scheme." The Committee are greatly concerned to note that a mere disapproval of the Government of India to such an arrangement was conveyed to the State Government. It is regrettable that no disciplinary action against the concerned District Officials has been taken.

1.134. The ~~Committee~~ are convinced that the CSEE scheme was not a need-based programme; it was only a resource-available programme. After having settled the ceilings of expenditure on the programme an exercise was made to calculate the amount that would be required for providing employment to 1000 individuals for 10 months a year in each district. The Committee are unable to find out the rationale for adopting such a rough and ready method of working out the scheme. It is also a matter of serious concern that no attempt was made earlier to provide continuing employment to those who have been offered employment under the Scheme.

1.135. Apart from other irregularities noticed in maintenance of muster rolls in various States, Audit has also pointed out that in Ottapalam block in Kerala, labourers were mustered on an imaginary date, 31st June. The guidelines stipulated that labourers from families where no other adult member was working should be preferred. Also works relating to augmentation of agricultural production were assigned top priority. Apart from violation of these provisions pointed out by Audit in many States, an evaluation of the scheme conducted by the Evaluation Division of the Kerala State Planning Board in November, 1972 revealed that: (i) works relating to augmentation of agricultural production were relegated to the background on actual execution. This was due to the absence of suitable minor irrigation scheme that could be taken up immediately in several Community Development Blocks; (ii) only 27 per cent of the sample workers were recruited from families where no adult member was already employed (to whom preference was to be given).

1.136. The Committee regret to note that the Central Government did not have any monitoring arrangements regarding the implementation of the scheme in various States. They depended entirely on the veracity of the figures furnished by the State Government.

#### Audit paragraph

##### General

1.137. It may be recalled that "rural works programme" was started in 1960-61 in the Central Sector of the Plan. That programme was similar to the crash scheme for rural employment. Roads, minor irrigation and drainage, soil conservation, etc., were undertaken under that programme. By March 1969 it had been extended to a thousand Blocks and Rs. 36.39 crores has been spent. From

April 1969 it was transferred to the State sector. A study of that programme in some Blocks by the Programme Evaluation Organisation of the Planning Commission in 1961-62 had disclosed:—

- (i) Incorrect selection of areas. In some Blocks there was scarcity of labour.
- (ii) Absence of, or inadequate, records, such as particulars of persons employed, period of employment, mode of payment of wages, etc.
- (iii) Insufficient attention given to technical soundness.
- (iv) Lack of adequate participation by the technical departments in selection of works, supervision etc, Block staff could not help in supervision because of the heavy burden of normal work.

Subsequent studies (1962, 1963 and 1964) of the rural works programme by the Programme Evaluation Organisation had shown some improvements in the above. The same flaws, it appears, recurred on a large scale in the crash scheme for rural employment.

The crash scheme for rural employment consisted largely of road construction minor irrigation, flood protection and similar works. All these are programme on which large outlays are provided in every Plan. The Fourth Plan had earmarked Rs. 515.7 crores for minor irrigation programme which was expected to benefit about 120 lakhs hectares. Compared to this, minor irrigation works taken up under the crash scheme for rural employment in the two years 1971-72 and 1972-73 are estimated to have covered just 54,231 hectares.

This scheme was only one of the programmes designed for generation of employment. The other such special programmes have been mentioned in the beginning of this review. The allocations for and the expenditure on all these special programmes in 1971-72 and 1972-73 and the allocations for 1973-74 are shown in Appendix V. The total allocation in 1973-74 was Rs. 257 crores.

[Paragraph 24 of Chapter II of the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil)].



1.138. In paragraph 1.120 of their 54th Report (Third Lok Sabha) the Public Accounts Committee had observed as follows:—

“As substantial amount is proposed to be spent in the Fourth Five Year Plan for Rural works Programme the Committee suggest that the following points may be kept in view while sanctioning these works:

- (a) As far as possible the expenditure on such programme should be on productive assets to avoid any inflationary impact on the economy.
- (b) There should be a proper machinery to execute such works.
- (c) There should be a proper accounting and audit arrangement for such expenditure.
- (d) As far as possible the employment should be training oriented so that unskilled workers get skilled and become self supporting.”

The Department of Community Development in their reply had informed the Committee that the suggestions will be kept in view while drawing up programme to be undertaken during the Fourth Five Year Plan period.

1.139. The Committee asked what specific precautions while formulating the Scheme had been taken by Government, on the basis of the past experience, to prevent recurrence of the deficiencies and flaws that had occurred in the earlier schemes, since it appeared that the same flaws had occurred on a largescale in the CSRE also. The Department of Rural Development in a note have stated:

“In their 54th Report the Public Accounts Committee recommended that expenditure on rural works programme should be on productive assets, there should be a proper machinery to execute such works, there should be proper accounting and audit arrangements and such works should be training oriented. In the CSRE scheme items of work recommended like rural infrastructure including rural roads, land reclamation, drainage, water conservation, minor irrigation, soil conservation all related to building up of productive assets. The scheme was linked to the district administrative machinery as well as the community development organisation for its implementation. Since the scheme envisaged provisions of direct employment

training of personnel was not indicated. States were required to forward detailed particulars of the work projects taken up under the scheme. Particularly after the powers of sanctioning the projects were delegated to them in the second year of the implementation of the scheme. They were also required to forward to the Government of India monthly, quarterly and half-yearly progress reports in general to the implementation of the scheme. Release of funds to the States was regulated with reference to the progress of implementation of the projects. The States were required to forward audited statements of accounts every year. Some of the important provisions made in the guidelines for CSRE are indicated below:

- (i) It had been stipulated that durable assets should be created. For creating durable assets material was required. Therefore, on an average 30 per cent of the funds for CSRE had been earmarked for material.
- (ii) Payment of wages was linked to the actual output of work. This ensured that for a given expenditure on labour, the proper quantity of work was available.
- (iii) It had been emphasised that the size of each project should ordinarily be such that it would employ a minimum of 50 persons continuously for a period of 15 weeks, for the disadvantage with small projects was that on the one hand they did not produce useful or worthwhile results and on the other supervision over their execution was not adequate.
- (iv) It had been prescribed that the sanctioned projects might be executed through the collectors of districts, Zila parishads, district development councils. This was designed to ensure proper utilisation of funds. It had been specifically laid down that the projects should not be executed through private contractors, as they were likely to import labourers from elsewhere or to employ people who were in their regular pay roll and to exclude local people and also to retain a substantial margin of profit for themselves.
- (v) The State Governments had been made responsible for the maintenance of assets created under the CSRE.
- (vi) State Governments had been advised to devise suitable machinery to ensure adequate supervision over the execution of the projects. For this purpose the ceiling of

expenditure permissible on the supervisory staff had been raised from 3 per cent to 5 per cent.

- (vii) The State Governments had been advised to set-up co-ordination committees which would be responsible for the overall superintendence of the schemes and for resolving inter-departmental issues. Representatives of the Government of India attended the deliberations of these committees as far as possible.
- (viii) Six Central Teams had been constituted to visit the States and supervise the implementation of the scheme."

1.140. The Committee enquired whether deficiencies disclosed in the Study of the rural works programme in some blocks by the Programme Evaluation Organisation of the Planning Commission in 1961-62 were taken into account before the CSRE was formulated. The Secretary, Department of Rural Development, has stated:—

"The deficiencies pointed out by the PEO in respect of earlier programme were kept fully in view while formulating the guidelines. In spite of these, if lapses have occurred, we have to explain."

