NINETY-FIRST REPORT

PUBLIC ACCOUNTS COMMITTEE (1986-87)

(EIGHTH LOK SABHA)

INTEGRATED RURAL DEVELOPMENT PROGRAMME

MINISTRY OF AGRICULTURE

(DEPARTMENT OF RURAL DEVELOPMENT)

Presented in Lok Sabha on 29 April 1987
Laid in Rajya Sabha on 29 April, 1987

LOK SABHA SECRETARIAT
NEW DELHI

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(1986-87)

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INTRODUCTION

the Chairman of the Public Accounts Committee, as authorised ie Committee, do present on their behalf, this 91st Report on graph 4 of the Report of Comptroller and Auditor General of for the year 1983-84, Union Government (Civil) regarding grated Rural Development Programme.

The Report of the Comptroller and Auditor General of India the year 1983-84, Union Government (Civil) was laid on the Table of the House on 16 May, 1985. The Public Accounts Committee (1985-86) examined the Audit Paragraph at their sittings held on 2 January, 1986, 3 January, 1986, 30 January, 1986 (FN & AN), 31 January, 1986 and 2 April, 1986. This Committee considered and finalised the Report at their sitting held on 20 April, 1987. Minutes of the sittings of the Committee form Part II* of the Report.

3. In this Report, the Committee have desired that a more comprehensive approach to rural development aiming at redesigning the whole rural economy and society aimed at elimination of the exploitation of the poor and providing them with gainful employment whether under public or private sector or self-employment opportunities is required. In order to remove regional imbalances, unemployment and poverty and to have resource mobilisation and wider distribution of income, effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. The Committee have recommended that a first step in this direction all allied programmes and activities the economic infrastructure required for effective implemen- on of these programmes are integrated and brought under one nistry to avoid overlapping and to enable the Government to e an effective control over these programmes. These program- must be an integral part of a single development plan formula- by a single Development Authority and for whose effective im- nentation a single authority is responsible and accountable. It also desired that a beneficiary is covered under only one programme/scheme and given adequate assistance to enable him to cross the poverty line in one-go and on sustained basis.

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4. The Committee have also observed that there should be adequate supervision and business like approach on the part of the Department to ensure that the beneficiaries get the assistance within the specified time and are not subjected to any hardship by the departmental officials and have observed that it is imperative that strict action is taken against the functionaries found involved or indulging in misuse or misappropriation of subsidy.

5. The Committee has deplored that the family oriented IRDP far from being result oriented has ended of being only target or expenditure oriented and has suggested that as the main objective of the IRDP is to enable the beneficiary to cross the poverty line, the Ministry should furnish the information regarding the beneficiaries who have crossed the poverty line.

6. The Committee have also desired that the Government should consider adopting ecologically suitable schemes with high employment potential such as afforestation and social forestry which are essential components of Drought Prone Area Programme in certain States. The Committee have also observed that less capital intensive schemes suitable for generating regular income like spinning and weaving which have a very low level of awareness among the people although these programmes could have been popularised particularly among the female members who could have helped to raise the income level of the family.

7. The Committee has viewed that a conscious effort to promote cooperation between the Central and State levels in the sanction and review of the progress of the IRDP scheme is essential and has recommended that the State Level Committee on IRDP should be strengthened by the inclusion of Members of Parliament and local levels leaders of the State concerned. The Committee has viewed that men of commitment alone should find place in these bodies.

8. The Committee has recommended that senior most officer of the rank of the Chief Secretary working under the direction and guidance of the Chief Minister, should be made overall incharge of the programme in the concerned State.

9. The Committee have recommended increased financial allocation of not less than Rs. 7000—9000 per household for 15 million household and have suggested that if this not possible, the number of households be scaled down as there is no point in fixing targets which are impossible of realisation. The Committee have viewed that the total assistance and manner of implementation should be

such that a household progresses beyond the poverty line in one go and not by resort to a second dose of assistance. The Committee have observed that a programme which do not keep poor household cross the poverty line in one go, can not carry any credibility to its validity.

10. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form as Appendix IV to the Report.

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

12. The Committee would like to express their thanks to the officers of the Ministry of Agriculture (Deptt. of Rural Development) for the cooperation extended by them in giving information to the Committee.

13. The Committee are also thankful to Prof. N. Rath, Gokhale Institute of Politics & Economics, Pune, Shri Katar Singh, Director Institute of Rural Development, Anand and Dr. P. R. Dhubashi, Director Indian Institute of Public Administration, New Delhi for giving their valuable suggestions to the Committee for implementation of this desirable programme.

NEW DELHI;
27 *April*, 1987
7 *Vaisakha*, 1909 (*Saka*)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee

CHAPTER I

INTEGRATED RURAL DEVELOPMENT PROGRAMME

1.1. Para 4 of the Report of the Comptroller and Auditor General of India for the year 1983-84, Union Government (Civil) on which this Report is based is re-produced as Appendix I to the Report.

I. INTRODUCTORY

(a) *Genesis and growth of IRDP*

1.2. The concept of an integrated programme of rural development based on the knowledge of local needs, resource endowments and potentialities was first introduced by the Finance Minister, Government of India, in his budget speech in the Parliament in 1976.

The Government of India thereafter started a programme of Integrated Rural Development in March 1976 in 20 selected districts in the country. The strategy developed for the programme laid emphasis on optimum utilisation of local resources through the purposive inputs of Science and Technology for the benefit of the rural poor. The programme was reviewed in 1978-79 to integrate the methodology and approach of the three major ongoing special programmes of Small Farmers Development Agency, Command Area Development Programme and Drought Prone Area Programme. All the Principal Components of these three programmes were integrated in the new programme of I.R.D.P. which was taken up in 1978-79 in 2300 blocks all over the country-2000 blocks out of 3325 blocks covered by one or more of the ongoing special programmes and 300 blocks outside the special programme area. It was proposed to add 300 new blocks every year for coverage by the programme.

1.3. With effect from 2nd October, 1980 the programme was extended to all the 5011 blocks-5092 blocks in 1983-84 in the country and the ongoing Small Farmers Development Agency (SFDA) scheme was merged with it. Simultaneously, the National Scheme of "Training of Rural Youth for Self Employment" (TRYSEM) launched in July 1979 to train on an average 40 rural youths per annum in each block—both men and women—in skills and entrepreneurship, so as to enable them to seek self employment avocations, was also made a part of the IRDP.

The main objective of IRDP was to raise families in the identified target groups above the 'poverty line' and to create substantial additional oportunities of employment in rural sector. The target group considered of the poorest among the poor in the rural areas—small and marginal farmers, share-croppers, agricultural and non-agricultural labourers, rural artisans and families belonging to the Scheduled Castes|Scheduled Tribes. A family (consisting of five members on an average) whose annual income from all sources was below Rs. 3500 was treated as living below the poverty line.

1.4. Any viable economic activity which was likely to raise the income level of the beneficiary above the poverty line on a lasting basis, could be taken up under the programme—the emphasis being on selecting one or more schemes in which the beneficiary had a genuine interest, training|motivation and for which requisite inputs and marketing facilities were available.

Typical schemes were minor irrigation works (individual and community), supply of milch animals, poultry units, sheep units, piggery units, goats, ducks etc. Assistance was also admissible for taking up activities in the secondary and teritary sectors like setting up of pottery units, carpentry units, repairs and maintenance of workshops, shoe repairing units, tailoring shops, rickshaw pulling etc. The project costs were to be met out of institutional credit and subsidy from the Government. Subsidy was admissible under the IRD Programme for the target group consisting of small farmers (S.F.) marginal farmers (M.F.) landless labourers (L.L) and rural artisans, who were below the poverty line as under:

Category	Rate of subsidy	Upper limit of subsidy
Assistance		
Small farmers	25%	Rs. 3000 in general, R. 4000 in DPAP areas & Rs. 5000 to Scheduled Tribes
Marginal Farmers Agricultural Labourers Rural Artisans and others	33 1/3%	Do.
Scheduled Tribes	50%	Rs. 5000/
Minor irrigation (Community works)	50% of the cost apportionable to small/marginal farmers	Individual ceilings indicated above will also apply
Co-operative Societies of beneficiaries	50%	Do.

The balance of the cost of productive assets has to be arranged as credit from banking institutions on concessional rates

The maximum subsidy that could be given to an individual non-tribal beneficiary is Rs. 4,000 in DPAP areas and Rs. 3,000 in non-DPAP areas. For tribal participants, the ceiling was Rs. 5,000.

1.5. The IRDP was financed partly by subsidy provided by the Government and partly by credit from the banking institutions. Upto 1978-79 cent per cent assistance under the scheme was provided by the Central Government and from 1979-80 onwards the expenditure on subsidy was being shared equally by the Central Government and State Governments.

1.6 When asked whether any evaluation of the on-going programmes before merging these programmes in the Integrated Rural Development Programme was made and if so, what were the impressions of the Government on the performance of those schemes, the Department of Rural Development stated:—

> "There was an evaluation of the small farmers development agency programme by the Programme Evaluation Organisation which came out in 1979. There were also other studies which were location specific. There were similarly a number of studies on DPAP. While these schemes were found to be satisfactory in their spheres, it was thought that there should be a single window for the beneficiaries component and that programmes like DPAP, CAD etc. should concentrate on area development."

To a question whether the programme was successful in 20 districts of the country, the Department replied:

> "A detailed methodology involving drawing up of resource inventories and malady-remedy analysis was initiated in these districts. Thereafter action plans were to be prepared. Out of 20 districts selected under the programme, it could be implemented only in 16 districts. In the meantime the strategy was revised in 1978-79. Hence, the period was too short to draw any conclusion."

1.7 The Department of Rural Development have also informed the Committee that the availability of funds to the extent feasible were taken into account bv the Ministry and the Planning Commission before extending the Integrated Rural Development Programme to all the blocks in the country with effect from 2nd October, 1980.

1.8 The other allied programmes aimed at improving the lot of rural masses are mainly the following.—

(i) The Minimum Needs Programme.

(ii) National Rural Employment Programme (NREP)

(iii) Rural Landless Employment Guarantee Programme (RELEGP)

(iv) Integrated Tribal Development Programme.

(v) Special Component Plan.

(vi) Development of Women and Children in Rural Areas (DWCRA)

(vii) Drought Prone Area Programme (DPAP)

(viii) Desert Development Programme (DDP)

1.9 Asked whether the Government have examined the feasibility and desirability of merging all these programmes, the Department of Rural Development stated that each of these programmes has a distinct focus and it is hardly feasible to merge all these programmes. When this question was put to an economist of Gokhale Institute of Politics and Economics, Pune, he replied:

> "....The public sector will have to generate employment of public works, whereas IRDP is a private enterprise of individual households. There should be a certain degree of integration, but it will be at a more general level.... The basic difficulty in my understanding, is that IRDP supplemented by NREP and RLEGP cannot deliver the goods....My only worry is that this is not a practicable proposition however much one may like it to be so; it is an impracticable proposition."

1.10 In reply to a question as to what is the solution he stated:

> "......We must have a three-pronged attack on resource mobilization, generation of greater employment and wider distribution of income, etc."

The representative further observed:

> **"IRDP is essentially a reflection of this trust that we can to a large extent tackle poverty in this country through generation of self-employment. However, self-employment cannot be generated in those people who do not have**

any assets except their physical capacity and willingness to work. They must have some assets on which they can apply their labour and then be able to generate income. But it must be their own enterprise, whether it is giving a pump or well to a person who has some land, or giving a cow, camel or a camel-cart etc. or a sewing machine to those who have no land. It is a sort of transfer of assets, so that with the help of the asset and the application of their labour they will be able to create something; and they will generate income for themselves."

1.11 However, in this connection the Secretary, Rural Development admitted during evidence that there is fairly a large amount of overlapping and stated :

"......there is fairly a large amount of overlapping. But the point is, they are all targetted for different areas or different groups. They have been evolved because somehow or the other it was felt that a particular group or area was not getting the attention it deserved."

Asked whether all these programmes could be covered under IRDP or any other programme by making separate allocations under various heads, he stated:—

"The moment you give allocation, you will have a separate scheme. The moment you have scheme, you will have a separate budget head. To a large extent, our attempt to go by poverty line in each area is basically aimed at curing regional imbalance."

1.12 In reply to a question whether all these poverty alleviation programmes were being implemented through his Ministry, he clarified:—

"Not at all. Different Ministries are doing various schemes. The Welfare Ministry is implementing the schemes relating to Scheduled Castes and Scheduled Tribes. CAD, Command Area is administered by the Water Resources Ministry. Power and irrigation projects in rural parts are implemented by the Ministry of Irrigation and Power. The Rural Development Department deals with IRDP, NREP, RLEGP, programmes of DDP and DAP."

1.13 When the Committee desired to know about the other programmes which could usefully be handled by the Department of Rural Development, the witness stated:—

"Two things are very important. One is KVIC, Khadi and Village Industries Commission. Majority of the people really come from that sector and they have the institutional backing from KVIC. At present, KVIC is with the Industries Department. I do not want to say anything about my sister Department. But the Industries Department generally sides with the medium and big industries. I would suggest that tiny, village and cottage industries which are connected with KVIC should be under the Rural Development Department."

(b) *Integrated Plan for Rural Development and Poverty Alleviation*

1.14 It has been represented to the Committee on behalf of the Indian Institute of Public Administration that "IRDP is not sufficiently comprehensive and well-integrated programme. What is required is a more comprehensive approach to rural development aiming at re-designing the whole rural economy and society aimed at elimination of the exploitation of the poor and providing them with gainful employment opportunities". It has been brought out further that this planning should be decentralised and it should work out the potentialities and possibilities of development in an area taking into account the local situation. Yet another economist has expressed the view that 'we have a large number of schemes of Rural Development (RD) and Poverty Alleviation (PA) but not one single plan. Our plea would be to include, and to integrate all schemes for RD and PA into a single District Development Plan'. The Committee therefore desired to know the reactions of the Ministry to the conceptual deficiencies in this programme pointed out above and their views on a comprehensive and decentralised planning aiming at redesigning the whole rural economy. In their note the Department of Rural Development have stated:

"The suggestion of IIPA is far from practicable. Rural Development in its totality encompasses a host of activities like health and hygiene, education, sanitation, housing, roads etc., which are currently being handled by a number of departments in the Centre and in the states. It is neither desirable nor feasible to have a single programme for all these activities. In the process the poverty alleviation will lose its focus.

Maximum decentralisation is being attempted under the existing scheme. The power to approve annual action plans under IRDP has now been delegated to the DRDAs. The planning taking into account the potentialities and resources available has been emphasised but it is designed to meet the requirements of IRDP alone and is not intended as a comprehensive plan.

No evaluation study has questioned the basic strategy under the IRDP. They have come out only with certain implementational deficiencies, for rectification of which a number of steps have already been taken."

(C) *SINGLE AGENCY*

1.15 It has been stated in a memorandum furnished to the Committee that if all the departmental/sectoral projects|schemes|programmes at the district level are to be integrated into a single district plan there has to be single agency at the District level with adequate authority to do so. It has, however, to accept certain priorities derived from social economic requirements as perceived at the national and State level. The district plan has to be accommodated within the availability of the financial resources though a certain percentage of plan fund can be made available to the district agency at their discretion. Asked how far Government agree with the above conception of a single agency at the district level, the Ministry of Rural Development stated:

"The High Level Committees set up by the Planning Commission headed by Shri G. V. K. Rao has recommended the concept of an Integrated district planning and creation of a post of District Development Commissioner to look after and coordinate all the Developmental activities in the district. This is under examination."

(D) *ALTERNATIVE APPROACH*

1.16 As an alternative to the existing Rural Development and Poverty alleviation programme a re-orientation of anti-poverty programmes has been suggested in a memorandum so that two different schemes should simultaneously be operated in the rural areas. One Maharashtra's Employment Gurantee Scheme type assured wage employment programme of public works for all who are willing and another IRDP type self-employment schemes. In this scheme a poor house-hold may find wage work most acceptable. There should be ample opportunity for him for doing so. If the assured wage employment programmes are steadily, uninterruptedly implemented for the willing and interested it is reasonable to think that some of them with their better income position would save a little and venture into small house-hold enterprises. There should be a choice available to the poor. And so far as the State is concerned it should provide the opportunity and resources for every poor person to be engaged in one or the other in order to rise above poverty. When the Committee desired to know the reactions of the Ministry to the alternative approach visualised above, the Department of Rural Development stated:

> "The alternative approach suggested by the Public Accounts Committee mainly aims at guaranteed wage employment to help the rural poor rise above the poverty line. In this regard attention is drawn to para 2.51 of the Seventh Plan document which states that effort would be made to implement limited guarantee for providing 80 to 100 days employment to the landless labour house holds through the RLEGP Programme. The issue of merging the programme with the NREP and providing a wider guarantee could be considered at *the mid-term plan review stage.*"

1.17 The Integrated Rural Development Programme was started in March 1976 in 20 selected districts in the country. The strategy adopted for tackling rural poverty by evolving IRDP, the Committee is happy to know, is the best under the prevailing circumstances. The programme was reviewed in 1978-79 to integrate the methodology and approach of the three major on-going special programmes of Small Farmers Development Agency, Command Area Development Programme and Drought Prone Area Programme and a new programme of IRDP was launched in 2,000 blocks out of 3325 blocks. However, the programme was made applicable to all the 5011 blocks in the country on Gandhi Jayanti—2nd October 1980 without any preparatory measures. The Government have now decided to give more emphasis to the programme in the Seventh Five Year Plan. In the Foreword to the Seventh Five Year Plan the Prime Minister had observed: "Anti-poverty programmes are an important element of our strategy. They will be expanded and strengthened in the Seventh Plan. The experience gained in the Sixth Plan will be used to restructure the programmes to improve their effectiveness and to ensure that the benefits flow to those for whom

they are intended." While the Government of India's anxiety to improve rapidly the lot of poorest among the poor is understandable, it is distressing to find that the programme was launched in haste without proper preparatory measures. IRDP was the major and most ambitious one aiming at provision of full employment and raising of the income level of identified target groups comprising families of weaker sections who live below the poverty line, thereby improving their economic status. However, the deficiencies which have been pinpointed below and discussed in subsequent paragraphs indicate the defective approach of the Government in formulating and implementing the programme.

1.18 The basic assumption of the poverty line defined at an income of Rs. 3500 for a family of five members in the rural area was totally unrealistic as it was estimated at that time that the minimum needs of such families would need annual income level of Rs. 4800 per annum.

1.19 An outlay of Rs. 1500 crores was made to cover the expenditure on subsidy to be granted to 15 million families during Sixth Five Year Plan period. The programme had thus built-in constraints, as with the above outlay, an assistance of Rs. 1000 only per family could be provided which was far below the amount of Rs. 7000 to Rs. 9000 estimated by the experts as being required to generate such income to raise the beneficiaries above the poverty line.

1.20 Any viable economic activity which was likely to raise the income level of the beneficiary above the poverty line on a lasting basis could be taken up—the emphasis being on selecting scheme in which the beneficiary had a genuine interest, training and motivation and for which requisite inputs and marketing facilities were available. Non-preparation of Annual Plans/Block plans and non-existence of forward and backward linkages resulted in failures in most of these cases.

1.21 Instructions were issued by the Ministry in August 1979 to all the States/Union Territories to complete the household survey of the blocks during the year 1979-80. Apart from identifying the families below the poverty line, the beneficiaries were to be classified in terms of their annual per capita income groups and production programme for each family was also to be formulated in consultation with the head of family with a view to raising the income level of the family above the poverty line. As is evident this basic measure was not taken in most of the States. For selecting the beneficiaries 'Antyodaya' approach needed to have been followed and the names of all beneficiaries selected should have been entered in a register in Gram Sabha Meeting as is being done in Rajasthan.

1.22 The programme was started without gearing up the organisational set up and District Rural Development Agencies. A number of posts of experts, project officers, specialists etc. and staff which were essential for effective implementation/monitoring of the IRDP were not filled up in time.

1.23 The Committee deprecate that a programme so vital for the uplift of the rural population and involving huge financial outlay was handled in a casual manner, with inbuilt constraints and lack of adequate preparatory steps outlined above. The difficulties arising as a result of inadequate preparatory and supportive measures is discussed in the paragraphs et seg.

1.24 The Committee also note that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Employment Programme, Integrated Tribal Development Programme, Rural Landless Employment Guarantee Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas are also going on in the country. As all these programmes were aimed at the same target groups certain amount of over lap in the coverage of the programmes can not be ruled out. In spite of the fact that these programmes are being implemented through different Ministries, the Secretary, Rural Development admitted during evidence that there is fairly large amount of overlapping. During study tours of the Committee to various States/Union Territories it was suggested that all programmes aimed at poverty alleviation should be merged. In this connection the Department of Rural Development have informed the Committee that each of these programmes has a district focus and it is hardly feasible to merge all these programmes.'

The Committee does not share this view. The Committee would urge that the Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should start as exercise to examine which Department of the Government of India should be brought under a single umbrella to ensure a high level of co-ordination so as to enable the fight against poverty to become more effective at the field level.

1.25 In order to remove regional imbalances, unemployment and poverty and to have resource mobilisation and wider distribution of income, the Committee feel that a more comprehensive approach to rural employment aiming at redesigning the whole rural economy and society aimed at elimination of the exploitation of the poor and providing them with gainful employment whether under public or private sector or self-employment opportunities is required. Effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. As a first step in this direction it is imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes are integrated and brought under one Ministry to avoid overlapping and to enable the Government to have an effective control over these programmes. These must be an integral part of a single development plan formulated by a single Development Authority and for whose effective implementation a single authority is responsible and accountable. It is also desirable that a beneficiary is covered under only one programme/scheme and given adequate assistance to enable him to cross the poverty line in one-go and on sustained basis.

1.26 Moreover, the I.R.D.P. must aim at not merely the individual i.e. (the beneficiary) but the village or group of villages, as a whole. Developmental activities in the village or group of villages, must go hand in hand with that of uplifting the unemployed rural poor. Irrigation canals, Tanks, Link Road, and communications, establishment of Small Scale Industries, Agricultural and Veterinary, Extension programmes, Rural Health and Sanitation, Education, Afforestation and all other developmental activities, must be the arena for the operation of the I.R.D.P.

II. PREPARATORY MEASURES

(a) *Five Year/Annual Plans*

2.1 It was provided that a five year comprehensive/perspective plan which will contain an inventory of local resources will be the basis for identifying the development potential and evolving suitable programmes for assisting the rural poor. Annual action plans based on houehold surveys were also to be prepared. In this connection the Department of Rural Development stated:

> "The individual family plans for all the families of each cluster will become a cluster plan. The cluster plans will collectively become annual block plans and will also reflect the requirement and availability of both institutional credit and subsidies."

2.2 PEO Report stated that the Five Year Perspective Plan as also Annual Plans even in respect of the districts where they were claimed to have been prepared were not being prepared in time and had been delayed considerably. Asked what measures are proposed to be taken to ensure that these plans are prepared in time for the Seventh Plan and annual plans are available before the 7th Plan is launched, the Department of Rural Development stated:

> "All the States have been requested to complete perspective plans by March, 1986. The annual plan for 1986-87 are to be completed before 30-6-86 and for 1987-88 by February, 1987. For the subsequent years annual plans are to be completed in the previous year itself, on the lines envisaged for 1987-88."

2.3 To a question if the preparation of plans in districts should not be made a pre-condition for release of funds, the Ministry replied:

> "This will be considered after watching the performance for one year. It may however be appreciated that the details of Seventh Plan targets and allocations have been finalised only in the meeting of NDC held on 8th and 9th November, 1985 and steps for perspective plans could be initiated only after these were available."

2.4 In his D.O. dated 6 January, 1986, the Secretary Development emphasised the need for smooth running of the implementation of the Programme and desired:

"The outlays for sectoral plans and programmes for the Seventh Plan period are known to the States and Union Territories now. The annual plan for 1986-87 has also been finalised by most States and Union Territories. The planing for the programme of IRD can, therefore, now start on a sure ground. In view of the plan perspective, as outlined in the Seventh Plan document, I would, therefore, request you to take following action to ensure that implementation of the programme runs smoothly in the last four years of the Seventh Plan;

(i) A survey of the families assisted in the last three years of the Sixth Plan should be completed by February, 1986, so that the assistance to the families identified for supplementary assistance can start flowing w.e.f. April 1986 itself, within the target specified for 1986-87;

(ii) Apart from the emphasis on the group approach, which has been indicated earlier also, the adoption of total household approach is very necessary This would mean not only the provision of a total package of benefits and services under different programmes, to the identified households, but also the provision of assistance under IRDP in the form of more than one scheme of assets, if need be, over a period of time. This may be to different members of the household;

(iii) District plans should be prepared with the objective of drawing up project and sub-sectoral profiles based on the local potential and the on going sectoral plans and programmes to identify major potential thrust areas which can be tapped under the IRD Programme. These plans must necessarily integrate sectoral plans so that the support services and backward and forward linkages required for IRDP are available at the time of the economic activities under IRDP are taken up. These plans have to be prepared within the first year of the Seventh Plan i.e. March, 1986.

(iv) Preparation of plans in this manner should rationalise the contribution of the sectoral programmes like the Special Rice Programme, Operation Flood-II Programme for Handloom and Sericulture etc., by directing their focus to the IRDP target group. For instance, the benefits of OF-II should be directed to IRDP beneficiaries who receive milch animal schemes; and

(v) Infrastructure sub-plans should be prepared as an integral part of the district plan mentioned above to ensure proper linkages for the economic activities under IRDP. Inputs supply and market linkages should be given special attention and the plans should not include such activities for which linkages cannot be provided.

(b) *Block Plans/Inventories*

2.5 With a view to achieving the objectives of IRD Programme block plans including a five year development profile for each block was envisaged by the Ministry. This was to be the basis for identifying the development potential and evolving suitable programmes for assisting the rural poor. The block plan was also intended to include a review of the on-going programmes. preparation of sector-wise block development plan, preparation of credit plan, selection of clusters on spatial, functional and other basis. annual plans based on house hold surveys, preparation of family plans for each households. Asked in how many blocks in the country exercise in this regard was completed before launching the Programme in all blocks, the Department of Rural Development replied:

"It is regretted that the Ministry has not compiled this information. It is admitted that the programme has suffered in the absence of such data, hence the need for perspective plans has been emphasised in the VII Plan."

2.6 According to Programme Evaluation Organisation Study 49 per cent of the 33 selected districts had prepared prospective plans, whereas annual plans have been prepared for all the blocks though deficient in many ways. It is stated that in more than half the States, the five year perspective plans had not been attempted. Also, no attempt seemed to have been made to formulate sectoral projects based on these perspective plans. The study has found that from 1982-83, by and large Annual Action Plans were being prepared in the case of all blocks. However, the preparation of cluster plans and their aggregation into block level plans. as per guidelines, had not been done.

(c) *Perspective Plans for the blocks*

2.7 The Programme Evaluation Organisation has also brought out that the plans were not being prepared on the suggested lines and that instead of formulating the Perspective Plans for each of the block based on family and cluster plans, the DRDAs had attempted the district plan first. They had in most cases simply divided the districts level targets, Financial allocations, etc., equally into the existing number of blocks irrespective of the size, incidence of poverty, potential for further development and the levels of development already achieved. The Plans, also had certain other inadequacies such as technical extension, inputs supply and marketing and other infrastructural support for the purpose was not spelled out. The Ministry of Rural Development have informed the Committee that the deficiencies pointed out in PEO's study have been circulated to all State Governments for corrective action.

2.8 It has now been provided in para 3 of the Integrated Rural Development Manual:

"Perspective block plans need to be prepared which should be aggregated and coordinated at the district level into the perspective district plan. The perspective plans should ordinarily contain the following information:—

(i) An inventory of local resources. This inventory should include following items with requisite analytical notes:—

(a) Demographic trends and human resources;

(b) Area and location specific resource data.

(c) Economic activities with details of institutions engaged in these activities.

(d) Social and institutional infrastructure including the status of voluntary action groups.

(ii) Information about the ongoing programmes, both under plan and non-plan Schemes. This should contain an analysis of the potential of these programme in terms of offering opportunities for economically viable activities either through creation of direct employment opportunities or through provision of backward/forward linkage and infrastructural support.

(iii) Assessment of the likely activities under the programme of the development departments in the next five years.

(iv) Impact of the Sixth Plan IRDP activities on the economic environment.

This information should be analysed to give broad indications of the sector(s) of the economy which are capable of throwing up employment opportunities. This should also be used to identify gaps in infrastructures and the departments and programme which can fill up these gaps. The Perspective Plans should be scrutinised, approved and adopted by the Governing Body of the District Rural Development Agency."

