

**PUBLIC ACCOUNTS COMMITTEE  
(1976-77)**

(FIFTH LOK SABHA)

**TWO HUNDRED AND TWENTY-EIGHTH REPORT**

**CRASH SCHEME FOR RURAL EMPLOYMENT**

**MINISTRY OF AGRICULTURE AND IRRIGATION**

**(DEPARTMENT OF RURAL DEVELOPMENT)**

[Action taken by the Government on the recommendations of the Public Accounts Committee contained in their 170th Report (Fifth Lok Sabha)]



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 1976/Bhadra, 1898 (S)*

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(1976-77) (FIFTH LOK SABHA) PRESENTED TO THE  
LOK SABHA ON 30TH AUGUST, 1976.

<u>Page No</u>	<u>Para No.</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
1	1.5(i)	3	<u>Add</u> 'by Government.' <u>After</u> 'accepted'	
11	1.17	3	durable assets'	durable assets,
26	1.44	5	an important aspects	an important aspect

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(1976-77)

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Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

Shri T. R. Ghai—*Senior Financial Committee Officer.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Two Hundred and Twenty-Eighth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Seventieth Report (Fifth Lok Sabha) on Chapter II to the Supplementary Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil) relating to Crash Scheme for Rural Employment—Ministry of Agriculture and Irrigation (Department of Rural Development).

2. On the 5th June, 1976 an 'Action Taken' Sub-Committee consisting of the following Members was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports:—

Shri H. N. Mukerjee—*Chairman*

- |                                       |   |                |
|---------------------------------------|---|----------------|
| 2. Shri N. K. Sanghi— <i>Convener</i> | } | <i>Members</i> |
| 3. Shri Dinen Bhattacharya            |   |                |
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| 8. Shri Sardar Amjad Ali              |   |                |
| 9. Shri Indradeep Sinha               |   |                |
| 10. Shri Omprakash Tyagi              |   |                |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1976-77) considered and adopted this Report at their sitting held on the 19th August, 1976. The Report was finally adopted by the Public Accounts Committee on the 27th August, 1976.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A consolidated statement showing the recommendations/observations of the Committee is appended to the Report (Appendix II).

(vi)

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

NEW DELHI;  
August 28, 1976.  
Bhadra 6, 1898 (S).

H. N. MUKERJEE,  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations|observations contained in their 170th 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).

1.2. The 170th Report of the Committee was presented to the Lok Sabha on the 29th April, 1975. This Report contained 39 recommendations|observations. Action Taken Notes from the Ministry of Agriculture and Irrigation were normally due by the 30th October, 1975. However, since the term of the Committee for 1975-76 was likely to be shorter than usual in view of the General Elections to be held in 1976, the Committee were anxious that their reports on the action taken on the recommendations of the Committee should be completed and the reports presented well before the expiry of the term of the Committee. The Chairman, PAC, had, therefore desired that the Action Taken Notes relating to this report should be made available by the 16th August, 1975 at the latest so as to facilitate Committee's work. The Ministry of Agriculture and Irrigation (Department of Rural Development) were, therefore, requested on the 12th May, 1975 to furnish the action taken notes on these recommendations/observations according to the revised schedule.

1.3. As all the Action Taken Notes were not received by the due date, the Ministry was reminded on 3rd June, 1975, 26th August, 1975, 24th December, 1975, 21st May, 1976 and 14th July, 1976. The last set of Action Taken Notes on paragraph Nos. 1.72, 1.74, 1.75 and 1.144 was received on 23rd July, 1976.

1.4. The Committee regret such long delay and have already made their observations on this matter in paras 1.12 and 1.38 of their 220th Report (Fifth Lok Sabha) presented to Parliament on 28th April, 1976.

1.5. The Action Taken Notes and the replies received from Government have been broadly categorised as follows:

- (i) Recommendations/observations that have been accepted  
Sl. Nos. 15, 18 and 21.



- (ii) Recommendations|observations which the Committee do not desire to pursue in the light of the replies received from Government.

Sl. Nos. 14, 16, 25—27, 32—36, 37 and 38.

- (iii) Recommendations|observations replies to which have not been accepted by the Committee and which require reiteration.

Sl. Nos. 1—5, 6-7, 8, 9—13, 19, 20, 28—31 and 39.

- (iv) Recommendations|observations in respect of which Government have furnished interim replies.

Sl. Nos. 17, 22, 23 and 24.

1.6. The Committee expect that final replies to those recommendations/observations in respect of which only interim replies (or incomplete information) have so far been furnished will be furnished to them duly vetted by Audit, without further loss of time.

1.7. The Committee will now deal with the action taken by Government on some of their recommendations|observations.

*Genesis—Crash Scheme on Rural Employment* (Paragraphs 1.26 to 1.30—Sl. Nos. 1—5).

1.8. Dealing with the genesis and formulation of the Crash Scheme on Rural Employment and the manner in which its implementation was rushed through, the Committee in paras 1.26 to 1.30 had observed:

“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. in April, 1971. 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 are unable to find out the rationale for rushing through the scheme without giving it a detailed consideration that it deserved.

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 3rd November, 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 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.

2. 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 districtwise projects and to submit them to the Government of India within a period of about 15 days.

3. 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 matters 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.

4. 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."

5. 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 sanction 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."

1.9. In their reply dated the 30th August, 1975, the Ministry of Agriculture and Irrigation (Department of Rural Development) have stated:

"It is not correct to say that the scheme was rushed through without giving it a detailed consideration. The Department of Rural Development (formerly Department of Community Development) are responsible for administering a number of public works schemes which result in the generation of employment in rural areas. The proposal worked out by the Ministry of Finance was based on

the experience of implementation of schemes in earlier years. The proposal was considered by the Committee of Secretaries and by the Planning Commission. The proposal worked out by the Ministry of Finance was closely examined and so also the detailed scheme prepared by the Department of Rural Development. Even assuming that the first proposals were made on November 1, 1970, the scheme was finalised only in January, 1971 and circulated to the States in February, 1971.

It is also not correct to say that there was lack of coordination between the various departments for the satisfactory implementation of the scheme. This observation of the Committee has been made in regard to the categorisation of the scheme as a non-plan scheme. The Planning Commission have laid down certain criteria for categorisation of schemes as plan/non-plan schemes. As it was not clear if the scheme could be treated as a developmental programme, it was categorised as a non-plan scheme to start with. Later on at the time of the mid-term appraisal, the Planning Commission was satisfied that the scheme was of a developmental nature and, therefore, the scheme was categorised as a plan scheme for the remaining two years of the Fourth Five Year Plan.

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 C.S.R.E. provided an opportunity for execution of such works. The State Governments also drew upon their 20 years programme for the construction of roads. There was no dearth of good proposals for implementation under the C.S.R.E.

Changes and modifications made in the implementation of the scheme from time to time were with a view to making the scheme more effective. Implementation of schemes however, well conceived, does throw up problems. The problems and bottle-necks faced in the implementation of the scheme were constantly kept under review and corrective action taken either by way of making modifications in the scheme or by taking other remedial action.

The implementation of the scheme was carried out smoothly and efficiently. It resulted not only in providing much needed employment opportunities to the needy people

but it also created durable assets in the form of additional coverage under minor irrigation, soil conservation, afforestation, anti-water logging measures, drainage, flood protection, pisciculture etc."

1.10. The Committee have found no fresh material in support of the proposition of Government that the Crash Scheme for Rural Employment had been given detailed consideration both at the Central and State levels before its formulation and implementation. The case of Government now is that the first proposal having been made in November 1970 and the matter finalised in January 1971, the scheme cannot be blamed on the ground of having been rushed through. But the dates of the preparation of the proposal by the Ministry of Finance, its circulation by the Cabinet Secretariat, consideration of it by the Committee of Secretaries, its finalisation and then its circulation to State Governments for implementation offer evidence of the haste with which the matter was pursued. Further, the State Governments were given too short a time (about 15 days only) to formulate and submit their projects to the Central Government, district-wise, without even making sure beforehand whether there was a proper machinery for their execution. The net result of all this was that upto 15th March, 1971, "very few such schemes had been received from the State Governments." Besides, on Government's own admission "the implementation of this scheme in right earnest could start only from the middle of September".

1.11. Government have denied that there was lack of coordination between the various Departments for the satisfactory implementation of the Scheme. The Committee had made this observation specifically in connection with the categorisation of the Scheme as Plan or Non-Plan. The reply of Government indicated that 'it was not clear if the Scheme could be treated as a developmental programme; and so it was categorized as 'Non-Plan' to start with and only later as a 'Plan' scheme.' Planning in India, in vogue now for some 25 years, surely evokes the expectation that things are done in a more precise and principled and methodical manner. The Committee would like Government seriously to ponder over this aspect of the matter.

1.12. The Committee are of the view that if the crash scheme had been given careful consideration in the beginning, many of the shortcomings which came to light during the first year of its implementation would have been avoided. Government's plea that changes/modifications were later made "to make the scheme more

effective" itself implies that things were not quite in order at the outset.

1.13. The Committee therefore, reiterate their earlier view that a scheme of such far-reaching importance involving an outlay of Rs. 50 crores per year should have been subjected to the closest scrutiny before implementation. The Committee would like also to reiterate para 7.9 of their 181st Report (1975-76) where they had referred to incomplete and sometimes incorrect estimates and also somewhat wishful assumptions on which the Emergency Agricultural Production Programme entailing an expenditure of Rs. 250 crores had been drawn up and had recommended that "no such programme specially when it involves large financial outlays should be undertaken without a thorough and detailed examination of its realism and feasibility." Government will, the Committee trust, apply its mind seriously to this recommendation.