When asked whether any specific reference has been made to the deficiencies pointed out by PEO or the recommendations of the Public Accounts Committee, in the guidelines for CSRE, the Secretary, Department of Rural Development, has stated:—

"I do not find any reference to this. But all the points and deficiencies pointed out have been taken not of, while formulating guidelines. A specific reference has not been made to what the PEO had said."

The witness has also admitted that there was no reference to the observation of PEO or the Public Accounts Committee in the note either to Shri Govindan Nair or of Shri Swaminathan (Cabinet Secretary).

1.141. The Committee also wanted to know whether the recommendations of the Committee on Unemployment contained in their Interim Report were kept in view while formulating and implementing the Crash Scheme. The Secretary, Department of Rural Development then said:—

"Our then Additional Secretary, Mr. Ramakrishnayya, was a member of that Committee .... He knew all the

discussions and conclusions of that Committee. I understand that he was a member of the Study Group and also one of the persons responsible for the detailed formulation of this guidelines."

1.142. With regard to the observation of the Audit that past mistakes of earlier rural works programmes were not taken care of, the Secretary Department of Rural Development has stated:—

"We have issued numerous instructions and guidelines. As far as humanly possible, all precautions were taken so that past mistakes should not be repeated ..... In the guidelines that we have issued, we have said that these projects should be labour-intensive. They may relate to road building, minor irrigation, soil conservation, afforestation, construction of additional class rooms for primary school buildings, special repairs as distinct from day-to-day maintenance etc. Any thing for the development of the district can be undertaken. Under this, the States had wide discretion and within the purview of this objective, they took schemes and implemented."

The Additional Secretary, Ministry of Agriculture also stated.—

"I visited two or three States. When I noticed that there was lot of concentration on road buildings, I said, roads works may be important for linking the villages to the main roads, but without adequate arrangements for future maintenance, which is even now the problem, much of these roads would disappear in the course of a few years. In order to ensure continuity of employment, it is desirable to give equal importance to other types of projects... I said that the land is such that there is strong case for soil conservation work including terracing and valley plugging. This is with regard to Meghalaya. Similarly this was done in respect of other States.

The fact that they concentrated on road construction has been pointed out to them and a balanced area development always emphasised."

1.143. The Audit has pointed out that the same flaws which were noticed by the Programme Evaluation Organisation in the implementation of the Rural Works Programme (started in 1960-61) also recurred on a large scale in the Crash Scheme for rural employment. The Committee in their 54th Report (3rd Lok Sabha) had

also recommended inter-alia that the expenditure on rural works programme should be on productive assets to avoid any inflationary impact on the economy. While the Committee have been told that the observations of the Programme Evaluation Organisation or the Public Accounts Committee were kept in view while formulating the Crash Scheme, the Committee regret to observe that there is no specific reference to the earlier observations of the Programme Evaluation Organisation or the Public Accounts Committee in the guidelines issued to the States or in the seminar on Crash Scheme of Rural Unemployment held on 17th to 19th February, 1972. Nor was any use made of the recommendations contained in the interim report of the Committee on Unemployment (Bhagwati Committee).

1.144. The Committee think that the responsibility of the Department did not cease merely after the issue of the guidelines. It was for the Department to ensure that the States were in fact acting within the framework of the guidelines. This was not done. That supervision of the Department was nil in the matter of selection or execution of the project is evident from the fact that in Bihar roads accounted for 99.9 percent of works while 'other works' were to the extent of only 0.1 percent. Similarly in Maharashtra 85.2 percent works were accounted for by roads and 14.8 percent by minor irrigation. In Tamil Nadu also roads accounted for 90.7 percent works. From the facts disclosed the Committee comes to the inescapable conclusion that the Central Government allowed its own funds to be spent by the States according to their own discretion and the "guidelines" was only a facade behind which schemes of doubtful utility were allowed to be prepared and haphazardly implemented. The Committee consider that the administrative Department viz the Department of Rural Development as also the Ministry of Finance failed in their duty regarding administration and financial control. This must be deplored.

NEW DELHI:

April 28, 1975

Vaisakha 8, 1897 (S).

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee.

## **APPENDIX I**

(Vide para 1.8 of the Report)

**CONFIDENTIAL**

*Revised Draft of Crash Scheme for providing Employment in Rural Areas submitted by Shri P. Govindan Nair*

There is a wide-spread concern for the state of unemployment/ underemployment in the country. A large scale rural works programme is being taken up in the chronically drought-affected areas to provide employment through useful works which would help in development of such areas. As many as 53 districts in the country are proposed to be covered under this programme. Another scheme for the development of marginal farmers and agricultural labourers has been sanctioned for 40 districts all over the country. This scheme also has *inter alia* a provision for rural works. Nevertheless, it is necessary that a special scheme should be introduced that would quickly and directly provide employment to at least some specified numbers in the remaining districts in the country. In India there are 342 districts. There are 53 districts to be covered by the rural works programme in the chronically drought-affected areas, and 40 districts to be covered by the marginal farmers and agricultural labourers development programme. There would be also some districts which are almost purely urban in character. Taking all these into account as well as the time and effort needed for this new programme a scheme for about 250 districts can be initiated with a view to providing country-wide coverage and thus ensuring that in each district throughout the country some additional employment is generated over and above the normal State Plan schemes.

### **2. Objectives:**

Under this crash scheme of providing employment in rural areas, the objective should be to provide in each district employment to at least 1000 additional persons by the end of 1970-71. Since the objective is to generate additional employment, the schemes will necessarily have to be labour-oriented and very carefully selected. As the scheme is to cover 250 districts in terms of the above objectives, it should be able to generate additional employment for 2,50,000 persons.

### 3. Identification of Areas:

It would be necessary that within each district the local authorities carefully identify the requisite area where the scheme would be taken up. The area selected should be such where 1,000 able-bodied persons would be readily available for employment. Since the intention is not to provide any employment doles but to utilise these persons for undertaking labour on specific schemes, it would be necessary to ensure that the area selected is one where appropriate development works of a labour intensive nature can fruitfully be taken up. Further, the objective should be in the first place to provide employment to individuals of such families as at present have no earning member. In other words, the additional employment opportunity thus being provided should help in providing income to families who currently have no member employed in any area of work and thus are facing financial difficulties. The selection of site would therefore have to be very carefully done, the basic constraints being availability of 1,000 persons from families who currently have no employment (or very little employment) and the scope for productive rural works. While granting approval to the various areas selected, care will have to be taken to ensure that these aspects have been kept in mind. It is also important that the Schemes should be selected with reference to local requirements and felt-needs. Simultaneously steps will have to be taken to prepare area development programme for such areas and the works selected under this scheme should also be integrated with such programme.

### 4. Selection of Schemes:

Since the objective is to provide additional employment, the schemes on which such labour will be employed will also have to be very carefully selected. If nothing else, it will at least have to be basically labour intensive and should have some relevance to agricultural production, irrigation facilities and communications. In other words, these would have to be schemes of the following nature:

1. Rural infrastructure including road works on Master Plan basis.
2. Land Reclamation and development of Panchayat lands, etc.
3. Drainage, embankments, etc.

4. Water conservation-cum-ground water recharging works etc.
5. Minor irrigation works like construction and restoration of storage tanks etc.
6. Soil conservation or afforestation schemes requiring manual labour.

Guidelines would have to be issued to State Governments to ensure that proper schemes are drawn up. Care would have to be taken to ensure that this scheme is not converted into one of unemployment insurance but the labour force generated is utilised for work on productive schemes. No blanket sanctions should be provided to the States and they should be required to obtain the approval of the Government of India to the respective schemes before these are implemented by them.