2.9 As the main objective of IRDP was to raise families in the identified target groups above the 'poverty line' and to create substantial additional opportunities of employment in rural sector, the Committee desired to know whether the number of families living below the poverty line was ascertained prior to launching the IRDP in all the blocks in the country. The Department of Rural Development has stated in this regard as under:

"The blockwise figures of families below the poverty line are not available. The Government of India have only Statewise figures of poverty line which emerged from the 32 round of NS Survey of 1977-78. Since only a limited number of families were to be assisted and keeping in view the resources available a household survey of all the blocks was not felt necessary."

In this connection, Secretary, Rural Dévelopment stated during evidence:

"In the NSS data 1977-78, 32nd round they made consumer expenditure survey. That round gave, a figure of 61.5 percent of the population below the poverty line. According to the estimates by the Perspective Planning Division at the base year of the Sixth Five Year Plan i.e. 1979-80 the figure went up slightly—53.3 percent. It is a projected figure....The trend rate of growth from 1960 to 1975 is given in the World Bank document. It was given as 3.9 to 4 per cent."

2.10 Giving further details of impact of IRDP on poverty he stated:

"In 1983-84 we had the 38th round of the NSS. The consumer Survey figure shows 40.4 per cent of the rural population below poverty line....When you come to the 6th plan, the rate of growth is 5.2 and it is a fairly good growth rate. Even with 5.2 growth rate, with skewed income distribution flow of benefit is likely to be uneven and inequitable to have a direct attack on poverty.".

2.11 Commenting on the magnitude of the problem, he stated:—

"I will not claim that 11 per cent fall in poverty situation is only due to IRDP. It is a contributory factors.... We have assisted 16.5 million people. It (poverty) is above 80 million people. . . . If we take 51 million persons having crossed the poverty line, you say 40 per cent have crossed the poverty line roughly 6 million families must have crossed the poverty line according to IRDP. If 6 million crossed the poverty line then we created 2203 million mandays of employment through NREP and RLEGP. 36-37 million people out of 51 million can be easily accounted for by this direct approach. This is my calculation. Looking at all this, we can say that at least 35 million people must have gone above the poverty line through the direct impact of our activities."

2.12 However, according to the VII Five Year Plan document, the number of persons who would have crossed the Income level of Rs. 3500 according to certain studies would not exceed around 40 per cent although additional income have accrued in case of 55 to 90 per cent of the beneficiaries varied assessments have come from different institutes Various studies conducted in this regard have brought out that 17 per cent to 49 per cent of the families have crossed the poverty line. In this connection one of the Economist has stated that at the end of 7 years of operation of Integrated Rural Development Programme only 3 per cent of the poor were helped to live above poverty line, even if for a while only.

2.13 Later on, it was also admitted that the Planning process failed to make a major dent on poverty because of uneven distribution of income and consumption. Therefore, a direct attack should be made to bring the poverty line below 28 per cent by the end of Seventh Plan and below 10 per cent by 1994-95.

2.14 Asked as to how the poverty line was determined the Department of Rural Development stated:

> "Instructions regarding conduct of household survey of families below the poverty line were issued in August 1979. The poverty line was determined at the level of Rs. 3500/- per annum per family. This was based on an income of Rs. 62.00 per head per month. It was related to the minimum calories required for a rural family."

(d) *Selection of beneficiaries*

2.15 According to guidelines for identification of beneficiaries household survey was to be carried out and on an average, 600 families in a block in a year and at least 3,000 families per block during the Sixth Five Year Plan were to be assisted, the target being to assist at least 15 million families in the country. The survey was to cover every family assisted under IRDP during the first two years of the Sixth Five Year Plan. As per para 2.8 of the IRDP manual the families, after completing the household survey, were to be classified on the basis of their annual income in the following manner:

Income Group (Annual income in Rs.) (No. of families.

0 — 1500

1501 — 2500

2501 -- 3500

Families falling in the lowest income group were to be covered first for providing assistance under the IRDP In this connection, the Department of Rural Development have informed the Committee as under:—

> "According to the initial guidelines issued by the Government of India, a comprehensive household survey was to be conducted in 300 blocks being selected annually from non-special programme areas under the then scheme of Area Planning for full employment. In other blocks viz. 2000 selected from the blocks covered by special programmes of SFDA, DPAP, CAD, the growth centre of cluster approach was to be adopted and the beneficiaries were to be selected from a group of adjacent villages. The families were first to be screened on the basis of land holdings and other economic indicator. However, before selecting the family for assistance its eligibility

and economic status was to be verified from the village assembly. After extension of IRDP to all the blocks in the country, this procedure was reviewed and fresh guidelines issued. It was felt that on an average there would be about 8000—10000 families below the poverty line in a block whereas we envisaged to cover only 3000 families per block over a period of 5 years. It was feared that by the time entire block is covered the data collected in the survey would have become out-dated and therefore un-usable. Besides a survey of this type may also raise hopes in the minds of the families which we will be unable to fulfil at least immediately. In the light of these considerations it was decided that the comprehensive household survey should be confined to 800 blocks selected under Area Planning. In the case of others instead of conducting comprehensive surveys a survey of families in the identified clusters only may be undertaken Such surveys could be done either annually or for one or two years at stretch if it was felt that such advance surveys would be conducive to the effective implementation of the programme. In fact it would be unrealistic to expect that comprehensive surveys could be completed in the entire blocks before launching the Programme."

2.16 The Secretary, Rural Development admitted during evidence that the major weakness in this whole programme is the improper selection of beneficiaries. According to the Planning Commission's Sample Survey Report about 26 per cent beneficiaries were found to be ineligible whereas figures by NABARD and RBI are 15 per cent and 18 per cent respectively. In this connection, he suggested that if the list of beneficiaries is prepared by the village level workers (VLW) and is vetted by a public meeting in the village, that to a large extent will eliminate the process of wrong selection. He further stated that the benefit would be given after consultation with the beneficiaries and his aptitude would be one of the criteria In this way, Government is trying to avoid bureaucratisation and politicalisation and that is why a *via media*, i.e., vetting by the public meeting is being insisted upon in selection of the beneficiaries. In reply to a question as to why they have not conducted house to house survey, Secretary stated that to have a complete house to house survey is a very difficult task

In this regard the Department of Rural Development stated:

"Only w.e.f. 3-2-1981 the survey was extended to all the blocks in a more simplified form confined to identified clusters. It was expected that submission of list of beneficiaries to Gram Sabha will ensure that ineligible beneficiaries are not included. Most of the States have now completed the survey. But the Ministry has not compiled the information regarding the data of conduct and completion of surveys. In some States the surveys were being conducted every year."

2.17 Sector-wise distribution of beneficiaries during VI Plan, as given by the Ministry of Rural Development is as under:

Year	Primary Sector	Secondary Sector	Teritiary Sector
1980-81 . .	93.56%	2.32%	4.12%
1981-82 . .	83.02%	4.92%	12.06%
1982-83 . .	68.70%	16.70%	15.60%
1983-84 . .	58.09%	13.02%	27.09%
1984-85 . .	54.50%	15.70%	29.80%

2.18 According to the Manual on IRDP it has now been provided that the identification of the eligible families through a detailed household survey to assess the income should be done. This survey should cover all the families seemingly poor in the village. The surveyed families should broadly be categorised into three income groups i.e. upto Rs. 2250, Rs. 2251 to Rs. 3500 and Rs. 3501 to Rs. 4800. Thereafter, the following procedure should be adopted for the selection:—

(i) The list of the poorest of the poor families should be prepared by the VLW/Block staff.

(ii) The said list should, then be placed for approval in the meeting of the Village Assembly (Gram Sabha). This meeting should be called by the Bolck Development Officer.

(iii) The Village Assembly should be attended by the local people, non-officials, block officers and bank officers

Prominent voluntary action groups etc. should also be associated with these meetings.

(iv) The list of the beneficiaries finally selected in this Village Assembly should be displayed on the notice board of the Village Panchayat and the Block Office.

In case, any dispute is raised regarding any name in the final list, it should be decided by the Project Director, District Rural Development Agency in consultation with the Block Development Officer.

In addition to the above measures it is also provided to display on Notice Board the money disbursed to the beneficiaries as subsidy and loans, the item for which the assistance is to be used as well as the date of receipt of application and of sanctioning subsidy and loans.

2.19 During the VIIth Plan additional measures are being taken to involve the voluntary agencies in order to increase the people's participation. A new scheme called the 'Organization of beneficiaries' is also on the anvil. as a programme for conscientious beneficiaries about their rights etc. This has been replaced by selectivity based on the number of persons below the poverty line in the VII Plan in the first two years, however, the allocation to various States will be 50 per cent on the basis of uniformity and 50 per cent on the basis of selectivity.

2.20 The Department on Rural Development have stated as under regarding coverage of beneficiaries:

"The number of poor families assisted under the IRDP during the VIth Plan was 16.56 million which exceeded the target of 15.0 million families, recording 109 per cent achievement.... A target of 4.5 million SC/ST families was set for the VIth Plan. The coverage of SC/ST has been very appreciable, as it was more than 30 per cent in all the years of the VIth Plan excepting the first year i.e. 1980-81 in which the coverage was 29 per cent. The number of SC/ST families assisted during the Plan period was 39 per cent."

2.21 With a view to achieving the objectives of IRDP, block plans including a 5-year development profile for each block was envisaged by the Department of Rural Development. This was to be the basis for identifying the development potential and evolving suitable programmes for assisting the rural poor. The block plan was also intended to include review of the on-going programmes, preparation of

basis, annual plans based on household surveys, preparation of family basis, annual plans based on household surveys, preparation of family/ plans for each household. It is disquieting to note from the study made by the Programme Evaluation Organisation that in more than half of the States, the 5-year perspective plans had not been attempted. Also, no attempt seemed to have been made to formulate sectoral projects based on these perspective plans. According to this study 49% of the 33 selected districts had prepared perspective plans whereas annual plans have been prepared for all the blocks though deficient in many ways. The Five Year Plans as also annual plans even in respect of the districts where they were claimed to have been prepared were not being prepared in time and had been delayed considerably. The preparation of cluster plans, their aggregation into block level plans, as per guidelines, had also not been done.

2.22 The Committee are surprised to note the reply of the Department of Rural Development that the individual family plans for all the families of each cluster will become a cluster plan. The cluster plans will collectively become annual block plans and will reflect the requirements and availability of both institutional credit and subsidies.

2.23 Instead of formulating the perspective plans for each of the block based on family and cluster plans the DRDAs had attempted the district plan first and had in most cases simply divided the district level targets, final allocations etc equally into the existing number of blocks irrespective of its size, incidence of poverty, potential for further development and the levels of development al ready achieved. The Ministry of Agriculture had admitted that the programme had suffered on account of the above approach and hence the need for perspective plans. This approach should have been adopted since very inception.

2.24 In this regard, the Secretary, Rural Development in his D.O. dated 6 January, 1986 emphasised the need for preparation of district plans with objective of drawing up project and sub sectoral profiles based on the local potentials and the on-going sectoral plans and programmes to identify major potential thrust areas which could be tapped under the IRD Programme. These district plans must necessarily integrate sectoral plans so that the support services and backward and forward linkages required are available at the time of the economic activities taken under IRDP. These plans were to be prepared by March 1986. The deficiencies pointed out in PEO's study evaluation have also been circulated to all the State Governments for corrective action. The Committee would like to know the latest position in regard to the preparation of perspective Five Year/annual Plans and desire that preparation of plans in districts should be made a pre-condition for release of funds in future.

2.25 One of the main objectives of Integrated Rural Development Programme was to raise the families in the target groups above the poverty line—income level of Rs. 3500 and to create substantial additional opportunities of employment in rural sector. It is surprising that the Government of India instead of having block-wise figures of families below the poverty line relied upon the State-wise figures of families which emerged from the 32nd round of National Sample Survey of 1977-78. The Department of Rural Development informed the Committee that the rural population below poverty line rose from 51.5 per cent in 1977-78 to 53.3 per cent at the base year of the Sixth Five Year Plan and then came down to 40.4% in 1983-84 in the 38th round of National Sample Survey The Secretary, Rural Development admitted during evidence that this 11 per cent fall in poverty situation was not merely due to IRDP but on account of other developmental programmes also. He however, claimed that they had assisted about 16.5 million people in the implementation of the programme However, different organisations/economists are not unanimous on this issue and gave conflicting figures According to the Seventh Five year Plan document the number of persons who would have crossed the income level of Rs. 3500 would not exceed around 40%. Various studies conducted in this regard have brought out that 17—49% of the families have crossed poverty-line In this connection one of the economist has said that at the end of 7 years of operation of the programme only 3% of the poor would have been helped to live above poverty line and that too for a while only. All this is due to non identification of families living below the poverty line. But it is obvious that the programme has fallen short in achievement of its objectives.

The Secretary, Rural Development suggested that a direct attack is required to be made to bring the persons living below the poverty line to 28% by the end of Seventh Plan and to 10% by 1994-95. The Committee are of the view that combined and concerted efforts by the State/Union Governments and the district level functionaries are needed to achieve this objective.

2.26 According to guidelines for identification of beneficiaries, household survey was to be carried out and on an average, 600 families in a block in a year and atleast 3000 families per block during the Sixth Five Year Plan were to be assisted, the target being to assist atleast 15 million families in the country. The survey was to cover every family assisted under IRDP during the first two years of the Sixth Five Year Plan and after completing the house-hold survey the families were to be classified in 3 groups (0—1500; 1501—2500 and 2501—3500) on the basis of their annual income. The families were first to be screened on the basis of land holdings and other economic indicator and before selecting the families for assistance their eligibility and economic status was to be verified from the village assembly. The families falling in the lowest income group were to be covered first for providing assistance under the programme. The Ministry of Rural Development have intimated that there were about 8,000 to 10,000 families below the poverty line in a block whereas they envisaged to cover only 3,000 families per block over a period of 5 years. The Committee are distressed to find that only due to the mere apprehension that the data collected in the survey would become out-dated and obsolete by the time the entire block was covered and by doing survey in the whole block they would be raising hopes in the minds of all the families, the Government decided to confine the comprehensive survey to 800 blocks only and in the case of other blocks survey of families in the identified clusters was undertaken. The Committee would like to know whether comprehensive survey was completed in the above 800 blocks and clusters of poor families identified and if so, full details be furnished to them.

2.27 The fact that beneficiaries were selected without any survey indicate the casual approach of the Government in the matter. Non-identification of beneficiaries has resulted in, as admitted by the Secretary, Rural Development also, the improper selection of beneficiaries. According to Planning Commission's Sample Survey Report about 26 per cent beneficiaries were found to be ineligible whereas figures by NABARD and RBI are 15% and 18% respectively. In this connection, the Secretary, Rural Development suggested that if the list of beneficiaries is prepared by the village level workers and is vetted by public meeting in the village, that to a large extent can eliminate the process of wrong selection of beneficiaries.

2.28 The Committee note that it has now been decided that the identification of the eligible families will be done through a detailed house-hold survey of all the families seemingly poor in the village to assess their income. The surveyed families are then to be

categorised into 3 income groups i.e. upto Rs. 2250. Rs. 2251—3500 and Rs. 3501-4800. The Lists of these poor families prepared by the village level worker/block staff, after approval in the meeting of the village assembly, is to be displayed on the notice board of the village panchayat and the block office. Additional measures are also being taken during Seventh Plan to involve the voluntary agencies in order to increase the peoples' participation through a new scheme called 'Organisation of beneficiaries' to make the beneficiaries conscientious of their rights. The Committee would like to know whether the detailed household survey to identify the eligible families have been completed in all the States/Union Territories and if so, whether the details in this regard have been received/analysed in the Department of Rural Development. The Committee hardly need to point out that the list of the poorest of the poor families should be completed each year before the commencement of the financial year and details of these families entered into a central register, as is being done in the State of Rajasthan, to ensure that no changes are made in the list at a later stage. The beneficiaries should be identified on the basis of household survey and the estimation of net per capita income per annum. The surveyors should also be given proper training in the skill of working out correct net income of the beneficiaries and provided with guidelines/norms indicating the estimated income from different activities/schemes. The household survey work should be test checked by the representatives from Statistics Department. Correctness of surveys is an important factors in the successful implementation of the scheme.

III. FINANCIAL OUTLAY & PROGRESS

(a) Financial Outlay—Allocations in Sixth Plan & per capita investment

3.1 While the ceiling of subsidy ranged between Rs. 3,000 and Rs. 5,000 per beneficiary, during the Sixth Plan period, the outlay provided by the Ministry to be shared equally by the Central/State Governments was Rs. 1500 crores with which subsidy of Rs. 1000 could only be provided to each of the targeted 15 million families. Adding to it the credit assistance envisaged, each beneficiary could at the most, avail of a total assistance of Rs. 4,000.

3.2 In December, 1984, the Ministry stated that in the initial years 1978-79 and 1979-80, the targets were fixed on the assumption of an average investment of Rs. 1,250 per beneficiary. It was further stated that the outlay and targets were fixed by the Planning Commission and resources constraints and the limited absorbing capacity of the target group families were the reason for providing insufficient outlay.

3.3 The Ministry, *inter-alia*, stated (January 1985) that the constraints of resources was unexceptionable and it would not be feasible to allocate all the funds for one scheme.

3.4 All India per capita investment (subsidy and loan) during the years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83 and 1983-84 was Rs. 1,514, Rs. 1,213, Rs. 1,642, Rs. 2,698, Rs. 3,107 and Rs. 3,201 respectively. Against this, the per capita investment in Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Meghalaya, Orissa, West Bengal and Chandigarh was generally very low. In Uttar Pradesh, 12.54 lakh beneficiaries were provided with a nominal assistance ranging from Rs. 173 to Rs. 220 only for petty items like storage bins, agricultural inputs and agricultural demonstrations.

3.5 The Ministry had itself felt that investment of Rs. 3000 would not generate enough incremental income to raise the beneficiary families above the poverty line. Estimates of the experts indicated that an investment of Rs. 7,000 to Rs. 9,000 would be required to generate such income. In view of the above, the expenditure of Rs. 1302.03 crores (upto 1983-84 incurred by the Central/State Governments since 1978-79 appeared to be quite inadequate to serve the purpose of raising the poorest among the poor above the poverty line — the end objective of the scheme. However the Department of Rural Development have in another note stated that the total expenditure incurred on the implementation of the Programme during Sixth Plan period for 16.56 million families assisted amounted to Rs. 1661.80 crores.

Allocation of funds in Sixth Plan

3.6 A uniform allocation of Rs. 35 lakhs was made available for each block during the Sixth Plan period for providing subsidy and also to meet expenses on essential infrastructural development, administrative cost and TRYSEM. Thus, an amount of Rs. 1,167 only, out of the above allocation, was available as subsidy to each of the 3,000 families to be assisted during the Sixth Plan period in block.

3.7 In this connection the Secretary, Rural Development stated during evidence:

> "....in the Sixth Plan, — first year it started with Rs. 5 lakhs, next year it became Rs. 6 lakhs and in the next three years, it became Rs. 8 lakhs each year. And the rationale behind that is, it will take care of the time that will initially be taken in every district block by identifying all eligible beneficiaries and for building up of organisation etc. as also for gradually building up of the programme. So they started with Rs. 5 lakhs and it went upto Rs. 8 lakhs. Now this issue of the flat rate of funding per block created a bit of a problem...... Now the problem arose because after the Community Development policy by and large was formulated particularly in the very strong revenue administration States which are following the Community Development pattern, there the blocks became talukhs. For example in Maharashtra and Karnataka with much larger population the blocks became talukhs. But in other States— some of the States which never had a strong revenue administration, the Community Development policy really brought down the administration below the level of Subdivision. There is no rationality in the unit of blocks. As a result in Maharashtra and in Karnataka and also in some other places, the block consisted even 1.5 lakhs to

2.5 lakhs. There are cases where the blocks only have 30,000 to 60,000 people. This irrationality comes under constant criticism."

Elaborating the point further, the witness stated:

> "....There are some other rational items which have to be taken up. Therefore, what we thought, in fact in consultation with the States to a large extent is that in 1983-84, we have got the new poverty ratio for the States.... It will be on that basis that we will allocate funds. But if we would have done immediately at the beginning of the Seventh Five Year Plan then it would have created problems for many of the States in administrative infrastructure which have already been built into it by the drastic reduction in the first year or so.... Therefore it was decided that the first two years will be the basis for the number of block as they stood on the 31st March, 1985 will give half the amount on the basis of the block, that is, instead of Rs. 8 lakhs, Rs. 4 lakhs will go on a block basis, the remaining Rs. 4 lakhs will be on the basis of the incidence of poverty in the States. That is how we have tried to develop and after two years, that means after 1986-87, it will go entirely into the incidence of poverty and the linkage of the blocks will go. These are the two major advances made."

3.8 Asked whether the States were consulted before making the changes mentioned above, the witness stated that 'it was done as a part of the annual Plan exercise, in the Planning Commission, and that has the general approval of the States.' To a question whether the states were told before it was mentioned in the draft of outline of the Seventh Plan, he replied:

> "It is therein the Seventh Plan document.... The idea was broached in the discussions with the States, then it was there in the approach Paper, which was prepared for the Seventh Plan, and it was approved by the National Development Council. So it has the approval of the States."

3.9 According to the 38th round of NSSO for the year 1983-84 which has been updated by the Planning Commission for 1984-85 to keep as the base for the Seventh Plan, the poverty line has been given at Rs. 6400/- for a family of 5 per annum. In this connection the Secretary, Rural Development stated during evidence:

"....The figure for the 7th Plan is Rs. 6400 projected on the basis of 1983-84 figure *i.e.* 101 point something per capita p.m. consumption for 2400 calorie intake. Poverty line figure does not include expenditure on health, education and housing. It is 2400 calorie in the rural area and 2100 in the urban area."

3.10 The witness informed the Committee that there are 44 million households at the base year of 7th Plan. Fractile division on the basis of poverty line it would be as under during the Seventh Plan:

Division	Population
0 — 2265	1 million and odd households
2266 — 3500	6 million and odd
3501 — 4800	13 million and odd
4801 — 6400	20 million and odd

3.11 Explaining the policy of the Government for helping the beneficiaries, he stated:

"....The policy is to help a family to an extent by micro package of micro investment which will enable it to not only cross poverty line but also to stay on above it. It is not just like a racket going up and coming down. This is to be covered from the mid point of the destitute income slap to Rs. 64,00, the figure would be roughly Rs. 5268. Income should be generated adequately so that they could come above the poverty line. The main factor that determines the investment quantum would be assumption regarding capital-output ratio. In the 6th Plan, there was a general assumption of capital-output ratio of 1 : 1.5. There was a lot of controversy whether that was correct or not.... As far as I know, the Planning Commission has made an assumption of 2.7 as the capital-output ratio. Now, the point would be how to generate income of Rs. 5268. Therefore, it would be about Rs. 14,000 or Rs. 13,000 investment. That is the assumption."

3.12 Commenting on the absorbing capacity of the destitute, he said:

"A lot of controversy also come in about the absorbing capacity of the poor, the real destitute. But the absorption need not be in one dose. We are not giving him once for all and then running away. The absorption can be built in them gradually. That is why, the concept of family is evolved and the concept of multiple assets within the package and the concept of enabling each member of the family to earn something is evolved. In this category of families, almost all members participate in the work. So, a totality can be done."

3.13 Speaking on the magnitude of the problem, he confessed:

"......The distribution actually in each fractile is not properly known. Anyway, this has to be gone back and tested on the ground and found out. For the macro level, it has given us a fairly good indication, the magnitude that is required. In the lowest fractile, if you take conservative view, 10,000—13,000 or 14,000 could be the range. The second fractile will be again 7000—9000. The third fractile 4,000—6,000. The fourth fractile will be 2,000—3,000. This is the magnitude. All depends on the availability of finance."

3.14 To a question as to why there should be a limitation for granting loan if a particular scheme requires more money than the limited amount, he stated that there was no limitation as such. However, banks were giving loans on the basis of 1 : 2 ratio and from bankers' point of view this limit should not be increased substantially. The witness stated that he would be happy if the PAC recommended alteration to the above ratio to enable the whole family to participate and cross the poverty line within the period of maturity of the loan. He informed the Committee that the subsidy limit still remained Rs. 3000 for general category, Rs. 4000 for DPAP areas and Rs. 5000 for SC and ST. At 1 : 2 ratio the total amount comes to Rs. 9000 in case of Rs. 3000 subsidy, and Rs. 12000 and Rs. 15000 in case of subsidy of Rs. 4000 and Rs. 5000. However, the Government are internally trying to raise this limit.

3.15 In this connection the representative of Planning Commission deposed before the Committee that the (average) level of subsidy in the Sixth Plan was Rs. 1000 whereas it is kept at Rs. 1333 in the Seventh Plan.

(b) *Allocation in Seventh Plan*

3.16 The total expenditure incurred on the implementation of the Programme during Sixth Plan period amounted to Rs. 1661.80

crores. It has been stated in a memorandum that keeping in view the colossal problem of rural poverty and the great urgency for its alleviation with the shortest possible time, it will be necessary to step up the financial outlays under the IRDP for the Seventh Five Year Plan. In this context, the ability of the administration to ensure proper utilisation of the funds has also to be taken into account.

3.17 The total allocation for IRDP and the other poverty alleviation programmes including the States' share is going to be Rs. 9074.22 crores for the VII Plan. An outlay of Rs. 3473.99 crores has been allocated for IRDP and allied programmes in the plan in the Central Sector to be matched by an equal amount by the States. This includes subsidy for the main programmes funds for infrastructure, training stipends etc. to the extent of 20 per cent of subsidy funds etc.

3.18 As the Secretary, Rural Development had stated during evidence that the Government propose to make a direct attack to push the poverty line below 28 per cent by the end of Seventh Plan and below 10 per cent by 1994-95, the Committee desired to know whether an outlay of Rs. 3473.99 crores for IRDP and allied programme was sufficient to achieve the objective. The witness stated:

> "Any administrative department will never be satisfied with any outlay. I will submit there are two points here. Firstly, the plan outlays given are basically indicative. Allocation takes place on the basis of annual plan exercise........Obviously, the annual plan exercise will certainly take care of it......Secondly, another submission is that the rate of growth is higher than 5 per cent, that is assumed. That may also have some impact on the totality of poverty situation. Thirdly, apart from these programmes that we handle in our Department, there are other ameliorative measures in other Departments also. The totality of these schemes together is likely to create an impact and we do feel that it is possible for us to achieve 28 per cent."

3.19 According to the original study of the Study Group of the Integrated Rural Development Programme at a global approach it was expected that four thousand five hundred families per block would be covered during the plan period. For that purpose it was estimated that an amount of Rs. 5700 crores would be required.

Asked whether the proposed allocations were not far below the estimates, the Secretary, Rural Development, replied:

> "This is only an indicative figure. In the annual plan exercise they take into account various other facts and the figures get revised. It happened in the 6th Plan also. We crossed the Rs. 1500 crores mark. Now also I hope and trust that depending on the situation the figure may get changed."

Elaborating the point further he stated:

> "The allocation is made on the basis of the resources available at a particular point of time. It does not mean that it is absolutely an unchangeable figure. It does not change as the Plan Progresses. The Study Group fixes the norm, it says what the things should be. But depending upon the availability of money, funds are given. There may be changes as it happened in the 6th Plan."

3.20 In order to strengthen his views he drew the attention of the Committee to the following forward to the Seventh Plan by the Prime Minister:—

> "Anti-poverty programmes are an important element of our strategy. They will be extended and strengthened in the Seventh Plan. The experience gained in the Sixth Plan will be used to restructure the programme, to improve the effectiveness and to ensure that the benefits flow to those for whom they are intended."

In this regard he stated:

> "This little paragraph is a mandate to all of us, whether in the Planning Commission or in the Ministry......I can only submit on behalf of the Department that we are very happy to have more investment if it is possible within the overall resource constraint that is there."

3.21 In this connection, the representative of the Planning Commission stated:

> "Planning Commission did favour an increase in the subsidy level. But a final view about the total investment will be taken after the first two years of the Seventh Plan and not in the beginning of the Plan itself. While doing so, we are also conscious that the report of the G.V.K. Rao

Committee will help us in strengthening the block level administration, stop leakages, etc. After that time, *i.e.* two years, the programme would get more consolidated."

3.22 In reply to a question as to why target should not be reduced keeping in view the limited resources at the disposal of the Ministry, the Secretary, Rural Development, deposed that "the moment the target is reduced *ipso facto* the allocation gets reduced and if allocation gets reduced then the whole thing gets reduced."