*Expenditure on Roads*—(Paragraphs 1.39 and 1.40—Sl. Nos. 6-7)

1.14. Commenting on unproportionate expenditure on roads as compared to other works under the Crash Scheme for Rural Employment, the Committee made the following observations in paras 1.39 and 1.40:—

"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 & Kashmir, Orissa, Meghalaya, Kerala and Tripura. Questioned about the deviation from 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 judgement 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 the 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 taken 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."

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 fool-proof 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 Government."

1.15. In their reply, the Ministry have stated as follows:

The scheme had two basic objectives, viz: (1) the generation of direct employment and (2) creation of durable assets. Of necessity employment generation had precedence over creation of durable assets. It may be said that consistent with generation of employment on a large scale, the durability aspect of the assets created was also to be taken into consideration. It is not correct to say that the roads constructed under the scheme were totally wasteful. While it may be true that construction of roads does not result in the generation of direct productive assets, the construction of roads does help in raising the production potential of the area in as much as it facilitates the bringing in of inputs and the marketing of the produce of the area. The backward areas are in fact opened up through the construction of roads only and in no other way. Minor irrigation works have their own place in the developmental priorities but construction of roads is equally important. It is not considered necessary for the Central Government to lay down percentages for different types of work projects to be undertaken in different areas. Schemes for different areas have to be identified with reference to the projects already executed in different areas and the normal plan and non-plan programmes formulated for these areas. Work projects

taken up under the Crash Scheme for Rural Employment were not to be taken up in substitution of those formulated under the plan/non-plan programmes. These were to be additional works programmes for that area."

1.16. The Committee are not convinced by Government's response to the issue raised in the recommendations. While the construction of roads does help in raising the production potential of an area, it was never the objective of the Scheme to give overriding priority to roads construction alone particularly in those States where works in other fields like soil and water conservation, afforestation, flood protection, land reclamation etc. were equally if not more important. The Department of Rural Development, in fact, had advised the State Governments not to concentrate on road works alone. Strangely enough, these other works were given scanty attention and allocated no more than token amounts as compared to the expenditure on roads.

1.17. The Department's position now appears to be that although the basic objectives of the scheme were (1) the generation of direct employment and (2) creation of durable assets' of necessity, employment generation had precedence over creation of durable assets. The Committee see no such conflict between the two objectives as to necessitate clear precedence of one over the other. As pointed out in para 1.19 of 170th Report this question had been gone into by the Department themselves and as a consequence, in the guidelines issued by the Department in 1972-73, it was clearly laid down after considering both the objectives that "it had been decided 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". It was also laid down in the guidelines that "the all round development of a district will demand a mixture of various projects. Adoption of, say, road building projects alone or soil conservation projects alone will not be adequate".

1.18. There can be no doubt that there was an expectation, among other things, of all-round development of the rural areas as a result of the execution of the programme. However, roads construction alone accounted for a major portion of the expenditure incurred under the scheme. As will be seen from Appendix III of the 170th Report, 99 per cent in Bihar, 90 per cent in Tamil Nadu, 88.7 per cent in Meghalaya, 80.5 per cent in Andhra Pradesh,

**84.3 per cent in Himachal Pradesh of the total expenditure incurred in these States during the first 2 years of implementation of the Scheme, was on roads.**

1.19. The Department has now claimed that "while it may be true that construction of roads does not result in the creation of direct productive assets, the construction of roads does help in raising the productive potential of the area inasmuch as it facilitates the bringing in of inputs and the marketing of the produce of the area. The backward areas are in fact opened up through the construction of roads only and in no other way." The Committee would agree entirely with this proposition if the roads on which expenditure was preponderantly incurred were really upto the mark. However, the experience of expert bodies appears to be otherwise. The Committee would like to point out that the Reserve Bank of India in its study made in April 1976 has observed that "Road construction and minor irrigation accounted for 64 per cent and 12 per cent respectively of the total expenditure incurred by State/Union Territories. In most of the States the construction of kutchha roads formed a major part of expenditure on roads. Since complementary works were not undertaken, these roads remained unused."

1.20. The Department has replied that it is not considered necessary for the Central Government to lay down percentages for different types of works projected to be undertaken in different areas. The Committee, however, had made their recommendation in the light of Government's own apparent concern about other works vis-a-vis roads. It will be good if some system is observed in these matters.

1.21. The Committee would reiterate their recommendation that before any ambitious schemes entirely financed by the Central Government are launched, projections should be as precise as possible and a fool-proof machinery for implementation should also be set up. Only this can ensure genuine and effective supervision and control over the execution of such schemes.

*Release of funds (Paragraph 1.44—Sl. No. 8)*

1.22. According to the Guidelines for the schemes 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. Commenting on the non-receipt

of such particulars of the projects, the Committee made the following observations:—

“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 & 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.”

1.23. In their reply dated the 20th August, 1975, the Ministry stated as follows:

“The power to sanction projects which vested in the Central Government during 1971-72, was delegated to the States from April 1972. The States were, however, required to forward particulars of sanctioned projects in prescribed proforma. It is true that the State Governments did not furnish the particulars of sanctioned projects in time. Monthly progress reports were also not received regularly from a number of States. In regard to monthly progress reports, it is to be noted that the details had to be collected from numerous work projects taken up in the villages these had to be collected at the block, district and state level before these could be transmitted

to the Government of India. In case the reports from the field contained discrepancies, there were references to and from the district, or from the State to the district. These inevitably took time to be sorted out. Moreover, the implementing and reporting agencies in a number of States did not have adequate staff. This created difficulties in getting the information compiled and checked up. The release of funds could not be held up because of delay in the receipt of reports or due to discrepancies in the reports. The officers of the Central/State Government inspecting the works in the field generally made an assessment of the progress of expenditure and this formed the basis for the release of funds in cases where progress reports were not received. It may be noted that but for the release of funds in this manner, the progress of implementation would have been greatly hampered. The rules laid down for financial and budgetary control were observed in most cases."

1.24. The Committee see no reason why the regular and timely submission of the requisite particulars of the sanctioned projects and also of monthly progress reports was not insisted upon before releasing the necessary funds to the defaulting States under the Crash Scheme for Rural Employment. The Committee are not at all convinced by the reply of Government that "but for the release of funds in this manner the progress of implementation would have been greatly hampered". Scrutiny of progress reports would, on the contrary, have helped them in assessing progress and securing further release of funds. It would have also helped in extending necessary guidance to such States as had lagged behind in availing of the central assistance for want of requisite machinery and technical competence.

1.25. With regard to the difficulties, as mentioned by Government, over collection of details from various works projects and paucity of staff, the Committee are of the view that the solution did not certainly lie in non-submission of progress reports. Indeed, Government should have taken remedial measures in this behalf so as to streamline the procedure for submission of necessary particulars of the projects.

*Construction of Rural Roads* (Paragraphs 1.55 to 1.59)—Sl. Nos. 9—13).

1.26. Commenting on the standards of the rural roads constructed under the Scheme, the Committee in paras 1.55 to 1.59 of their report, observed as follows:—

“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 specifications 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.

The Committee find from Audit Report that in most of the States, 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 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 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 (Road 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 Road 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.

The Committee regret to note that although the guidelines circulated to the State Governments in February, 1971 had suggested that rural infrastructure 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.

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 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.

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 kutcha 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 appraised of these particulars in respect of incomplete kutcha 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 31-3-1974 at a stage at which the chances of their resulting in total infructuous expenditure are very great."

1.27. In their reply dated the 20th August, 1975, the Ministry have stated:

"The Government would request the Committee to note that though the Government of India did not prescribe any specifications for construction of roads, it did not leave the matter to the discretion of the State Governments. One of the important conditions attached to all projects sanctioned by the Government of India during the first year was that the State Governments were required to follow the estimates, specifications and all the details in accordance with the same scale and standards as had been laid down for similar works in the States. In a letter addressed to the States in December, 1971, the State Governments were told that the standards and specifications to be adopted for village roads and other district roads as indicated in Appendix (VI) and (VII) of the Sinha Committee Report on Rural Roads were under revision by the Ministry of Transport and Shipping and a copy of these, when finalised, would be sent to them. Pending such revision, it was presumed that the standards and specifications for rural roads as laid down by the Sinha Committee had been/would be kept in view while preparing a scheme for construction of rural roads under the CSRE. The guidelines for the Crash Scheme for Rural Employment for 1972-73 were printed in March, 1972 and circulated to the States. Attention is invited to para 15.1 of the guidelines which reads as under:



"Projects may be formulated in the States by such authority as has been prescribed by the State Government with regard to works of a similar nature undertaken by the States and Union Territories under their own plans and from their own resources. The estimates, specifications and all other details shall be in accordance with the same scale and standards as has been laid down for similar works."

The Committee may like to note that the Department of Rural Development had requested the Ministry of Transport (Roads Wing) to revise the guidelines in respect of specifications for construction of rural roads and also to prepare a schedule of maintenance indicating the periodicity and the costs of maintenance of various types of roads in different regions of the country. The Manual of rural roads was to be brought up-to-date by the Roads Wing. The Ministry of Transport, however, could not arrange for early revision of specifications for construction rural roads. The Ministry of Transport later on prepared revised specifications. Meantime, the Department of Rural Development hired the services of the Central Road Research Institute for conducting a technical audit of the roads constructed under the C.S.R.E. in different States. Since the C.S.R.E. was not continued in the Fifth Plan, copies of the report of the C.R.R.I. were forwarded to the Planning Commission and the Ministry of Transport (Roads Wing) for guidance in formulating and executing rural roads programme during the Fifth Plan.