In the selection of schemes care would also need to be taken to ensure that the works to be undertaken under the scheme are really *additional* to the schemes and programmes that are being implemented under the normal Plan and those being implemented under the other schemes for small farmers, marginal farmers and chronically drought affected areas. The sanction letters that may issue in respect of the works under this employment scheme should specifically mention that the outlays and the employment to be generated under this scheme would be additional to whatever is being done under the other schemes and should be easily identifiable as such.

#### 5. Agency for Implementation:

Since this scheme is to be implemented in each district, the agency for implementation could either be the Revenue authorities in each district or the Block agencies. It has already been mentioned that the works to be undertaken would have to be of a productive nature relatable to agricultural production, irrigation etc. In view of this, it would perhaps be better if the Block agencies are utilised to implement this scheme. However, if in any State there is particular preference for implementing this scheme through the Revenue authorities, this also may be considered at the time of scrutiny of schemes.

#### 6. Wage Rates:

The persons to be employed under this scheme should receive wages according to local rates. These rates will, no doubt, vary from State to State depending on prevalent conditions of wage.



rates. Particulars will have to be obtained from the States in this regard and suggestions made where necessary. However, for the purpose of estimating the cost of this scheme, we may provide at the rate of Rs. 100 per head per month.

#### **7. Arrangement for Maintenance of Works:**

The guidelines to be issued would need to mention that the State Governments should make suitable arrangements for appropriate maintenance of the assets that may be created under this scheme. States are generally aware of their responsibilities in this respect. It would, however, be desirable to repeat these instructions and to ensure that the States do make adequate arrangements in this regard.

#### **8. Total Cost and Financial Pattern:**

Since the intention is to provide income of about Rs. 100/- per month for 1,000 persons in each district, the total labour cost per district would come to Rs. 1,00,000 presuming that employment will be available for 10 months in one year. For 250 districts, the total cost would be Rs. 25,00,00,000. These would represent wage costs alone. In addition, there would be some expenditure on overheads, material etc. In the selection of schemes, care will have to be taken to see that these overheads and material costs are not pitched up too high. In some schemes, such as roads, the cost of material and over-heads may be high to have works of lasting utility. In some schemes the labour component of the expenditure may be high. On an average we may assume 50 per cent of the total cost to be on labour and 50 per cent on material and over-heads in order to form capital assets through planned use of surplus labour available for employment. The total cost of the scheme on this basis will be Rs. 50 crores in one year.

The funds would be provided to the States as an out-right grant covering 100 per cent of the outlay. It would also be outside the State Plan and releases may be made by the Ministry of Finance (Plan Finance Division) on a quarterly basis. After sanctions have issued, in each quarter one-fourth of the amount may be released and based on the progress of expenditure that may be reported by the State Government, adjustments made in the release for the last quarter. Ministry of Finance should make the releases only after consulting the administrative Ministry who would be concerned with the implementation of this scheme.

### **9. Administrative Arrangements at the Centre:**

While the financial releases may be made as indicated above by the Ministry of Finance, it would be necessary to designate some Ministry to be in administrative charge of the scheme. In view of its link with the development programmes and the Block agencies, it may perhaps be desirable to designate the Ministry of F. & A. and Community Development (Department of Community Development) as the administrative Ministry for this scheme. In view of the importance attached to this scheme, it would also be necessary that the administrative Ministry once designated should urgently issue these guidelines and initiate processes for an early formulation of these schemes by the State Governments. Since the intention is to implement the scheme positively by the end of 1971, any advance action taken now would help in ensuring that the schemes are started in the field at an early date.

It is also for consideration as to whether any co-ordinating committee should be appointed at the Centre to constantly review the progress of this scheme. For the other small farmers, marginal farmers and rural works schemes, there exists a Central Coordination Committee under the Chairmanship of the Member (Agr.) Planning Commission. The desirability of entrusting the coordination of this programme to the same committee may be considered.

### **10. Administrative Arrangements in States:**

While formulating detailed proposals, the administrative Ministry at the Centre should also ensure that within the States an appropriate coordinating machinery is set up, both to review the progress of this scheme and to remove bottlenecks wherever and whenever they arrive. In the districts also, a specific officer connected with the agency which will be implementing this scheme, would need to be designated as the officer responsible for its implementation. There would further be need for appropriate coordination between this officer and the district authorities. This can be achieved either by entrusting the responsibility for implementation of the scheme to the District Officer itself or by providing a small committee headed by the District Magistrate where matter pertaining to the schemes could be discussed and resolved.

### **11. Allocation to the States:**

In order to avoid any charges of discrimination and at the same time to give some flexibility it is suggested that the Rs. 50 crores may be allocated pro rata on the basis of population amongst the

**States.** The States could then be asked to send up suitable schemes on the lines already mentioned above. It may be also necessary to give the States some latitude regarding districts—in other words, emphasis would be on the area approach and if in a particular district there are two or three areas which in the opinion of the State authorities require such a special employment schemes and where the money could be more usefully utilised there may be no objection to these being taken up even if it means that some other district within that State which has no such special requirement does not get such a scheme.

#### **12. Priority:**

In view of the crash nature of this programme and the urgency of the problem, this scheme should be accorded priority over other non-plan developmental schemes in the call upon Central Government resources in the current and next financial years.

## APPENDIX II

(vide para 1.31 of the Report)

### Crash Scheme for Rural Employment

Sl. No.	State/Union Territory	Amount given by Government of India to State/Union Territory Governments during 1971-72 & 1972-73	Amount spent by State/Union Territory Governments during 1971-72 & 1972-73
1	2	3 (Rs. lakhs)	4 (Rs. lakhs)
1.	Andhra Pradesh . . . . .	661	576
2.	Assam . . . . .	166	201
3.	Bihar . . . . .	818	818
4.	Gujarat . . . . .	334	339
5.	Haryana . . . . .	171	169
6.	Himachal Pradesh . . . . .	249	251
7.	Jammu & Kashmir . . . . .	184	179
8.	Kerala . . . . .	356	365
9.	Madhya Pradesh . . . . .	685	794
10.	Maharashtra . . . . .	482	472
11.	Manipur . . . . .	66	49
12.	Meghalaya . . . . .	56	58
13.	Karnataka . . . . .	393	391
14.	Nagaland . . . . .	74	73
15.	Orissa . . . . .	305	295
16.	Punjab . . . . .	278	279
17.	Rajasthan . . . . .	470	470
18.	Tamil Nadu . . . . .	579	591
19.	Tripura . . . . .	60	30
20.	Uttar Pradesh . . . . .	1,158	1,352
21.	West Bengal . . . . .	456	443

1	2	3	4
22.	Goa, Daman & Diu . . . . .	50	12
23.	Mizoram . . . . .	25	18
24.	Pondicherry . . . . .	36	35
25.	Andaman & Nicobar Islands . . . . .	7	7
26.	Arunachal Pradesh . . . . .	102	87
27.	Chandigarh . . . . .	29	25
28.	Dadra & Nagar Haveli . . . . .	12	9
29.	Delhi . . . . .	25	19
30.	Lakshadweep . . . . .	25	9
TOTAL . . . . .		8,308	8,410

Expenditure shown above for Nagaland, Mizoram, Andaman & Nicobar Islands, Arunachal Pradesh and Chandigarh is as per the figures of the Department of Community Development.