3.23 The increamental capital output ratio has been calculated and given by the Planning Commission 2.70 as ICOR instead of 1.5. The point line of poverty to be crossed during VII Plan has also gone up from Rs. 3500 to Rs. 6400 and is likely to go up still higher during the Plan. The Committee therefore desired to know how the Government proposed to achieve the targets. The Secretary, Rural Development stated:

> "The fluctuating line will make it very difficult for anybody to operate it. The distance is to be covered is Rs. 5268 in the lowest grade that is to generate that incremental income at the ICOR of 2.70, almost three times capital; that means roughly about Rs. 13,000 Rs. 14,000 may be required...... Perhaps it may not be 13,000 or 14,000, but could be 11,000, or 10,000. In the last year of the Sixth Five Year Plan, the average investment was roughly Rs. 3339 per family and on that basis, the Planning Commission had calculated Rs. 4000. Had the poverty line remained at Rs. 3,500, that would possibly have been correct. But, in the meanwhile, the line has gone up."

3.24 However, the Department of Rural Development have informed the Committee that net outlay for IRDP including Central and State is only Rs. 2358.81 crores. The outlay of Rs. 3473.99 crores is for IRDP, Desert Development Programme, TRYSEM and DWCRA.

3.25 Details of total allocations, Central releases, expenditure, credit mobilised and number of beneficiaries targetted and actually assisted during the Sixth Five Year Plan is at Appendix II.

3.26 The Committee note that against the ceiling of subsidy [illegible] between Rs. 3000 and Rs. 5000 per beneficiary during the 6th Plan period, the outlay provided by the Ministry to be shared equally by the Central/State Governments was Rs. 1500 crores with which [illegible] subsidy of Rs. 1000 could only be provided to each of the targetted 15 million families. Estimates of the experts indicated that an investment of Rs. 7000 to Rs. 9000 was required to generate such income as to bring a family above the poverty line. The Department of Rural Development had itself admitted that an investment (i.e. subsidy+credit) of Rs. 3000 as contemplated was not sufficient to create enough incremental income to raise a beneficiary above the poverty line on a lasting basis. The Committee would like to know the basis on which the Government had arrived at a decision to give subsidy between Rs. 3000-5000 (against the expert advice of an investment of Rs. 7000-9000). The main thrust of the scheme should have been to endow the poor with an asset and/or skill which will enable them to earn a decent livelihood of their own instead of perpetually depending on public intervention in the form of the so-called special scheme for the weaker sections. While formulating the scheme the Government have not taken into account the inadequate facility of infrastructure development needs for the enterprises like lack of all weather roads, veterinary and repair services, electricity, marketing, outlets at the village level, shortage of supply of inputs and demands for outputs. The Committee are unable to appreciate why such inbuilt constraints were not taken into account while formulating the scheme.

3.27 It is also seen from the Audit paragraph that All India per capita investment consisting of subsidy and loan during the years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83 and 1983-84 was Rs. 1514, Rs. 1213, Rs 1642, Rs. 2698, Rs. 3107 and Rs. 3201. Against this the per capital investment in Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Meghalaya; Orissa, West Bengal and Chandigarh was very low and in Uttar Pradesh 12.54 lakhs beneficiaries were provided with a meagre assistance ranging from Rs. 173 to Rs. 220 only for petty items like storage bins, agricultural inputs and agricultural demonstrations. During their study tour to Orissa, the Committee were informed by the State officials that not even a single beneficiary was able to cross the poverty line during Sixth Plan. The Committee would like to know the reasons for making such a low investment in these states particularly when the Government had themselves decided to invest at least Rs. 3000—5000 per beneficiary. In the opinion of the Committee the expenditure of Rs. 1661.17 crores incurred by the Central/State Governments during Sixth Plan had not yielded tangible results. In addition, credit of Rs. 3101.61 crores did not serve the purpose for which these were sanctioned.

3.28 A uniform allocation of Rs. 35 lakhs was made for each block irrespective of the number of target population in that block for providing subsidy and also to meet expenses on essential infrastructure development, administrative cost and TRYSEM. Only an amount of Rs. 1167 out of above allocations was available as subsidy to each of the 3000 families to be assisted during the Sixth Plan period. In this connection, the Secretary, Rural Development stated during evidence that the Government, in consultation with the State Governments to a large extent have devised a new poverty ratio for the various States and it would be on this basis that the funds would be allotted. To avoid problems in most of the States it was decided that for the first 2 years half of the funds, i.e., Rs. 4 lakhs would be allotted on the basis of the number of blocks as they stood on 31 March, 1985 and the remaining Rs. 4 lakhs would be on the basis of the incidence of poverty in the States. After 1986-87, the funds would be allotted entirely according to the incidence of the poverty and the linkage of the funds to the blocks would be done away with. The Committee would like to be apprised of the latest position in this regard.

3.29 It was intimated by the Secretary, Rural Development that the Planning Commission has defined the poverty line at Rs. 6400 per annum for a family of 5 and decided to divide all the remaining 44 million household at the base year of Seventh Five Year Plan in 4 fractiles, 0-2665, 2666-3500, 3501-4800 and 4801-6400. However, he further observed that the distribution of population actually to be assisted in each of the above 4 fractiles was not properly known and rough estimates indicated that there were about 1 million and odd household in the lowest fractile, 6 million and odd in the second, 13 million and odd in the third and about 20 million and odd in the fourth fractile. The policy of the Government during the Seventh Plan is to help a family to an extent by package investment which will enable it to not only cross poverty line but also to stay above it on a lasting basis. The households are to be covered from the mid-point of the destitute income slab to Rs. 6400 and this figure would be about Rs. 5268. The Planning Commission has made an assumption 2.7 as the capital output ratio and to generate income of Rs. 5268 per family an investment of Rs. 14,000 or so would be required. However, in the second, third and fourth fractiles an investment of Rs. 7000—9000, Rs. 4000—6000 and Rs. 2000—3000 respectively would be required. The amount of investment would, however, depend on the availability of funds. It is disquieting to note that the assistance quantum during the Seventh Plan will remain the same viz., Rs. 3,000 for general category, Rs. 4,000 for DPAP areas and Rs. 5,000 for scheduled castes and scheduled tribes. The average level of subsidy in the Seventh Plan would also only be Rs. 1,333. This amount would indeed be totally inadequate to generate the desirable level of additional income and the objective of eradicating poverty would be difficult to be achieved. Therefore, during the Seventh Five Year Plan, keeping in view the rising prices, it is imperative that assistance to be provided to the beneficiary should be increased so as to make it realistic.

3.30 According to the original study of the Study Group of the IRDP at a global approach it was estimated that an amount of Rs. 5700 would be required. However, the net outlay for IRDP including Central and States shares is only Rs. 2358.81 crores. In this connection the representatives of the Planning Commission stated during evidence that the Planning Commission did favour an increase in the subsidy level. But a final view about the total investment would be taken after the first two years of the Seventh Plan. The Committee strongly urge that outlays appropriate to each identified household living below the poverty line should be made available to help it generate the income needed to cross the poverty line. To this extent, there should be no obligation to provide an outlay for a beneficiary household even beyond the Rs. 7000—9000 ceiling indicated by experts. The test should be whether the outlay for a household does in fact help it cross the poverty line. This would naturally call for the allocation of much higher level of funds for the I.R.D. Programme both towards subsidy in the budget and towards matching loan by the banking system. Depending upon such outlays, the target for the families to be assisted should be fixed, based on the criterion of Rs. 7000—9000 per household with provision for supplementary allocations to meet the needs of specific households that would need outlays higher than Rs. 700—900 level. Allocations of such increased outlays alone would prove that the plan objective of reducing the poverty [illegible] to 10 percent in 1995 is possible. If such outlays cannot be provided, then the targets also should be scaled down. In this view, the Committee is unable to [illegible] the apprehension of the Secretary, Rural [illegible] that reduction in physical target will if so facto mean reduced financial allocations in the target. What the [illegible] is [illegible] is [illegible] financial allocation at not less than Rs. 7000—9000 per household for 15 million [illegible]. If this is not [illegible] then the [illegible] of target households should be scaled down. There is no point in fixing targets which are [illegible] of [illegible]. The [illegible] would like to make it clear that what the [illegible] should be concerned about is crossing of poverty line by the beneficiares in no uncertain terms and nothing less, so that such successful efforts become models for being followed all over the country in this and other similar programmes. The level of assistance and [illegible] of implementation should be such that a household progresses beyond the poverty line in one go and not by resort to a second dose of assistance etc. as at present contemplated by Government, which in truth is impracticable. A programme which does not help poor holseholds cross the poverty line in one go, cannot carry any credibility as to its validity. Hence credible outlays are the elementary need of the I.R.D.P.

IV. BANKING FACILITIES

(a) *Role of Banks*

4.1 The IRD Programme is financed partly by subsidy and partly by bank loans. Depending on the status of the beneficiary, either as a small farmer or as a marginal farmer etc., the subsidy varies between 25—33⅓ per cent of the cost of the scheme. This implies a credit support of 3-4 times the quantum of subsidy if the schemes are to be implemented. Keeping in view the importance of financial institutions in the IRD Programme, it was provided in Para 6.4 of the manual that:

> "Coordination among the financial institutions and the government agencies is necessary in the matter of providing adequate support to IRD Programmes, extension of inputs and services and for creating an atmosphere for understanding and cooperation. For mobilising credit support to the IRD Programmes, it would be desirable that work relating to the preparation of district credit plans should be completed as early as possible. The Reserve Bank of India has issued guidelines for the preparation of the district credit plans. According to these instructions the Nationalised Banks have been asked to formulate district credit plans for providing credit support during the remaining three years of the Sixth Plan period. It is, therefore, of crucial importance that the work relating to the district credit plan should be finalised early and States should give maximum attention to this. It is intended that the district credit plans will have separate credit plans for the blocks incorporated in it. The total district credit plan, the share of different Nationalised Banks and the Cooperative Banks will also be clearly indicated. Since allocations for the blocks have also been indicated by this Ministry in respect of IRD Programmes, it should be possible for the State Departments to help the Nationalised Banks to work out projections for credit for support to IRD Programmes. The guidelines issued by the Reserve Bank of India contemplate the setting up of a 'task force' by the convenor of the district credit plans. The officers implementing the IRD Programme at all levels should be closely

associated with the formulation of a district credit plan and assist the convenor of the 'task force' in the collection of such relevant information and data as may be required for the purpose."

4.2 The banks were expected to have Lead District Officers in districts in which they had lead responsibility. It was necessary to ascertain whether such officers were already in position. He was to be given special responsibility for providing coordination among the bank branches in the district. If it was found that, even assuming the achievement of these targets, there were totally unbanked areas, proposals for opening new branches in such areas were to be formulated and furnished to the Reserve Bank of India and to the Department of Rural Development.

4.3 In order to enable decision-makers to take corrective action to step up the flow of credit, an effective machinery for monitoring the flow of credit to the rural areas was required. Branch level officials were required to provide information both to their own superiors in the banking hierarchy and also to BDOs, Project Officers, District Collectors etc. so that both the banking institutions at all levels and the State Government machinery might have an idea of the pace of credit absorption. Monitoring was to be on a monthly basis and a thorough review of credit mobilisation was to be undertaken at least on a quarterly basis at the State and District level For monitoring the flow of credit to the rural sector, a simple format was to be designed. This was to indicate the direction of credit both in terms of end use (Agriculture, Animal Husbandry, Rural Industries, Rural godowns, Training etc.) and in terms of categories of beneficiaries (Small/marginal farmers, Agriculture/non agriculture labour, SC/ST) at the block/district/State level regularly. Each commercial bank was to designate a senior official at its local head office/regional office for monitoring this information in respect of a State both to the Chief Executive of the bank and to the State Government.

4.4 The Reserve Bank of India also announced various concessions on re-finance to cooperatives as well as to commercial banks in order to enable them to increase loans and advances to weaker sections *viz*. small/marginal farmers, Scheduled Castes and Scheduled Tribes. Accordingly cooperatives were advised by the Reserve Bank of India that the ultimate rate of interest on short-term loans be kept at 11 per cent. The Reserve Bank of India had also issued instructions to bring about uniformity in the rate of interest charged on short-term loans between the commercial banks and the cooperatives. Interest rates charged on loans/advances directly by the commercial banks or through PACs/FSSs/LAMPs/RRBs was to carry a uniform rate of interest on short-term loans upto Rs. 2,500.

4.5 The lending rates on long term loans/term advances were also reduced with effect from 1st April 1979. For minor irrigation and land development purposes, the rate of interest was 9.5 per cent by commercial banks as well as by land development banks. For diversified purposes the term loan was also to carry the same rate of interest, i.e. 9.5 per cent in the case of small and marginal farmers, agricultural labourers, etc.

4.6 The Secretary, Rural Development stated, during evidence, that one of the main reasons for bringing the banks in the picture was the viability of the Scheme. In his own words:

> "......Why the banks have been brought in? One of the main reasons is the viability and they can do better scrutiny. The basic concept of viability is built into the system and the linkage is done. The DRDA could have money and they could have taken it back. Now, we have deliberately involved the banks in this task. The determined either from a particular locale cannot be determined either from Calcutta or Lucknow. It is to be done at the local level and at the headquarters. That is why we are trying for getting the banks to be involved in this viable and productive scheme, and so also they will be able to get back the loaned money. The banks involvement is to ensure viability of the scheme for which the NABARD provides a large variety of schemes suitable for different areas as to what should be the total money involved, what should be the likely amount of loan, etc."

4.7 He also informed the Committee that NABARD undertakes every six months or annually techno-economic survey of different kinds of activities and points out that what should be the amount for a particular activity. In this context the witness quoted from a report on IRD Programmes as under:

> "In the case of minor irrigation (dugwells, dugwells with pumpsets, shallow tubewells etc.) it was observed on the basis of sample data that in 53 per cent of the cases, the sum of loan and the subsidy was lower than actual cost of investment. In some of the selected districts, the actual cost of investment was higher than the NABARD's unit cost norms. Though the NABARD's unit

cost norms were generally followed by the financing banks in quite a number of cases the beneficiaries had gone for either bigger wells or higher HP pumpsets. Under-investment was more pronounced in the selected districts of AP, Maharashtra and Gujarat. The difference between actual investment cost and sum of loan and subsidy was met in 50 per cent of such cases by borrowings from money lenders, relatives and others.

In the remaining 50 per cent of loan and subsidy was of a small order and the same was reported to have been met from personal savings."

4.8 The Secretary, Rural Development however admitted during evidence that there was inherent under-financing. The banks themselves at the lowest level did not give adequate funds perhaps under a mistaken notion that if they gave more, they might not get back. The witness also admitted that there has been a number of cases where compound and penal interest rates were charged on the loans by the banks which was against the orders of the NABARD. However, he expressed his inability to take any action and stated:

"The banks have to take action against those people who have been violating the rules. The Government of India's Banking Division cannot do anything in this matter. We do write to the Banks to take action."

4.9 During Study Tour of the Public Accounts Committee to various States/Union Territories the following problems in regard to the role of working of banks in the Programme have been brought to the notice of the Committee:—

(i) Shortage of staff in the rural sector.

(ii) Pending of applications for loans towards the last two quarters.

(iii) Rejection of large percentage of applications in respect of commercial banks and RRBs on flimsy grounds.

(iv) Insistence for hypothecation of assets and other sureties and mortgage of land.

(v) Deficient follow up and supervision over the end use of credit.

(vi) Tight recovery schedule.

(vii) Compound and penal interest.

4.10 The Secretary, Government of Rajasthan, also complained that the usual time limit for re-payment of loan is 60 months whereas the repayment schedule fixed by the banks varies from 24 to 26 months and in very rare cases it was 30 or 36. This has resulted in non-payment of instalments by the beneficiaries in time. He suggested that wherever there is drought, over-dues whether of cooperative banks or commercial banks or the Governmental revenue, etc. should be suspended and rescheduled over the next two to three years.

4.11 The representatives from Government of Orissa too emphasised the role of cooperative banks and the Regional Rural Banks in the anti-poverty programmes and desired that these banks should be allowed to provide loans at the DRI rates of interest, as is being done in the case of commercial banks. He also suggested that in our schools, colleges and University let this be a subject for specialisation.

4.12 Giving his suggestions to revamp the banking system, the Secretary, Rural Development stated:

> "The first point is that the NABARD and RBI circulars should be viewed by the banking system very strictly. One example everywhere is that NABARD gave instruction that up to Rs. 5,000/- there should be no surety. Yet, in most of the cases, they insisted not only on surety but in many cases on collatoral security also. If these instructions come to the notice of the superior Manager of the banking system, what action they would have taken? These are the Circulars of the RBI and each of the nationalised banks, most of them have been flouted. Why has it happened? The banks have to look into it."

Asked whether such circulars issued by RBI/NABARD made it clear that the bank manager would not be held responsible for non-recovery of loans, he said that he could not say that.

4.13. Regarding the observation that in Surendra Nagar District, poor people living in 283 villages were not assisted at all, it has been stated by the State Government of Gujarat that the villages could not be allotted to any bank or credit institution because no bank or credit institution was located in these villages. The question here is the backwardness of the district and as a result the credit network is not well spread. IRDP being a credit linked programme cannot be implemented without atleast one branch of the credit agency in a cluster of villages. Only with the expansion of the credit network can this problem be solved. In this connection it has been reported by the Reserve Bank of India:

"that the contention that villages in Surendranagar District are devoid of banking facilities is not factually correct. The district is a surplus banked district on the basis of population coverage having average population per bank office (APPBO) of 13,000 while the Branch Licensing Policy for 1982-85 had envisaged an APPBO of 17,000 in the rural and semi-urban areas of each district. The district had 79 bank offices as on 31.12.1985, out of which 46 were in rural areas.

The current branch licensing policy for 1985—90 envisages establishment of a bank office for a population of 17,000 in the rural and semi-urban areas of each block and location of atleast one bank office within a distance of 10 Kms. In terms of the population norms under the current policy, out of the 9 blocks in the district only one block viz. Limbdi is considered deficit. Even in the deficit block of Limbdi, with the location of only 3 more bank offices, the population norms under the current branch licensing policy would be satisfied. Additional bank offices would be allowed in the district by Reserve Bank of India on receipt of the list of centres identified by the Group constituted by the lead Bank which has submitted the list to the State Government of Gujarat for finalisation."

Non-Recovery of Loans:

4.14 The Audit have pointed out that in the States of Jammu & Kashmir, Himachal Pradesh, Uttar Pradesh and West Bengal, records of recovery of loan or assistance granted to the beneficiaries were not maintained properly with the result that it could not be verified if the beneficiaries had adhered to the time-schedule of repayment of principal and payment of interest on loans. In this connection the respective State Governments have stated as under:

"*Government of Jammu & Kashmir*

As the loans are advanced by the banks, the records are available with them. The field staff renderes all help to bank in recovering the loan.

Government of West Bengal

The District Rural Development Agencies are keeping records of the loanees on the basis of returns furnished by banks after disbursement of loan and subsidy.

Government of Uttar Pradesh

The records of assistance in the shape of loan and subsidy granted to beneficiaries are maintained in the blocks. The State Govt. have prescribed registers for maintaining records at the block level. Credit passbooks are being provided to the beneficiaries. The block staff is also reviewing the recovery position of bank overdues in the Task Force meetings. The Task Force meetings are presided over by the Sub-Divisional Magistrates.

Government of Himachal Pradesh

A Vikas Patrika is being maintained in respect of each beneficiary in which loan and subsidy is shown in appropriate columns and recoveries made are shown also in this monitoring card (Vikas Patrika) and a loan pass book in respect of each beneficiary is maintained by banks and details of recoveries made are shown in the pass book."

4.15 Following cases of default in the recovery of loans as pointed out by Audit and their present position as intimated by the Ministry of Rural Development, is as under:

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(i) In Gujarat, the details of defaulters collected at random from a few bank in four districts for the year 1980-81 to 1983—84, revealed that out of 2,860 beneficiaries, 1,548 (54 per cent) were in default. In two of the aforesaid districts, out of 432 and 296 beneficiaries, 377 and 246 beneficiaries respectively were in default (the percentage being 87 and 83). The main reason for the high percentage of default was that the assistance was provided mainly for supply of single milch animal which could not generate enough income (without provision of a second milch animal) to enable the beneficiaries to repay the loan.	It may be correct to say that any beneficiary with a single milch animal would be unable to repay the loan and will become a defaulter. Moreover, whether a person is a defaulter or not has to be dealt, not in terms of whether any amount is outstanding or not but whether the instalments which have fallen due for repayment are outstanding or not. Even in such cases where the beneficiary has defaulted on the instalment fallen due for repayment, it will have to be seen whether this happened due to circumstances beyond his control. There have been many cases where the period of repayment was pressed to a term much shorter than what was described by the NABARD particul-

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	culasly in case of milch animal. A default of that kind should naturally be attributed to reasons other than the willingness of the person to pay. In Gujarat, a recent study made by the Punjab National Bank indicated that the recovery is as high as 89%.
(ii) In Karnataka, as per minutes of the meeting of south based Public sector banks, financing the programme, an amount of Rs. 5357 57 lakhs (45 percent of total credit disbursed) was overdue for recovery from 2.34 lakh beneficiaries till December 1983.	The Government of Karnataka have stated that steps are being taken to effect the recovery of loan by periodical consultation and meetings with the banks, and asking Revenue Officers and Project Directors to help banks in effecting the recovery.
(iii) In 15 blocks of Kerala, 342 beneficiaries had defaulted in repayment of loans. Further according to the statements furnished by 11 blocks to the DRDA, Quilon, 2 blocks had 60 per cent and 51 per cent defaults while in remaining 9 blocks the defaults ranged between 15 & 45 per cent.	Government of Kerala have stated that generally the concerned banks have to monitor the recovery of loan under Integrated Rural Development Programme. Instances of heavy default have come to notice of the Govt. and instructions have been issued then and there to the concerned block officers to help the banks in the matter. The State Governments have also initiated revenue recovery action in the case of defaulted IRD loan.
(iv) In Pondicherry, according to a survey conducted by an Institute at the instance of the Union Territory Administration, only 24 per cent beneficiaries were confident of repaying the loan advanced to them during 1978-79 to 1982-83.	The Government of Pondicherry (Union Territory) have stated that regular monitoring of the beneficiaries in regard to the maintenance of assets, repayment of loan, life style level of income generated, etc. etc., is being done through 'Vikas Patrikas'. Recent evaluation survey taken up by District Rural Development Agency in May, 1985 has given a clear picture of repayments by the beneficiaries. The repayment level is found to be 73%.
(v) In Punjab 14 to 45% of beneficiaries were in default of repayment of loans.	Reply is awaited.
(vi) In Rajasthan, 34 out of 41 Commercial and Gramin Anchlic Banks showed a default of 40 to 85 per cent.	Do.
(vii) In Tamil Nadu, 7 blocks covered by test-check were stated to have not sanctioned assistance for the second milch animal owing to inability of beneficiaries to repay the first loan and reluctance of banks to sanction the second loan because of the overdues.	The Government of Tamil Nadu have stated that instructions have now been issued for the supply of second milch animals after six months from the supply of first animal and provision is also being made accordingly in the block plans. Thus, an in-built system of ensuring full assistance and preventing sub-optimal investments under the programme has been set up.

4.16 Asked whether cases of non-recovery of loans were noticed by the officials of the Ministry during their field visits, the Ministry of Rural Development stated:

> "Cases of good recovery as well as some non-recovery were noticed during the field visits of officers. The instances were brought to the notice of State Government for necessary action".

4.17. In reply to a question whether the reasons for non-payment of loan instalments by the beneficiaries were analysed and if so, with what result, the Ministry stated:

> "An Intra-institutional Committee consisting of representatives from RBI, NABARD and a few national banks etc. was set up to examine this aspect. It came to the conclusion that recovery under the Integrated Rural Development Programme is not less than the recovery in general. The evaluation study carried out by NABARD has shown recovery of the order of 69 per cent. The main reasons for the non-repayment found by the intra-institutional committee are the following:—
>
> (i) In many cases, unit cost and project cost envisaged by the State technical Committee have been scaled down arbitrarily. This has an adverse impact on the viability of schemes. In the alternative, beneficiary is compelled to resort to usurious money lenders to provide the balance amount of credit in order to purchase the required assets.
>
> (ii) Unit cost of many projects stipulated by the NABARD seems to have become out of date and unrealistic. Banks are hesitant in lending on norms other than the unit cost because re-financing from NABARD and subsidy from government agencies are related to the laid down unit cost.
>
> (iii) In some cases, projects are too small in dimension to bring a family above the poverty line or enable the beneficiary to acquire sufficient incremental income to service the debt and also provide for increased consumption.
>
> (iv) Backward and forward linkages in the shape of raw material supply and marketing arrangements as well as the skill available with the beneficiary which are essential

ingredients for the success of projects are not provided. Often, arrangements for non-credit inputs such as improved technology are lacking.

(v) There is also a distinct co-relation between inadequate financing, late financing, late release of subsidies, and default.

(vi) Adequate follow-up and support in respect of proper asset maintenance income generation, repayment etc. is not undertaken by the block and bank authorities; and

(vii) Repayment schedules are sometimes altered by over-enthusiastic field staff of banks causing serious distress to the beneficiaries and resulting often in defaults."

4.18 The Committee note that the Integrated Rural Development Programme is financed partly by subsidy and partly by bank loans. Depending on the status of the beneficiary, either as a small farmer or as a marginal farmer etc. the subsidy varies between 25 to 33-$\frac{1}{3}$ per cent of the cost of the scheme. Accordingly credit support of 3 to 4 times was required for implementing schemes. From the Manual on IRDP it is noticed that each bank was expected to have Lead District Officers in each district and that officer was to be given special responsibility for providing coordination among the bank branches in the district. In order to enable decision makers to take corrective action to step up flow of credit, an effective machinery for monitoring flow of credit to the rural areas was required and for that purpose, the branch level officers were required to provide information both to their own superiors in the banking hierarchy and to Block Development Officers/District Collectors so that the banking institutions at all levels and the State Government machinery might have an idea of the pace of credit absorption. One of the main reasons for bringing the banks in the picture, as stated by the Secretary, Rural Development, was better scrutiny and viability of the scheme.

4.19 Loans are sanctioned but there is little follow-up or supervision over the utilisation of the loans, as a result loans are not properly utilised and repayment is adversely affected. The irregular functioning of the banks in this regard has resulted in non-payment of loans by the beneficiaries in time and thus making them defaulters. The Secretary, Rural Development, had also admitted during evidence that the circulars issued by the NABARD and RBI are not viewed by the banking system seriously and strictly. In this connec-

tion, he pointed out that in spite of the instructions for not asking for surety upto a loan of Rs. 5000 in most of the cases the banks insisted not only on surety but in many cases on collateral security also. Such a step was taken to secure the bank loan without any consideration to the State of penury in which the loanee existed and had apparently no means to comply with such procedures. Such insistence had totally nullified the objectives of the scheme and has led to interference of the middle men or 'Dalals'. Blatant disregard of the Government instructions should be investigated and responsibility for the lapse fixed. The Committee deprecate this indifference and casual approach on the part of Ministry of Rural Development and Department of Banking and recommend that the Government and banks must also coordinate activities in connection with the disbursement of loans and should take steps to avoid the delay in sanctioning and disbursement of credit instalments by alerting the administrative machinery. Simplification of forms and procedure are also imperative. Strict and effective supervision should be provided to prevent non-utilisation of loan and partial utilisation of credit to non-productive purposes, sale of assets etc. Proper utilisation of credit will help to increase the repaying capacity of beneficiaries.

4.20 The Committee were also informed during their visit to North-Eastern Region that most of the bank branches are situated on the national highways and the bank managers cover beneficiaries residing within a radious of 10 Kms. Although every project/scheme under IRDP is to be scrutinised and approved by the lead bank officials for its viability, the officials refuse to go to far off places in these hilly areas in spite of the provision of the necessary conveyance etc. IRDP being a credit linked programme cannot be implemented unless each village/cluster of villages is covered by atleast one branch of the credit agency. The Committee feel that this problem could only be solved with the expansion of the credit net work. The Committee desire that the Department of Banking should issue appropriate directives.