It is not correct to say that the Department of Rural Development did not take remedial measures to augment availability of road rollers. The question of augmenting the supply of indigenous road rollers was taken up with the Directorate General of Supply and Disposals, Ministry of Transport and Shipping (Roads Wing) and the possibility of importing road rollers was also considered. In fact, arrangements were made to make the road rollers left by some of the foreign Governments after their exhibition at the Industries Fair, available to some of the State Governments. As the import of road rollers was not considered desirable, firms concerned with the manufacture of road rollers in India were encouraged to augment the supply of road rollers. Conse-

quently, production of indigenous road rollers was substantially increased so as to meet the requirements of various State Governments.

*Information received in respect of roads*

Information received in regard to roads left unfinished on 31st March, 1974 and the requirements of funds to complete these roads is enclosed. (Appendix I) . Information from the remaining States is awaited”.

1.28. The Committee are unhappy that the clear recommendation of the Sub-Committee of the Central Committee for Coordination for Rural Development & Employment (October 1971) that specifications suggested by the Sinha Committee should be adopted till these were revised was merely presumed to have been followed by the States and even in December 1971, the letter addressed to State Governments gave no precise instructions in this regard. It was only in March '72, that the guidelines issued to the States laid down that “the estimates, specifications and all other details shall be in accordance with the same scale and standards as has been laid down for similar works”.

.. 1.29. The Committee regret very much that conflicting views appear to have been expressed by the Department of Rural Development and the Ministry of Shipping & Transport in regard to prior consultation with the latter Ministry. As pointed out in para 1.57 of 170th Report the Additional Secretary, Ministry of Agriculture had informed the Committee during evidence that the Director General (Road) of the Ministry of Shipping & Transport had not been consulted about the particular scheme. The Department of Rural Development have now pointed out that they had requested the Ministry of Transport (Road Wing) to revise the guidelines and to prepare a schedule for maintenance. The Manual of rural roads was also to be brought upto-date by the Road Wing. The Ministry of Transport, however, could not arrange for early revision of specifications for construction of rural roads, which was done somewhat later. The Committee trust that efforts would be made to ensure better cooperation and coordination between different agencies of Government.

1.30. The Committee are also unhappy to note from the information furnished in respect of 13 States and six Union Territories that a large number of roads were left unfinished in these States on the termination of the Crash Scheme for Rural Employment on

31-3-1974. The total length of such unfinished roads was 23032 kms., completion of which required more than Rs. 59 crores. Further, States like Andhra Pradesh and Bihar which had already invested a major portion of the allocations under the crash scheme on the roads, are among the States which have left the largest number of roads unfinished on 31-4-1974. This is indicative of the fact that projects, particularly the roads, had been taken up in haphazard manner without any relationship to funds available under the Scheme. The Committee can only reiterate their concern that "these roads have been left at a stage at which the chances of their resulting in total infructuous expenditure are very great."

1.31. The Committee are constrained to observe that even after more than two years of the discontinuance of the Scheme on 1-4-74, Government have not yet been able to collect full information regarding the unfinished roads from all the States. This should be done without delay and the position made known, if only as guidance for the future.

1.32. The Committee would urge Government to take adequate steps, in consultation with the Planning Commission, to ensure that the unfinished roads are completed and opened to traffic at the earliest. Information in this regard should be communicated to the Committee.

*Minor Irrigation* (Paragraph 1.77—Sl. No. 19)

1.33. Referring to minor irrigation under the Scheme, the Committee in para 1.77 of their Report had observed:

"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 Crash Scheme for Rural Employment 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.

1.34. In their reply dated the 20th April, 1976 the Ministry of Agriculture & Irrigation have stated:

“A statement showing actual increase in the irrigated area under Crash Scheme for Rural Employment in some of the States is enclosed.” (given below):

Sl. No.	State/Union Territories	1971-72	1972-73	Total
1	Andhra Pradesh	1,222*	898*	2,120*
2	Bihar	..	..	..
3	Gujarat	50	60	110
4	Haryana	5,209	12,732	17,941
5	Himachal Pradesh	303	383	686
6	Karnataka	N.A.	1,350	1,350
7	Kerala	3,884	4,625	8,509
8	Madhya Pradesh	N.A.	N.A.	11,022
9	Nagaland	473	586	1,059
10	Punjab	..	..	..
11	Tripura	12	..	12
12	Andaman and Nicobar Islands	..	..	..
13	Chandigarh	..	..	..
14	Dadra & Nagar Haveli	..	4	4
15	Delhi	..	..	..
16	Goa, Daman & Diu	..	218	218
17	Lakshadweep	..	..	..
18	Mizoram	..	..	..
19	Pondicherry	..	..	..
	<b>TOTAL</b>	..	..	<b>43,031</b>

\*Indicates incomplete information

N.A. indicates Not Available.

1.35. The Committee are surprised to note from the information furnished in respect of 19 States/Union Territories that although 1.32 lakh hectares of minor irrigation were stated to have been created

**under the Crash Scheme, the actual increase in irrigated area during the two years (1971-72 and 1972-73) has been of the order of 43031 hectares only (32.6 per cent). The Committee would like Government to investigate the reasons for the heavy shortfall implied in the figures.**

*Size of Works (Paragraph 1.82—Sl. No. 20)*

1.36. Referring to the guidelines which prohibited taking up smaller projects under the Crash Scheme for Rural Employment, the Committee in para 1.82 observed as under:

“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 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.”

1.37. In their reply dated the 20th April, 1976, the Ministry have **stated** as follows:—

“The guidelines for Crash Scheme for Rural Employment were issued during the year 1972-73 while the Crash Scheme for Rural Employment was in operation with effect from 1971-72. There was no bar for the State Governments to take up works costing less than Rs. 5,000|- during the year 1971-72. The restriction on taking up smaller works costing less than Rs. 5,000|- was applicable only with effect from 1972-73. The observations of Audit in these cases seem to be based on the works executed during both the years of 1971-72 and 1972-73. As there were no specific instructions against taking up small works costing less than Rs. 5,000|- during 1971-72, it is presumed that most of the 2,264 works were taken up during the first year in the States of Assam, Orissa and Tamil Nadu. The State Governments were requested to supply information regarding

the number of works costing less than Rs. 5,000/- from the year 1972-73 onwards. The information, so far, received from the State Governments is enclosed (given below). The States which have not yet furnished information have been reminded to do so."

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

1.38. It is surprising that instead of furnishing specific information, Government have merely "presumed" that most of the 2264 works costing less than Rs. 5,000 had been taken up during the first year of implementation of the Scheme in the States of Assam, Orissa and Tamil Nadu when there was no bar for the State Governments to take up such works. The Committee, however, find from the information now furnished in respect of 12 States/Territories that even from 1972-73 onwards, some States/Territories, like Gujarat, Haryana, Karnataka, Goa, Daman and Diu and Mizoram had taken up works costing less than Rs. 5,000 in violation of the guidelines. The Committee deplore the apparently irresponsible manner in which replies are sent to their specific recommendations. There seems to have been no proper monitoring and scrutiny of the expenditure in relation to the nature of schemes. Perhaps the State Governments found themselves entirely free to use their discretion and take up

**any works even in disregard of the instructions issued by the Centre. The Committee would like, on principle, that Government should identify all work so undertaken and debit the expenditure incurred in that respect to the States concerned. The final position in this regard should be communicated to the Committee.**

*Selection of Areas* (Paragraph 1.121—Sl. No. 31).

1.39. In para 1.121 of their Report the Committee while referring to the selection of areas under Crash Scheme in a most haphazard manner, had emphasized that “before any scheme of this magnitude is taken up for implementation the specific approval of the Parliament should normally be obtained.”

1.40. In reply to the above aspect of the recommendation, the Ministry of Agriculture and Irrigation (Department of Rural Development) have stated:

“The Scheme was included in the Budget proposals for the year 1971-72 and approval of Parliament was obtained for the implementation of the scheme.”

**1.41. The Committee would reiterate their view that “specific approval” of Parliament, following upon an opportunity for discussion by the Members was imperative before schemes of such magnitude are launched. Government are fully aware of the different modalities in which specific approval of Parliament is obtained. The purpose of the recommendation would not be served by mere inclusion of such schemes in the Budget proposals, as had been done in the case of the Crash Scheme.**

*General*—(Paragraph 1.144—Sl. No. 39)

1.42. With regard to the supervision of the Rural Department in the matter of selection and execution of the projects, the Committee observed in Para 1.144 as follows:

“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 works while ‘other works’ were to the extent of only 0.1 per cent. Similarly in Maharashtra 85.2 per

cent were accounted for by roads and 14.8 per cent by 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."

1.43. In their reply, dated the 23rd July 1976, the Ministry have stated as follows:

"During the first year when the powers of sanctioning the schemes vested with the Central Government, the schemes were cleared with the utmost expedition. A very simple procedure was evolved at the Centre and the scrutiny was confined to the barest minimum with a view to satisfying that the projects conformed to the guidelines and fulfilled the objectives of the scheme. The scrutiny was done by the representatives of the Finance Ministry and the Community Development Department jointly at one sitting with the assistance, wherever necessary, of representatives of the State Governments. The latter were able to carry back with them orders sanctioning the projects. Powers of sanctioning schemes were delegated to the States in 1972-73.