### APPENDIX III

(Vide Para 1.31 of the Report)

#### CRASH SCHEME FOR RURAL EMPLOYMENT

*Percentage Shares of Different Classes of Works*

S. No.	State/Union Territory	Roads	Minor irrigation (including link drainage bunds in Haryana)	Land reclamation	Soil conservation (including water courses in Haryana)	Flood protection	Afforestation	Panchayat land development pisciculture tanks etc	Water conservation and ground water recharging	Drainage & anti-water logging	Rural Godowns	Additional Class Rooms	Other works
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Andhra Pradesh	80.5	12.9	..	..	..	..	..	..	..	..	..	6.6
2.	Assam	52.4	8.7	15.2	..	..	16.8	..	..	..	..	..	7.3
3.	Bihar	99.9	..	..	..	..	..	..	..	..	..	..	0.1
4.	Gujarat	73.4	7.5	..	..	..	..	..	..	..	..	..	19.1
5.	Haryana]	56.9	17.5	..	11.4	..	10.4	..	..	..	..	..	3.8
6.	Himachal Pradesh	84.3	7.1	..	..	..	..	..	..	..	..	5.8	2.8
7.	Jammu & Kashmir	52.9	20.1	8.9	..	6.7	..	..	..	..	..	..	11.4
8.	Kerala	73.9	24.2	..	..	..	..	..	..	..	..	..	1.9

9. Karnataka . . . . .	71.9	13.4	..	..	..	..	..	..	..	..	7.6	7.1
10. Madhya Pradesh . . . . .	45.5	13.0	..	..	..	..	..	..	..	13.2	8.1	20.2*
11. Maharashtra . . . . .	85.2	14.8	..	..	..	..	..	..	..	..	..	..
12. Manipur . . . . .	35.1	13.7	40.7	..	6.5	..	..	..	..	..	..	4.0
13. Meghalaya . . . . .	88.7	..	..	..	..	..	..	..	..	..	..	11.3
14. Nagaland . . . . .	74.6	12.3	..	..	..	..	9.1	..	..	..	..	4.0
15. Orissa . . . . .	69.1	12.5	..	..	..	..	10.0	..	..	..	..	8.4
16. Punjab . . . . .	17.6	..	..	..	65.3	5.6	..	..	..	..	..	11.5
17. Rajasthan . . . . .	58.7	25.7	..	10.4**	..	..	..	..	..	..	5.2	..
18. Tamil Nadu . . . . .	90.7	5.9	..	..	..	..	..	..	..	..	..	3.4

Shares of different classes of works shown above for Nagaland, Uttar Pradesh, Mizoram, Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadra and Nagar Haveli and Lakshadweep are as per the figures of the Department of Community Development.

Shares of different classes of works for Orissa, Uttar Pradesh, Andaman & Nicobar Islands, Chandigarh and Lakshadweep in 1972-73 are not known. For these States the shares as in 1971-72 have been assumed to prevail in 1972-73 also.

Percentages less than five have not been shown in the relevant columns. They are included in the column "Other Works".

\*Also includes percentage of expenditure of Rs. 156.55 lakhs for which break up was not available.

\*\*Includes other works also.

In respect of Rajasthan percentages shown are based on total expenditure of Rs. 449.03 lakhs for which the break up was given by the State Government. In Assam amount drawn was Rs. 201.49 lakhs of which Rs. 181.96 lakhs was reported by the State Government as having been spent. Percentages have been worked out on the basis of amount spent.

In Jammu & Kashmir, expenditure reported by State Government on different works was Rs. 187.53 lakhs excluding an amount of Rs. 5.4 lakhs spent on establishment. The percentages have been calculated on the basis of different works only as the establishment charges could not be allocated to them.

1	2	3	4	5	6	7	8	9	10	11	12	13	14
19.	Tripura . . . . .	87.9	..	..	..	..	..	..	..	..	..	..	82.4
20.	Uttar Pradesh . . . . .	86.4	..	..	..	..	..	..	..	..	..	..	13.6
21.	West Bengal . . . . .	37.9	5.9	..	18.3	15.3	12.4	5.0	..	..	..	..	5.2
22.	Goa, Daman & Diu . . . . .	75.1	13.4	3.1	..	..	..	..	..	..	..	..	8.4
23.	Mizoram . . . . .	24.9	..	71.2	..	..	..	..	..	..	..	..	3.9
24.	Pondicherry . . . . .	23.8	39.1	..	..	..	..	..	13.9	20.9	..	..	11.3
25.	Andaman & Nicobar Islands . . . . .	73.0	..	..	..	..	..	..	..	..	..	..	27.0
26.	Arunachal Pradesh . . . . .	45.3	..	21.6	..	..	6.1	22.5	..	..	..	..	4.9
27.	Chandigarh . . . . .	6.4	..	8.8	9.5	..	34.9	..	..	20.2	..	..	02.2
28.	Dadra & Nagar Haveli . . . . .	41.9	..	..	..	..	46.9	..	..	..	..	..	11.2
29.	Delhi . . . . .	56.7	..	..	..	..	28.9	..	..	..	..	..	13.5
30.	Lakshadweep . . . . .	..	..	7.5	6.8	..	..	10.2	..	..	..	..	75.5

127



## APPENDIX IV

(Vide Para 1.104 of the Report)

### **General condition laid down for implementation of works under Crash Scheme for Rural Employment**

- (i) No work will be taken up till detailed estimates have been prepared and sanctioned by a competent authority;
- (ii) Employment will be given preferably to such persons in whose families not a single person has regular employment;
- (iii) Quarterly progress report about the scheme and the expenditure incurred will be furnished (in the proforma to be prescribed hereafter) for each district separately with particular reference to employment content;
- (iv) Annual maintenance items will not be taken up under the scheme;
- (v) The wage rate for the works taken up under the scheme will not exceed Rs. 100/- per month;
- (vi) Expenditure on extra field staff, if any, needed for the implementation of the scheme shall be confined to the minimum after utilising the existing staff to the full and will be met from the head reserved for material and equipment and shall not in any case exceed 3 per cent of the total outlay;
- (vii) No vehicle will be purchased from the funds sanctioned for this scheme;
- (viii) The State Government will make sure that the works taken up under the Scheme do not result in the substitution or slowing down of the normal development programme already drawn up or contemplated by the State Government for the Fourth Five Year Plan period. The State Government should immediately furnish the Plan/Non-Plan provisions made by them during the year 1971-72 in respect of the items to be taken up under this Scheme for each district separately;

- (ix) The procedure prescribed by the State Government for the execution of their own projects will be followed with regard to projects under the scheme;
- (x) Specifications, estimates etc. for execution of all items under the Scheme will be the same as are prevalent for similar works in the State;
- (xi) The State Government will send to his Ministry, as soon as possible after the close of the financial year to which this sanction related, an audited statement of account duly certified by the concerned Accountant General.
- (xii) The responsibility for the maintenance of the projects upon their completion shall be that of the State Government; and
- (xiii) The State Government will endorse to this Department a copy of every sanction issued by them for the execution of projects under this Scheme.