4.21 The Committee gather from Audit that in a number of States records of recovery of loan or assistance granted to the beneficiaries were not maintained properly with the result that it could not be verified if the beneficiaries had adhered to the time schedule of repayment of principal and payment of interest on loans. In this connection, the Committee note that an intra-institutional committee consisting of representatives from RBI, NABARD and a few nationalised banks, was set up to examine the aspect of non-payment of loan—instalment by the beneficiary. The aforesaid Committee came to the conclusion that the recovery under the IRDP is of the order of 69 per cent which was not less than the recovery in general. The Committee, however, noticed that in some districts of Rajasthan, repayment period of the loan was too short varying from 6 months to 12 months only. Such short terms loans could not achieve the purpose of the loan but would help the banks as well as the functionaries of the schemes in fulfilling their targets. Repayment in these cases was also prompt and regular. The Committee was therefore of the view that there are some distortions in the rate of recoveries reported. The main reasons for the non-payment found by this committee are scaling down unit cost and project cost resulting in adverse impact on the viability of the scheme; having out-of-date and unrealistic unit cost of many projects stipulated by the NABARD; projects being too small in dimension to bring a family above the poverty line; non-provision of backward and forward linkages as well as the skill available with the beneficiary; inadequate financing, late financing; late release of subsidy, alteration in the repayment schedule resulting often in defaults and thus making the beneficiary ineligible for further assistance under the programme. The Committee desire that the problems faced by the beneficiaries in obtaining loans from the banks should be analysed in detail and the rules simplified in consultation with RBI/NABARD.

(b) *Administration of subsidy*

4.22. It is seen from the Audit para that upto February 1982, the DRDAs were required to deposit the portion of subsidy as soon as the loan applications were sanctioned by the banks so that the burden on the beneficiaries was only to the extent of net loan. Thereafter, the DRDAs wer required to keep their amounts in savings bank accounts in the principal branches of the participating banks so as to avoid locking up of funds without earning interest. Many DRDAs, however, did not follow the aforesaid instructions.

4.23. It has been pointed out by Audit that in a number of States|Union Territories, the DRDAs released the subsidy to banks|financing institutions in advance pending release of loans by the banks|financial institutions. Such release not only resulted in the blocking up of Government funds but also resulted in the undue benefits in the form of interest secured by the banks|financing institutions. Delays have also been reported in release of subsidy resulting in extra charge on account of interest thereon as the whole amount advanced to the beneficiaries was treated as loan by the financial institutions. Instructions for revised procedure were issued in February 1982. In this regard the Audit have mentioned the following cases:

(I) *Subsidy paid in advance*

(i) In Delhi, Gujarat, Haryana (Ambala), Maharashtra and Orissa (Balasore and Puri), Rs. 431.90 lakhs had not been released to the beneficiaries and were lying with the banks unadjusted.

(ii) In Gujarat and Tamil Nadu (Chengalpattu, Madurai, North Arcot and Thanjavur), a sum of Rs. 270.84 lakhs could not be passed on to the beneficiaries during 1978-79 to 1983-84 and was, later on, refunded by the banks.

(iii) The DRDAs, Krishna and Kurnool (Andhra Pradesh) and Hoshiarpur (Punjab) released subsidy of Rs. 11.77 lakhs in excess of requirements.

(iv) In Bihar, Rs. 57.25 lakhs advanced to different banks of Muzaffarpur district during 1981-82 for payment of subsidy to 6,146 families were not disbursed to the beneficiaries during the financial year.

(v) In Pondicherry, the DRDA had no consolidated details such as, date of release of advance subsidy, the banks to which released, the yearwise break up, etc.

(vi) In Jaipur district of Rajasthan, banks which had Rs. 13.90 lakhs as unutilised balance of advance subsidy did not transfer Rs. 8.33 lakhs to the savings bank account of the DRDA and delayed the transfer of the amount of Rs. 5.57 lakhs resulting in a loss of interest of Rs. 0.62 lakh and Rs. 0.23 lakh respectively.

4.24. From the reply furnished by the Deptt. of Rural Development it is observed that whereas State Government of Gujarat, Haryana, Andhra Pradesh and Tamil Nadu (Thanjavur and Madurai) have adjusted/refunded all cases of advance subsidy, State Government of Maharashtra have stated that if details are given enquiry would be made in such cases. However, it is likely that in a few districts due to some advance given by the DRDAs very small sum may be with the banks in the form of advance subsidy. The remaining State Governments did not furnish any reply to the Committee.

4.25. Asked why such advance payments were not objected to during the field visits by the officers of the Ministry, it was stated that field visits are meant for checking the impact of the programme and the allied matters like linkages than matters of procedure.

(II) *Delay in release of subsidy by DRDAs*

4.26. The Audit has also pointed out that in a number of States like Andhra Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Orissa and Rajasthan the DRDAs released the subsidy after considerable delay resulting extra charge on account of interest thereon as the whole amount advanced to the beneficiaries was treated as loan by the financial institutions. In this connection the Deptt. of Rural Development clarified that the individual cases are being, however, looked into and after the introduction of the revised system of administration of subsidy, no delay was expected in release of subsidy.

4.27. Replies to all the points raised by Audit in this regard have been received from all the State Governments except Orissa and Rajasthan. From the analysis of the replies it is found that furnishing of incomplete information is one of the major causes of delay in release of subsidy and that conscious steps have been taken to settle the claims by the Governments of Haryana, Kerala and Madhya Pradesh. The Government of Jammu and Kashmir have stated that under the new system DRDA keeps the money at the disposal of Banks in advance who adjust subsidy portion to the account of the beneficiaries immediately after the purchase of Assets.

4.28. The Department of Rural Development have agreed with the views of the Committee that delay in releasing the subsidy breeds corruption besides, adding burden of interest on the beneficiaries. The Ministry have further stated that according to the revised procedure effective from 25th February, 1982 the DRDAs are to open savings bank account and authorise the banks to adjust the subsidy due against this account at the time of the disbursement of loan. Accordingly, the disbursement of loan, the adjustment of subsidy and grounding of asset would coincide. Hence, there will be no delay in the adjustment of subsidy.

4.29. However, the Committee have found from the Reports of a number of officials/central Teams that the revised procedure for administration of subsidy by opening savings bank account was not being followed in U.P. & Bihar. They system of advance subsidy continued and in some cases advance subsidy was shown as expenditure whereas in certain cases advance subsidies were lying with the banks.

4.30. The amounts lying unadjusted with the banks are required to be transferred immediately. In Tamil Nadu this revised procedure for administration of subsidy was implemented only in 1984-85. In Orissa, Maharashtra and Jammu & Kashmir, the procedure for administering the subsidy was not being properly acted upon.

4.31. When the Committee desired to know whether there were any substantial improvements, the Department of Rural Development stated:

> "The existing procedure was reviewed in the meeting of the High Level Committee on Credit Support held on 22nd January, 1986. It has now been decided that in order to avoid delay, the bank has not to give 15 days notice. If the delay in the receipt of subsidy amount by the block branch is due to non transfer of amount from the Principal Branch, no interest will be charged on the subsidy portion. If the delay in the adjustment of subsidy is due to non-availability of funds in the DRDA account, the DRDA will bear the extra interest out of the interest earned by it. In no case the beneficiary will be called upon to pay the interest on the subsidy portion."

4.32. It has come to the notice of the Committee during Study Tours that in large number of cases subsidy portion of assistance is not being passed on to intended beneficiaries and that an intermediary class is emerging in the rural sector which by taking undue advantage of ignorance of the helpless poor, is mis-appropriating the subsidy even in connivance with bank officials. One of the economists also admitted before the Committee that subsidy is a source of corruption. In this connection the Department of Rural Development stated that such cases are few and far between. Admitting misuse|misappropriation of the subsidy, the Secretary, Rural Development stated during evidence:

> "One point which is rightly agitating everybody's mind is to the extent the subsidy is being misused. We are trying to guard against this by putting the subsidy in the bank itself. Subsidy is not given in cash. We have the purchase committee. The asset is to be procured by a purchase committee of five persons—representative of the bank, representative of the BDO, representative of the

Panchayat, the beneficiary and the representative of the concerned department. .Further, Sir, it is not that the money is taken out and handed over. Actually the main corruption takes place the moment it is known that the IRDP committee is intending to visit a particular market. Then marking up of prices takes place... and between the vendor and the Committee something is shared. Now, people say you are getting it free why are you bothered. You share it. The artificial mark up of the price may take place when the Purchase Committee goes for purchase even when it is an interest free loan."

4.33. In this connection, Secretary, Madhya Pradesh Government stated:

"There have been two types of suggestions which have been coming up from time to time in the context of implementation of IRDP programmes. There are suggestions which seem to indicate that there is a school of thought which thinks that since the beneficiaries are getting in kind, that leads to leakage and we may give the whole thing in cash and it would make all the difference. But experience shows that it is not so much a question of whether it is given in cash or in kind but what is important is the amount of supervision and check which you can have on the functionaries. That is what makes all the difference. There should be proper supervision and check up to see that such leakages do not take place. We have to ensure that all these things are tied up. We have to see that assistance is given to them in as best a form as possible. Proper action should be taken against any such functionarises found involved or indulging in such leakages etc."

4.34. Commenting on the suggestion of the Secretary, Madhya Pradesh, the representative of the Department of Rural Development stated:

"...Originally cash used to be given. Later we moved away from cash to the purchase committee because the family pressure on a destitute is immediate consumption. If cash comes he will go in for food items....That pressure being so high most of the time the possibility of the cash going for purposes other than the asset is high. That is why we moved away from there. This is another reason why we have been from the Department requesting not to switch over to this system. If five men from different disciplines cannot stop corruption then giving it to one man who is a hungry man perhaps we may be going in for a much greater disaster. I do not say the present situation is perfect. We are here to get guidance from the August body for improvement but to switch over from one situation to the other may not be an answer to the problem we are facing."

4.35. In reply to a question as to what measure were being taken by the Government to eliminate this malady, the Ministry stated that 'efforts are being made' to organise the beneficiaries into groups so as to prevent their exploitation.

(III) *Subsidy by way of interest free loan*

4.36. It has been suggested that instead of giving subsidy to the beneficiaries as such this may be given to him in the form of interest free loan. This would not only obviate misappropriations but also reduce the burden of interest on the beneficiary. Giving their views in this regard, the Department of Rural Development stated:

"Two studies were commissioned on this. One by the State Bank of India and another by the National Institute of Rural Development, Hyderabad. The conclusion which emerged was that from a point of view of the beneficiary, capital subsidy is more beneficial than interest subsidy. The benefit is all the more in the case of relatively worse off sections amongst the poor such as marginal farmers, landless labourers, rural artisans and Scheduled Tribes. The system of interest subsidy will add considerably to workload of the banks and the DRDAs. Above all the mal-practices which have crept into the programme due to ignorance and helplessness of the poor and avarice of the concerned officials are not also likely to be eliminated by a mere switch over from capital to interest subsidy. In view of this the existing system has been allowed to continue till some other better alternatives are available."

4.37. In this regard, the Secretary, Rural Development told the Committee during evidence that the following difficulties were likely to be faced:

(i) First, the whole loan becomes a burden on the poor and therefore there is no respite. They have calculated it and found that such a proposal goes against the poor.

(ii) Secondly, if interest-free loans are to be given more allocations/more credit mobilisation is required from the banks. For example, against the bank credit of Rs. 3100 crores provided in the Sixth Plan, Rs. 4700 crores would have been required for the interest-free loans scheme.

(iii) Thirdly, maintenance of the accounts of the subsidy being remitted and all that between the Government and the bank involved such an accounting procedure that it becomes difficult for them to do it. According to him, if the scheme for interest-free loan is insisted and agreed to by the Government the loan burden itself on the beneficiaries would become unbearable."

4.38. On this issue, Professor, Gokhale Institute of Politics and Economics, Pune gave his views as under:

"I personally would prefer that no subsidy be given and no interest be charged. The interest payment should be in the nature of a subsidy paid by the Government to the bank. Whatever the interest rate it should be paid. So far as the party is concerned it should get complete value of the asset."

4.39. However, Director, Indian Institute of Public Administration, New Delhi had expressed slightly different views and stated that the Proposal regarding subsidy by way of interest free loan could be considered. But it does not mean that that would do away with mal-practices altogether. For its supervision must be tight and it is only the combination of both bureaucratic and democratic institutions which could eliminate the menace of corruption.

To a question whether there is any provision for writing off of loans in deserving cases, the Ministry replied in negative.

(iv) *Excess payment of subsidy*

4.40. The Audit have pointed out that in a number of cases excess payment of subsidy was made. In a number of States, subsidy was paid in violation of the prescribed rates|rules. The objections raised by Audit and the replies of State Governments are as under:

(i) In Andhra Pradesh, the DRDA, West Godavari paid an amount of Rs. 15.32 lakhs in excess to 207 beneficiaries (at Rs. 7,400 each) by granting subsidy at 50 percent of capital cost without applying the ceiling of Rs. 3000 per beneficiary.

The Government of Andhra Pradesh have stated that individual maximum subsidy is now being scrupulously followed even in the case of assistance rendered through community assets.

(ii) In Gujarat, transport subsidy of Rs. 0.23 lakh was paid to 19 milk producer cooperative societies although the milk transported per day was less than the limit fixed by the State Government.

The Government of Gujarat have stated that since the expenditure is not from IRDP but from DPAP.

(iii) In Harayana, the DRDAs, Gurgaon, Hissar and Narnaul incurred expenditure of Rs. 34.56 lakhs on training 1222 beneficiaries under Rural Industries Training Programme during 1979-80 to 1982-83 and average expenditure per trainee ranged from Rs. 2,558 to Rs. 3,424 against the norm of Rs. 1200 per trainee.

The Government of Haryana have stated that the norm of Rs. 1200|- per trainee was never fixed by Haryana State Small Industries Corporation Limited. It is further stated that Audit had worked out the per trainee average after taking into consideration the entire expenditure incurred on setting-up training centres. The trainees were only given stipend on approved pattern.

The DRDA, Karnal made an advance payment of Rs. 2.40 lakh to the Forest Department for pasture development during 1981-82 and 1982-83. The department, however, developed 50 hectares of land during the above period and the entire amount of Rs. 2.40 lakhs was shown as utilised. According to the norm of Rs. 750 per hectare on pasture development, payment of less than Rs. 0.38 lakh was only justified. Thus, the department spent Rs. 2.02 lakhs in excess of the prescribed norm. Again, the DRDA paid to the Forest Department an amount of Rs. 2.50 lakhs during 1981-82 and 1982-83 for carriage charges of 25 lakh plants. In most of the cases the beneficiaries carried the plants themselves. As per records of the Forest Department itself actual expenditure incurred was Rs. 0.73 lakh against Rs. 2.50 lakhs received by it. Further, an amount of Rs. 0.40 lakh which was lost by the Forest Ranger, Panipat was shown as utilised by the Forest Department in the utilisation certificates sent to the DRDA, Karnal.

As regards the amount paid to forest department the matter is stated to be under correspondence/investigation and final decision is awaited.

(iv) In Madhya Pradesh, subsidy of Rs. 2.36 lakhs was paid in excess in 487 cases due to arithmetical error.

The Government of Madhya Pradesh, have stated that the excess payment of subsidy in DRDAs actually worked out to Rs. 0.44 lakh and not Rs. 2.36 lakhs as mentioned in the Audit Report. Action is being taken to recover this amount.

4.41 The Audit have pointed out a number of cases of excess payment of subsidy. In a number of States, subsidy was also paid in violation of the prescribed rates/rules. From the reply furnished by State Governments the Committee find that the amount of Rs. 0.23 lakh paid by Gujarat State to Milk Producer Co-operative Societies was from DPAP funds and not from IRDP funds. Similarly Government of Madhya Pradesh have stated that the excess payment of subsidy in DRDAs worked out to Rs. 0.44 lakh and not Rs. 2.36 lakhs as mentioned by Audit. Again Government of Haryana have stated that the trainees were only given stipend on approved pattern. While the Committee desire that the circumstances leading to payment of excess subsidy should be thoroughly investigated and action taken against the deliquent officials, the Government of India should direct the State Government to reply to the Audit objections/observations expeditiously so that such matters are settled well in advance and not incorporated in Audit Reports.

4.42 The Committee note that upto February 1982, the District Rural Development Agencies were required to deposit a portion of subsidy as soon as the loan applications were sanctioned by the banks so that the burden on the beneficiaries was only to the extent of net loan and thereafter the agencies were required to keep their amounts in Savings Bank Account in the principal branches of the participating banks so as to avoid locking up of funds. It is disquieting to note that most of the agencies did not follow the aforesaid instructions and there have been a number of cases of releasing the subsidy to banks in advance pending release of loans by the banks. From the reply furnished by various State Governments/ Union Territories in regard to the case of payment of subsidy in advance, the Committee find that whereas all cases of advance subsidy have been adjusted/refunded in Gujarat, Haryana, Andhra

Pradesh and Tamil Nadu, the details were not available with the Governments of Maharashtra and Pondicherry. It is surprising to note from the reply of the Government that "field visits are meant for checking the impact of the programme and the allied matters like linkages, than matters of procedure." The Committee take a very serious view over this reply of the Government, and would urge the Government to take remedial steps to see that codal instructions are scrupulously followed.

4.43 Apart from releasing the subsidy to banks in advance pending release of loans, delays have also been reported in release of subsidy in a number of States like Andhra Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Orissa and Rajasthan. This resulted in extra charge of the interest by the banks from the beneficiaries The Committee however note that replies to all the points raised by Audit in this regard have been received from all the State Governments except Orissa and Rajasthan. From the analysis of the replies, the Committee find that furnishing of incomplete information is one of the major causes of delay in release of subsidy. The Department of Rural Development have admitted that delay in releasing the subsidy breeds corruption besides, adding burden of interest on the beneficiaries. The Committee, therefore, desire that complete information should be furnished to the DRDA/Bank in regard to the beneficiary, scheme given to him etc. In fact it is the view of the Committee that delay should not be allowed to occur and strict disciplinary action should be taken to ensure this. The Ministry of Rural Development have informed the Committee that with the introduction of the new procedure effective from February 1982 the DRDAs are to open savings banks account in advance and authorise the banks to adjust the subsidy due against this account at the time of the disbursement of loan and that there would be no delay in the adjustment of subsidy in future. Inspite of the above instructions the revised procedure for administration of subsidy by opening savings bank account was not being followed in Uttar Pradesh and Bihar. The Committee would like to be apprised of the reasons for non observance of these instructions and desire the Government to fix responsibility for this lapse.

4.44 In this connection, the Ministry of Rural Development have informed the Committee that the aforesaid procedure was reviewed in the meeting of the high level Committee on Credit Support held on 22 January 1986 and it was decided that if the delay in receipt of subsidy amount by the block branch is due to non-transfer of amount from the Principal Branch, no interest would be charged on the subsidy portion and if the delay in the adjustment of the subsidy is due to non-availability of funds in DRDA accounts, the respective DRDA would bear the extra interest out of the interest earned by it. The Committee desire that the above instructions should be followed scrupulously and in case there is delay in releasing the subsidy due to negligence of an officer either in the bank or in the DRDA interest payable on this account should be recovered from the officials held directly responsible for the lapse.

4.45 It has also come to the notice of the Committee during their study tour to various states that in large number of cases subsidy portion of assistance was not being passed on to .intended beneficiaries and that an intermediary class had emerged in the rural sector which by taking undue advantage of ignorance of the helpless poor is misappropriating the subsidy in connivance with bank officials. One of the leading economists also stated before the Committee that subsidy is a source of corruption. The Secretary, Rural Development also admitted that during evidence. In order to avoid misuse/misappropriation of subsidy, it has been decided by the Government that instead of giving cash to the beneficiaries a Purchase Committee of 5 persons a representative each of the bank, BDO & Panchayat, the beneficiaries and the representative of the concerned department would be formed. It is not relevant whether the subsidy is given in cash or kind but what is required is that there is adequate supervision and business like approach on the part of the departments to ensure that the beneficiaries get the assistance within the specified time and are not subjected to any hardship by the departmental officials. It is imperative that strict action is taken against the functionaries found involved or indulging in misuse or misappropriation of subsidy.

(c) *Credit and Co-operative Institutions Mobilisation of Bank credit*

4.46 A target of credit mobilisation of Rs. 3000 crores was set for the IRD Programme for the VIth Plan. The deployment of Bank credit to the programme exhibited an upward trend. The total bank credit mobilized, during the Plan stood at Rs. 3101.62 crores which represented 103 % achievement of the target. According to the Ministry, growth of credit during the VIth Plan period has been very satisfactory. The bank credit mobilized since 1978-79 is as under:—

	in crores
1978-79	58·7040
1979-80	111·3913
1980-81	289·0497
1981-82	467 5901
1982-83	713 9820
1983-84	773·5148
1984-85	857 48
TOTAL	3271·7119

4.47 As regard to qualitative aspect the Department of Rural Development informed the Committee that there has been a distinct improvement in the IRD Programme during the VIth Plan. Per capita subsidy which stood at Rs. 582 in 1980-81 has significantly gone up to Rs. 1190 in 1984-85, while per capita credit also registered a phenominal growth, rising from Rs. 1060 in 1980-81 to Rs. 2154 in 1984-85. Per capita investment in terms of subsidy and credit moved up from Rs. 1642 in 1980-81 to Rs. 3344 in 1984-85.

4.48 To a question if banking institutions were maintaining separate accounts for the credit mobilised under IRDP, the Department of Rural Development replied in negative.

4.49 Asked whether the targets for credit mobilising were fulfilled in all the States/Union Territories, the Deptt. of Rural Development stated:

> "At the national level the targets have been over fulfilled. However, in a few States/UTs there have been shortfalls due to inadequacy of bank branches, inadequate staff and sometimes lack of rural orientation of staff."

4.50. Total amount of credit planned to be mobilised from banking institutions under IRDP by various State Governments and Union Territories and amount of credit actually mobilised during the Sixth Five Year Plan is as under:

Sl. No.	Name of the States/UTs.	*Target of credit for the Sixth Plan	Credit mobilised during Sixth Plan
		(Rs. in lakes)	
(1)	(2)	(3)	(4)
1.	Andhra Pradesh	18869·40	24395·94
2.	Assam	7738·50	6117·85
3.	Bihar	33889·25	30012·40
4.	Gujarat	12509·80	13004·14
5.	Haryana	5182·65	4829·79
6.	Himachal Pradesh	3984 75	2861 93
7.	Jammu & Kashmir	5334 45	2542·47
8.	Karnataka	10106·25	14935 81
9.	Kerala	8500 80	14489 05
10.	Madhya Pradesh	26475 90	33579 29
11.	Maharashtra	17094 60	22359 29
12.	Manipur	1501·50	22 38
13.	Meghalaya	1540 40	..
14	Nagaland	1212·75	..
15.	Orissa	18133·50	12952 04
16.	Punjab	6783·15	7399 57
17.	Rajasthan	13503 60	13305 74
18.	Sikkim	231·00	111·11
19.	Tamil Nadu	21790·15	25727 46
20.	Tripura	981·75	1179 90
21.	Uttar Pradesh	50879 40	73049·52
22.	West Bengal	19346·25	8818·91
23.	A & N Islands	288 75	14·28
24.	Arunachal Pradesh	2772·00	..
25.	Chandigarh	57·75	..
26.	D & N Haveli	57·75	36·33

(1)	(2)	(3)	(4)
27.	Delhi	288·75	405 65
28.	Goa Daman & Diu . . .	693·00	591·85 •
29.	Lakshadweep	288 75	..
30.	Mizoram	1155·00	6 80
31.	Pondicherry	231·00	232 84
	All India	291523 65	310161 85

• This has been arrived at after reducing 17½% (7½% for administrative Expenses and 10% for infrastructure from the total allocation which will give the amount available for subsidy. Credit requirement has been calculated as twice this amount for each State/UT.

4.51 It has been stated in the Seventh Plan Document that a major role in the Programme would continue to be played by the banking sector. It is expected that credit to the tune of around Rs. 4000 crores would have to be mobilized from the banking structure. The role of cooperative institutions, which had not been upto the mark in the Sixth Plan, will have to be emphasised and a reasonable percentage of the total credit would have to be mobilised from these institutions. This would call for strengthening of the cooperative institutions both through the sectoral Plan funds and infrastructure funds available under the IRDP.

4.52 When the Committee desired to know the plans and modalities adopted by various banks and banking institutions for providing easy credit to the IRDP beneficiaries, the representative of the Department of Banking stated during evidence:

> "During the Sixth Plan period, the target fixed for IRDP was Rs 3,000 crores. Against this, the total disbursement of loans has been slightly more than Rs. 3,000 crores. In the Seventh Plan we have had meetings with RBI and also meetings with the working Group. RBI, keeping in view the growth rate of the banks, said that it was not possible to allocate more than Rs. 6,000 crores. The bank credit depends upon the subsidy."

4.53 Whether the attention of the witness was drawn to the fact that the allocation for subsidy during the Seventh Plan was Rs. 3700 crores and subsidy and credit ratio was fixed at 1:2, he replied:

"The allocation of Rs. 6,000 crores is more than adequate. Therefore, we did not take up further with the RBI. With great difficulty we could persuade them to make it at the level of Rs. 6,000 crores."

Clarifying the position regarding allocation of funds under IRDP, the Secretary, Rural Development stated:

"If you take that net amount for IRDP it is only about Rs. 2372 crores."

4.54 To a question as to how many families would be covered during Seventh Plan, the representative from the Department of Banking replied that 20 million families would be covered during Seventh Plan. ICOR being 1:2.7 it was pointed out that the income generation was little more than 3 in this case and as such only Rs. 3,000 crores of income would be generated. If 20 million families are to be covered during Seventh Plan, average income generation per families would be around Rs. 1500/- during entire Plan.

4.55. In this connection Joint Secretary, Rural Development clarified:

"We have made a provision of giving upto Rs. 6000 crores. Since the subsidy has been reduced, demand for credit will not be more than Rs. 4000 crores."

With the reduction in subsidy and bank credit, it was pointed out that additional income of only Rs. 1000 would be generated. To this the Secretary, Rural Development stated that "the situation is not so bad."

4.56 Asked about the percentage of total credit the banking sector was going to allocate for IRDP, the representative of the Department of Banking replied that it was 10% for all anti-poverty programmes. Elaborating the point further he stated:

"The IDBI and NABARD are the Financing Agencies— during the Sixth Plan, 50% of the team credit was to come from commercial banks and 50% from cooperative banks. The portion of commercial banks, including RRB is 82 per cent."

4.57 As there were a number of complaints regarding delay in sanctioning loans by the banks, the Committee desired to know whether the Deptt. of Banking was aware of such complaints and if so, what changes/remedial measures were being taken in that regard. The witness stated:

> "We are aware of it. We have issued a number of circulars. The Finance Minister visited rural branches of the banks. The Governor also visited the rural branches....we have got 30,000 rural branches. The branch expansion during the last few years has been massive.... The Finance Minister issued instructions in December that the rural banks have to fix two days for disbursement of loans and beneficiary will come on his own. The beneficiary knows the date in advance. On both the days, the disbursement has to be made to date."

4.58 There were also a number of complaints that some of the banks were charging compound interest In this connection he informed the Committee as under:

> "The Reserve Bank had first issued instructions about the non-compounding of interest in 1972. They relate to the agricultural loans. In 1980, it was extended to the rural banks. The harvest comes seasonally and the money which the farmer may have in his hand will be only when the harvest comes. Therefore, the interest along with loan instalment should be taken. Interest should not be charged every three months and then compounded. The instructions are that there should be no compounding of interest in the current year. But if there is a default and if it becomes overdue, then there is compound interest."

4.59 Asked whether it was planned to have representatives of various banks at the State level/District level so that there are no such complaints, the Secretary, Rural Development stated:

> "A decision has been taken to the effect that every rural branch has to be visited by the Regional Manager to negotiate important items and to have a check on the affairs of the bank. Instructions have been issued to this effect. Directions have been given to the effect that the disbursement has to be made to the beneficiaries quickly so that the beneficiary need not come to the bank again and again."

4.60 The Committee note that the total bank credit mobilised for the IRDP during the Sixth Plan stood at Rs. 3101.62 crores against the target of credit mobilisation of Rs. 3000 crores. The per capita credit had increased from Rs. 1060 in 1980-81 to Rs. 2154 in 1984-85. Per capita investment in terms of subsidy and credit also moved up from Rs. 1642 in 1980-81 to Rs. 3344 in 1984-85. Inspite of this, the per capita investment has remained well below the target commended by experts namely a minimum of Rs. 7000 and a maximum of Rs. 9000 for generating enough incremental income to raise the beneficiary above the poverty line. It is unfortunate that the banking institutions had not maintained separate account for the credit utilised under IRDP. In the absence of separate accounts for the Programme, it is not understood as to how the statistics regarding credit utilisation were verified. From the statement furnished by the Ministry of Rural Development regarding credit utilised during the Sixth Plan, it is noticed that in Meghalaya, Nagaland, Arunachal Pradesh, Chandigarh and Lakshadweep not a single rupee has been given to the beneficiaries from the banks. Similarly in Manipur, Mizoram and Andaman & Nicobar, the credit utilised was Rs. 22.38 lakhs, Rs. 6.80 lakhs and Rs. 14.28 lakhs against the target of Rs. 1501.50 lakhs, Rs. 11.55 lakhs and Rs. 288.75 lakhs respectively. Similarly the target of credit utilisation could not be achieved in Assam, Bihar, Haryana, Himachal Pradesh, Jammu & Kashmir, Orisa, Sikkim, West Bengal, Goa, Daman & Diu and Dadar & Nagar Haveli. The inevitable conclusion is that the Ministry has failed to keep an eye on credit utilisation and it is clearly essential that there should be proper coordination between the DRDAs and Financial Institutions.