With a view to have effective supervision of implementation of the scheme, the officers of the Department frequently went round the States and State officers were called to the Centre for discussions in respect of problems faced by them. It was in the light of these reviews and discussions that modifications were introduced in the guidelines with a view to ensuring efficient implementation of the scheme. The material component of the scheme was revised upwards to ensure durability of assets created. The schemes relating to roads for Bihar were sanctioned on condition that in excess of Rs. 40.50 lakhs required for the completion of the roads would be supplied by the State Government from their own resources. Noticing that a number of States took up for implementation a large number of road schemes, not only the material component was revised upwards, it was also impressed upon the State Governments



to take up a "project mix". However, the responsibility for selection, formulation and implementation of schemes vested with the State Governments who were also to exercise day-to-day supervision. Thus there is limit to the control which a Central Government department can exercise in respect of such a massive programme as Crash Scheme for Rural Employment involving thousands of work projects being implemented in every nook and corner of the country and the State Governments have to be trusted to implement the programmes properly."

1.44. The Committee are very conscious of the delimitation of powers under the Constitution between the Centre and the States and have always insisted on a happy co-ordination between them in the performance of national tasks. It is on this account that the Committee would draw the special attention of all appropriate authorities to an important aspects of the subject under review. This relates to the fact that separate State Audit Reports, with details of various irregularities, deficiencies and defects noticed in implementation of this Scheme have been submitted by the Comptroller and Auditor General of India to the Governors of the States and have been also presented to the respective Legislatures. Some of these Reports, which have been considered by State Public Accounts Committees and their Reports presented to the respective State Legislatures are available. The Committee would very much like the relevant Administrative Departments and the Finance Ministry to study such Reports of the Auditor General and the Reports of the State Public Accounts Committees, not only in a common quest for remedial measures in regard to what has been done or not done earlier, but for essential future guidance in regard to similar schemes.

## **CHAPTER II**

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

#### **Recommendation**

“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 1973, irrigation water courses are constructed at the cost of 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”.

[S. No. 15 (Para 1.73) of Appendix VI to 170th Report (Fifth Lok Sabha)]

#### **Action taken**

The State Government has reported that no maintenance expenditure on water courses has been incurred after completion of construction work, as their maintenance is the responsibility of the farmers. As regards desilting in Hissar, it was done on minor scale during course of construction and not afterwards. The ill effects of vagaries of weather would be considerably reduced after release of water, as the increased moisture will go a long way in binding the soil and vegetative cover. With the release of water farmers would

derive increased benefits from irrigation potential and this would induce them to take up maintenance work. The State Government has also a programme of lining water courses and the Minor Irrigation Tubewell Corporation has executed certain schemes for lining of water courses. There is a provision of maintenance after lining of water courses by the corporation for a period of 7 years at the cost of beneficiaries.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M. 20011|1|74-RME Vol. IX dated 28.10.1975].

### **Recommendation**

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.

[S. No. 18 (Para 1.76) of Appendix VI to 170th Report (Fifth Lok Sabha)]

### **Action taken**

Government of Orissa have informed that to complete the incomplete works a sum of Rs. 7.00 lakhs is required. The State Government have made a provision of Rs. 4.54 lakhs during 1974-75 for this purpose.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M. 20011|1|74-RME Vol. IX dated 21.4.1976].

### **Recommendation**

The Committee note that apart from the 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.

[S. No. 21 (Para 1.85) of Appendix VI to 170th Report (Fifth Lok Sabha)].

(O.M. No. M-20011|1|74-RME Vol. IX, dated 20-4-1976).

#### **Action taken**

When the Crash Scheme for Rural Employment was formulated in the year 1971, the intention was to utilise the block machinery for the execution as well as supervision of the works to be undertaken under Crash Scheme for Rural Employment. The block staff particularly of the post stage II blocks who was hitherto not fully utilised owing mainly to want of a sustained flow of programmes and funds were to be associated with the execution of works under Crash Scheme for Rural Employment. Besides the States of Bihar and Jammu & Kashmir, the State Governments of Orissa also entrusted execution of works to the Rural engineering organisations—a specialised agency specially created for this purpose, because of the massive road works undertaken by them. In a number of other States also like Gujarat, Kerala, Madhya Pradesh, Meghalaya, Punjab, Uttar Pradesh, Tamil Nadu etc. special subdivisions for the purpose were created besides the existing block machinery to supervise the works.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011|1|74-RME Vol. IX dated 21-4-1976].

### **CHAPTER III**

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

##### **Recommendation**

The Committee are surprised to note that in Sri Ganganagar district (Rajasthan) a relatively prosperous district, 113 minor irrigation works for converting Kutcha 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 of 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.

[S. No. 14 (Para 1.72) of Appendix VI to 170th Report (Fifth Lok Sabha)].

(O.M. No. M-20011.174—RME Vol. X dated 23-7-1976)

##### **Action taken**

The Government of Rajasthan have informed 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 16 1/2 feet belt even though existing in their own fields. Like village roads, the water courses are thus public property. Construction of pucca water courses not only benefit community as a whole but it reduces evaporation, covers more area under cultivation and adds to production programme and benefits the nation as a whole. The water courses have increased the irrigation potential in the district by about 20 per cent.

Only the common water courses of the chaks being jointly used by different cultivators were taken up for lining particularly in

sandy areas where there was difficulty in the maintenance of such water courses.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M. 20011/1/74—RME Vol. X dated 23-7-1976].

### Recommendation

The Committee also note that in Jaisalmer district in Rajasthan 10 'Khadeen' 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.

[S. No. 16(Para 1.74) of Appendix VI to 170th Report (Fifth Lok Sabha)].

### Action taken

The Government of Rajasthan have informed that 'Khadeen' works are shallow tanks. These do not belong to individuals. The primary purpose of such tanks is for bed cultivation, which is utilised by the community as a whole of the area and not meant for a private individual. These 'Khadeens' are accessible to the village community as a whole for use as a source of drinking water. So it will be observed that these works benefit the community as a whole. Jaisalmer being desert region, works suiting its ecology had to be undertaken by the State Government.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M. 20011/1/74-RME Vol. X dated 23-7-1976].

### Recommendations

The Committee have been informed that the primary object under the SCRE 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.

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.

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.

[S. Nos. 25 to 27 (Paras 1.106—1.108) of Appendix VI to 170th Report (Fifth Lok Sabha)]

#### **Action taken**

The Committee have rightly pointed out that the primary objective under the CSRE scheme was that the quantum of employment to be generated should be in addition to that would have been generated under the normal programme. The relevant question to be considered is thus the additionality of employment and not the diversion of funds. Additional employment was generated under CSRE

as the States fully utilised the funds under normal programmes—Plan and non-Plan. There was no discretion with States during 1971-72. Powers to sanction such projects as had been undertaken in the year 1971-72 were delegated with effect from April 1972 to all States as it was considered that all issues relating to them had been discussed in considerable detail and satisfactorily resolved and requisite clarifications made. All other projects in fact all projects of a kind not specifically approved in 1971-72—were required to be submitted to the Government of India for approval.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M.20011/1/74—RME Vol. IX dated 21-8-1975]

### Recommendations.

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.

According to Audit Report mandays 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.

The Committee are amazed to note that the officials to 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.

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 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.

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).

[S. Nos. 32 to 36 (Paras 1.131—1.136) of Appendix VI to 170th Report (Fifth Lok Sabha)]

#### **Action taken**

It was envisaged under the scheme that as far as possible only those labourers should be employed on the projects who belonged to families where no other adult member was employed. Compliance with this stipulation in the scheme would have meant collection of statistics from every household involving lot of time and effort in both collecting the information and then ensuring that only those labourers were employed who belonged to families where no other

adult member was employed. Moreover, it was also found necessary to engage labourers other than those indicated above. Employment was generally offered to those who were in need of employment. The work projects taken up under this scheme were generally not large in size and, therefore, it was not possible to ensure continuity of employment for the same worker over a period of time. It is thus to be noted that the compliance with the stipulation made in the scheme was beset with practical difficulties which had to be tackled by the field officers according to the best of their judgement.

Essentially, the scheme was to be implemented by the States through their field agencies. It was for the Inspecting Officers of the State Governments to supervise and inspect the progress of implementation of the scheme. Of necessity reliance had to be placed on the reports received from the States. The Central Government, however, did look into the records as is evident from the action taken in the case of Uttar Pradesh. Attempt made by the Varanasi officials to hoodwink the Government was brought to the notice of the State Government for necessary action.

As already indicated above, the extension of the scheme throughout the district was based on the assumption that even in the most developed districts there would be a minimum of one thousand persons in need of employment opportunities.

The scheme was essentially executed by States and reliance had to be placed on the vigilance to be exercised by State authorities. The Central Government had also made arrangements for monitoring of the programme. These consisted of issuing of detailed guidelines, receipt of monthly and half-yearly progress reports, visits by officers of the Central Government undertaking of technical audit of road works by the Central Road Research Institute and special studies by Research Institutions and Agro-Economic Research Centres who assessed the impact of the implementation of the scheme.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M.20011 1/74—RME Vol. IX dated 21-8-1975]

### **Recommendation**

The Committee regret to note that the Central Government did not have any monitoring arrangements regarding the implementa-

tion of the scheme in various States. They depended entirely on the veracity of the figures furnished by the State Governments.