## APPENDIX V

(Vide Para 1. 137 of the Report)

(Rs. in crores)

Scheme	1971-72		1972-73		1973-74
	Allocation	Expenditure	Allocation	Expenditure	Allocation
1. Crash Scheme for Rural Employment started in 1971-72.	50.00	30.67	50.40	53.43	50.00
2. Employment programme for Educated Unemployed initiated in 1971-72.	25.00	9.81	63.00	49.50	63.00
3. Special Employment Programme for States and Union Territories started in 1972-73.	Scheme not in operation.		27.00	26.18	27.00
4. Half-a-million jobs Programme for Educated Unemployed	Scheme not in operation.				75.00
5. Drought prone Area Programme (Scheme started during 1970-71)	20.00	24.03	28.50	32.93	22.00
6. Programme for Small Farmers, Marginal Farmers and Agricultural Labourers (SF DA ANDMFAL)	9.00	8.70	18.00	17.32 (cumulative expenditure)	20.00
<b>TOTAL</b>	104.00	73.21	186.90	179.36	257.00

## APPENDIX VI

### *Summary of Conclusions/Recommendations*

S. No.	Para	Ministry/Department	Recommendations/conclusions
1	2	3	4
I.	I.26	Agriculture & Irrigation (Deptt. of Rural Development)	The genesis of the Crash Scheme for Rural Employment can be traced to be the decision taken at the Patna Session of A.I.C.C. It has been stated that the whole scheme was the personal and original thinking of the Prime Minister who took interest in it. At the Conference of Chief Secretaries, it was made clear by the Cabinet Secretary that "the main reason why the Prime Minister had asked him to call this conference was to emphasise that this scheme was a very important part of the overall plan of development and upliftment of the people and to highlight the need for a coordinated approach." It was also stated by the Secretary, Department of Agriculture, at the conference of the Chief Secretaries held on the 12th April, 1971 that the Crash Scheme for Rural Employment had been worked out on a joint initiative of the Prime Minister, the Finance Ministry and the Ministry of Food, Agriculture, Community Development and Cooperation. Such an approach had been adopted to secure effective coordination at the Centre.

The Committee have observed that the note on the **Crash Scheme** for Rural Employment was prepared by the **Ministry of Finance** on 1st November, 1970 and it was circulated by the **Cabinet Secretariat** on the same day. On the 3rd November, 1970, it was considered by the Committee of Secretaries under the aegis of the **Cabinet Secretary**.

The Committee of Secretaries further considered the outline of the draft scheme on the 3rd and 28th November, 1970 wherein it was decided that the scheme should be operated by the then **Department of Community Development**. The **Department of Community Development** prepared the detailed scheme which was approved in January, 1971. It was also decided that it should be treated as non-Plan scheme pending its formal approval as **Centrally sponsored** scheme by the **National Development Council**.

The Committee have noted that there has been considerable vacillation on the part of the **Department** as to whether the scheme should be treated as **Plan scheme** or a **non-Plan scheme**. In a note prepared by the **Ministry of Finance** for consideration of the **Committee of Secretaries** on 3-11-70, the **Ministry of Finance** had proposed that "the scheme should be outside the **Plan** but because of the urgency of the problem it should be accorded **priority over all** other non-plan development schemes in the call upon **Central Government** resources." The **Finance Secretary** however had stated in the same meeting that the scheme should be treated as a **Centrally**

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sponsored scheme within the Plan. At the meeting of Secretaries held on the 28th November, 1970, it was decided that the scheme would be included within the Plan and funds found for it without disturbing the allocations already made. When the scheme was approved in January, 1971, it was decided that the scheme should be treated as a non-Plan scheme pending its formal approval as Centrally sponsored scheme by the National Development Council. In this connection, it may be mentioned that the Planning Commission in their letter dated the 2nd January, 1971 had expressed the view that the scheme was essentially an employment scheme inasmuch as it sought to provide employment on a scale and in a wide-spread manner and it was therefore difficult to visualise whether the scheme would really become a development programme. The Committee feel that there was not that much degree of coordination between the various departments for the satisfactory implementation of a scheme which had the support of the Prime Minister and several Cabinet Ministers.

2.

1.27

Agriculture & Irrigation  
(Deptt. of Rural Development)

The Committee have no doubt that the scheme was rushed through ignoring the views of the Planning Commission. The Committee have noted that on the 25th February, 1971, the Department of Rural Development intimated to the State and Union Territories Governments the decision to launch the scheme. In order that the field operations might commence from April, 1971, those Govern-

ments were requested to proceed immediately to formulate district-wise projects and submit to them for sanction as soon as possible, and preferably by 15th March, 1971.

It is difficult to comprehend how it was possible for the States to formulate district-wise projects and to submit them to the Government of India within a period of about 15 days.

3. 1.28 -do-

The district-wise projects proposals were to indicate in respect of each district particulars like nature of projects, number of persons likely to be employed, likely period of completion, the manner in which the project related to the District plan or the overall development needs of the area, total cost of project indicating the labour and material component thereof etc. which involved preparation of surveys and estimates. As matter stand, the Department of Community Development received proposals in respect of 307 districts out of a total of 355 districts in the country and sanctioned proposals in respect of 281 districts involving an outlay of about Rs. 30 crores out of the total outlay of Rs. 50 crores earmarked for the year by the 30th June, 1971. To attempt to execute a project of this magnitude in such a haste was clearly unsound or unsatisfactory.

121

4. 1.29 -do-

According to the scheme, as it was approved at the meeting of the Committee of Secretaries on 3-11-1970, it was *inter alia* provided that (i) the scheme would be designed for providing employment to those who belong to families where no adult member was

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employed; (ii) provision to the extent of 1/3rds of the allocation for materials and equipment should be kept in order to ensure works of durable quality, and (iii) the machinery for implementing this scheme would be that of the Department of Community Development. During the course of implementation of the scheme in the first year, i.e. 1971-72, a number of modifications were introduced for the years 1972-73 and 1973-74. These changes were made as a result of "visits to States, discussions with the representatives of the States and correspondence with the States which brought forth a number of problems in the implementation of the projects taken up under the scheme. This necessitated modification in the guidelines".

13

5.

1. 30

Agriculture & Irrigation  
(Deptt. of Rural Development)

The Committee feel that even after one year of the implementation of the scheme, the Department did not have any clear conception of the scheme that was to be implemented. Important modifications in the scheme made from the second year onwards related to the revision of the ratio between the cost of material, inter-district transfer of funds, liberty to the States to change approved projects, delegation of powers to sanctioned projects, expenditure on additional field staff, etc. The Committee consider that a scheme of such a far-reaching importance involving an outlay of Rs. 50 crores per year should have been subjected to the



closest scrutiny prior to its implementation. In this context, it is noteworthy that the Secretary, Department of Rural Development has informed the Committee during evidence: "The Finance Ministry's note showed that this project will carry a provision of Rs. 50 crores a year, i.e. Rs. 150 crores for three years. We did not question how the resources would be found. We straightaway formulated the guidelines and tried to implement the scheme". The crash programme is a good example of how an important programme should not be undertaken in haste so that we will have to repent at leisure what we are doing now.

6. 1.39 -do-

From the statistics furnished to the Committee, it is observed that during 1971-72, more than 60 per cent of the total sanctioned outlay in Bihar, Himachal Pradesh, Haryana, Maharashtra, Meghalaya and Karnataka were on roads. A large number of small works were undertaken in Assam, Andhra Pradesh, Tamil Nadu, Jammu and Kashmir, Orissa, Meghalaya, Kerala and Tripura. Questioned about the deviation on the guidelines and sanctioning of proposals with preponderance of roads and large number of small works, the Department of Rural Development have informed the Committee that the guidelines issued in February 1971 did not prescribe any percentage for taking up different category of works or any percentage for taking up small works. Even subsequently, no percentage was fixed for different types of works. It was, however, noted from the proposals received from the States during 1971-72 that there was a preponderance of roads in those proposals. The Ministry,

therefore, emphasised upon the State Governments not to concentrate on road works alone. The scheme was left to the State Governments to implement in any way they liked. This is evident from the statement made by the Ministry that "the scheme had to be implemented through the States and the Government of India had to rely on the judgment of the State Governments in regard to the suitability of the different types of schemes being taken up by them."