4.61 The Committee have been informed that during VII Plan the net outlay for IRDP is only about Rs. 2372 crores. During evidence, the representative of the Department of Banking stated that it would not be possible for them to allocate more than Rs. 6000 crores for the programme. As stated in Para 2.32 of Seventh Plan document the ceilings of subsidy fixed for different categories of beneficiaries in the Sixth Plan would continue during the VII Plan and within these, the average subsidy per household would be around Rs. 1333 against Rs. 1000 in the VI Plan for generating which the per capita investment level would have to be around Rs. 4000/-. The Committee however hope that Government would be able to provide more resources so that more number of families could be brought above the poverty line.

V. IMPLEMENTATION OF THE PROGRAMME

(a) Financial/Physical achievements

5.1 The details of total allocations, Central releases, expenditure, credit mobilised and number of beneficiaries targeted and actually assisted during the Sixth Five Year Plan is at Appendix II. State-wise physical targets fixed and actually achieved, total per capita investment etc. are given at Appendix III Population below poverty line statewise in 1977-78 was as under:

S. No.	State/Union Territory	% of rural population below poverty line (1977-78) (No. in lakhs)	(%)
1	Andhra Pradesh	176.8	45.4
2	Assam	78.0	48.5
3	Bihar	330.5	57.8
4	Gujarat	94.6	43.1
5	Haryana	22.0	23.2
6	Himachal Pradesh	10.2	27.8
7	Jammu & Kashmir	13.9	31.7
8	Karnataka	131.9	53.2
9	Kerala	94.1	47.4
10	Madhya Pradesh	242.7	61.6
11	Maharashtra	234.1	60.4
12	Manipur	2.9	29.2
13	Meghalaya	5.2	51.2
14	Nagaland	—	—
15	Orrisa	151.6	67.9
16	Punjab	15.0	13.1
17	Rajasthan	82.7	33.5
18	Tamil Nadu	177.2	56.3
19	Tripura	10.6	64.5
20	Uttar Pradesh	422.8	49.8
21	West Bengal	220.4	58.8
22	(All Union Territories) Nagaland & Sikkim	15.8	41.5
	ALL INDIA	2533.0	51.2

5.2 The Department of Rural Development have informed the Committee that the district-wise or block-wise figures of population below poverty line were not available and the Government had only statewise figures of poverty line which emerged from the 32nd round of N.S. survey of 1977-78. The above estimates of the Planning Commission were based on the all India poverty line of Rs. 65 per capita per month in 1977-78 prices corresponding to minimum daily calories requirement of Rs. 2400 per person in rural areas.

5.3 In para 6.3 of the Manual on Integrated Rural Development Programme issued by the Ministry it was stated that "the success of the programme will be judged not just by the number of families identified and assisted but by the number of families whose income has increased to such an extent as to enable them to cross the poverty line." Although the Ministry reported achievement of physical targets, it did not have any information on the number of families crossing the poverty line since 1978-79. The Ministry stated (January, 1985) that bringing the people above poverty line was a gradual and continuing process and the impact of the programme on the beneficiaries could be assessed only after some time. The information was also not available with the Governments of Andhra Pradesh, Bihar, Goa, Daman & Diu, Jammu & Kashmir, Maharashtra Orissa, Pondicherry, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. The States of Gujarat, Haryana and Madhya Pradesh had the information only in respect of some districts/blocks. In Himachal Pradesh, only 0.17 lakh beneficiaries (7 per cent) out of 2.84 lakhs assisted upto 1983-84, were shown to have crossed the poverty line.

5.4 Asked whether the Ministry were getting periodical information on the increase of income level of beneficiaries assisted, the Department of Rural Development stated:

> "A report in this regard has been prescribed, ... A few State Governments like Gujarat, Kerala, Haryana and Punjab have started sending this return regularly. This is awaited in the case of others."

5.5 As the Ministry had expressed that the impact of the Programme would be felt by the beneficiaries after 2 to 3 years of the commencement of IRDP, the Committee enquired if they had particulars of families crossing the poverty line out of those assisted upto 1981-82. The Department of Rural Development could not give specific answer to the question but stated that according to the study conducted by the Programme Evaluation Organisation at the national level on the impact of the programme, 49.4 per cent of the families have crossed the poverty line.

5.6 From the statement showing the progress of IRDP *vis-a-vis.*, targets fixed during the Sixth Five Year Plan it is seen that some of the States have lagged far behind the national average. The Department of Rural Development gave the following reasons for this poor performance:

> "In the case of States/UTs in the North-Eastern region viz., Assam, Manipur, Meghalaya, Nagaland, Arunachal Pradesh and Mizoram there were a number of difficulties like lack of basic communication facilities, lack of technical personnel, difficulties of terrain, community land holding system and above all inadequacy of financial institutions. The result was that in the VIth Plan they were exempted from credit linkage which necessarily meant low investment. These aspects were gone into by a working group set up for this purpose. It has now been decided to introduce the credit linkage for these areas also. In the case of in-banked blocks, it has been decided that the DRDAs will obtain the funds from the banks and perform the loaning functions. This is as per the decision taken in the meeting of the High Level Committee on credit held on 22nd January, 1986... In order to augment the extension staff, it has been decided to provide a joint BDOs and 50 per cent step up in the existing strength of Gram Sevaks and Gram Sevikas limited to 5 and 1 respectively per block.

> Another problem in the case of the States/UTs in the North-Eastern region as well as the UTs mentioned above was the small population. In the VI Five Year Plan the allocation and targets were on a uniform basis with the result they were too high when compared to the existing level of population in these areas. A conscious decision has, therefore, been taken in the VII Five Year Plan to have target and allocation based on incidence of poverty related to the number of population below the poverty line. In the case of J&K there was inadequacy of administrative machinery as well as the credit problems. The position improved at the end of Sixth Plan itself.

In the case of West Bengal it had a belated start. The DRDAs were set up only in 1982-83. Initially, the West Bengal Government tried a community approach with the result funds got locked up and pending utilisation of these funds no releases could be made to the DRDAs which affected utilisation. They had also credit problems. The position very much improved at the end of 6th Plan itself."

5.7. The Audit have pointed out a number of deficiencies/shortcoming (both financial & physical) in the progress reports of various States/Union Territories. The deficiencies|shortcomings pointed out by Audit and the replies of various State Governments thereto are given below.

"(i) The States of Bihar, Madhya Pradesh, Orissa, Punjab, Sikkim and Tamil Nadu treated the unutilised amount of advances/subsidies in certain districts to the extent of Rs. 314.57 lakhs, Rs. 267.23 lakhs, Rs. 385.02 lakhs, Rs. 80.99 lakhs, Rs. 12.13 lakhs and Rs. 269.63 lakhs respectively given to organisations and officials as final expenditure. Also in Kerala, Rajasthan (Jaipur district) and Uttar Pradesh, unadjusted subsidies/advances to banks, institutions and Panchayat Samitis were shown as final expenditure

The Government of Tamil Nadu have informed that unutilised subsidy lying with banks in respect of District Rural Development Agencies Thanjavur and Madurai for 1982-83 is nil. In respect of District Rural Development Agency, Chingelput, balance upto 1982-83 is Rupees one lakh. In respect of other DRDAs instructions have been issued by the State Government to adjust the balance of subsidy if any lying with the banks upto 1983-84. The progress is also being watched and reviewed in monthly meeting of Integrated Rural Development Programme by the State Government. The refunded unutilised subsidy is utilised for which it was sanctioned. As such it has been reflected in the progress report and taken into account as utilised.

The Department of Rural Development have stated that this cannot be considered as a satisfactory explanation and the State Government is being informed accordingly.

The Government of Madhya Pradesh have stated that the procedure at that time provided for sanction by the banks of cases sent to them after due processing by the blocks and District Rural Development Agencies. The DRDAs released funds to give subsidy to the banks on this basis. The disbursement of the sanctioned amount was monitored subsequently. The new procedure for automatic drawal from subsidy accounts opened in the banks takes care of this aspect. As far as the specific case of District Rural Development Agency, Jagdalpur is concerned they have intimated that the alleged fixed deposit of Rs. 59.96 lakhs had already been encashed by DRDA in January, 1983 and hence it was not an unspent amount available with them. Rs. 44.69 lakhs released to the Project Officer of ITDPs was given to the banks by them against sanctioned cases. In view of the specially large size of this district and the large number of blocks (32), the District Rural Development Agency, Bastar initiated the procedure of grouping them under ITDP Project Officer-cum-SDOs for effective monitoring and implementation of the programme. The funds are not given to the ITDPs for keeping with them. It was, therefore, not an unspent amount or advance as stated in the Audit comments. Similarly, there was no amount of Rs. 9.25 lakhs with RRB. At the end of March, 1983 only an amount of Rs. 173.33 lakhs was the balance with DRDA Jagdalpur and was in its account in State Bank of India, Jagdalpur. This was, however, the position on 31-3-83. The statement sent by the District Rural Development Agencies was in February, 1983 when the balance was Rs. 93.21 lakhs only as indicated by the District Rural Development Agencies in its statement to the Government of India. The change of figures of deposits etc. was due to various subsequent transactions.

The Government of Uttar Pradesh have stated that all the advance subsidy given to various banks. since inception of Integrated Rural Development Programme have now been adjusted.

The Government of Bihar have stated that all District Rural Development Agencies have adjusted the amount given as advances to various financial institutions. As the amount was spent from DRDAs account, it was treated as expenditure by the Agencies. But now subsidy adjusted against loan only is treated as expenditure.

The Government of Orissa have stated that suitable instructions to the District Rural Development Agencies not to book such advances as expenditure in future are being issued. Reply is awaited from Governments of Punjab, Sikkim, Rajasthan and Kerala.

The Government of India have admitted that these instances are in clear violation of the guidelines. The revised procedure for administration of subsidy contained in this Ministry's letter No. 13012/76/80-IRD-III dated 25-2-1982 will prevent the recurrence of these.

(ii) In Andhra Pradesh, the closing balance of Rs. 479.71 lakhs for 1981-82 was not shown in the progress report. Similarly, during 1982-83, the opening balance was incorrectly shown as Rs. 120.14 lakhs instead of Rs. 479.71 lakhs.

The Ministry have informed that the figures furnished in the progress report were on the basis of information furnished by the District Rural Development Agencies before the accounts were audited.

The unspent balance with the District Rural Development Agencies was Rs. 641.03 lakhs, Rs. 329.31 lakhs and Rs. 525.61 lakhs as on 1-4-81, 1-4-82 and 1-4-83 respectively as per accounts Audited and certified by the Chartered Accountant of the respective agencies.

(iii) The DRDAs in Bihar, Himachal Pradesh, Madhya Pradesh and Maharashtra inflated the number of beneficiaries assisted by 0.87 lakh, 0.02 lakh, 2.71 lakhs and 0.76 lakh respectively.

Instructions to District Rural Development Agencies have been issued by state Government of Himachal Pradesh.

The Government of Maharashtra have stated that the figures of beneficiaries are collected at two different times. The first is collected immediately after the year is over when progress of previous year is discussed with the concerned District Rural Development Agency. These are bound to undergo some changes after reconciliation which takes about 6 months. The beneficiaries coverage during 1982-83 was decreased after reconciliation with banks because the earlier figures were not based on the actual creation of assets.

This is due to late receipt of Government of India instructions that advance subsidy should not be given under Integrated Rural Development Programme. As a result some District Rural Development Agencies continued to report to the State Government beneficiaries against advance subsidy. Presently this problem does not exist and the beneficiary number is reported after the loan and subsidy is disbursed and the assets created.

In this regard the Ministry of Rural Development have stated that justification given that Government of India instructions were received late is unsustainable. The Government of India guidelines have never allowed the procedure of treating anybody as a beneficiary before the adjustment of subsidy and the grounding of assets.

The State Government of Madhya Pradesh have stated that they have devised a very detailed format for monitoring in which not only process of sanction of loan bult also time taken in release of subsidy, disbursement of loan thereon by each bank and its branches is monitored to ensure that disbursement actually takes place The State Government collected this information at state level to monitor regularly the progrese of disbursement and supply of assets to the beneficiaries. Hence, it cannot be said that even for the years 1982-83 and 1983-84 the figures reported were not correct Incidentally, the reported figures were not 2.74 lakhs and 2.68 lakhs as mentioned in the audit comments dated 8-8-84. It has also been mentioned further that they have already introduced the new system of subsidy release where the banks make automatic debit to the District Rural Development Agency subsidy account at the time of disbursement of the loan sanctioned. Hence, even the little time between release of subsidy and disbursement of loan does not happen now.

In this regard the Department of Rural Development have stated that the comments that in Madhya Pradesh the achievement of financial and physical targets are assumed on the basis of subsidy released for identified beneficiaries to the banks instead of its actual disbursement to the banks are not correct.

The Government of Bihar have stated that figures of beneficaries were reported by the Department on the basis of reports of the districts

(iv) In the annual progress reports of Uttar Pradesh for the years 1979-80 and 1980-81 the achievement shown included 12.54 lakh beneficiaries who were provided assistance ranging from Rs. 173 to Rs. 220.

The Government of Uttar Pradesh have stated that during 1980-81 assistance to certain beneficiary was as low as Rs. 173. This assistance was on account of subsidy for purchase of agriculture inputs to IRD beneficiaries who had suffered as a result of natural calamities experienced during the period. This practice was not, however, repeated in subsequent years.

Incidentally due to the concerted efforts of the state the position improved subsequently. The per capita investment (subsidy) rose from Rs. 296 in 1980-81 to Rs. 1216 in 1984-85.

(v) In Andhra Pradesh/Delhi, 508,771 beneficiaries, who were provided with the 2nd milch animal, were again taken into account while reporting the number of beneficiaries assisted under IRDP even though the subsidy was paid to the same beneficiaries. Similarly, DRDA, Chengalpattu of Tamil Nadu had inflated its figures.

The Government of Andhra Pradesh have stated that the double counting of beneficiaries is only in case of dairy animals because the animals are distributed in two different years, and the District Rural Development Agency in reporting usually match the financial progress with the physical progress. The monitoring system will be streamliend to avoid double counting in future.

The District Rural Development Agency, Delhi have reported that this is a fact and they had been counting the beneficiaries of second animals separately for reporting achievements. However, this has been noted by them for future.

The Government of Tamil Nadu have stated that this was done by mistake. Since "Vikas Patrikas" are issued to all beneficiaries now, such counting of beneficiaries assisted for the second time against the target of the proposed beneficiaries has completely been prevented.

(vi) The States of Bihar and Madhya Pradesh assumed the achievements (both financial and physical) on the basis of subsidy released for identified beneficiaries to the banks instead of on the basis of its actual disbursement to them by the banks.

The Government of Bihar have stated that the districts in the beginning had reported achievements on the basis of subsidy released for identifying beneficiaries. Instructions have now been issued to show achievement on the basis of actual adjustment. This type of mistake has been rectified now. The position has already been explained by the Madhya Pradesh Government.

(vii) In West Bengal, cheques for Rs. 344.32 lakhs (Rs. 150.40 lakhs in Burdwan district and Rs. 193.92 lakhs in 24 Parganas) issued in January—March, 1984 and shown as expenditure were not encashed by the financing institutions. Further, cheques for Rs. 36.85 lakhs drawn by the DRDA, Midnapore and shown as expenditure (March 1984) were not even despatched to the institutions till April, 1984.

The Government of West Bengal have stated that it has been ascertained from District Rural Development Agencies, Burdwan and 24 Parganas that cheques involving Rs. 150.40 lakhs and 193.92 lakhs had actually been despatched to the financing banks timely. District Rural Development Agency, Midnapore could not, however, despatch some cheques before April-May 1984 due to heavy pressure of work at the closing of the financial year. Now Bank reconciliation statements have been prepared after they got the pass books current up to 31-3-84 and would be shown to Audit as and when necessary."

5.8 When the Committee desired to know whether the shortcomings/deficiencies such as pointed by Audit come to the notice of the Ministry through the periodical reports received by it or through the reports of officers visiting the concerned States, Ministry of Rural Development furnished reports of the visits made by some of their officials. From these Reports the Committee find a number of deficiencies/shortcomings like non-conduct of house-hold surveys for identification of beneficiaries (U.P., Bihar, J & K and Maharashtra), non-following of procedure for administration of subsidy (U.P., J & K, Orissa, Maharashtra, Tamil Nadu and Bihar) non-drawing up of plans and non-formulation of projects resulting in poor recovery of loans (U.P., Bihar, J & K, Orissa), non-holding of Gram Sabha meetings for approval of identified beneficiaries (Maharashtra), diversion/misutilisation of funds (U.P.), absence of proper linkages (U.P. Bihar, Jammu & Kashmir, Orissa), wrong identification of beneficiaries (Bihar, J & K and Maharashtra). non-verification of assets (U.P.), non-supply of information regarding clearance of loan applications and adjustment of subsidy (U.P.), non-existence of training institutions (Bihar), non-identification of viable projects (Bihar), etc. In this connection the Ministry of Rural Development stated that the observations made by the visiting teams were brought to the notice of respective State Governments and pursued with them.

(b) *Dimensions of the Programme*

5.9. It has been stated by an eminent economist that "dimension of IRDP must be cut down because this IRDP simply cannot deliver goods. Once we do this something else will come...That is why they are asking some sort of assistance which has not been done in 15 years. At least, if you reduce the thing there is greater chance that you will commit lesser errors of larger magnitude". He adds:

> "I consider it (Antayodaya) purely sentimental approach. Rs. 6400 is below poverty line in rural India. But we shall not take below Rs. 6400 per year. We shall take only those below Rs. 4800. It means Rs. 4800 and Rs. 6400 both are there. They are poor. But our resources are inadequate. Do not do it in a non-feasible manner. The moment you do it in a non-feasible manner, it is lost."

5.10. Asked about the reaction of the Ministry of Rural Development to the above views, it was stated:

> "Keeping in view the policy of the Government to bring down the percentage of persons below poverty line to 10 per cent by the end of 1995 and since IRDP is an important component of the anti-poverty strategy it is not possible to reduce the dimensions of the programme. As regards the comments on the Antyodya approach, it is relevant to point out that according to the concurrent evaluation report for January, 1986. 60 per cent of the beneficiaries selected were in the destitute group of Rs. 0—2265, about 38 per cent in the very very poor group of Rs. 2266—3500

and only about 2 per cent between Rs. 3500—4800. This shows that Antyodya approach is very much being followed."

5.11 Not only the IRD programme was launched without taking any preparatory measures but its implementation was also defective. Para 6.3 of the Manual on the subject issued by the Ministry states that "the success of the Programme will be judged not just by the number of families identified and assisted but by the number of families whose income has increased to such an extent as to enable them to cross the poverty line." The Committee are surprised to note that the Ministry had reported achievement of physical targets without having any block-wise information regarding the number of families actually crossing the poverty line since 1978-79. The Committee depreciate that the family oriented IRDP, far from being result oriented has ended up being only target or expenditure oriented. As soon as a beneficiary is identified he is presumed to have crossed the poverty line. This is an extremely misleading proposition. There is no means available to know that poverty level has actually been crossed. As the main objective of the IRDP is to enable the beneficiary to cross the poverty line, the Ministry should furnish the information regarding the beneficiaries who have actually crossed the poverty line. From the statement showing the progress of the programme vis-a-vis the targets fixed during the Sixth Five Year Plan, the Committee find that some of States and Union Territories e.g. Assam, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, West Bengal, Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadar and Nagar Haveli, Lakshadweep and Mizoram have lagged far behind the National targets. Similarly these States/Union Territories also could not utilise all funds allocated to them. The Committee are distressed to note from the reply of the Ministry of Rural Development that the targets could not be achieved in these States/Union Territories due to lack of basic communication facilities and technical personnel, difficulties of terrain, inadequacy of financial institutions and administrative machinery etc. The Committee would like to know as to why proper action was not taken in time to remove these bottlenecks in the implementation of the programme.

5.12 The Committee have been informed that in the case of those blocks where banking facilities were not in existence it has been decided in the meeting of the High Level Committee on Credit held on 22 January, 1986 that the District Rural Development

Agencies would obtain the funds from the banks and perform the loaning functions. The Committee may be informed whether the above decision has been implemented and if so, what has been the experience of the Government in this regard.

5.13 It is also noticed that a decision has been taken to fix targets and allocations on the basis of incidence of poverty related to the number of population below the poverty line from the third year of the Seventh Plan. The Committee would like to know whether the necessary surveys have been made in all the States/Union Territories as provided in the Seventh Plan Document and if so, what is its outcome. The Committee may be apprised of necessary details.

5.14 The Audit have pointed out in the progress reports of various States/Union Territories, a number of financial and physical deficiencies/short-comings such as treating the unutilised amounts of advances/subsidies given to various banks/institutions as final expenditure, inflating the number of beneficiaries assisted, thin assistance ranging from Rs. 173/- to Rs. 220/- in Uttar Pradesh, double counting of the beneficiaries, assuming the achievements on the basis of subsidy released to the banks instead of its actual disbursement etc. From the reports of visiting teams to various States, the Committee also find a number of other deficiencies like non-conduct of household surveys for identification of beneficiaries (U.P., Bihar, J&K and Maharashtra), non-verification of assets (U.P.), non-supply of information regarding clearance of loan applications and adjustment of subsidy (U.P.), non existance of training institutions (Bihar), non-identification of viable projects (Bihar) etc., It is also interesting to note that the Central teams did not visit at all most of the States/Union Territories in North eastern Regions. The teams also did not visit remote areas in various States. Accordingly the difficulties and peculiar problems so vital for alleviation of poverty in these areas cannot perhaps be appreciated and comprehended by the concerned authorities.

5.15 The Ministry of Rural Development stated that the deficiencies in the programme were noticed by the Central teams and the same were brought to the notice of respective State Governments and pursued with them. Inspite of apparently elaborate monitoring arrangements the Committee find that there had been no attempt at remedying the deficiencies. The visiting teams entrusted with the responsibility of overseeing the programme had not properly performed their duties and had not realised the challenging nature of an important assignment in the national interest. The Committee would like to be apprised of the remedial measures taken to avoid recurrence of such lapses in future.

The Committee feel it imperative that no programme of such a large magnitude, especially when it involves huge financial outlays, should not be undertaken without taking proper preparatory measures. A less ambitious programme based on incidence of poverty closely monitored might have achieved better results.

5.16 Keeping in view inadequate resources, one of the eminent economists advocated that dimension of the Integrated Rural Development Programme must be cut down. During evidence the Secretary, Rural Development deposed that "the moment target is reduced ipso-facto the allocation gets reduced and if allocation gets reduced then the whole thing gets reduced." However, in view of the policy of the Government to bring down the percentage of persons below poverty line to 10% by the end of 1995, the Ministry of Rural Development feel that it is not possible to reduce the dimensions of the programme. The Committee recommend that the States/Union Territories should specifically be told to select the beneficiaries on the basis of incidence of the poverty. The identified families should be provided adequate funds, even if it is to be done by reducing the targets, to enable them to cross the poverty line in one go. The Planning Commission should also have practical approach in this regard and the allocations be made keeping in view not the targets, but the aims and objects of programme. The selection of the schemes requires careful planning and consideration. There was no consideration for local resources and backward and forward linkage. The Committee urge that the Government should consider adopting ecologically suitable schemes with high employment potential such as afforestation and social forestry which are essential components of Drought Prone Area Programme in certain States. Similarly, less capital intensive schemes suitable for generating regular income like spinning and weaving, have a very low level of awareness among the people although these programmes could have been popularised particularly among the female members who could have helped to raise the income level of the family. The Memorandum on IRDP submitted by the Indian Society of Agriculture. Economics has pointed out that achievement was not proportionate to the expenditure incurred and that assets provided to the beneficiaries have

dissipated — either sold or consumed or deteriorated and the skill formation was rather meagre. The Committee urge the Government to look into these aspects carefully before releasing assistance to the beneficiary in the Seventh Plan period. A reference in this regard is also relevant to the statement made by the Minister of State for Finance in the Lok Sabha on 8-4-1987 in which he stated that no comprehensive review of viability of old units financed by bank under the IRDP was done. This does not indicate a satisfactory state of affairs and the Committee would urge the Government to review continuously the viability of activities for which loan is sanctioned.

(c) *Creation of Infrastructure*

5.17. The basic infrastructure required for implementation of IRDP is, as intimated by the Ministry, as follows:

(1) A core of administrative, technical and extension staff;

(2) Enough number of banks;

(3) Arrangement for supply of inputs and raw material and marketings of goods; and

(4) Arrangements for training of functionaries and beneficiaries.

In reply to a question about the progress made in this regard, the Department of Rural Development have stated that the position differs from State to State. While by and large items No. (1) and (2) above are satisfactory in most of the States, a lot of improvement is required in respect of items (3) and (4).

5.18. A pre-requisite of the planning process visualised for IRDP was the assessment of the existing infrastructure available in the district for the implementation of the programme including adequate network of financial institutions, availability of raw materials and inputs, adequate power supply needed for the benefit schemes under primary, secondary and tertiary sectors, communications and marketing facilities etc. For animal husbandry programme for instance, adequate infrastructural support in terms of feed and fodder, veterinary care, availability of good quality animals were the prime requirements. Asked whether any assessment of the availability of these pre-requisites was made to ensure success of the Programme before launching it in all the 5100 blocks in the country, the Ministry of Rural Development stated ·

"The guidelines under the IRDP envisage a process of micro planning including a perspective plan which will bring out the existing infrastructure facilities and potential available in each sector. The deficiencies in this regard has already been admitted. Steps are being taken to rectify the deficiency in the VIIth Plan."

5.19. The evaluation Report on IRDP of the Programme Evaluation Organisation of the Planning Commission had found that more than half the districts selected by them for study had inadequate infrastructure. In reply to a question as to what measures have been taken to ensure availability of adequate infrastructure in the districts/blocks in the country for the successful implementation of the Programme in the 7th Plan, the Ministry replied:

"The deficiencies brought out in the PEO study has been brought to the notice of all the State Governments for rectification. Measures taken during the 7th five year plan are that:

Infrastructure sub-plans should be prepared as an integral part of the district plan mentioned above to ensure proper linkages for the economic activities under IRDP. Inputs supply and market linkages should be given special attention and the plans should not include such activities for which linkages cannot be provided."

5.20. PEO had also found in its study of the IRDP that in many districts funds allotted for the creation of infrastructural facilities to the extent of 10 percent of the total allocations were insufficient and that this limit needed to be enhanced. To a question as to what has been done to ensure adequate finances for the facilities to be created, the Ministry in a written note, replied:

"Infrastructure support has normally to come from the subject matter departments. IRDP can only fill up the essential gaps for which 10 per cent of the allocation are permitted to be used."

However, in their D.O. dated 23 July 1985, Deptt. of Rural Development have stated that in the VIIth Plan the limit is being raised to 15 percent.

5.21. In this connection PEO had suggested consolidating and pooling of the funds available to the sectoral departments and allocating the funds to DRDA so that coordinated action could be taken in this direction to make the best utilisation of the available resources. When the Committee desired to know whether this course of action has been found practicable, the Ministry stated:

"In the guidelines for VIIth plan emphasis has been laid on infrastructural sub-plans which will be prepared as an integral part of the district plan, taking into account the various on-going sectoral plans and programmes. Besides sectoral programmes like Special Rice Programme, Operation Flood II Programme for Handloom and Sericulture will have a direct focus on the IRDP target group. Instructions in this regard have been issued on 6th January, 1986."

5.22. In this regard the Development Commissioner, Haryana stated during evidence:

"One important change is required in communications....... The sort of change that we would look forward to in Haryana is development of marketing societies..... where the infrastructure is anaemic and market is tardy. the return on the investments is very low.... Unless the markets are active and easily accessible and the prices are remunerative to reach the beneficiaries. the incremental returns will not be good."