[S. No. 37 (Para 1.136) of Appendix VI to 170th Report (Fifth Lok Sabha)]

#### **Action taken**

The Ministry was alive to the situation and had already made arrangements for monitoring and evaluations of C.S.R.E. As early as in Feb. 1971 letter detailing the Crash Scheme for Rural Employment was issued followed by a conference of Chief Secretaries in the same week April, 1971 to explain the significance of the Scheme and requested the States for expeditious action. The Department evolved very simple procedure for the scrutiny of the project proposals of the States with a view to ensuring that the projects were sanctioned with utmost expedition. The Ministry had prescribed proforma for reporting progress at monthly and half-yearly intervals. Besides this there was a quarterly narrative report which was to be furnished by the States implementing C.S.R.E. detailing their experience and bottlenecks they experienced in implementing the Scheme. The Central Government officers were also detailed to visit States to advise them on the proper implementation of the Scheme so that the underlying objectives were fulfilled. All the States were more or less covered by the senior officers of the Ministry. Periodically workshops and seminars were held to review the progress of implementation of the schemes during years 1972-73 and 1973-74. Important recommendations made by these workshops were circulated to State Governments for their guidance and compliance.

At the instance of Central Committee for coordination for rural development and employment it was decided to carry out 13 studies in different parts by the Agro Economic Research Centres and other non-Governmental Research bodies to ascertain the nature and extent of rural unemployment and impact of CSRE. Since roads constituted the major portion of CSRE funds it was thought of conducting technical audit of road works and this audit was entrusted to the Central Road Research Institute, New Delhi in order to determine:

- (i) the technical economic aptness of the designs and specifications used;
- (ii) the aptness and deficiencies, if any, of the organisation and methods of constructions used; and

- (iii) the techniques, methods etc. that should have been adopted in different areas for optimum utilisation of allotted funds for obtaining optimum results.

Besides the above action taken by the Central Government, Co-ordination Committees were also constituted at the block and district and State levels in most of the States/Union Territories to ensure economic and efficient implementation of the C.S.R.E.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M.20011/1/74—RME Vol. IX dated 21-4-1976]

### Recommendation

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 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 Employment held on 17th to 19th Feb., 1972. Nor was any use made of the recommendations contained in the interim report of the Committee on Unemployment (Bhagwati Committee).

[S. No. 38 (Para 1.143) of Appendix VI to 170th Report (Fifth Lok Sabha)]

### Action taken

The basic objectives of the C.S.R.E. were the direct generation of employment in all the districts of the country through the executions of projects which were essentially labour intensive, and the creation of assets of a durable nature in consonance with local development plans so that an all round development of the districts was accomplished. In pursuance of these objects, guidelines were issued during the year 1972-73 where special stress was laid on

creation of productive assets. Para 8 of the guidelines of the C.S.R.E. states that only those projects would be undertaken which should be essentially labour intensive and should promote the development of the district. The illustrative list given therein emphasises that the following Schemes should be taken to create durable assets viz. road building, reclamation and development of land, drainage, flood protection, water conservation, minor irrigation, soil conservation etc. Even before the guidelines were prescribed, the State Governments were addressed on 25th Feb., 1971 with which C.S.R.E. was introduced in the countryside in which it was emphasised that those rural projects could be taken which were labour intensive and productive etc. Thus it would be observed that from the Central Government side there had been always the emphasis on the creation of productive assets.

Pilot Intensive Rural Employment Project (PIREP) introduced in the countryside in 15 selected blocks in the year 1972-73 is direct off shoot of the C.S.R.E. keeping in view the recommendation of Bhagvati Committee which recommended that "It was necessary to undertake some pilot projects in small areas in selected districts" and that "These projects should deal with all aspects of development and should progressively be able to provide employment in different economic pursuits to every person offering himself for work in that area". Government of India thus decided to undertake immediately an action-cum-study project under the name Pilot Intensive Rural Employment Project (PIREP). The objects of the Project are:

- (a) to provide gainful employment on work projects not requiring skills of a high order in selected compact areas progressively to all those that offer their services for a wage;
- (b) to utilise the funds appropriated for the project for creating durable assets, preferably such as will have the multiplier effect of creating new job opportunities of a continuing nature and will form part of an Area Development Plan;
- (c) to explore the possibility of imparting new skills to some at least of the workers employed on Project works during the period of the employment and of assisting them in finding continuous employment in the secondary and tertiary sectors in rural or urban areas; and

- (d) to study, through the implementation of the project in selected areas, the nature and dimensions of the problem of employment among the rural wage-seeking labour and the effect if any of the project on the wage level in the area with a view to evolve a comprehensive programme for the rest of the country.

Thus it would be observed that the Central Government did make use of Bhagwati Committee's recommendation.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M.20011/1/74—RME Vol. IX dated 21-4-1976].

## CHAPTER IV

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

#### Recommendations

1. 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. on April 1971. 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 co-ordinated 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 are unable to find out the rationale for rushing through the scheme without giving it a detailed consideration that it deserved.

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 3-11-1970, 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 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.

2. 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.



3. 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 231 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.

4. 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 the 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 brought forth a number of problems in the implementation of the projects taken up under the scheme. This necessitated modification in the guidelines".

5. 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 sanction 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.

[S. Nos. 1 to 5 (Paras 1.26—1.30) of Appendix VI to 170th Report (Fifth Lok Sabha)].

#### **Action taken**

It is not correct to say that the scheme was rushed through without giving it a detailed consideration. The Department of Rural Development (formerly Department of Community Development) are responsible for administering a number of public works schemes which result in the generation of employment in rural areas. The proposal worked out by the Ministry of Finance was based on the experience of implementation of schemes in earlier years. The proposal was considered by the Committee of Secretaries and by the Planning Commission. The proposal worked out by the Ministry of Finance was closely examined and so also the detailed scheme prepared by the Department of Rural Development. Even assuming that the First proposals were made on November 1, 1970, the scheme was finalised only in January, 1971 and circulated to the States in February, 1971.

It is also not correct to say that there was lack of coordination between the various departments for the satisfactory implementation of the scheme. This observation of the committee has been made in regard to the categorisation of the scheme as a non-plan scheme. The Planning Commission have laid down certain criteria for categorisation of schemes as plan/non-plan schemes. As it was not clear if the scheme could be treated as a developmental programme, it was categorised as a non-plan scheme to start with. Later on, at the time of the mid-term appraisal the Planning Commission was satisfied that the scheme was of a developmental nature and, therefore, the scheme was categorised as a plan scheme for the remaining two years of the Fourth Five Year Plan.

Over the plan periods, the State Government, had gathered a shelf of projects which could not be executed due to paucity of funds. The commencement of the C.S.R.E. provided an opportunity for execution of such works. The State Governments also drew

upon their 20 years programme for the construction of roads. There was no dearth of good proposals for implementation under the C.S.R.E.

Changes and modifications made in the implementation of the scheme from time to time were with a view to making the scheme more effective. Implementation of schemes, however, well conceived, does throw up problems. The problems and bottle-necks faced in the implementation of the scheme were constantly kept under review and corrective action taken either by way of making modifications in the scheme or by taking other remedial action.

The implementation of the scheme was carried out smoothly and efficiently. It resulted not only in providing much needed employment opportunities to the needy people but it also created durable assets in the form of additional coverage under minor irrigation, soil conservation, afforestation, anti-water logging measures, drainage, flood protection pisciculture etc.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M.20011/174-RME Vol. IX, dated 21-8-1975].

### **Recommendations**

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 & Kashmir, Orissa, Meghalaya, Kerala and Tripura. Questioned about the deviation from 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 the 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 taken 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 Government that "roads will be preponderant and most important in this scheme".

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.

[S.No. 6 to 7 (Paras 1.39—1.40) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

### **Action taken**

The scheme had two basic objectives, viz.; (1) the generation of direct employment and (2) creation of durable assets. Of necessity employment generation had precedence over creation of durable assets. It may be said that consistent with generation of employment on a large scale, the durability aspect of the assets created was also to be taken into consideration. It is not correct to say that the roads constructed under the scheme were totally wasteful. While it may be true that construction of roads does not result in the creation of direct productive assets, the construction of roads does help in raising the production potential of the area in as much as it facilitates the bringing in of inputs and the marketing of the produce of the area. The backward areas are in fact opened up through the construction of roads only and in no other way. Minor irrigation works have their own place in the developmental priorities but construction of roads is equally important. It is not considered necessary for the Central Government to lay down percentages for different types of work projects to be undertaken in different areas. Schemes for different areas have to be identified with reference to the projects already executed in different areas and the normal plan and non-plan programmes formulated for these areas. Work projects taken up under the Crash Scheme for Rural Employment were not to be taken up in substitution of those formulated under the plan/non-plan programmes. These were to be additional works programmes for that area.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M.No. M-20011/1/74—RME Vol. IX dated 21-8-1975]

### **Recommendations**

According to the guidelines for the schemes 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 Territories 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/Government till February 1973. Monthly progress reports were not received during the year 1971-72 from Jammu & 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.

[S.No. 8 (Para 1.44) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

#### **Action taken**

The power to sanction projects, which vested in the Central Government during 1971-72, was delegated to the States from April 1972. The States were, however, required to forward particulars of sanctioned projects in prescribed proforma. It is true that the State Governments did not furnish the particulars of sanctioned projects in time. Monthly progress reports were also not received regularly from a number of States. In regard to monthly progress reports, it is to be noted that the details had to be collected from numerous work projects taken up in the villages, these had to be collected at the block, district and State level before these could be transmitted to the Government of India. In case the reports from the field contained discrepancies, there were references to and from the district or from the State to the district. These

inevitably took time to be sorted out. Moreover, the implementing and reporting agencies in a number of States did not have adequate staff. This created difficulties in getting the information compiled and checked up. The release of funds could not be held up because of delay in the receipt of reports or due to discrepancies in the reports. The officers of the Central/State Government inspecting the works in the field generally made an assessment of the progress of expenditure and this formed the basis for the release of funds in cases where progress reports were not received. It may be noted that but for the release of funds in this manner, the progress of implementation would have been greatly hampered. The rules laid down for financial and budgetary control were observed in most cases.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M.No. M-20011|1|74—RME Vol. IX dated 21-8-1975]

### **Recommendations**

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 specifications 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 effecting one of the basic objective of the Scheme, namely, creation of durable assets.