It has been stated before the Committee by the representative of the Department that the Central Government had given illustrative lists of works that might be done, but in regard to choice and even in regard to mix of these projects, it was left entirely to the discretion of the State Governments and it so happened that among various competing claims like those of afforestation, minor irrigation, soil conservation etc. the State Governments had accorded very high priority to roads. The reason for that was that for the other projects, they did find money from other sources, they could even get institutional credit but not much was available for roads. The Committee are not at all satisfied with this statement of the Ministry. In fact, one of the basic objectives of the scheme was to create durable assets. They fail to understand how construction of roads some of which were liable to be washed off during rains could be construed as creation of durable assets. It has been admitted by the

Secretary, Department of Community Development that this scheme taking in totality, Plan and non-Plan, and going according to priority there is no doubt in this country irrigation and particularly minor irrigation should receive the highest priority. In view of this, the Committee fail to understand why the Central Government readily agreed with the demand of the State Governments that "roads will be preponderant and most important in this scheme."

7. 1.40 Agriculture & Irrigation  
(Deptt. of Rural Development)

The Committee regret to say that in spite of the circular letter issued to the State Governments on the 10th August, 1972 and the discussion at the C.S.R.E. Seminar held in February 1973 wherein the policy of project mix was advocated, the pride of place was given to construction of roads. According to the observations made by the Central Team which visited Tamil Nadu in February 1972 to study the progress of the scheme, about 90 per cent of the proposed outlay on the programme was on road works. Important programmes having a direct impact on production like reclamation of land, soil conservation, etc. had been given a low priority. It is noteworthy that in December 1970 the Planning Commission had brought out the importance of minor irrigation works when they stated that "if only 50 per cent of the amount of Rs. 150 crores is spent on suitable minor irrigation schemes, this should be expected to add 15 lakh acres of land to the irrigation potential". This was not done. The Committee hope that in future before any such ambitious schemes are launched, projections should be clearly stated and the foolproof machinery for the implementation of the schemes

should be provided. Where the implementation of a scheme for which the Central Government was providing the entire funds, greater degree of supervision, at least, was called for on the part of the Central Government or whatever schemes were in operation with State Governments.

8.

1.44

Agriculture & Irrigation  
(Deptt. of Rural Development)

According to the guidelines for the scheme issued by the Department of Community Development in March 1972, release of funds for the scheme was to depend upon submission to the Government of India of all prescribed particulars in respect of projects sanctioned by State Governments. The Committee are surprised to note that particulars of projects sanctioned by State and Union Territory Governments for execution in 1972-73, which were required to be submitted to the Government of India as soon as they were sanctioned, had not been received in the Department of Community Development from eight States and two Union Territory Governments till February 1973. Monthly progress reports were not received during the year 1971-72 from Jammu and Kashmir, Manipur, Karnataka, Punjab, Goa and Arunachal Pradesh. No monthly reports were received from Manipur and Mizoram during 1972-73. Some States were sending the reports two to six months late. The Committee are surprised that during 1972-73 and 1973-74 funds were released to as many as 13 States without receipt of particulars of expenditure. The Committee are unhappy to be told that "it was not always possible to insist on completion of

formalities first, e.g. details of works sanctioned, monthly, half yearly and yearly reports etc. so as to ensure that the programme was not held up owing to lack of funds merely for procedural formalities". Even in a crash programme it is important that there should be strict compliance with such rules that may be laid down specifically for financial and budgetary control.

9.

1.55

-d-

In August, 1971 the Central Committee for Coordination for Rural Development & Employment had highlighted the need for some standards for rural roads to be constructed under the CSRE and as a result a sub-Committee of that Committee had recommended in October, 1971 that the specifications suggested by the Sinha Committee for roads under the Rural Works Programme should be adopted for roads under the Crash Scheme till these were revised. Similarly a seminar-cum-workshop on the CSRE held in February, 1972 had decided that to ensure durability of assets, standard specifications for compaction, design of profiles, construction of culverts etc. should be adopted for the works taken up under the Scheme. Further, in June, 1972 a Study Team of the Central Road Research Institute had also suggested specifications for rural roads under the Scheme. The Committee regret to note that although these specifications were available, the Government did not take advantage of any of these specification and did not issue any specific guidelines in this regard and instead allowed the State Governments to build roads of widely differing standards.

This cannot but have resulted in defeating one of the basic objectives of the Scheme, namely, creation of durable assets.

10. 1.56 Agriculture & Irrigation (Deptt. of Rural Development)
- The Committee find from Audit Report that in most of the States, the road works were for construction or improvement to kutcha specifications mostly without metal soling or surfacing. Even where the State Governments intended to build pucca roads eventually expenditure till the end of 1972-73 or later had mostly been on earth work. It was seen that much of the earth work had also not been compacted nor was cross drainage provided. As for not taking up construction of pucca roads in the rural areas, the Department of Rural Development had contended that it was not possible to take up construction of pucca roads straightaway as the earth work could only be done in the first year and only after the earth had settled down by one or two good monsoon seasons, the soling and metalling could be done during the second or third year. The Chief Engineer (Planning), Ministry of Shipping and Transport (Roads Wing) denied Department of Rural Development's contention and has stated during evidence that the earth work and compaction should be done simultaneously, preferably with a mechanical road roller. According to him rainfall gives neither adequate nor uniform compaction, besides it erodes loose earth. The Committee are surprised that before starting construction of roads, the Department took no action whatsoever to lay down the

specifications of roads in consultation with the Roads Wing. The result has been that there has been large-scale construction of sub-standard roads as has been pointed out by the officers of the Central Government touring the various States.

11. I.57 -do-

The Committee regret to note that although the guidelines circulated to the State Governments in February, 1971 had suggested that rural infra-structure including road works should be taken on a Master Plan basis, the guidelines were changed later on and the States were given a blanket sanction to undertake projects without drawing up Master Plans if the projects were labour intensive and relatable to District Plan or in its absence, to the obvious elements thereof. It has been admitted by Additional Secretary, Ministry of Agriculture, during evidence that the Director General (Roads) of Ministry of Shipping and Transport was not consulted about this particular Scheme. The Committee cannot but deplore this lapse.

12. I.58 -do-

The Committee regret to note that although a representative of the Planning Commission had raised a doubt in February, 1973 regarding the feasibility of so many roads being taken up in view of the absence of complementary facilities like road rollers etc. and several States had also stated that lack of road rollers etc. left certain roads incomplete and kutcha, no remedial measures whatsoever were taken by the Central Government to augment the availability of road rollers or for optimum utilisation of the

1	2	3	4
			road rollers already available. This was deplorable. And this is yet another example in regard to this entire programme, which illustrates how little care was taken in the planning and execution of different works under the Schme.
13.	1.59	Agriculture & Irrigation (Deptt. of Rural Development)	The Crash Scheme for Rural Employment was discontinued with effect from April, 1974. The Department of Rural Development have not made available till date to the Committee details regarding total length of roads left unfinished on 31st March, 1974 or completed kutchha in each State/Union Territory and the requirement of funds to complete these roads with compaction, surfacing and cross-drainage. The Committee would like to be apprised of these particulars in respect of incomplete kutchha roads and the arrangements made by the State Governments to make them durable or for carrying out the residual work and the progress made in this behalf. The Committee apprehend that a very large number of these roads were left unfinished on 31st March, 1974 at a stage at which the chances of their resulting in total infructuous expenditure are very great.
14.	1.72	-do-	The Committee are surprised to note that in Sri Ganganagar district (Rajasthan) a relatively prosperous district, 113 minor irrigation works for converting kutchha water courses into pucca channels estimated to cost Rs. 18 lakhs approximately were undertaken on lands belonging to private cultivators. The Audit have pointed out



that these works were material intensive and for the benefit of concerned cultivators of that area. The Ministry have explained that these works were not material intensive as the bulk of the material portion was realised from public contribution and cost on material debited to scheme was within the 20 per cent prescribed limit. The Committee cannot lose sight of the fact that this expenditure on channels benefited a few private cultivators which should have been borne by the cultivators themselves.