5.23 Admitting that the infrastructure gaps are much larger and they require the maximum attention in Madhya Pradesh. Secretary Development of that State stated during evidence:

"....the infrastructure gaps are much larger and they require the maximum attention It is our experience that the areas which are inhabited by the most needy groups they are the most disadvantageous as far as infrastructure are concerned ... As far as the forward and backward linkages are concerned, the Ministry of Rural Development has already taken note of it. We have identified not only what we need to support the beneficiaries but also what is necessary to start with so that the beneficiaries can be assisted because in these areas that type of infrastructure just does not exist. We first think of giving them some assistance and then give some forward linkages. We have tried to identify in each village as to which of the beneficiaries are doing well and then to upgrade them, we have tried to provide infrastructure to support them."

5.24 It has been suggested in a memorandum that while selecting activities for IRDP beneficiaries, care should be taken to see that—

(i) requisite raw materials and production supplies are made available to the beneficiaries at right time and at reasonable prices; and

(ii) the produce of the beneficiaries is sold at remunerative price. This means that the supply and demand aspects of outputs of various schemes should be examined at block and district levels and needed adjustments made to bridge the demand supply gaps, if any.

5.25 When the Committee desired to know the institutional/organisational support evolved to ensure these functions and whether for this purpose organisations like KVIC, All India Handloom and Handicraft Boards, Milk and Dairy Corporations and Small Scale Industries Corporation etc. are being actively involved to attend to input supply and marketing, the Ministry of Rural Development stated:

"An institutional mechanism for effective linkage has been emphasised in the VIIth Five Year Plan. It has been suggested that one of the existing organisation like the Tribal Area Development Corporation, Small Industries Corporation, Handloom Corporation etc. should be identified at the district level to act as the nodal agency for marketing and other linkages. If no such organisation is available a district supply and marketing Society may be set up separately with linkages with higher and loker level of institutions. The expenditure on this may be met out of the allocation for the infrastructure under IRDP. Instructions in this regard were issued in May, 1985. The details of arrangements like payment for their services etc. will be decided at the local level No uniform guidelines are feasible in this regard."

(d) *Irregular Payment for Creation of Assets*

5.26 While the major investment on infrastructure was required to be made by the State Governments as a part of their normal plans, crucial gaps which still existed and without filling which the individual beneficiary programme could not be implemented successfully, could be met out of the IRD funds. Several DRDAs, however, spent funds on items of infrastructure not covered by the aforesaid provisions. The Audit have brought out a number of irregular payment on creation of infrastructure. The following are the audit observation and the replies of the various State Governments:

"In Andhra Pradesh, the DRDA, Krishna incurred an expenditure of Rs. 23.99 lakhs on infrastructure component during 1981-82 to 1983-84 without approval of the SLCC.

The Government of Andhra Pradesh have stated that action is being taken to regularise the above expenditure.

In Tamil Nadu, the DRDAs, Coimbatore, North Arcot and Salem paid subsidy of Rs. 3.93 lakhs to meet the full cost of the first years's requirements of operational items, viz. liquid nitrogen semen straws and sheaths, even though operational subsidy for infrastructure investments was not allowed to be borne out of IRD funds.

In this connection, the Tamil Nadu Government have stated that frozen semen technique was a new innovation. In order to implement this new scheme liquid nitrogen container sheath's gun were needed. A large number of milch animals were distributed under IRDP. The animals were to be insemenated in time so that they might become pregnant. Unless this was done, the beneficiaries could not have reaped the full benefits out of the schemes. Therefore, there was dire need for this innovation. Departmentally, there was no provision for purchasing these items. Hence, the operational cost was also included for the first year."

In Orissa, the DRDA, Ganjam paid subsidy of Rs 2.27 lakhs representing cent per cent value of complementary infrastructure although an amount of Rs. 1.14 lakhs being 50 per cent of the value, was only admissible.

The DRDA has been asked to fix responsibility and to get refund of half the amount from the Milk Producers' union."

The Ministry of Rural Development have stated that the reply of the Government of Karnataka was awaited and that the Government of Maharashtra had been asked to furnish details before a view is taken in the matter.

5.27 In this regard, the Ministry of Rural Development have informed the Committee as under:

"This has been done in other States also because the proposals are approved by the SLCC in the middle of the year and there was no time for the Department of Animal Husbandry to augment their provision in the same year. Their existing budget was too limited to cover these extra items. Hence for the first year the operational cost was included so that the scheme is operationalised immediately and the beneficiaries do not have to wait for another year. From the second year onwards, the operational costs were to be borne entirely by the Department of Animal Husbandry of the States. Thus, a pragmatic approach was adopted."

(e) *Non-utilisation of created infrastructure*

5.28 The Audit have pointed out a number of cases of non-utilisation of infrastructure created under IRD Programme. The cases pointed out by Audit and the replies of the State Governments of Maharashtra, Tamil Nadu and Pondicherry are given below:

"(i) In Maharashtra, the DRDA. Chandrapur trained and appointed 136 village "sanghataks" in 136 growth centres between January and December, 1978 to implement IRD projects by adopting 5 families below poverty line each i.e. 6 homesteads including his own. Expenditure of Rs. 6.56 lakhs was incurred on honorarium, travelling allowance, daily allowance and development of homestead farms, subsequently. the scheme was abandoned in December. 1978 and the services of the "sanghataks" were discontinued. The entire expenditure was thus rendered unfruitful.

The State Government of Maharashtra have stated that the aim of the programme was to bring farmers above the poverty line by assisting them to increase their income. For this 136 "Samaj Sanghataks" were appointed from January 1978. Their tasks included assisting the BDOs in identifying the persons below poverty line. training, inducing and assisting the farmers through new high breed and high yielding varieties of crop. use of fertilisers, animal husbandry programme, crop protection. rural handicrafts programme, securing work to the workless farmer etc. However. as the scheme was closed, services of these sanghataks were discontinued from 31-3-79. Thus the expenditure incurred on Samaj Sanghataks till the programme was in existence cannot be said to be unfruitful.

(ii) In Tamil Nadu, the DRDA, Madurai procured (April, 1982) 69 liquid nitrogen containers costing Rs. 2.98 lakhs. Out of these 47 containers costing Rs. 1.74 lakhs could not be utilised for want of other essential equipment and consumable items like liquid nitrogen, semen straws, artificial insemination guns, sheaths, goblets, etc., as these could not be procured owing to lack of funds (April, 1984).

The Government of Tamil Nadu have stated that the District Rural Development Agency, Madurai released funds for liquid nitrogen containers. Proposals were received to Government for sanction of amount for other items. Necessary sanction was given in June 1984. Thus the utilisation of the infrastructure created under Integrated Rural Development Programme has since been rendered possible by the Department.

(iii) In Tamil Nadu, 7 blocks covered by test-check were stated to have not sanctioned assistance for the second milch animal owing to inability of beneficiaries to repay the first loan and reluctance of banks to sanction the second loan because of the overdues.

The Government of Tamil Nadu have stated that instructions have now been issued for the supply of second milch animals after six months from the supply of first animal and provision is also being made accordingly in the block plans. Thus, an in-built system of ensuring full assistance and preventing sub-optimal investments under the programme has been set up.

(iv) In Pondicherry, according to a survey conducted by an Institute at the instance of the Union Territory Administration, only 24 per cent beneficiaries were confident of repaying the loan advanced to them during 1978-79 to 1982-83.

The Government of Pondicherry (Union Territory) have stated that regular monitoring of the beneficiaries in regard to the maintenance of assets, re-payment of loan, life style, level of income generated, etc. etc. is being done through 'Vikas Patrikas'.

Recent evaluation survey taken up by District Rural Development Agency in May, 1985 has given a clear picture of repayments by the beneficiaries. The repayment level is found to be 73 per cent.

The replies from the State Governments of Punjab and Rajasthan are awaited."

5.30 The Committee note that the programme was started without assessment of the existing administrative infrastructure available in districts both for implementation of IRDP and Animal Husbandry Programme. The Committee note with concern that the programme was started without creating the basic infrastructure required for its implementation. The evolution report on IRDP of the Programme Evolution Organisation of the Planning Commission indicates that more than half the districts selected by them for study had inadequate infrastructure and that in many districts funds allotted for the creation of these facilities were insufficient. During evidence most of the State representatives complained about the infrastructural gaps which required maximum attention. Forward and backward linkages were missing in almost all States. The Committee had observed during their visits to J&K and Haryana States that in the absence of the forward and backward linkages and proper marketing facilities, some of the beneficiaries had been turned into labourers for the middle man who had gained both ways—by getting cheap labour and products which were marketed by them on highly remunerative prices. The Jaipur study conducted under NABARD showed that only 46 per cent of the recipients of loans were left with assets at the end of two years: the others had either sold it or the animal was dead. And an even smaller proportion of agricultural labour households i.e. 34 per cent, was left with animals.

The study, while explaining this rather dismal situation, observed: "The real problem was poor availability of common grazing lands, inadequate supply of fodder and feed particularly in the case of the landless, and the high cost of maintaining the animal during the dry period. In the Seventh Plan period the limit for spending the funds for the creation of infrastructural facilities has been increased from 10 per cent of the total allocations to 15 per cent.

5.31 The Committee urge that while selecting activities for IRDP every care should be taken to see that requisite raw materials and other inputs are made available to the beneficiaries at the right time and at reasonable prices. State Governments should also see to it that their produce is marketed at remunerative prices. There may be some difficulties in achieving this but they must make every effort to see that a machinery or system is evolved which will ensure that the producers get the best possible prices. What the machinery is they must inform the Government of India. Consolidating and pooling of funds available to the sectoral departments and allocating the funds to DRDA to enable them to take co-ordinated action for the optimum utilisation of the available resources is considered imperative. The institutional/organisational support of the organisation such as Khadi and Village Industries Commission, All India Handloom and Handicrafts Board, Milk and Dairy Corporation and Small Scale Industries Corporation should be given to the beneficiaries so that these institutions may provide them the necessary forward and backward linkages and expertise. In cases where produce is such that no organisation is available in a district to cover it, the Committee recommend that supply and marketing societies must be set up separately with linkages with higher and lower level of these institutions.

5.32 The Committee learn that while the major investments on infrastructure was required to be made by the State Governments as a part of their normal plan, crucial gaps which still existed and without filling which individual beneficiary programme could not be implemented successfully, could be made out of the IRD funds. It is distressed to note that a number of DRDAs did spend funds on items of infrastructure not covered by the aforesaid provisions and in a number of cases irregular payments on creation of infrastructure were made. The Committee are distressed to find that the recovery of these irregular payments is being made only after these cases were pointed out by Audit. The Audit have been able to do only test check and the cases brought out by them are only illustrative and not exhaustive. The magnitude of the leakages of the loans for animal husbandry has been estimated at 26 per cent by NABARD survey of 1984. The Committee desire the Ministry of Rural Development to get the expenditure made on creation of infrastructure subjected to audit by the respective Accountants General/Directors of Audit in all the remaining States/Union Territories and furnish the results thereof to the Committee. The Committee consider that it is very important to see that IRDP funds are not misutilised. Deterrent action against the officials responsible for misutilisation or diversion of IRDP funds must be taken and the State Government must be held responsible to replenish such misuse and diversions.

At this stage, the Committee would like to stress the highest importance of infrastructure to the I.R.D.P. The Committee clarifies that its reference to building of infrastructure includes those institutions that ensure a regular supply of stock that forms the production base. For instance, the same animal is seen to be bought and sold from and to several beneficiaries, as stated elsewhere in this Report.

This is not merely a question of corruption in transactions. It is also a question of lack of supply of adequate number of good quality animals in the country. This can be met only by the organisation of more breeding farms. Examples of this kind relevant to anti-poverty programmes can be multiplied. Funds for this should be provided not from the I.R.D.P. allocations but in the regular budgets of other relevant departments indicating clearly that these allocations are for supporting the IRD. Programme and be used only on a requisition made by the Rural Development Department. The Departments concerned would provide for these outlays in consultation with the Rural Development Departments at the Centre and in the States. Without such infrastructure, the subsidies and loans in the I.R.D.P. will be more or less a waste.

(f) *Availability of Milch Cattle*

5.33 The guidelines issued by the Ministry in November 1981 laid down that two milch animals should be supplied in succession to the same beneficiary (second animal as soon as the first animal stopped lactating) as, otherwise, the beneficiary would experience a fall in his income and slip back into poverty. However, in most of the cases the second milch animal was not provided. To a question whether the cases of providing only single milch animal to the beneficiaries were brought to the notice of the Ministry by its representatives on the State Level Coordination Committee, the Department of Rural Development replied in affirmative.

5.34 Asked as to what remedial action was taken to ensure that two milch animals were supplied in succession to provide steady income to the beneficiaries, the Department, in a written note, stated:

> "The guidelines on the Unit size of milch animals were reiterated. . . This is now also one of the check points in the schedule for the scheme of concurrent evaluation."

5.35 The Audit has pointed out a few instances in which second milch animal was not provided. Observations of Audit and replies to the various State Governments in this regard are reproduced below:

> "(i) In four districts each of Andhra Pradesh and Tamil Nadu, out of 30,310 and 28,940 beneficiaries during 1980-81 to 1982-83 only 2,777 (9 per cent) and 13,690 (47 per cent) respectively were assisted for second milch animal. In the district (West Godavari), 24 (0.33 per cent) out of 7254 beneficiaries assisted during the said period were provided with second milch animals."

In this connection, the Government of Andhra Pradesh have stated that the second milch animal can definitely be distributed in the next calving season, by which time a good number will be available for a reasonable price and the problem of repayment of first loan by the beneficiaries and monitoring supply of second animal by the DRDA will be taken care of during the Seventh Plan period. Instructions have been issued to the DRDAs to this effect.

However, the Government of Tamil Nadu have stated that the second animal could not be made in a number of cases due to (a) default of the beneficiaries in repayment of first loan and consequent reluctance of banks to sanction second loans (b) Non-claiming of second animals by the beneficiaries and (c) emphasis on supply of first animal by the financial institutions.

However, these set-backs have been overcome with the advent of further progress in the implementation of the scheme and strict instructions have been issued by the Government for supply of second animal to the beneficiaries after the six-months of the supply of first animals with the provisions being made accordingly in the block plan.

(ii) In Gujarat, 2.50 lakh milch cattle were purchased during 1980-81 to 1983-84 by the rural poor out of the assistance provided. The assistance for the second milch animal was not extended to almost 99 per cent of the beneficiaries.

The Government of Gujarat have stated that only one milch animal was given to the beneficiaries in the initial years. The situations have improved in the last few years of Sixth Plan. However, the unit cost of one milch animal exceeds Rs. 3,000/- and with a credit subsidy ratio of 2:1, the grant position would not permit supply of more than one milch animal in majority of cases.

In this connection the Ministry of Rural Development have stated that the above point is not valid. This would have meant of course some reduction in achievement of physical targets. Achieving just physical targets is not all. The State Government should have realised this.

(iii) In Haryana and Uttar Pradesh (DRDA Saharanpur), only one milch animal was supplied in most of the cases. In Jammu & Kashmir, the practice of supplying second milch animal after the first had stopped lactating was not strictly followed.

The Government of Haryana have stated that in a number of cases one animal was provided because most of the beneficiaries were not in a position to maintain two at a time. In certain cases the beneficiaries became defaulter or did not have sufficient space for two animals. In this regard the Government of Uttar Pradesh have stated that in the beginning of the programme, the second animal was not provided but now this is being ensured. The Government of Jammu & Kashmir have stated that the second milch animals have not been invariably provided to all the beneficiaries. This is being done now where the beneficiary is motivated.

(iv) In Karnataka, beneficiaries were generally supplied with one milch cattle only. However, in Mysore district, 182 beneficiaries out of 8,513 were simultaneously supplied with two animals instead of providing the second animal after the first one had stopped lactating.

The Government of Karnataka have replied in this regard that the maximum percentage and quantum of subsidy is prescribed by Government of India which is mandatory. However, as regards types of scheme, manner of implementation, full discretion is given to SLCC and Project Director. Government of India. have stated that list of schemes given is not exhaustive and discretion can be used by Agencies. If more than one member is available to look after the animal, giving of two animals may be useful.

(v) In Kerala, 762 beneficiaries who were granted subsidy of Rs. 6.71 lakhs for purchase of one cow during 1978-79 to 1982-83 were not given any further assistance for purchase of the second animal even after 4 years in most of the cases.

The Government of Kerala have assured that the defects pointed out in the report will be rectified during the VII Plan for which action has been taken by the State Government.

(vi) In two districts of Maharashtra, 2313 beneficiaries were not provided with second milch cattle during 1982-83 and 1983-84.

The Government of Maharashtra have stated that the main reason for not supplying second milch animal was the anxiety of DRDA to cover the target of 3000 beneficiaries in a block during the VIth Plan. However, with the increase in outlay in VIIth Plan and booster doses to old beneficiaries this situation will not repeat in future.

(vii) In 3 districts of Rajasthan, second buffalo was purchased only in 23 to 32 per cent cases.

The reply of the State Government is awaited."

5.36 In a number of memoranda submitted to the Committee, in some studies as also during the study tour of the Committee it was brought out that the same cattle heads milch and others were passed on to the different beneficiaries under the programme sometimes simply because so many heads were not available at all. One of the economists has suggested that a long term planning in this regard is required. When the Committee desired to know the arrangements made to ensure sufficient number of cattle heads under the programme during the Seventh Plan, the Department of Rural Development stated that there are a number of schemes in the Central and State sectors which help production of good quality animals. In this connection, the Department informed the Committee as under:

"An inter-Ministerial sub-group was set up for going into the various problems in the animal husbandry sector under IRDP. The Department of Rural Development, on the basis of certain assumptions, had worked out the requirement of cattle for the VII Plan at 160 lakh heads and fodder requirements at 5256 lakhs quintals (dry matter basis) or 26,280 lakh quintals (green basis). As regards animals health requirement it was estimated that if we consider only rinder pest and foot and mouth, then the total annual requirement of vaccines for IRD animals would be 540 lakh doses and 1080 lakh doses respectively. The group felt that as these programmes have an extremely weak data base, an area approach should be followed. The animal husbandry programmes should be taken up in the VII plan only in such districts where favourable infrastructural facilities exist. For this purpose, the State rural development department should prepare a list of districts where facilities exist for each of the components. When the Action Plans of DRDA's are considered for approval of animal husbandry programmes, only for such of the DRDA's that figure in the master list, the programmes should be approved. A check list for determining favourable infrastructure facilities for major components of animal husbandry programmes has also been drawn up."

5.37 According to a Press Report a survey held by NABARD showed that:—

> "The NABARD survey showed that 40 to 50 per cent of investment was accounted for by dairy, goats and sheep. Bullocks, camels (with or without carts) accounted for another 20 per cent, minor irrigation accounted for 13 to 14 per cent and non farm activities accounted for barely about 25 per cent. In other words, nearly two-third of the loans (and subsidies) were in the form of livestock. The leakages, according to Indira Hirway, amounted to 25 to 30 per cent of the total participants. The NABARD survey (1984) showed a high proportion of 26 per cent of leakages of loans for animal husbandry. About half were due to misuse of loans and the other half due to sale of animals."

5.38 In a number of Memoranda submitted to the Committee in some studies as also during the study tour of the Committee it has been brought out that the same cattle heads, milch and others were passed on to different beneficiaries under the programmes sometime simply because so many heads were not available at all. The NABARD survey showed that 40 to 50 per cent of investment was accounted for by dairy, goats and sheep. Bullocks, camels (with or without carts) accounted for another 20 per cent, minor irrigation accounted for 13 to 14 per cent and non-farm activities accounted for barely about 25 per cent In other words, nearly two-third of the loans (and subsidies) were in the form of livestock. The leakages, according to Indira Hirway, amounted to 25 to 30 per cent of the total participants. The NABARD survey (1984) showed a high proportion of 26 per cent of leakages of loans for animal husbandry. About half were due to misuse of loans and the other half due to sale of animals. It has been brought out to the notice of the Committee that there are poor veterinary facilities, inadequate arrangements for marketing of the products, uncertain supply of fodder and feed and the inferior quality of the milch animals Many of the animals were older than prescribed and are in the declining state of their productivity. There is also reportedly misuse in the purchase of animals and there is no mechanism to prevent exploitation by brokers. The rate of disease and mortality among animals is reportedly very high and this proves the callousness of the officials more pointedly of the veterinary doctors who certify the fitness of the animals and who are responsible for their upkeep The Committee feel that a long term planning in this regard is necessary and to meet such situations there is a great

need for giving incentives by way of subsidy to the co-operatives for starting the breeding centres. The Central/State Governments should also see the feasibility to start their own breeding centres where from the beneficiaries could directly get animals under the programme. A suitable monitoring machinery must be devised so that the beneficiaries are supplied milch cattles of good breed or other domestic animals. Similarly, arrangements for food and fodder, veterinary doctors, linkages for the beneficiaries should also be kept in view while formulating schemes of animal husbandry under the IRDP.

5.39 The Committee note that the guidelines issued by the Ministry in November, 1981 laid down that two milch animals should be supplied in succession to the same beneficiary soon after the first animal stop lactating as otherwise, the beneficiary would experience a fall in his income and slip back into poverty. Inspite of these instructions, a number of cases where the second animal was not supplied were brought to the notice of the Ministry by its representatives on the State Level Coordination Committee. The Ministry only reiterated guidelines issued on the subject and did not take any conclusive action. Further a number of States informed the Committee that the second milch animal could not be supplied due to default of the beneficiaries in repayment of first loan and consequent reluctance of Banks to sanction second loans, non-claiming of second animals by the beneficiaries and emphasis on supply of first animal by the financial institutions. The Committee deprecate that even though a specific provision was made for the supply of a second milch animal these instructions were violated with impunity.

(g) Second dose of Assistance

5.40 According to the guidelines issued by the Ministry, a detailed family to family survey is to be conducted of all the families assisted in the Sixth Five Year Plan to ascertain the level of income and to see whether they require second dose of assistance. The Deptt. of Rural Development have, in their D.O. dated 16 August, 1985, stressed the following points for providing supplementary assistance:

"(i) the second asset need not be repetitive of the first one. The second asset may be selected keeping in view the objective of helping the family to cross the poverty line;

(ii) the family will be the unit. Any member of the family may be selected for supplementary assistance. While selecting the member, the need for covering as many women beneficiaries as possible may be kept in view;

(iii) at para 4 of the guidelines it has been suggested that a committee comprising the BDO, Bank Manager and DRDA official and chaired by the Sub-Divisional Officer should examine the extent and nature of supplementary assistance. The Committee can, however, coopt any other member considered useful for this purpose particularly the elected representatives of Panchayati Raj Institutions at the block level or any other technical officer who can help in assessing the viability of the project;

(iv) above all, it should be ensured that with the supplementary dose of assistance the family is able to cross the poverty line; and

(v) the progress of providing supplementary assistance should be revised periodically in the meetings of the coordination committee at State, District and Block levels. Urgent meetings at all three levels may be convened to explain the guidelines to the officials and bankers so that implementation at the field level is smooth.

5.41 Government of India have, with concurrence of Rural Planning and Credit Department, Reserve Bank and the National Bank for Agriculture & Rural Development, approved the following guidelines for the identification of beneficiaries for the supplementary assistance:

"(a) those who have maintained their assets acquired under the programme in good condition and are not defaulters to the bank but are still below the poverty line. In these cases also, a further scrutiny may be made to decide whether supplementary assistance (subsidy and loan) will enable them to rise above the poverty line.

(b) beneficiaries in whose cases the norms prescribed by NABARD/RBI were not followed in determining the gestation period'repayment period which resulted in default to the bank. In these cases, the repayment of instalment in the first instance may be rescheduled and on this basis if the borrower's loan account reveals that he would not have been a defaulter (i.e. had the norms been followed) he may be considered for supplementary assistance.

(c) beneficiaries who did not receive adequate working capital in such cases the beneficiary will be deemed as eligible for adequate working capital and keeping in view the norms laid down by RBI/NABARD this would be sanctioned as a term loan.

(d) cases where minimum size-number of units of asset as prescribed by NABARD was not given. In such cases also, the beneficiaries will be eligible for supplementary assistance to the extent of the short-falls in the assistance provided taking into account the eligibility on the basis of the norms laid down by NABARD as regards viability of investment. The supplementary assistance is however, to be given only if viability of the additional input together with the previously financed asset is demonstrated and necessary facilities for maintenance of asset on a day-to-day basis and assured arrangements for marketing of produce are available.

(e) cases where assets acquired by the beneficiaries were destroyed by natural calamity or death of animal (in the case of loans for dairy/animal husbandry) or accident by fire and the rescheduling of the outstanding loan and replacement of asset with the help of supplementary assistance will enable the family to cross the poverty line."

5.42 According to the guidelines it is also to be ensured that the balance outstanding in the existing loan together with the proposed second loan is within the repaying capacity of the beneficiary and that adequate infrastructural facilities and backward and forward linkages such as availability of raw materials, marketing facilities, etc., are available so that the investment does not become infructuous.

5.43 In order to determine the eligibility of the beneficiaries for supplementary assistance it will be necessary to undertake a case by case analysis. A Committee comprising the BDO, Bank Manager and DRDA official and chaired by the Sub-Divisional Officer would examine such cases with reference to the data thrown up by the survey, determine the causes of unsatisfactory progress in each case and recommend on merits of each case whether the family should be given further assistance and if so, with what kind of complementary support. The following points are also to be kept in view by the Committee:

"(a) Supplementary assistance should be adequate to assist the family to cross the poverty line.

(b) The subsidy for supplementary assistance together with the earlier subsidy provided should not exceed the total ceiling of subsidy viz., Rs. 3000|4000|5000 as the case may be per family.

(c) In cases where supplementary assistance is to be given, th banks would have to consider rescheduling of previous loan to make the family eligible for second loan.

(d) Special attention should be given to evolve integrated viable schemes with necessary support facilities in marketing to ensure that with the credit made available a family is able to cross the poverty line."

5.44 Advocating the need for an immediate second dose of investment one of the economists have stated before the Committee:

"A second dose of investment is very much needed for those families which were very poor when they were selected first. This is necessary in order to enable them to rise above the poverty line. So, we want to assist such families in such a way that they never fall down to the level of poverty line again. For that, a minimum level of investment is necessary and that varies from family to family. But it is very important to determine the minimum level of investment which would be necessary for the family to generate sufficient income for itself to rise above the poverty line."

5.45 It is envisaged in the Seventh Plan document that "Considering that between 50 and 60 per cent of the Sixth Plan beneficiaries may not have actually crossed the poverty line, it is expected that around 50 per cent of the beneficiaries to be assisted in the Seventh Plan will be cases requiring supplementary assistance on an average at the rate of Rs. 500 per household.

5.46 In reply to a question as to how the average figure of Rs. 500 per household has been arrived at for the second dose when the guidelines indicate that supplementary assistance should be sufficient to help the beneficiary cross the poverty line, the Deptt. of Rural Development have stated that the comments of the Planning Commission (have been) called for.

5.47 Pleading for a higher level of investment in terms of a second does, the Commissioner and Secretary Rural Development Haryana stated during evidence:

"Now it is felt that a higher level of investment in terms of a second coverage for those families will be helpful. In Haryana, we conducted a survey and found that in areas where the beneficiaries have not been able to cross the poverty line, the second dosage would give a substaintial benefit, although it is not a very clear statistical profile... Now a higher level of investment in the second dosage is the strategy. A minimum of Rs. 6000 goes to the families at one go so that there is no wait and see situation. Supposing in the year 1980-81, the family did cross the poverty line but then it was faced with the sliding scale at the end of the Plan period, it is still below the poverty line. At one go, the investment is substantial and we believe that this would give a very substantial boost to the incremental income. In Haryana in the last six months, we have already achieved about 3800 and we expect to reach about 4500. This 3800 figure is for both old and new beneficiaries."

5.48 In this connection, Secretary, Rural Development, Madhya Pradesh Government stated:

"We are trying to....ensure a better or an average investment level per family, which is roughly not less than 6,000. We are also trying to do our best in regard to the different types of projects whether they are in the primary sector or tertiary sector or the secondary sector to have an investment level of Rs. 6,000. We want to ensure that some Members of the families are covered under one scheme or the other or under two schemes. This we are doing not only for those who have been identified from the earlier assisted beneficiaries but also for those who have been given financial assistance for the first time this year....For this purpose, we have started giving more than one scheme to the same family viz. one thing can be done by the husband and another by the wife. As far as the second scheme is concerned, the same applies to the second dose for eligible people. We are trying to ensure that the beneficiary of this scheme is the woman herself. Our emphasis is to give more to the woman not only because the Ministry has set the target of 30 per cent but also that, first of all we want to ensure that the woman needed households should be covered 100 per cent. We have also found that in the extension programmes wherever women are the beneficiaries, our success rate is better because she does not leave at later."