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 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 (Road 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 Road 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.

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.

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 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 works under the scheme.



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 kutchas 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 appraised of these particulars in respect of incomplete kutchas 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.

[S. Nos. 9 to 13 (Paras 1.55—1.59) of Appendix VI to 170th Report (Fifth Lok Sabha)].

#### **Action taken**

The Government would request the Committee to note that though the Government of India did not prescribe any specifications for construction of roads, it did not leave the matter to the discretion of the State Governments. One of the important conditions attached to all projects sanctioned by the Government of India during the first year was that the State Governments were required to follow the estimates, specifications and all the details in accordance with the same scale and standards as had been laid down for similar works in the States. In a letter addressed to the States in December, 1971, the State Governments were told that the standards and specifications to be adopted for village roads and other district roads as indicated in Appendix (VI) and (VII) of the Sinha Committee Report on Rural Roads were under revision by the Ministry of Transport and Shipping and a copy of these, when finalised, would be sent to them. Pending such revision, it was presumed that the standards and specifications for rural roads as laid down by the Sinha Committee had been/would be kept in view while preparing a scheme for construction of rural roads under the C.S.R.E. The guidelines for the Crash Scheme for Rural Employment for 1972-73 were printed in March 1972 and circulated to the States. Attention is invited to Para 15.1 of the guidelines which reads as under:—

- 15.1. "Projects may be formulated in the States by such authority as has been prescribed by the State Government with regard to works of a similar nature undertaken by the

States and Union Territories under their own plans and from their own resources. The estimates, specifications and all other details shall be in accordance with the same scale and standards as has been laid down for similar works”.

The Committee may like to note that the Department of Rural Development had requested the Ministry of Transport (Roads Wing) to revise the guidelines in respect of specifications for construction of rural roads and also to prepare a schedule of maintenance indicating the periodicity and the costs of maintenance of various types of roads in different regions of the country. The Manual of rural roads was to be brought upto-date by the Roads Wing. The Ministry of Transport however, could not arrange for early revision of specifications for construction of rural roads. The Ministry of Transport later on prepared revised specifications. Meantime, the Department of Rural Development hired the services of the Central Road Research Institute for conducting a technical audit of the roads constructed under the C.S.R.E. in different States. Since the C.S.R.E. was not continued in the Fifth plan, copies of the report of the C.R.R.I. were forwarded to the Planning Commission and the Ministry of Transport (Roads Wing) for guidance in formulating and executing rural roads programme during the Fifth Plan.

It is not correct to say that the Department of Rural Development did not take remedial measures to augment availability of road rollers. The question of augmenting the supply of indigenous road rollers was taken up with the Directorate General of Supply and Disposals, Ministry of Transport and Shipping (Roads Wing) and the possibility of importing road rollers was also considered. In fact, arrangements were made to make the road rollers, left by some of the foreign Governments after their exhibition at the Industries Fair, available to some of the State Governments. As the import of road rollers was not considered desirable, firms concerned with the manufacture of road rollers in India were encouraged to augment the supply of road rollers. Consequently, production of indigenous road rollers was substantially increased so as to meet the requirements of various State Governments.

Information received in regard to roads left unfinished on 31st March, 1974 and the requirements of funds to complete these roads is enclosed. Information from the remaining States is awaited.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011/1/74-RME Vol. IX dated 21-8-1975].

Statement showing the total length of roads left incomplete as on March 31, 1974 and the requirement of funds under C.S.R.E.

Sl. No.	State/UT	Length of roads left incomplete as on 31-3-74 (Kms)	Amount required (Rs. lakhs)
1	2	3	4
1	Andhra Pradesh	4742	931.80
2	Bihar	5089	2307.00
3	Gujarat	3667	865.52
4	Haryana	..	..
5	Himachal Pradesh	360	178.78
6	Karnataka	1380	160.52
7	Kerala	324	401.00
8	Madhya Pradesh	2134	520.32
9	Maharashtra	3804	232.59
10	Manipur	..	..
11	Nagaland	..	..
12	Tamil Nadu	1451	283.18
13	Tripura	..	..
	<i>Union Territories</i>		
14	Chandigarh	..	..
15	Dadra & Nagar Haveli	9	0.58
16	Delhi	..	..
17	Goa, Daman & Diu	36	4.31
18	Mizoram	..	..
19	Pondicherry	36	18.75
		23032	5904.35

### Recommendation

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 Crash Scheme for Rural Employment 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.

[S. No. 19 (Para 1.77) of Appendix VI to 170th Report (Fifth Lok Sabha)].

### Action Taken

A statement showing actual increase in the irrigated area under Crash Scheme for Rural Employment in some of the States is enclosed.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011/1/74-RME Vol. IX dated 28-10-1975].

*Statement showing the actual increase in the Irrigated Area under Crash Scheme for Rural Employment (Hectares)*

Sl. No.	State/Union Territories	1971-72	1972-73	Total
1	Andhra Pradesh	1,222*	898*	2,120*
2	Bihar	..	..	..
3	Gujarat	50	60	110
4	Haryana	5,209	12,732	17,941
5	Himachal Pradesh	303	383	686
6	Karnataka	N.A.	1,350	1,350
7	Kerala	3,884	4,625	8,509
8	Madhya Pradesh	N.A.	N.A.	11,022
9	Nagaland	473	586	1,059
10	Punjab	..	..	..
11	Tripura	12	..	12
12	Andaman & Nicobar Islands	..	..	..
13	Chandigarh	..	..	..
14	Dadra & Nagar Haveli	..	4	4
15	Delhi	..	..	..
16	Goa, Daman & Diu	..	218	218
17	Lakshadweep	..	..	5
18	Mizoram	..	..	..
19	Pondicherry	..	..	..

\*Indicates incomplete information.

N.A. indicates—Not available.

### Recommendation

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 the 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 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.

[S. No. 20 (Para 1.82) of Appendix VI to 170th Report (Fifth Lok Sabha)].

### Action Taken

The guidelines for Crash Scheme for Rural Employment were issued during the year 1972-73 while the Crash Scheme for Rural Employment was in operation with effect from 1971-72. There was no bar for the State Governments to take up works costing less than Rs 5,000 during the year 1971-72. The restriction on taking up smaller works costing less than Rs. 5,000 was applicable only with effect from 1972-73. The observations of the Audit in these cases seem to be based on the works executed during both the years of 1971-72 and 1972-73. As there were no specific instructions against taking up small works costing less than Rs. 5,000 during 1971-72, it is presumed that most of the 2,264 works were taken up during the first year in the States of Assam, Orissa and Tamil Nadu. The State Governments were requested to supply information regarding the number of works costing less than Rs. 5,000 from the year 1972-73 onwards. The information, so far, received on the State Governments is enclosed. The States which have not furnished information have been reminded to do so.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011/1/74-RME Vol. IX dated 28-10-1975].

Statement showing the number of works (costing less than Rs. 5,000) undertaken by the States/Union Territories under Crash Scheme for Rural Employment

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

### Recommendations

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 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 Governments should have obtained prior permission of the Central Government in all cases so as to obviate the necessity of issuing *ex-post-facto* sanction. 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."

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.

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.

The Committee are surprised to note that in spite 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.

[S. Nos. 28 to 31 (Paras 1.118—1.121) of Appendix VI to 170th Report (Fifth Lok Sabha)].

#### **Action Taken**

The Government have noted the Committee's feelings over transfer of funds from one district to another without prior approval of the Government of India.

While it is true that allocation of funds to Chandigarh and Andaman and Nicobar Islands @ Rs. 12.50 lakhs per district was unrealistic and unwarranted, it is to be noted that the allocations to these Union Territories during the third year were not made on this basis. A realistic assessment of the requirement was made and the funds allotted to these Union Territories during the third year were of the order of Rs. 7.50 lakhs and Rs. 4.00 lakhs respectively. It may also be noted that the amount released to Andaman and Nicobar Islands was Rs. 3.28 lakhs during 1971-72.

It is to be noted that schemes that would be worthwhile for implementation in backward areas could not be taken up under C.S.R.E. as these did not satisfy the prescribed criteria. The C.S.R.E. was implemented in all the districts on the presumption that even in developed districts there would be certain undeveloped pockets having large number of people in need of employment. It was, therefore, considered that the minimum number of people in each district to be provided employment could be taken as 1,000.

The scheme was included in the budget proposals for the year 1971-72 and approval of Parliament was obtained for the implementation of the scheme.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011/1/74-RME Vol. IX dated 21-8-1975].

#### **Recommendation**

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 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.

[S.No. 39 (Para 1.144) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

#### **Action Taken**

During the first year when the powers of sanctioning the schemes vested with the Central Government, the schemes were cleared with the utmost expedition. A very simple procedure was evolved at the Centre and the scrutiny was confined to the barest minimum with a view to satisfying that the projects conformed to the guidelines and fulfilled the objectives of the scheme. The scrutiny was done by the representatives of the Finance Ministry and the Community Development Department jointly at one sitting with the assistance, wherever necessary, of representatives of the State Governments. The latter were able to carry back with them orders sanctioning the projects. Powers of sanctioning schemes were delegated to the States in 1972-73.