15.

1.73

-do-

Another irregularity is in respect of the digging of kutchha water courses in three drought prone districts of Hissar. Although under the Northern India Canal and Drainage Act 1873, irrigation water courses are constructed at the cost of the cultivators, the Committee have noted that the works in these three districts were executed at Government cost on the ground that lift irrigation works undertaken in the drought prone areas deserves special treatment. It was stated by the representative of the Department that release of water through these channels coupled with other agro-soil conservation practices would mitigate the problem of the water courses being filled up through wind action. The Government's reply is silent about the follow-up of action necessary for the maintenance of water courses. It has been pointed out by Audit that desilting had to be done in Hissar soon after the water courses were completed. The Committee would like to be assured that the expenditure on the construction of these water courses was not infructuous and that a proper machinery has been created for the maintenance of the water courses.

1	2	3	4
16.	1.74	-do-	<p>The Committee also note that in Jaisalmer district in Rajasthan 10 'khadeem' works estimated to cost Rs. 4.38 lakhs were undertaken on lands belonging to private individuals. The Committee are unable to accept the explanation given by the State Government that in the absence of these works, no other works could have been taken up in these districts. It is surprising that this work could not have been finished by the State Government out of their own resources and the expenditure had to be debited to the CSRE Scheme.</p>
17.	1.75	-do-	<p>The instances pointed out by Audit are only some test cases. The Committee would like that a survey should be undertaken to see whether any expenditure on minor irrigation schemes had been wrongly debited to the CSRE Scheme.</p>
18.	1.76	-do-	<p>The Committee have been informed that certain items of works in Orissa which could not be done for paucity of funds are being completed from out of other funds. The Committee hope that the incomplete works would be completed expeditiously and the Committee informed of the progress made in this regard.</p>
19.	1.77	-do-	<p>Although the Committee have been informed that 1.32 lakh hectares of minor irrigation have been created under the Crash Scheme, the Government have been unable to give information in respect of the actual increase in the irrigated area under the Crash Scheme.</p>

The Committee desire that an investigation should be carried out to ascertain whether the irrigation potential created under CSRE has actually led to an increase in the irrigated areas. The Committee would like to be informed about the results of investigation in due course.

20. 1.82 -do-

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 works out of a total of 6,338 works was between Rs. 5,000 and Rs. 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

133

21. 1.85 -do-

The Committee note that apart from two States, namely, Bihar and Jammu & Kashmir who had set up special engineering organisations to supervise the works executed under the scheme, in the remaining States the supervision of the works was not done nor were the works adequately supervised by the technical department of the concerned State Governments. It is unfortunate that most

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			of the State Governments did not strengthen their technical organisations to supervise the works executed under the Crash Scheme.
22.	1.91	-do-	<p>The Committee regret to note that the Department do not have detailed information about the total number of works abandoned or suspended in the various States and their cost. It has, however, been admitted in evidence that a great many cases of abandonment or suspension of works may have occurred in some States. The Committee would suggest that rather than recovering the money the unspent balance should be utilised for completing the works to a point where they would not be wasted.</p>
23.	1.95	-do-	<p>Although the guidelines for 1972-73 circulated to the State Governments had specifically provided that the projects under the Crash Scheme should not be executed through the agency of private contractors, in a number of States, namely, Bihar, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh and Gujarat, some works were got executed through contractors in clear violation of the guidelines. The Committee are glad to know that these States have been called upon to refund the amount of money spent on such work as were executed through contractors. The Committee would be interested to know whether the State Governments have complied with these instructions.</p>

24.

I. 98

-do-

The Committee are surprised that although the guidelines for 1972-73 circulated to the State Governments provided that expenditure on jeeps, motor cars etc. and heavy equipments like tractors, road rollers etc. are not permissible and necessary expenditure thereon would have to be borne by the State Governments from their own resources, in eleven districts of Maharashtra, Rs. 12 lakhs were spent on purchase of road rollers, trucks, etc. and in three of those districts they were utilised on works under this programme only to a small extent. In Uttar Pradesh, tractors, tugs, compressors, etc. were purchased in certain districts and Rs. 3.51 lakhs debited to the scheme. The Committee note that Government have taken steps to require the States to refund the money spent on heavy equipment. The Committee would like to be informed that this requirement has been complied with by the States.

125

25.

I. 106

-do-

The Committee have been informed that the primary object under the CSRE scheme was that the quantum of employment to be generated should be in addition to what would have been generated under the normal programme—Plan and non-Plan—taken up in the States. The Committee have noted that in Haryana, work on the construction of roads for the purpose of linking each village with metalled road had started before the CSRE scheme was launched, but when the Central assistance for scheme became available, these roads were transferred to the scheme to which was debited the cost of labour and part of expenditure on materials. The Committee note that, according to the statement of Department of Rural Develop-

ment, there has been no diversion of Plan funds, and money provided by the Government of India under CSRE has not been in substitution of State Plan provision. All that the State had done is that in pursuance of its policy to link up every village with metalled road it tried to expedite the programme by utilising the funds under CSRE. The Committee are surprised at this statement of the Department. Utilisation of the money earmarked for CSRE scheme would also be, in their opinion, diversion of funds from one scheme to another. I similar diversion had also taken place in Punjab.

26.

I. 107

Agriculture & Irrigation  
(Deptt. of Rural Development)

The Committee are unable to accept the plea advanced by the representative of the Department that "if the money of the Central Government and State Government is pooled together and if these resources are judiciously invested, there is no objection to that utilisation of CSRE resources for State Plan Schemes). In the opinion of the Committee such discretion, given to the States, did run counter to the basic objects of CSRE scheme.

136

27.

I. 108

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The Committee have noted that during the first year when the individual works were being sanctioned by the Department, the State Governments were generally certifying that all the works included in the CSRE proposals were in addition to their normal activities. But from the second year onwards, when the States themselves were authorised to sanction the projects these certificates

were not obtained. The Committee consider this to be a serious lapse and desire to be satisfied that the conditions were not relaxed to suit certain individual States.

28.