5.49 The Government of India have approved certain guidelines for identification of beneficiaries for the supplementary assistance. According to these guidelines it is to be ensured that the balance outstanding in the existing loan together with the proposed second loan is within the repaying capacity of the beneficiary and that adequate infrastructural facilities, backward and forward linkages materials, making facilities, etc. are available so that the investment does not become infructuous. The Committee find from the Seventh Plan document that around 50 per cent of the beneficiaries to be assisted in the Seventh Plan will be requiring supplementary assistance on an average rate of Rs. 500 per household. The Committee are unable to understand how the Planning Commission/Ministry of Rural Development came to a conclusion that a beneficiary would be able to cross the poverty line just with a supplementary dose of Rs. 500. Since 50 per cent of beneficiaries i.e. 75 51 lakh people are required to be given a supplementary dose of Rs. 500 per family, the amount on this account required in the Seventh Plan would be about Rs. 375 crores. The Committee consider that expenditure of this magnitude would not be able to achieve the desired objective. That being so, that number of target of households should be scaled down so that the crossing of poverty line by the beneficiaries is not uncertain.

5.50 The Ministry have, however, stated that in order to consolidate the benefits of assistance given during the Sixth Plan, the State Governments and Union Territories have been requested to carry out a detailed house to house survey of the families assisted under the Programme so that the families requiring supplementary assistance during the Seventh Plan could be identified. The Committee would urge the Government to undertake comprehensive surveys so as to assess the magnitude of the problem.

(H) *Rush of Expenditure*

5.51 The Audit have pointed out that the Ministry released to the implementing agencies Rs. 54.67 crore, Rs. 68.25 crore and Rs. 75.68 crore during March in 1982, 1983 and 1984 respectively against the total release of Rs. 128.45 crores, Rs. 176.17 crores and Rs. 194.23 crores in the respective years. The DRDAs also spent bulk at the amount/disproportionately, larger amount during March last quarter of every year. A few cases, highlighted by Audit in this regard, are cited below:—

(i) In Gujarat, Orissa (Puri and Balasore) and Uttar Pradesh (Allahabad, Bareilly, Gorakhpur, Jhansi, Lucknow, Saharanpur and Varanasi) the percentage of expenditure incurred during the month of March over the total amount of expenditure ranged from 30 to 75. In 1981-82, the DRDA, Cuttack had spent 50 per cent during the last 5 days of the financial year.

(ii) In the DRDAs of Haryana (Rohtak and Narnaul), Rajasthan (Jaipur and Udaipur) and West Bengal (24 Parganas, Purnia, Malda and Midnapore), the percentage of expenditure during the last quarter of the year over the total annual expenditure ranged between 51 and 86.

(iii) In Meghalaya, the funds were always sanctioned and drawn by the State Government during the last days of the financial years and were released only in the next financial year.

5.52 To a question whether the rush of expenditure in the month of March by the implementing Agencies was in the notice of the Government, the Department of Rural Development replied in affirmative and added:

"Such a rush of expenditure towards the end of the last quarter of the financial year has been noticed not only in this Ministry and its programmes but in other Ministries, their programmes and also in the State Governments. This Ministry has been constantly requesting the State Governments and the DRDAs to avoid bunching of activities towards the end of the year. One of the reasons for this is the delay in the sanction of loan by banks."

5.53 When the Committee enquired why the Ministry did not release the whole amount of the assistance to the implementing agencies in the first quarter of the year to avoid rush of expenditure in the month of March, the Ministry replied:

> "According to the procedure approved for release of funds, funds are released in two instalments subject to certain terms and conditions. The first instalment is generally an advance release but in case certain audit formalities to be fulfilled at the time of release of second instalment in the previous year were not completed, the same was got fulfilled before the release of second instalment. Another condition was utilization of 50 per cent of available funds before release of second instalment. The P.A.C. would agree that unless audit formalities are got fulfilled and release of money is linked to expenditure there would be chaos in accounts and criticism of huge unspent amounts with the agencies which are more reprehensible than rush of expenditure. Again rush of expenditure towards the end of the year is not merely due to release of funds. It is also related to a large extent with the sanction of loan which depends on banks."

5.54 However the Department of Rural Development assured the Committee that a conscious effort has been made to eliminate any constraints which may result in postponing expenditure to the end of the financial year and that with the introduction of the system of quarterly targets w.e.f. the year 1985-86, the position will further improve.

The system of quarterly financial and physical targets introduced are as follows:

1st Quarter	10
2nd Quarter	20
3rd Quarter	35
4th Quarter	35

5.55 The following action calendar has also been drawn up for various activities for 1986-87:

	Activity	Last date of completion
1	Communication of outlays and targets for 1986-87 (by Govt. of India)	1-4-1986
2	Approval of Annual Action Plan for 1986-87	30-6-1986
3	Release of first instalment by Govt of India & State Governments.	30-6-1986
4	Release of second instalment by Govt. of India & State Governments.	31-1-1987

5.56 The Committee find that the Ministry of Rural Development released to the implementing agencies Rs. 54.67 crores, Rs. 68.25 crores and Rs. 75.68 crores during March in the years 1982, 1983 and 1984 respectively against the total release of Rs. 128.45 crores, Rs. 176.17 crores and Rs. 194.23 crores in the respective years, representing 44 cent, 33 per cent and 38 per cent respectively of total expenditure. The District Rural Development Agencies also spent disproportionately larger amounts during March/last quarter of every year. During test check, the Audit have detected a number of cases of rush of expenditure in the month of March. Such rush of expenditure had tended to artificially push up the prices of the assets to be provided and had become instrumental in fattening the pockets of the middle man at the cost of rural poors. Besides this the quality of the assets had also to be compromised to spend the money within a short period. Rush of expenditure in a single month causes financial irregularities and should be avoided. The Committee are concerned to note that the Department of Rural Development did not take any effective steps to remedy the situation although they were aware of such a situation existing in most of the States. The reply of the Ministry that "such a rush of expenditure towards the end of the last quarter of the financial year has been noticed not only in this Ministry and its programme but in other Ministries, their programmes and also in the State Governments" is wholly untenable and is not at all satisfactory.

5.57 According to the procedure approved for release of funds, funds are released in two instalments and the first instalment is generally an advance release but certain Audit formalities are to be completed before the second instalment is released. Another condition for release of instalment is utilisation of 50 per cent of available funds before release of the second instalment. One of the main reasons for rush of expenditure in the month of March, as given by the Ministry, is the delay in the sanction of loans by the banks. However, Department of Rural Development have now informed the Committee that a conscious effort has been made to eliminate constraints which may result in postponing expenditure to the end of the financial year and that with the introduction of the system of quarterly targets from the year 1985-86 the position will further improve. The Ministry have also fixed the physical targets to be achieved during each of the quarters. The Government have also drawn up the action calendar for various activities from the year 1986-87, viz., communication of outlays and targets for the year—1 April; approval of Annual Action Plan—and release of 1st instalment by Govt. of India & State Govts. 30 June, release of 2nd instalment—31 January 1987. It is not understood as to how more than 50 per cent amount released on 31 January each year and required to be spent during the last 2 months of the financial year would help in avoiding rush of expenditure during last quarter. It is also noticed from the statement made by the Minister of State in the Ministry of Finance on 8.4.1987 that a high level Committee has been set up by the Government to look into the problems relating to credit for IRDP and suggest improvements on ongoing basis. The Minister of State for Finance has also stated that achievement of the IRDP credit targets are monitored at the meeting of the District Consultative Committee. The Committee hope that these efforts would expedite payments to beneficiaries and would like to be apprised of further progress in this regard.

The Committee, also recommend that communication of outlays and targets and the approval of Annual Action Plan etc. should be completed in sufficiently advance so that the first and the second instal-

ments for the year could be released by the Government of India and State Governments by 30 April and 30 September which should also provide targets for each month or quarter and the number of cases to be tackled. It may be desirable to post core staff dealing exclusively with IRDP at block level. Such staff should continuously deal with IRDP cases i.e. processing of applications, following up the progress, monitoring their problems and attending to all related work. Such a core staff exclusively for IRDP work at block level should help reducing the bunching of applications towards the end of the year resulting in rush of expenditure.

(i) *Diversion of funds for other purposes.*

5.58 In a number of States more than Rs. 16 crores were reportedly spent on items/schemes not connected with IRDP. When the Committee desired to know whether the individual cases pointed out by Audit have been investigated to find out the officials responsible for these diversions, the Ministry of Rural Development stated:

> "The State Governments have already been requested to look into these. The Himachal Pradesh Government have indicated that not only the amount of Rs. 352 spent by District Rural Development Agency. Mandi on drinks has been recovered but an inquiry is also being made to fix responsibility. The Delhi Administration have justified the expenditure on air-conditioner, colour Television and Scooter but this has not been agreed to by the Government of India. They have been intimated to reimburse the amount to the District Rural Development Agency. In the case of the latter they have been asked also to make an entry in the Confidential Reports of the officers concerned. In the case of the former (Himachal Pradesh) a verbal warning is to be given to the officer concerned.
>
> Matter regarding remaining Agencies is under correspondence with the State Government of Himachal Pradesh."

5.59 The Ministry of Rural Development have also informed the Committee that in most of the cases pointed out by Audit the expenditure incurred by the respective D.R.D.A.s has since been regularised|ratified by the respective State level Steering Committee

The following is the latest position of the cases of diversion of funds pointed out by Audit:

Name of State/U.T. and names of DRDA	Year	Amount (Rupees in lakhs)	Items/Schemes on which funds were spent	Additional Remarks	Reply of the State Govt.
1	2	3	4	5	6
Andhra Pradesh *Eluru*		7.60	Purchase of (i) lorry by the Andhra Pradesh Meat & Poultry Development Corporation and (ii) Matador van by Fisheries Department.	..	Amounts regularised. However clarification sought from State Govt. whether approval of SLSC was taken for purchase of milk tanker (Rs. 4.50 lakhs) and packing of machine (3.89 lakhs)
Karimnagar		9.29	Purchase of jeep, milk-tanker and machinery for pre-packing.	..	
Bihar Dukka	May 1981 to February 1982	22.95	Crop demonstration	Government of India discontinue this project (January 1981)	Rs. 19.43 lakhs spent for TRYSEM and the balance amount of Rs. 3.52 lakhs returned. However the State Government have not agreed for the expenditure and explanation of erring officials called for.
Daltenganj	1979-80 1980-82	6.49 0.91	Advance to Bihar Relief Committee, Daltonganj (Palamau), a private organisation for digging of wells.	An amount of Rs. 3.04 lakhs had been spent upto May 1984. The unspent balance of Rs. 4.36 lakhs was retained by the Committee.	Rs. 4.028 lakhs spent for completing the dug of wells and the balance amount of Rs. 3.432 lakhs returned to DRDA during 1981-82.

Jamshedpur	1932-83	2.61	Purchase of cement by the Project Officer, MESO area, Singhbum Chaibasa for Rural engineering/Minor Irrigation works divisions.	The cement so purchased was loaned to different contractors and schools for construction of school buildings, culverts, etc.	12 metric tonnes cement costing Rs. 10597.80 was given to BDO Manjani & the balance returned to Rural Engineering Organisation, Chaibasa. No. such amount was given to these persons out of IRDP funds. Administr tion has been asked to refund the amount.
Nalanda	1982-83	2.19	Loans to unemployed doctors and engineers.	..	..
Delhi Delhi	..	5.33	Purchase of air conditioners, colour televisions and three wheeler scooters.	..	Administration has been asked to refund the amount.
Haryana	1980-81 to 1983-84	12.80	Expenditure on employment of persons in the existing Project Cell at State level.	The representative to the Ministry objected to the procedure in the meetings of the SLCC held in july 1981 and January 1983.	The matter is under correspondence with the State Government.
	July 1980 to June 1983	59.38	Running of training-cum-production centres under the administrative control of Haryana State Small Scale Industries and Export Corporation Limited.	..	The Centres have been taken back by the DRDA w.e.f. 1-4-1985.
Himachal Pradesh Bilaspur.	1980-81 to 1983-84	38.23	Special Scheduled Caste Component Plan	..	The amount has been recouped.
Hamirpur, Mandi Solan	1977-78 to 1980-81	0.71	Repair and maintenance of 38 irrigation works at 50 per cent of the estimated cost.		These schemes were pending for want of material and would be eclearedin subsequent years.

1	2	3	4	5	6
	1981-82 to 1983-84	5.14	Subsidy on irrigation works outside the special programme areas.		The scheme of sbsidy on such works was discontinued by Government (April 1981)
Bilaspur, Chamba, Hamirpur, Kinnaur, Mandi.	1980-81 to 1983-84	0.88	Whisky, rum, bear, soda, lunch, tea, biscuts etc.		A sum of Rs. 352/- only was incurred on liquor and the same has been received. An enquiry had also been ordered. The matter in regard to the balance amount is under correspondence with State Government.
Chamba, Mandi, Kinnaur Solan		1.32	Training Farmers Camp, pay and allowances, procurement of cement for National Rural Employment Programme, purchase of furniture.		Matter regarding other DRDAs is under correspondence.
Jammu & Kashmir . . .	1980-81 to 1982-83	13.66	Training of candidates through normal activities of District Industries Centre, Industrial Training Institute and Handicrafts department		Reply was awaited.
	January to March 1982	4.42	Setting up Training—cum-Production Centre for weaver's Community.		No persen was trained in these centres.
Karnataka Bellary, Kolar, Mandya, Mysore, Shimoga, Tumkur, Uttara Kannada		25.31	Loans and advances to staff for purchase of motor cycles and construction of houses, Construction of quarters for Project Director, transfer of amount to DPAP. purchase of motor cycles for other scheme, etc.		House building, Motor cycle advances and festival advances are being recovered whereas expenditure on quarters would be recouped to IRD funds. Transfer of amounts to DPAP have since been recouped.

Bellary, Mysore, Shimoga	1980-81	14.34	Purchase of 19 jeeps by the Department of Sericulture.	Clarification whether the approval of SLSC obtained was awaited.
Kolar, Mandva, Mysore, Shimoga	1981-82 to 1983-84	36 18	For equipping the taluka veterinary dispensaries for which provisions existed under State Plan and supply of motor cycles to veterinary/doctors of Animal Husbandry/Veterinary Services deptt.	Equipments helped in reducing illness and mortality in the case of cross breed milch cows. Whereas motor cycles helped the veterinary doctors to visit the village frequently. Clarification whether the approval of SLSC obtained was awaited.
Shimoga	1980-81	1.74	Construction of two general purpose godowns.	Reply is awaited.
Kerala				
***Quilon Trivandrum**	February 1984	1.00 0.10	Share capital loan to a society Installation of telephone at the residence of Assistant Development Commissioner, Trivandrum.	Amount is to be refunded. Telephone has been ordered to be cut.
Ernakulam, Trivandrum, *Quilon	Sanctioned in Jan. 84	0.89	Printing of 1984 diaries.	Hereafter diaries need not to be printed.
Kozhikode	July 1982 to Sept. 1983	0.42	Purchase of banquet chairs, steel almirah, sofa-cum-bed, settees, etc. and a typewriter for use at the residence of Collector, Kozhikode (Rs. 0.32 lakh); and purchase of net work dictation system for his use (Rs. 0.10 lakh).	Matter is under examination with a view to take action against the irregular purchase made by the DRDA, Type writer is being transferred to the DRDA.
***Quilon**	March 1983 to March 1984	0.26	Purchase of furniture and office equipment for the office of the Collector, Quilon.	
Maharashtra	1978-79 to 1980-81	303.40	Payment of Bharatiya Agro Industries Foundation for opening 250 artificial insemination centres which did not work for weaker sections of the community.	The Foundation reported (May 1984) to have received Rs. 305.80 lakhs instead of Rs. 303.40 lakhs. Clarification is sought by the Ministry of Rural Development.

1	2	3
Madhya Pradesh	March to May 1982	6.32
	1982-83	3.30
Khandwa	1981-82 to 1983-84	4.72
Orissa Balasore	1982-83 to 1983-84	44.07
Punjab Amritsar, Patiala, Ropar	1978-79 to 1980-81	28.54
Faridkot	1982-83	5.00
Hoshiarpur, Ludhiana, Ropar and District Forest Officers Hoshiarpur and Ludhiana.		3.26
Rajasthan Bharatpur	1982-83	1.88

4	5
Managerial subsidy towards the salaries of salesmen etc. engaged during July, 1981 to March 1982 in fair price shops owned by Multipurpose/Farmers' service Societies.	Payments were made as per Para No. 5.10 of Chapter V-Administration of subsidy.
Repairs of tank and digging of tube wells in Jagdalpur city.	This amount was approved by SLCC meeting held on 4-10-1982.
Working capital for fabrication of bullock carts by Madhya Pradesh Agro Industries Corporation Limited.	A sum of Rs. 3.372 lakhs has been adjusted and the remaining amount of Rs. 1.353 lakhs is still to be adjusted.
Tank Fishery Scheme covered under State Government Economic Rehabilitation of Rural Poor Programme.	Out of an advance of Rs. 49.28 lakhs Rs. 42.40 lakhs have been received back and the State Govt. has been asked to recover the balance amount of Rs. 6.88 lakhs.
For raising forest nurseries for supplying plants to the families under IRDP, even though this scheme was not in existence at that time.	Out of this Rs. 7.31 lakhs were spent for purposes (Purchase of tractors/Matador, tools and plant etc.) other than specified. the Forest Department had neither returned the unspent balance nor did create any assets.
Farm Forestry Scheme even though the scheme was discontinued from 1982-83	Reply from Punjab Government is awaited.
Purchase of tyres, tubes and repairs/maintenance of Govt. jeeps, Matadors, tractors, diesel engines, lawn movers, etc.	Do.
Provision of sewing machines, knitting machines, raw material, tool kits to persons living in Bharatpur city.	Reply from the State Government is awaited.

			though such expenditure was required to be met by Social Welfare Corporation.	
Sikkim Sikkim	1980-81 to 1983-84	2.29	Managerial subsidy to various milk producers cooperative societies having no regular full time staff.	Managerial subsidy on tapering basis is admissible *vide* para 4.73 of the Manual. Further clarification is sought.
	1980-81	1.78	Purchase of one truck and its spares/accessories for Sikkim Co-operative Milk Producers' Union, Tadong.	Truck is registered with SFDA. Clarification whether the proposal was approved by SLCC is being sought.
Tamil Nadu	March 1984	1.05	Managerial subsidy to Fishermen Co-operative Societies—Ramanathapuram district.	Managerial subsidy is admissible *vide* Para 4.73 of the Manual. Further clarification has been sought.
Uttar Pradesh	1980-81	180 00	Matsya Vikas Nigam for development of hatcheries for aquaculture development which was to be provided in the normal budget of the State Government.	Co-operative was sanctioned under IRDP. 1434 beneficiaries have been benefited by the project.
		30 00	Advanced to the Director Fisheries Department for establishing regional training centres.	
	1982-83	5.06	Purchase of two trucks by Bareilly Vikas Nigam.	Trucks are being used to collect vegetables from Rural areas.
	1979-80	83.96	Uttar Pradesh Pashudhan Udyog Nigam for establishment of Frozen semen centres.	A sum of Rs. 32.40 lakhs have been refunded.
	1979-80	38 62	Uttar Pradesh State Horticulture Produce Marketing and Processing Corporation for strengthening/establishing Government nurseries/gardens.	An amount of Rs. 15.77 lakhs was spent on purchase of tractors/vans etc. Other details are as under
				(a) Irrigation facilities in 10 nurseries (3.86 lacs)

1	2	3
	1979-80 to 1982-83	376.26
	1979-80	184.00
Allahabad, Jhansi, Lucknow, Varanasi	1980-81 to 1982-83	34.24
Lucknow	Nov. 1981	3.85
West Bengal Bardwan Cooch-Behar Malda and 24-Parganas	1979-80 1980-81 1982-83	10 00

4	5
	(b) Purchase of pumps (0.16 Laks) (c) Fencing (3.32 lacs) (d) Construction of Godowns (15.12 lakhs) (e) Purchase of Jeeps (13.33 lacs) (f) Purchase of tractor (2.47 lacs) (g) clarification sought for (0.36 lacs)
Uttar Pradesh State Hath Kargha Nigam for establishing mulberry and tussar centres for the development of sericulture.	Rs. 172.22 lakhs have been utilised and 2444 families benefited Rs. 152.96 lakhs returned to DRDAs.
Divisional Development Corporations for supply of agricultural implements pump sets, etc for minor irrigation, construction of tubewells, etc.	The Government of India have taken a serious view of such advances.
Co-operative societies, autonomous bodies and Government Deptts.	
Uttar Pradesh Agro Industrial Corporation Limited.	The Ministry directed the DRDA (December 1981) to obtain refund from the Corporation. The refund was awaited (February 1984).
Purchase of rickshaw Vans, Matadors, excavation of tanks, construction of mini-market, etc.	(i) Rickshaw vans were purchased before setting up DRDAs. The assets ld be fully repaid.

				(ii) Two matador purchase are running in profit.
Midnapore	1979-80 to 1980-81	7.49	Procurement of paddy, food for Work Programme, purchase of rickshaw vans, mini-truck and construction of mini-market.	(iii) No Tank was excavated but a Tank was brought under pisciculture. (iv) Matter regarding construction of Mini-market is under correspondence. (v) Rs. 1.16 lakhs yet to be recovered BDO is taking legal action.

5.60 In reply to a question as to what measures are envisaged to prevent recurrence of deviations/diversions in future, the Ministry of Rural Development stated:

> "Since deterrent action in the case of Himachal Pradesh and Delhi and the serious view taken by Government of India with regard to such lapses conveyed to all States/Union Territories on 11-11-1985 it is hoped that such diversions/deviations will not occur in future."

5.61 In a number of States more than Rs. 16 crores were spent on items/schemes not connected with IRDP. Some of the glaring cases of such expenditure are moneys spent on drinks and on Special Scheduled Caste Component Plan and procurement of cement for NREP works etc. (Himachal Pradesh); on air-conditioner, coloured T.V. and scooter (Delhi); on crop demonstrations and advance to Bihar Relief Committee Daltonganj—a private organisation for digging of wells (Bihar); employment of persons in the existing projects at State level (Haryana); on house building, motor cycle and festival advances to employees and constructions of two general purpose godowns (Karnataka); on installation of telephones, printing of diaries, sofa-cum-bed and purchase of furniture and others office equipment for the office of the Collector (Kerala); on payment to Bhartiya Agro Industries Foundation for opening 250 artificial insemination centres—not for weaker sections of the community (Maharashtra); on working capital for fabrication of bullock carts by Madhya Pradesh Agro Industries Corporation Ltd. on tank fisheries scheme covered under other scheme (Orissa), on forest nurseries when the scheme was not in existence and purchase of tractors, matadors, tools and plants etc. (Punjab); on such other schemes which were to be covered under Social Welfare Corporation of the State (Rajasthan); on agricultural implements, pump-sets, purchase of trucks etc. out of the allocations for infrastructure without any beneficiary (Uttar Pradesh). The nature of irregular payments enumerated above by way of illustration indicates a very serious state of affairs showing scant regard for canons, financial propriety and gross violation of instructions on the subject. The reply of the Government indicates that disciplinary action has not been initiated in any case. All that has been done is that in Delhi and Himachal Pradesh officers have been asked to refund the amount and in some cases CR warnings have been issued. This is not acceptable. The Committee would urge the Government to take disciplinary action against officers held directly responsible. This is all the more necessary to deter the executor of such schemes from diverting funds earmarked

for specific schemes to other purposes to suit their whims and fancies. The Committee would like to be apprised of further development in this regard in six months' time.

5.62 The Committee would also like to be informed whether all such amounts remaining unutilised with the State Governments or amounts which had been diverted for purposes outside the scope and objective of the IRDP have been identified and recovered or adjusted in full from the State Governments concerned. In case this has not been done so far the Committee desire that necessary action in this regard should be initiated forthwith under intimation to them. This also indicates lack of mechanism with the Government of India to monitor the progress of the scheme and to ensure that the moneys have been spent for the purposes for which these were specifically sanctioned.

(J) *Vikas Patrikas*

5.63 The Audit para pointed out that the Ministry prescribed in May 1980 the maintenance of 'Vikas Patrikas' (Identity-cum-Monitoring Cards) for beneficiaries with a view to watching their progress for at least 2 years to measure their income to see if they had crossed the poverty line. One copy of the 'Vikas Patrika' was required to be handed over to the beneficiary and one copy each thereof was required to be retained by the Block Development Officer, the Institutional Financing Agency and the Training Institution. However, the State of Andhra Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Tamil Nadu and West Bengal did not issue the 'Vikas Patrikas' to all the beneficiaries even after a lapse of 4 years. In the cases where these were issued, they did not contain the requisite information for ascertaining the impact of the programme. In the Union Territory of Pondicherry, the work of issuing the Vikas Patrikas' had not been initiated (March 1984). In Karnataka, no records were maintained to show the utilisation of Rs. 2.07 lakhs 'Vikas Patrikas' issued to BDOs. In Sikkim, proper monitoring was not done. The Ministry admitted (January 1985) that in certain States, 'Vikas Patrikas' had not been regularly issued, but the matter was being constantly pursued.

5.64 To a question whether the fact of non-maintenance of 'Vikas Patrikas' by various States came to the notice of officers of the Ministry during their field visits, the Department of Rural Development replied in affirmative and stated that this matter was also taken up in State Level Co-ordination Committee meetings.

It is also stated by the Ministry that most of the States have distributed 'Vikas Patrikas' by the end of the Sixth Plan.

5.65 However, in another note, the Ministry have admitted that there has been delay in the introduction of the 'Vikas Patrikas' in some States. This is because of the preparatory steps required. Asked how the assistance rendered to beneficiaries was monitored properly in the absence of this basic requirement, the Ministry stated:

> "Though the Vikas Patrikas will facilitate monitoring the details of the survey are available in the household survey register. The income accrue will have to be elicited from the beneficiaries at the time of annual physical verification."

5.66 The Department of Rural Development have informed the Committee that the format of the 'Vikas Patrika' has since been revised for the Seventh Plan.

5.67 From the Audit Paragraph the Committee find that the Ministry of Rural Development prescribed in May 1980 the maintenance of 'Vikas Patrikas' (identify-cum-monitoring cards) for beneficiaries with a view to watch their progress for at least 2 years to measure their income to see if they had crossed the poverty line. One copy of the Vikas Patrika was required to be handed over to the beneficiaries and one copy each thereof was required to be retained by the BDO, the Institutional Financial Agency and the Training Institution. The Committee are concerned to note that the States of Andhra Pradesh, Haryana. Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Tamil Nadu and West Bengal did not issue the Vikas Patrikas to all the beneficiaries even after a lapse of 4 years and in cases where these were issued, they did not contain the requisite information for ascertaining the impact of the programme. In the Union Territory of Pondicherry, the work of issuing the 'Vikas Patrikas' had not been initiated till March 1984 and in Karnataka, no records were maintained to show the utilisation of 2.07 lakhs 'Vikas Patrikas' issued to BDOs. Similarly, in Sikkim proper monitoring was not done. The Committee would like to know as to how the assistance rendered to beneficiaries was monitored properly in the absence of improper maintenance of 'Vikas Patrikas'. It is surprising to note from the reply of the Ministry of Rural Development that the fact of non-maintenance of 'Vikas Patrikas' by various States came to the notice of officers of the Ministry during their field visits and that the matter was taken up in State Level Coordination Committee meetings. The Ministry have now informed the Committee that most of the States have dis-

tributed 'Vikas Patrikas' by the end of Sixth Plan. This is an evasive reply The Committee would like to be informed of the States and Union Territories where Vikas Patrikas have been distributed to all the beneficiaries. The Committee would recommend that suitable systems should be devised and instituted to ensure that the instructions issued by the Central Ministry are acted upon with promptitude and effectiveness. There should also be a feed back mechanism to ensure improvements on the schemes taking into account the field experience.

(K) *Non-verification of assets*

5.68 It has been pointed out by Audit that the Ministry did not make any provision for conducting physical verification of IRD Funds till March 1982 when it asked the State/Union Territory Governments/Administrations to physically verify the assets. Inspite of this directive, Meghalaya, West Bengal, Delhi and Pondicherry did not conduct any physical verification at all. The States of Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh did the verification only partially. This revealed 8,430 cases in Gujarat, Himachal Pradesh, Jammu & Kashmir, Maharashtra, Madhya Pradesh, Rajasthan, Tamil Nadu and Uttar Pradesh where assets were either missing or were sold out/not supplied. Apart from this, 7582 beneficiaries in Haryana, Karnataka and Kerala had misutilised the subsidy. In this connection the Department of Rural Development has clarified that the need to follow up the assets provided and to undertake the regular physical verification has been emphasised right from the beginning of the programme. In March 1982, the Ministry had only made a pointed reference and circulated a procedure which had been successfully adopted in Rajasthan.