With a view to have effective supervision of implementation of the scheme, the officers of the Department frequently went round the States and State Officers were called to the Centre for discussions in respect of problems faced by them. It was in the light of these reviews and discussions that modifications were introduced in the guidelines with a view to ensuring efficient implementation of the scheme. The material component of the scheme was revised upwards to ensure durability of assets created. The schemes relating to roads for Bihar were sanctioned on condition that funds in excess of Rs. 40.50 lakhs required for the completion of the roads would be supplied by the State Government from their own resources. Noticing that a number of States took up for implementation a large number of road schemes, not only the material component was revised upwards. It was also impressed upon the

State Governments to take up a "project mix". However the responsibility for selection, formulation and implementation of schemes vested with the State Governments who were also to exercise day-to-day supervision. Thus there is limit to the control which a Central Government department can exercise in respect of such a massive programme as Crash Scheme for Rural Employment involving thousands of work projects being implemented in every nook and corner of the country and the State Governments have to be trusted to implement the programmes properly.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011|1|78-RME Vol. X dated 23-7-1976]

## **CHAPTER V**

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

#### **Recommendation**

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.

[S. No. 17 (Para 1.75) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

#### **Action Taken**

Six States/UTs, viz., Bihar, Kerala, Tripura, Chandigarh, Lakshadweep and Pondicherry have reported that the expenditure on minor irrigation schemes was not wrongly debited to the CSRE Scheme. Information from the rest of the States/UTs is awaited. The remaining State Governments have again been requested to furnish the information expeditiously.

[Ministry of Agriculture and Irrigation (Department of Rural  
Development) O.M. No. M-20011/174-RME Vol. X  
dated 23-7-1976]

#### **Recommendation**

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.

[S.No. 22 (Para 1.91) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

#### **Action Taken**

The crash scheme for rural employment was discontinued with effect from April 1, 1974. The States were, however, permitted to utilise the unspent balances lying with them as on March 31, 1974

until the end of October 1974. The period for utilisation was later extended upto March 31, 1975 in certain cases.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011/1/74-RME Vol. IX dated 21-8-1975]

Further information received from the Ministry on 23rd July, 1976 regarding incomplete works taken up under C.S.R.E.

*Statement showing the number of works and the amount required by States U.T. as on March 31, 1974 to complete the projects taken up under C.S.R.E.*

Sl. No.	State/UT	No. of works	Amount required (Rs. lakhs)
1	Andhra Pradesh	N.A.	386.06
2	Assam	..	..
3	Bihar	N.A.	200.00
4	Gujarat	N.A.	152.10
5	Haryana	N.A.	2.96
6	Jammu & Kashmir	N.A.	7.00
7	Karnataka	368	38.87
8	Kerala	N.A.	100.04
9	Madhya Pradesh	300	400.00
10	Orissa	N.A.	7.00
11	Punjab	9	3.87
12	Tamil Nadu	N.A.	55.00
13	Tripura	6	0.26
14	Uttar Pradesh	N.A.	570.00
15	West Bengal	N.A.	295.65
<i>Union Territories</i>			
16	A & N Islands	..	..
17	Arunachal Pradesh	..	..
18	Chattisgarh	N.A.	5.50
19	Dadra & Nagar Haveli	N.A.	0.12
20	Delhi	..	..
21	Goa, Daman & Diu	N.A.	0.81
22	Lakshadweep	..	..
23	Mizoram	..	..
24	Pondicherry	N.A.	10.36

N.A.—Not available.

### Recommendation

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 works as were executed through contractors. The Committee would be interested to know whether the State Governments have complied with these instructions.

[S.No. 23 (Para 1.95) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

### Action Taken

The States were required to compile lists of works executed through the agency of contractors and credit the Government of India with the amount of such works. The matter is still under correspondence with the States concerned.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011/174-RME Vol. IX dated 21-8-1975]

Further information received from the Ministry on 23rd July, 1976.

*Statement showing the list of works executed through contractors under C.S.R.F.*

Sl.No.	State/UT	Details of works executed through contractors	Amount (Rs. lakhs)
1	2	3	4
1	*Andhra Pradesh	2 (details not known)	N.A.
2	Haryana	(remodelling of drains etc.)	N.A.
3	Karnataka	21 (details not known)	N.A.
4	Kerala	..	..

\*[for return is incomplete and has been received for 14 districts only.]

1	2	3	4
5	Maharashtra . . . . .	@38 (roads)	26480
6	Nagaland . . . . .	..	..
7	Tripura . . . . .	..	..
	<i>Union Territories</i>		
8	Chandigarh . . . . .	..	..
9	Dadra & Nagar Haveli . . . . .	..	..
10	Delhi . . . . .	..	..
11	Goa, Daman & Diu . . . . .	..	..
12	Mizoram . . . . .	..	..

@Transport of Murum of road works was got done through contract-basis through Labour Cooperatives.

### Recommendation

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 these 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.

[Serial No. 24 (Para 1.98) of Appendix VI to 170th Report  
(Fifth Lok Sabha)]

### Action taken

The State Governments were addressed to intimate the details of heavy equipments purchased from CSRE funds and credit such expenditure to the Government of India. The States and Union Territories of Gujarat Haryana, Kerala, Karnataka, Meghalaya,

Tripura, Chandigarh, Dadra and Nagar Haveli, Delhi, Goa, Daman & Diu, Mizoram, Nagaland and Pondicherry have reported that no expenditure was incurred by them on purchase of heavy equipment. The replies from other States are awaited and the matter is being pursued with State Governments.

[Ministry of Agriculture and Irrigation (Department of Rural Development) O.M. No. M-20011|1|74-RME Vol. IX dated 21-4-1976]

NEW DELHI;  
*August 28, 1976.*  

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*Bhadra 6, 1898 (S).*

H. N. MUKERJEE,  
*Chairman,*  
*Public Accounts Committee.*

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APPENDICES

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## APPENDIX I

(Vide paragraph 1.27 of the Report)

*Statement showing the total length of roads left incomplete as on March 31, 1974  
and the requirement of funds under C.S.R.E.*

Sl. No.	State/UT	Length of roads left in- complete as on 31-3-74 (Kms)	Amount required (Rs. lakhs)
1	2	3	4
1	Andhra Pradesh . . . . .	4742	931.80
2	Bihar . . . . .	5089	2307.00
3	Gujarat . . . . .	3667	865.52
4	Haryana . . . . .	..	..
5	Himachal Pradesh . . . . .	360	178.78
6	Karnataka . . . . .	1380	160.52
7	Kerala . . . . .	324	401.00
8	Madhya Pradesh . . . . .	2134	520.32
9	Maharashtra . . . . .	3804	232.59
10	Manipur . . . . .	..	..
11	Nagaland . . . . .	..	..
12	Tamil Nadu . . . . .	1451	283.18
13	Tripura . . . . .	..	..
	<i>Union Territories</i>		
14	Chandigarh . . . . .	..	..
15	Dadra & Nagar Haveli . . . . .	9	0.58
16	Delhi . . . . .	..	..
17	Goa, Daman & Diu . . . . .	36	4.31
18	Mizoram . . . . .	..	..
19	Pondicherry . . . . .	36	18.75

## APPENDIX II

### Consolidated Statement showing Conclusions/Recommendations

Sl. No.	Para No. of the Report	Ministry/Department concerned	Conclusion/Recommendation
1	2	3	4
1.	1.6	Min. of Agriculture & Irrigation (Department of Rural Development).	The Committee expect that final replies to those recommendations/observations in respect of which only interim replies (or incomplete information) have so far been furnished will be furnished to them duly vetted by Audit, without further loss of time.
2.	1.10	-do-	The Committee have found no fresh material in support of the proposition of Government that the Crash Scheme for Rural Employment had been given detailed consideration both at the Central and State levels before its formulation and implementation. The case of Government now is that the first proposal having been made in November 1970 and the matter finalised in January 1971, the scheme cannot be blamed on the ground of having been rushed through. But the dates of the preparation of the proposal by the

Ministry of Finance, its circulation by the Cabinet Secretariat, consideration of it by the Committee of Secretaries, its finalisation and then its circulation to State Governments for implementation offer evidence of the haste with which the matter was pursued. Further, the State Governments were given too short a time (about 15 days only) to formulate and submit their projects to the Central Government, district-wise, without even making sure beforehand whether there was a proper machinery for their execution. The net result of all this was that upto 15th March, 1971, "very few such schemes had been received from the State Governments." Besides, on Government's own admission "the implementation of this scheme in right earnest could start only from the middle of September".

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Government have denied that there was lack of co-ordination between the various Departments for the satisfactory implementation of the scheme. The Committee had made this observation specifically in connection with the categorisation of the Scheme as Plan or Non-Plan. The reply of Government indicated that 'it was not clear if the Scheme could be treated as a developmental programme; and so it was categorized as 'Non-Plan' to start with and only later as a 'Plan' Scheme.' Planning in India, in vogue now for some 25 years surely evokes the expectation that things are done in a more precise and principled and methodical manner. The Committee would like Government seriously to ponder over this aspect of the matter.

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4.	I.12	Min. of Agriculture & Irrigation (Department of Rural Development).	The Committee are of the view that if the crash scheme had been given careful consideration in the beginning, many of the shortcomings which came to light during the first year of its implementation would have been avoided. Government's plea that changes/modifications were later made "to make the scheme more effective" itself implies that things were not quite in order at the outset.
5.	I.13	-do-	The Committee, therefore, reiterate their earlier view that a scheme of such far-reaching importance involving an outlay of Rs. 50 crores per year should have been subjected to the closest scrutiny before implementation. The Committee would like also to reiterate para 7.9 of their 181st Report (1975-76) where they had referred to incomplete and sometimes incorrect estimates and also somewhat wishful assumptions on which the Emergency Agricultural Production Programme entailing an expenditure of Rs. 250 crores had been drawn up and had recommended that "no such programme specially when it involves large financial outlays should be undertaken without a thorough and detailed examination of its realism and feasibility." Government will, the Committee trust, apply its mind seriously to this recommendation.
6.	I.16	-do-	The Committee are not convinced by Government's response to the issue raised in the recommendations. While the construction of roads does help in raising the production potential of an area, it was

never the objective of the Scheme to give overriding priority to roads construction alone, particularly in those States where works in other fields like soil and water conservation, afforestation, flood protection, land reclamation, etc. were equally if not more important. The Department of Rural Development, in fact, had advised the State Governments not to concentrate on road works alone. Strangely enough, these other works were given scanty attention and allocated no more than token amounts as compared to the expenditure on roads.