L. 118

-do-

The Committee have noted that the Central Government in their guidelines to the States had stated that while distributing the funds, the amounts allotted to States and Union Territories should be distributed, as soon as possible, equally among all the districts. Diversion of funds from one district to another may be permitted if all relevant facts and justification for such diversion are given. The Committee are unhappy to be told that in some States the transfer of funds from one District to another took place without consultation with the Central Government and to regularise such transfers the Department had to give *ex-post-facto* sanction. The Department have furnished specific instance of diversion with prior approval or *ex-post-facto* sanction in regard to States of Bihar, Gujarat, Maharashtra, Meghalaya, Punjab, Uttar Pradesh and West Bengal. The Committee have noted that the reasons advanced for diversion of funds from one district to another were mainly prevalence of drought conditions, acute unemployment, floods, etc. The Committee consider that for diversion of funds to combat situations created by floods, drought, unemployment, etc. the State Governments should have obtained prior permission of the Central Government in all cases so as to obviate the necessity of issuing *ex-post-facto* sanctions. This was not done. The Committee are unable to appreciate the justification for placing Rs. 25 lakhs and Rs. 7.28 lakhs at the

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			<p>disposal of Chandigarh and Andaman and Nicobar Islands where the problem of rural unemployment or under-employment did not exist. It is surprising that without making an appraisal of the requirements of these Union Territories money was sanctioned to them in terms of the Scheme. The representative of the Department has informed the Committee: "When the scheme was handed down to us, it was a very rigid one and to every district we had to give Rs. 12½ lakhs. That is how to Chandigarh and Andaman and Nicobar Islands Rs. 12½ lakhs each went."</p>
29.	1.119	Agriculture & Irrigation (Deptt. of Rural Development)	<p>The Committee have been informed by the representative of the Department during evidence that the Government did not have a precise estimate of unemployment and the stipulation that every district should be given an equal amount of money was not correct. The Committee consider that the provisions made to Chandigarh and Andaman and Nicobar Islands were unrealistic and unwarranted.</p>
30.	1.120	-do-	<p>The Committee have noted that some backward districts in the States have received lesser allocations as compared to other districts. The Department have informed the Committee that "the Ministry have reviewed the cases of districts where expenditure incurred has been in excess of the prescribed amount. It has been observed that the expenditure by and large has been within the prescribed limits. It needs to be emphasized that many backward</p>



areas have no worthwhile schemes for execution. The Committee do not agree with the views of the Ministry. It was for the Government to draw up worthwhile schemes for implementation in regard to backward areas, where the need was no less pressing than many advanced areas.

31. 1.121 -do-

The Committee are surprised to note that inspite of the suggestion made by the Planning Commission that an attempt should be made to make a distinction between districts where unemployment was more acute than others, it was decided to provide employment to 1000 persons in every district irrespective of the unemployment problem in the district. The Committee have been informed by the Department that they had no say in the matter in as much as that was the decision handed down to them. In view of the fact that relatively backward districts or backward areas in a district were left out while implementing the scheme, the Committee feel that selection of areas was done in the most haphazard manner. The Committee would like to emphasize before any scheme of this magnitude is taken up for implementation the specific approval of the Parliament should normally be obtained.

13

32. 1.131 -do-

The Committee observe from the reports of the touring officers of the Department of Community Development that there were no proper arrangements for selection of labour and providing them continuous employment. In Gujarat no preliminary survey or study of employment situation was made before launching the scheme

In Lucknow, employment was offered to everybody who sought it. In Andhra Pradesh, Kerala, Tamil Nadu and Meghalaya, no records were available to show the continuity of employment. The Committee regret to observe that in most cases observations of the touring officers of the Department of Community Development were forwarded to the State Governments for necessary action but no follow-up action was taken to ensure that the defects pointed out by the touring officers were in fact rectified.

33.

I. 132

Agriculture & Irrigation  
(Deptt. of Rural Employment)

According to Audit Report man-days reported to have been generated by the State Governments were not the correct representation of the man-days generated. The Committee are surprised that no exercise whatsoever was made to find out whether the total employment reported by each State was based on correct statistics. The representative of the Department has admitted that there might be a slight distortion in figures of employment. The distortion was prominently noticeable in the case of U.P.

140

34.

I. 133

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The Committee are amazed to note that the officials of Varanasi resorted to unfair means and attempted to hoodwink the Government. "The Varanasi Officials", it has been stated "had been toying with the idea of showing the cost of labour involved in the manufacture of any material purchased by them from a contractor as expenditure on labour under CSRE scheme." The Committee are

greatly concerned to note that a more disapproval of the Government of India to such an arrangement was conveyed to the State Government. It is regrettable that no disciplinary action against the concerned District Officials has been taken.

35. I. 134 -de-

The Committee are convinced that the CSRE scheme was not a need-based programme; it was only a resource-available programme. After having settled the ceiling of expenditure on the programme an exercise was made to calculate the amount that would be required for providing employment to 1000 individuals for 10 months a year in each district. The Committee are unable to find out the rationale for adopting such a rough and ready method of working out the scheme. It is also a matter of serious concern that no attempt was made earlier to provide continuing employment to those who have been offered employment under the Scheme.

141

36. I. 135 Agriculture & Irrigation  
(Dept. of Rural Development)

Apart from other irregularities noticed in maintenance of muster rolls in various States, Audit has also pointed out that in Ottapalam block in Kerala, labourers were mustered on an imaginary date, 31st June. The guidelines stipulated that labourers from families where no other adult member was working should be preferred. Also works relating to augmentation of agricultural production were assigned top priority. Apart from violation of these provisions pointed out by Audit in many States, an evaluation of the scheme conducted by the Evaluation Division of the Kerala State Planning Board in November, 1972 revealed that: (i) works relating to aug-

mentation of agricultural production were relegated to the background on actual execution. This was due to the absence of suitable minor irrigation scheme that could be taken up immediately in several Community Development Blocks; (ii) only 27 per cent of the sample workers were recruited from families where no adult member was already employed (to whom preference was to be given).

37.

L. 136

Agriculture & Irrigation  
(Deptt. of Rural Development)

The Committee regret to note that the Central Government did not have any monitoring arrangements regarding the implementation of the scheme in various States. They depended entirely on the veracity of the figures furnished by the State Governments.

142

38.

L. 143

-do-

The Audit has pointed out that the same flaws which were noticed by the Programme Evaluation Organisation in the implementation of the Rural Works Programme (started in 1960-61) also recurred on a large scale in the Crash Scheme for rural employment. The Committee in their 54th Report (3rd Lok Sabha) had also recommend *inter-alia* that the expenditure on rural works programme should be on productive assets to avoid any inflationary impact on the economy. While the Committee have been told that the observations of the Programme Evaluation Organisation or the Public Accounts Committee were kept in view while formulating the Crash Scheme, the Committee regret to observe that there is no specific reference

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I. 144

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to the earlier observations of the Programme Evaluation Organisation or the Public Accounts Committee in the guidelines issued to the States or in the seminar on Crash Scheme of Rural Unemployment held on 17th to 19th February, 1972. Nor was any use made of the recommendations contained in the interim report of the Committee on Unemployment (Bhagvati Committee).

The Committee think that the responsibility of the Department did not cease merely after the issue of the guidelines. It was for the Department to ensure that the States were in fact acting within the framework of the guidelines. This was not done. That supervision of the Department was nil in the matter of selection or execution of the project is evident from the fact that in Bihar roads accounted for 99.9 per cent of works while 'other works' were to the extent of only 0.1 per cent. Similarly in Maharashtra 85.2 per cent works were accounted for by roads and 14.8 per cent by minor irrigation. In Tamil Nadu also roads accounted for 90.7 per cent works. From the facts disclosed the Committee comes to the inescapable conclusion that the Central Government allowed its own funds to be spent by the States according to their own discretion and the "guidelines" was only a facade behind which schemes of doubtful utility were allowed to be prepared and haphazardly implemented. The Committee consider that the administrative Department viz the Department of Rural Development as also the Ministry of Finance failed in their duty regarding administration and financial control. This must be deplored.

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