7. 1.17

-do-

The Department's position now appears to be that although the basic objectives of the scheme were (1) the generation of direct employment and (2) creation of durable assets, of necessity, employment generation had precedence over creation of durable assets. The Committee see no such conflict between the two objectives as to necessitate clear precedence of one over the other. As pointed out in para 1.19 of 170th Report this question had been gone into by the Department themselves and as a consequence, in the guidelines issued by the Department in 1972-73, it was clearly laid down after considering both the objectives that "it had been decided 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". It was also laid down in the guidelines that "the all round development of a district will

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8.	I. 18	Min. of Agriculture & Irrigation (Department of Rural Development).	<p>demand a mixture of various projects. Adoption of, say, road building projects alone or soil conservation projects alone will not be adequate".</p> <p>There can be no doubt that there was an expectation, among other things, of all-round development of the rural areas as a result of the execution of the programme. However, roads construction alone accounted for a major portion of the expenditure incurred under the scheme. As will be seen from Appendix III of the 170th Report, 99% in Bihar, 90% in Tamil Nadu, 88.7% in Meghalaya, 80.5% in Andhra Pradesh, 84.3% in Himachal Pradesh of the total expenditure incurred in these States during the first 2 years of implementation of the Scheme, was on roads.</p>
9.	I. 19	-do-	<p>The Department has now claimed that "while it may be true that construction of roads does not result in the creation of direct productive assets, the construction of roads does help in raising the productive potential of the area in as much as it facilitates the bringing in of inputs and the marketing of the produce of the area. The backward areas are in fact opened up through the construction of roads only and in no other way". The Committee would agree entirely with this proposition if the roads on which expenditure was preponderantly incurred were really upto the mark. However, the experience of expert bodies appears to be otherwise. The Committee would like to point out that the Reserve Bank of India in its study</p>

made in April 1976 has observed that "Road construction and minor irrigation accounted for 64 per cent and 12 per cent respectively of the total expenditure incurred by State/Union Territories. In most of the States, the construction of *kutch*a roads formed a major part of expenditure on roads. Since complementary works were not undertaken, these roads remained unused".

10. I. 20 -do-

The Department has replied that it is not considered necessary for the Central Government to lay down percentages for different types of works projected to be undertaken in different areas. The Committee, however, had made their recommendation in the light of Government's own apparent concern about other works *vis-a-vis* roads. It will be good if some system is observed in these matters.

11. I. 21 -do-

The Committee would reiterate their recommendation that before any ambitious schemes entirely financed by the Central Government are launched, projections should be as precise as possible and a fool-proof machinery for implementation should also be set up. Only this can ensure genuine and effective supervision and control over the execution of such schemes.

12. I. 24 -do-

The Committee see no reason why the regular and timely submission of the requisite particulars of the sanctioned projects and also of monthly progress reports was not insisted upon before releasing the necessary funds to the defaulting States under the Crash Scheme for Rural Employment. The Committee are not at all convinced by the reply of Government that "but for the release of funds

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in this manner the progress of implementation would have been greatly hampered". Scrutiny of progress reports would, on the contrary, have helped them in assessing progress and securing further release of funds. It would have also helped in extending necessary guidance to such States as had lagged behind in availing of the central assistance for want of requisite machinery and technical competence.

**13.****1.25**

Min. of Agriculture & Irrigation (Department of Rural Development).

With regard to the difficulties, as mentioned by Government, over collection of details from various works projects and paucity of staff, the Committee are of the view that the solution did not certainly lie in non-submission of progress reports. Indeed, Government should have taken remedial measures in this behalf so as to streamline the procedure for submission of necessary particulars of the projects.

**14.****1.28**

-do-

The Committee are unhappy that the clear recommendation of the Sub-Committee of the Central Committee for Coordination for Rural Development & Employment (October 1971) that specifications suggested by the Sinha Committee should be adopted till these were revised was merely presumed to have been followed by the States and even in December 1971, the letter addressed to State Governments gave no precise instructions in this regard. It was only in March 1972, that the guidelines issued to the States laid down that "the estimates, specifications and all other details shall be in accordance



ance with the same scale and standards as has been laid down for similar works.”

15. 1.29

-do-

The Committee regret very much that conflicting views appear to have been expressed by the Department of Rural Development and the Ministry of Shipping & Transport in regard to prior consultation with the latter Ministry. As pointed out in para 1.57 of 170th Report, the Additional Secretary, Ministry of Agriculture had informed the Committee during evidence that the Director General (Road) of the Ministry of Shipping & Transport had not been consulted about the particular scheme. The Department of Rural Development have now pointed out that they had requested the Ministry of Transport (Road Wing) to revise the guidelines and to prepare a schedule for maintenance. The Manual of rural roads was also to be brought up-to-date by the Road Wing. The Ministry of Transport, however, could not arrange for early revision of specifications for construction of rural roads, which was done somewhat later. The Committee trust that efforts would be made to ensure better cooperation and coordination between different agencies of Government.

16. 1.30

-do-

The Committee are also unhappy to note from the information furnished in respect of 13 States and six Union Territories that a large number of roads were left unfinished in these States on the termination of the Crash Scheme for Rural Employment on 31-3-1974. The total length of such unfinished roads was 23032 kms., completion of which required more than Rs. 59 crores. Further, States like

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- Andhra Pradesh and Bihar which had already invested a major portion of the allocations under the crash scheme on the roads, are among the States which have left the largest number of roads unfinished on 31-4-1974. This is indicative of the fact that projects, particularly the roads, had been taken up in haphazard manner without any relationship to funds available under the Scheme. The Committee can only reiterate their concern that "these roads have been left at a stage at which the chances of their resulting in total infructuous expenditure are very great".
17. 1.31 Min. of Agriculture & Irrigation (Department of Rural Development). The Committee are constrained to observe that even after more than two years of the discontinuance of the Scheme on 1-4-74, Government have not yet been able to collect full information regarding the unfinished roads from all the States. This should be done without delay and the position made known, if only as guidance for the future.
18. 1.32 -do- The Committee would urge Government to take adequate steps, in consultation with the Planning Commission, to ensure that the unfinished roads are completed and opened to traffic at the earliest. Information in this regard should be communicated to the Committee.
19. 1.35 -do- The Committee are surprised to note from the information furnished in respect of 19 States|Union Territories that although 1.32 lakh hectares of minor irrigation were stated to have been created

under the Crash Scheme, the actual increase in irrigated area during the two years (1971-72 & 1972-73) has been of the order of 43,031 hectares only (32.6%). The Committee would like Government to investigate the reasons for the heavy shortfall implied in the figures.

20. 1 38

-do-

It is surprising that instead of furnishing specific information, Government have merely "presumed" that most of the 2264 works, costing less than Rs. 5,000/- had been taken up during the first year of implementation of the Scheme in the States of Assam, Orissa and Tamil Nadu when there was no bar for the State Governments to take up such works. The Committee, however, find from the information now furnished in respect of 12 States/Territories that even from 1972-73 onwards, some States/Territories, like Gujarat, Haryana, Karnataka, Goa, Daman and Diu and Mizoram had taken up works costing less than Rs. 5,000/- in violation of the guidelines. The Committee deplore the apparently irresponsible manner in which replies are sent to their specific recommendations. There seems to have been no proper monitoring and scrutiny of the expenditure in relation to the nature of schemes. Perhaps the State Governments found themselves entirely free to use their discretion and take up any works even in disregard of the instructions issued by the Centre. The Committee would like on principle, that Government should identify all work so undertaken and debit the expenditure incurred in that respect to the States concerned. The final position in this regard should be communicated to the Committee.

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Min. of Agriculture  
& Irrigation (Depart-  
ment of Rural De-  
velopment).

The Committee would reiterate their view that "specific approval" of Parliament, following upon an opportunity for discussion by the Members was imperative before schemes of such magnitude are launched. Government are fully aware of the different modalities in which specific approval of Parliament is obtained. The purpose of the recommendation would not be served by mere inclusion of such schemes in the Budget proposals, as had been done in the case of the Crash Scheme.

22.

1.44

-do-

The Committee are very conscious of the delimitation of powers under the Constitution between the Centre and the States and have always insisted on a happy co-ordination between them in the performance of national tasks. It is on this account that the Committee would draw the special attention of all appropriate authorities to an important aspect of the subject under review. This relates to the fact that separate State Audit Reports, with details of various irregularities, deficiencies and defects noticed in implementation of this Scheme have been submitted by the Comptroller and Auditor General of India to the Governors of the States and have been also presented to the respective Legislatures. Some of these Reports, which have been considered by the State Public Accounts Committees and their Reports presented to the respective State Legislatures are

available. The Committee would very much like the relevant Administrative Departments and the Finance Ministry to study such Reports of the Auditor General and the Reports of the State Public Accounts Committees, not only in a common quest for remedial measures in regard to what has been done or not done earlier, but for essential future guidance in regard to similar schemes.

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