5.69 Asked whether the reports of physical verification of assets had been received from all the States/Union Territories, the Ministry replied:

> "A physical verification of assets supplied under Integrated Rural Development Programme on a campaign basis was advised (In March 1982). Final reports were not received but it was checked during field visits by officers and Central teams that this process has been initiated in most of the States. After decision to consolidate the benefits in the VIth Plan through provision of supplementary assets as part of VIIth Plan strategy the State Governments/Union Territories have been requested to carry

out a detailed house to house survey of the families assisted under Integrated Rural Development Programme in the VIth Plan to identify families requiring supplementary assistance. To start with, the families assisted in the first two years of the Plan will be taken up. This process will be completed over a period of 3 years ...... The results of the survey are awaited."

5.70 From the action taken notes submitted by various States/ Union Territories regarding non-verification of assets it is observed that some States (Tamil Nadu, Uttar Pradesh, Himachal Pradesh, West Bengal and Jammu & Kashmir) had only issued instruction for physical verification of assets. In Kerala although a quick verification of the IRDP assets was conducted in the year 1983-84, yet no result of the verification was furnished to the Committee. Due to non-availability of adequate infrastructure verification of assets was not done in Madhya Pradesh during the first two years of the programme. However, the State Government had taken action for 10 per cent sample verification of the beneficiaries and their assets in 1981-82 and results indicated that 10106 beneficiaries were found above poverty line out of 12416 beneficiaries. Thereafter, State Government have initiated action for 100 per cent verification of the assets supplied to the beneficiaries. The results thereof are awaited. Similarly in the Union Territory Administration of Pondicherry physical verification of assets was not done upto 1982-83 primarily due to non-availability of technical competent personnel. However, a sample survey was done in February, 1985 followed by a regular and comprehensive assets verification survey in June 1985.

5.71 In this connection Government of Karnataka have stated that the Government is seized of the problem of misutilisation. However, any precipitate action may discourage people from availing of the benefits under this programme. Bonafide failures like death of the animals, low yield of milch animals, difficulty in adjustment to new environment may be there. Every effort is made to minimise this. However, the State Government of Haryana have contested that there is no provision in the scheme according to them for the recovery of subsidy in case the asset is not retained by the beneficiary for the full length of specified period yet steps are being taken by the Agencies to recover the misultilised amount from the beneficiaries. The Department of Rural Development stated on this issue that it is not correct to say that there is no provision in the scheme for recovery of subsidy in case of misutilisation. Provision has been made for a separate bond for subsidy to enable recovery and the model bond drawn up by Government of Karnataka providing for recovery of subsidy as arrears of land revenue has been commended to all State Governments.

Necessary information in this regard was awaited from the remaining States/Union Territories.

5.72 Adequate attention was not paid to the verification of assets provided and their physical verification. The Department of Rural Development issued instructions to the States/Union Territory Administrations only in March 1982 regarding physical verification. Despite the issue of these instructions State Governments/Union Territories of Meghalaya, West Bengal, Delhi and Pondicherry did not conduct any physical verification at all while the States of Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh conducted the verification of assets only partially. The verification in these States revealed that the assets in 8430 cases were either missing or were sold out or not supplied. Apart from this, 7582 beneficiaries in Haryana, Karnataka and Kerala had misutilised the subsidy given to them. The Committee would like to know whether such cases of non-existence/misutilisation of assets came to the notice of the Central teams during their field visits and if so, what action was taken by the Government to rectify the situation.

5.73 The Committee express their displeasure over the reply of the Government of Karnataka that "the Government is seized of the problem of misutilisation. However, any precipitate action may discourage the people from availing of the benefits under this programme. As a separate bond for subsidy to be recovered in case of misutilisation was to be executed before releasing the subsidy, the Committee recommend that the recovery of subsidy in all cases of misutilisation should be made in order to discourage other beneficiaries to misuse or sell out their assets. The Committee is of the view that action against officials responsible for non-verification of assets in contravention of the prescribed instructions on the subject. The Minister of State in the Ministry of Finance stated in the Lok Sabha on 8 April, 1987 that the Government have undertaken a concurrent evaluation study in 36 districts covering 72 blocks with a sample survey of twenty beneficiaries from each block under the IRDP The Committee would like to be apprised of the results of this evaluation study.

VI. ORGANISATION

(a) *The District Rural Development Agencies (DRDAs)*

6.1 The I.R.D.P. scheme was being implemented by a single agency at the district level called the District Rural Development Agency (DRDA). According to guidelines 7½ per cent to 10 per cent (depending on the numbers of blocks) of DRDA allocations were earmarked for administrative expenditure for DRDAs during VI Plan, subject to a maximum of Rs. 30 to 45 lakhs. Expenditure on administration is collected through the monthly key indicator report. Approval of Government of India is necessary if this limit is to be exceeded.

6.2 The District Rural Development Agency has a governing body headed by the Collector/Deputy Commissioner. Broadly, the membership of the Governing Body of the DRDA would be as follows:

Chairman	Collector
A representative of the State Government	Member
Members of Parliament and MLAs	Member
A representative of the Central Co-operative Bank	Member
One representative of the Land Development Bank	Member
Chairman of the Zila Parishad as his representative	Member
Senior most officer of the Lead Bank	Member
General Manager, DIC	Member
The representative of the weaker sections	Member
One of whom may be drawn from Scheduled Castes and Scheduled Tribes	
One representative of rural women	Member
Project Officer	Secretary

6.3 At the State level a senior officer was entrusted with the responsibility of overseeing the implementation of this programme. The State Level Coordination Committee (SLCC) was to be formed in all the States to sanction schemes, to plan the works and to monitor their progress.

6.4 To a question whether definite instructions were issued to all the States to set up DRDAs on specific lines, the Ministry replied in affirmative. The guidelines issued in this regard by the Department of Rural Department on 10 March, 1981 provided:

> "The agency will have full-time executive officer preferably, a senior scale IAS officer or an equivalent officer of the State Services. Broadly, the agencies have at present 2-3 APOs. Assistant Project Officers in agriculture and animal husbandry have been appointed in almost all the districts. APOs in other disciplines relevant to suit the local requirements, for example, fisheries, sericulture etc., have also been posted in some States. An APO (Monitoring) has recently been sanctioned who will be responsible for monitoring the implementation of the programme.
>
> The set-up of the district agency has recently been strengthened with addition of an economist/statistician, Credit Planning Officer and Rural Industries Officer. In case, the post of APO (Credit) already exists in the agency, it may not be necessary to create another post of Credit Planning Officer and this post may be utilised to provide expertise in a discipline relevant to the local conditions.
>
> While the economist/statistician will be mainly responsible for preparation of the plan, the other officers will also be responsible for planning, project formulation and implementation in respect of their sectors. In other words, the functionaries of agency would be responsible both for planning and implementation of the IRD Programme.
>
> The membership of the agency can be enlarged if considered necessary. Representation may also be given to other major commercial banks where they provide sizeable credit support to the programme.
>
> The non-official nominees must be residents of the districts in which the agency is located.
>
> Since the membership of the governing body is likely to be large, the chairman of the agency may nominate an exe-

cutive committee consisting of 5 or 6 members (including the Chairman, Project Officer, representatives of major departments and banks) who will meet at least once a month to look into the various programmes intensively and take necessary decisions. However, matters of long-term importance such as approval of the Plan should be brought up before the full meeting of the agency.

The governing body should meet at least once in a quarter. At the initial stages, it may be necessary to meet more often. Emergent meetings may be called, as and when necessary, to discuss urgent matters. Adequate notice should be given to enable the members to attend the regular meeting as far as possible."

6.5 The IRD Programme was initiated in 1978-79 and the responsibility for implementation of this programme was assigned to DRDA. However, guidelines were, issued to States in March, 1981 only to set up the DRDAs on specified lines. When the Committee desired to know whether any exercise was undertaken in regard to need for setting up of a DRDA before launching the programme, the Department of Rural Development stated:

"The DRDA is an expanded form of the Small Farmers Development Agency which was found to be an effective delivery system for the strategy of direct attack on poverty."

6.6 According to the guidelines DRDA should have a governing body headed by the Collector/Deputy Commissioner. The membership of the governing body includes a representative each of the State Government, Land Development Bank, Zila Parishad Lead Banks, DIC, weaker sections, women MPs, MLA and a Project Officer as Member Secretary. Since Collector is too pre-occupied with the functions of collection of revenue, law and order and protocol activities, the Committee desired to know whether he is able to perform his functions to satisfaction. The Department of Rural Development replies:

"Though, according to the Government of India guidelines the Deputy Commissioner or the Collector is to be the Chairman, an amount of flexibility exists in this matter. For example, in West Bengal the DRDA are headed by Sabhapathis of Zilla Parishads. Such local variations are accepted by the Government of India. No generalisation is possible about the pre-occupation of the Collector with revenue, law and protocol functions. In some States, Joint

Collectors of additional Collectors are there to look after revenue, law and order etc. The idea in having the District Collector as the Chairman is because being the head of the district administration it will be easier to affect co-ordination among the various district level officers. Keeping in view the other duties attached to the post, a whole time Project Director who is a senior IAS/PCS officer has been provided as the Chief Executive Officer or the Project Director."

In Maharashtra and Gujarat the Minister is the Chairman of the Governing Body of the Agency.

(b) *Representation to field Organisation*

6.7 It has been represented on behalf of KVIC that the State Director, KVIC, Secretary/CEO, KVIC should be made members of the State Level Co-ordination Committee and their representatives at District Level Implementation Committees. Asked whether the Ministry agree to the suggestion that the representatives of KVIC and other similar organisations should also be represented on the Implementation Committee at various levels, the Department of Rural Development stated:—

"The States can includes other officials/non-officials whose presence they deem necessary in the meeting.

The governing body of the DRDAs includes General Manager, DIC. The Chairman/President of the DRDA is empowered to form an executive committee consisting of all district level officers and any other officer deemed necessary for the planning and implementation of the programme.

Thus, there is complete flexibility in these formus at various levels for including KVIC representative. In fact, in some States, this is already there. In some DRDAs the APO industries is drawn from the KVIC."

6.8 When the Committee desired to know about the other jobs assigned to DRDAs in addition to implementation of IRDP, the Department of Rural Development stated:

"They are also entrusted with the implementation of allied programmes like Training of Rural Youth for Self-Employment, Development of Women and Children in Rural Areas and other rural development programmes like

National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Drought Prone Area Programme and Desert Development Programme. Some State Governments have also entrusted some of their own programmes to the District Rural Development Agencies."

(c) *Availability of Staff and their Planning Capabilities*

6.9 The Department of Rural Development have informed the Committee that DRDAs have been set up in all States. But the composition differs from State to State depending on their requirements. It has also been stated that in some States, however, adequate staff has not been provided mainly due to financial constraints. This deficiency is particularly noticed in the agencies in North-Eastern Region. In this region there is also problem of obtaining qualified technical staff. In other States also, there are similar problems *e.g.* animal husbandry staff in Karnataka, accounts and Monitoring Staff in almost all the States. It is also observed by the Committee that J & K and Himachal Pradesh have also expressed their inability to meet the expenses for strengthening their organisational set up with 10 per cent of the allocations allowed to meet their expenses as per the guidelines.

6.10 In view of the financial constraints experienced in certain States, the Committee emphasised if it was proposed to revise these guidelines to make adequate finances available to strengthen these agencies. The Department of Rural Development replied:

"According to the revised guidelines, 10 per cent of the Integrated Rural Development Programme allocation can be utilised for meeting expenditure on administrative infrastructure at State, DRDA and block level as per State norms. Where there are no such norms these may be laid down with the approval of State Level Coordination Committee While working out these norms a coordinated view of administrative infrastructure require for all the rural development programmes implemented by the DRDA and blocks such as National Rural Employment Programme, Rural Landless Employment Guarantee Programme should be taken and funds earmarked for administrative infrastructure under these programmes may also be taken into account......16 States/Union Territories have availed of the assistance under the scheme for setting up of project formulation and monitoring cell at State headquarters.

Due to these steps, the position has generally improved though, in some States/Union Territories specially those in the North-eastern region, the set up is still weak."

6.11 In this connection, the Financial Commissioner, Government of Andhra Pradesh stated during evidence:

"The staffing pattern was fixed in 1964 or so long back. And no additional staff at the Ministerial level has been given to them to attend to these additional schemes and responsibilities entrusted to them. In fact, the schemes were not originally contemplated under the Panchayati Raj System. Therefore the infrastructure component of 10 per cent may be increased to 25 per cent, not only in regard to this staff that has to be provided to the BDO but also to cover other infrastructural components."

6.12 Narrating the earlier history the Secretary, Rural Development, deposed before the Committee that when this programme of Rural Development was started in 1953 the Development Commissioner of each State used to be almost the same in status and in prestige as that of the Chief Secretary and he used to work under the Chief Minister. The Development Commissioner used to be selected in consultation with the then Prime Minister and even the Chief Minister could not interfere with his selection. There used to be one BDO, 8 extension officers, 8 mail VLWs and 8 female VLWs all working under the Collector. Now there are only one BDO and five to six VLWs from the Agricultural Department noted for their shortsightedness and incapacity. Besides this each scheme/programme under different departments has a grass root level employee for the scheme but they do not coordinate their activities despite the fact that they are clearing almost the same group of beneficiaries. Extension officer was taken away. There is one lady social worker. That is the set up now continuing.

6.13 He also informed the Committee that there were about 5 different types of activities going on like SFDA, DPAP, RLEGP, NREP, etc. and all these activities were going on at a time together with IRDP. The Government had tried to rationalise by bringing all these activities together. The District Rural Development Agency of which Collector was the head, almost everywhere. The Secretary, Rural Development wanted to bring all these activities together.

6.14 He further informed the Committee that under Shri G. V. K. Rao a Committee in the Planning Commission was set up and it has given a Report only to suggest the development pattern of the administration from the district and block. That Report is under consideration of the Planning Commission. The Planning Commission is thinking of taking the paper to the National Development Council and if it materialises then there may be semblance of the integrated system of Rural Development which is there in a chaotic way at present.

6.15 Giving the main findings by Shri G. V. K. Rao, the Secretary, Rural Development stated:

> "......He has very recently given a report only to suggest the developmental pattern of administration from the district and below...... He has suggested almost the same thing as Mr. S. K. Dey's suggestion that the Development Commissioner is of the rank of the Chief Secretary working directly with the Chief Minister or equivalent, divide the district into two aspects, one is the routine law and order and revenue aspect and the other is of District Development Commissioner. He also observed that at the block level the BDO is positioned in a different way in various States. Somewhere he is a Gazetted Officer and somewhere else he is not a gazetted officer. So, he suggested that you cannot touch the BDO but put an Assistant Development Commissioner at the block so that all other organisations which are functioning under the BDO should come under him. He has also suggested two or three horizontal levels. One is Development Commissioner then the District Development Commissioner who will be dealing exclusively with development matters and at the block level, the BDO is there super imposed at the Assistant Commissioner's level and the Assistant Commissioner need not be or any particular subject. He can deal with various disciplines and he can come for a certain period of time."

In this connection he added:

> "......It is very important that the planning body at the district level should be the elected Zila Parishad. The elected Zila Parishad at the district level for planning and similarly at the samiti level this body will be servicing the other body. He is very strongly in favour of directly elected Zila Parishad at the district level for planning and implementation purposes. This is how he has tried to

suggest elected representation at the district level, making the popular will felt in the implementation of the programmes. This is really the nucleus of the district administration."

6.16 Advocating the need for right type of people for implementation of the Programme, the Secretary, Rural Development Madhya Pradesh had suggested:—

"......I am talking in terms of the type of human beings you require. When we are looking for people with the type of planning capabilities, with the type of commitment, at the block level, then there is a definite immobility in the employment pattern of people, who are available for this purpose...... In addition to the special allowance which the Government is already giving, I think there is need of special additional assistance in terms of education of children of the people whom are putting in. When we are identifying people who are to be recruited for a village in Bastar District, we should be able to have a system built in into the programme where it should not be dependent on normal systems of recruitment. There should be some sort of flexibility in the allowances, etc."

6.17 Commenting on the attitude of the Government on expenditure on staff she said:

"There has been an effort to take care of the special requirement. But there is a presumption that everything which is in the name of staff or in the name of mobility, is an overhead which is to be avoided. Whenever there is an expenditure on staff or jeeps, everyone who is connected with finance or subsequently looking at that, feels that this is a wasteful expenditure."

6.18 The Additional Secretary, Government of Orissa had also suggested for taking long term measures in this regard by stating:

"The IRD has come to stay and anti-poverty programmes have come to stay. The psychology and philosophy behind that has not been properly appreciated by the field cadres of the rural development department working in the rural areas. Since the problems of the rural areas, the psychological and anthropological problems are peculiar to particular regions as well as adjustment of the guidelines and policies accordingly will be a subject matter independently on its own, I would rather suggest that in our schools, colleges and universities let this be a subject for specialisation. Unless we really get manpower who are committed and have specialisation in this field, it will not be possible to get the best out of it. This is a long term suggestion—not immediately to be implemented in the seventh plan. You cannot produce such a dedicated manpower immediately. This may be a subject for study in schools and colleges......In the first and second plan we introduced agriculture in the schools as an optional subject. Similarly rural development can be a subject and a course can be prepared for our schools and colleges so that our academic people also get involved and we can chalk out a joint strategy."

6.19 The special Secretary, Government of Bihar had also complained that a number of new districts have been established in Bihar where infrastructure is non-existent. The representative from Tamil Nadu had also drawn the attention of the Committee that they were not getting allotment of funds for newly created blocks. He further suggested that BDOs should be under the direct control of the DRDA and that there should be flexibility in the guidelines to suit the local conditions.

6.20 Though the gearing of the organizational set up was essential for effective implementation/monitoring of the IRDP, the Audit has pointed out that this was not available in 10 States/Union Territories. The Ministry admitted that implementation of the programme may have suffered where staff is not as per norms. Asked about the steps taken by the Ministry to ensure that all the essential vacant posts of experts, project officers and specialists were promptly filled in for proper implementation of the programme, the Ministry stated that this was being constantly followed up through letters, regional meeting etc. Emphasising the need for making more vigorous efforts to implement the programme, the Ministers of Agriculture and Rural Development had, in his letter dated 20 March 1982 written to all the Chief Ministers/Lt. Governors, desired:

(i) "There should be a single line hierarchy from the Block to the State level. The Block Development administration should be under the administrative control of the Project Director, DRDA and at the State level IRDP, DRAP, NREP programmes should be with a single department, which should also the department dealing with block administration.

(ii) Adequate arrangements should be made at the State level for monitoring the implementation of the programme.

(iii) Strengthening of the DRDA with a planning team and staff for monitoring and maintenance of accounts.

(iv) Appointment of a senior officer preferably of the rank of the Additional Deputy Commissioner (Development) as Project Director, DRDA and ensuring continuity of the tenure of these officers for atleast 3 years.

(v) Strengthening of the block administration and bringing together the various technical officers at the block level under the administrative control of the BDO.

(vi) Formulation of 5 years perspective plans.

(vii) Selection of beneficiaries in the Gram Sabhas.

(viii) Introduction of a Vikas Patrika to enable monitoring of increased income.

(ix) A survey or physical verification of the assets as well as of increase of income of the beneficiaries.

(x) Revitalising the committeess already existing for co-ordination with the banks at the State, district and block levels and ensuring periodical meeting of these committees.

(xi) Adoption of the prescribed procedure for smooth release of subsidies by the opening of a savings bank account in the bank

(x) Provision of funds in the State budget for 1982-83 on the basis of allocations approved by the Planning Commission.

It is necessary that a time bound programme for completion of necessary action in respect of these issues is drawn up immediately. Setting up of monitoring cell at the State headquarters and strengthening of the DRDA should be completed by the end of the current financial year. The strengthening of the block machinery may be completed by 30th June 1982."

6 21 When the Committee desired to know the net outcome of all these measures, the Department of Rural Development stated:—

"Barring a few states most of the states have senior IAS/PCS Officers as project Directors. In most of the states some form of control has been provided for over the Block Development Officers by the District Rural Development Agency—either by designating the post of the Project Director as Additional Deputy Commissioner or by making Deputy Development Commissioner Vice-Chairman of the District Rural Development Agency or by giving powers to the Project Director to write the Confidential rolls of the Block Development Officer. In most of the states there is a Rural Development Department which looks after Integrated Rural Development Programme, National Rural Employment Programme and Rural Landless Employment Guarantee Programme. In some of the states the Department of Rural Development is also incharge of block administration. As regards the continuance of these officers at least for three years inspite of repeated guidelines on this, the tenure is generally less."

6.22 In spite of the above instructions/various measures taken by State Governments it emerged in the Annual Conference of Secretaries of Rural Development of States/Union Territories held in 1984 that the supervision of the programme by higher authorities has not been satisfactory. Therefore the Minister, Rural Development has to write to all the State Governments on 9 May, 1984 to tighten the Supervision and to review the programme periodically at their level and at the level of the Minister for Rural Development

6.23 It has been stated in a memorandum to the Committee that "Perusal of the C&AG's Report and many other evaluation reports clearly brings out the fact that most of the personnel, departmental as well as institutional (Banking) entrusted with the task of implementation of R.D. and Poverty Alleviation Programmes had no heart—leave aside concern or commitment—in the work they were supposed to be doing. Their approach was routine, mechanistic and even cynical. It would be a cliche to say that they lacked motivation. There was conspicuous absence of work ethics".

6.24 The Committee therefore desired to know whether the Ministry agree to the view that for a proper organisational set up a suitable service cadre and personnel policy for those working in the rural sector such as to contain urban bias, to be self-sustaining and as attractive as any other service need to be evolved and

deliberate shift in policy to provide amenities for a good living at project sites is called for. The Department of Rural Development stated:

"A proper personnel policy, placement and training are indisputable requirements for programme like IRDP. The GVK Rao Committee has also deliberated on this issue.

Emphasis has already been laid on training and orientation of various personnel involved in the implementation of the programme. As regards providing amenities for a good living at project site, the rules of the State Government are applicable to the District. Rural Development Agency personnel."

Planning capabilities

6.25 It has been represented by a State Government that Micro-level planning for anti-poverty programme also require planning capabilities at the district and block levels. Efforts at providing these skills has not been very successful despite the Government of India's Centrally Sponsered Programme for block level strengthening with cost sharing thereof. This is because the planning capabilities have to be available there in the form of suitably trained number of individuals at those places. The efforts becomes all the more difficult in places which are more under developed and therefore, require them the most. A special programme for providing these capabilities by hiring them for a short duration and/or. by compensatory payments to attract suitable persons in locations in which they are generally not available, will be necessary, if the programmes have the desired success in the backward, tribal and remote areas.

6.26 Commenting on the above suggestion the Department of Rural Development stated:

"Building up of planning capabilities by state and district levels has already been emphasised from time to time. There is however no bar to utilisation of consultancy services wherever it is felt necessary."

6.27 Asked whether effectivity of the DRDA organisation has been evaluated by the Ministry/Planning Commission, the Department of Rural Development stated:

"No evaluation of this organisation as such has been done so far. A high level Committee has now been set up to go into the district level & block level organisational set up."

(b) *Mobility of Staff*

6.28 It has been represented in a Memorandum furnished on behalf of State Government that the block structure and infrastructure support available in the States with highest concentration of poverty and of SC/ST tend to be weak with lack of transport and communication. The needs for implementation of an anti-poverty programme include constant follow up and guidance too. This requires mobility and, therefore, jeeps and motorcycles should be provided as a necessary facility for the programme in the Centrally sponsored scheme instead of leaving them for the states who cannot provide them. Absence of such mobility in the name of limiting administrative overheads gives considerable set back to such programmes.

6.29 It has also been suggested in another Memorandum presented to the Committee by a State Government that there should be a special examination of the needs of the States like M.P. and Orissa with substantial tribal area and tribal population for additional infrastructure of planning and implementing personnal, their training and mobility directly related to the implementation of the anti-poverty programmes of IRDP and NREP and it should be centrally funded accordingly. Their needs cannot be met by the general scheme of strengthening of such infrastructure on uniform basis in the country.

6.30 In this connection the Department of Rural Development stated:—

"The need for special attention in tribal areas has been recognised. It has been decided to augment the strength of Gram Sevaks and Gram Sevikas in Integrated Tribal Development Programme areas and north-eastern region by 50 per cent subject to a ceiling of 5 gram sevaks and one gram sevika. It has also been decided to provide a joint BDO to all the blocks in these areas irrespective of the population in the blocks.

Under the scheme of strengthening Block Administration now assistance is provided to State Governments for providing loans to block level functionaries for acquisition of a two wheeler. The DRDAs have also been permitted to utilise the interest earned by them for giving loan to DRDA/Block staff for purchase of two wheeler as per norms laid down by the State Governments for similar purposes. The training of the functionaries at various levels is constantly emphasised. The expenditure on training can be met out of the provision for administrative expenses."

(e) *State level Organisation*

6.31 P.E.O. has however, observed that in most of the States excepting Gujarat and Rajasthan and to an extent Andhra Pradesh, the kind of a strong administrative set-up recommended by the Ministry of Rural Development had not come into existence at the time this study was made. In spite of the Central Government offering to share the cost of creating and manning some of the additional posts required, the State Level Organisation lacked the required degree of support of the sectoral and subjects manner specialists in the formulation of projects and schemes and providing adequate technical guidance to the field staff. In this connection the Department of Rural Development stated.

"The need for a strong administrative set up has been constantly emphasised. This aspect has also been gone into by G. V. K. Rao Committee which has recommended the creation of a post of Development Commissioner of the rank of Chief Secretary to be incharge of development administration and having under him the departments of rural development Agriculture, Animal Husbandry, Co-operation, Industries etc. This is under examination."

6.32 Although the IRDP was initiated in 1978-79 and the responsibility for implementation of the programme was assigned to District Rural Development Agency, yet guidelines were issued to States in March 1981 to set up the District Rural Development Agencies on specified lines. According to the guidelines, DRDA was to have a governing body headed by the Collector or the Deputy Commissioner and the membership of the governing body included a representative from each of the State Government, Land Development Bank, Zila Parishad, Lead Bank, District Industries Centre, Weaker Sections of the society, a woman representative, M.Ps/M.L.As and a Project Officer as member-secretary. However, the Government have allowed an amount of flexibility in this matter as in Maharashtra and Gujarat the Minister concerned remained the Chairman of the governing body of the agency and in West Bengal DRDAs are headed by Sabapathis of Zila Parishads. Keeping in view the local conditions and to provide the linkages, the Committee recommend that the representatives from Khadi and Village Industries Commission and other similar organisations should also be given representation in the implementation Committees/executive committees of the DRDAs. Since the Collector/Deputy Commissioner remains too pre-occupied with the functions of the collection of revenues, law and order and other protocol activities, they also desire that some senior I A S / P.C.S. Officer should be made the chairman of the governing body of the DRDA.

6.33 At the State level, a senior officer is entrusted with the responsibility of overseeing the implementation of this programme. The State level Coordination Committees were to be formed in all the States to sanction the schemes, to plan the works and to monitor their progress. Since the membership of the governing body was likely to be large, the Chairman of the agency was given powers to nominate an executive committee consisting of 5 to 6 members including the Chairman, a project officer, representatives from major departments and banks which was to meet atleast once in a month to look into the various programmes intensively and take necessary decisions. The governing body was also to meet atleast once in a quarter. The Committee would like to know whether the executive committees and the governing bodies were meeting regularly in all the States/Union Territories as provided in the guidelines. The Committee note that in a number of States adequate staff have not been provided mainly due to financial constraints. This deficiency has been practically noted in the DRD Agencies in North-Eastern region where there is also a problem of obtaining technically qualified staff. In this connection, the Department of Rural Development have stated that 10 per cent of the Programme allocations can be utilised for meeting expenditure on administrative infrastructure at State, DRDA and block level as per the prescribed norms, and where there are no such norms in the State, the same could be laid down with the approval of State Level Coordination Committee. The Financial Commissioner, Government of Andhra Pradesh pleaded for additional staff at the ministerial level to attend to the additional schemes and responsibilities entrusted to them as the present staffing pattern was fixed in 1964 or so. It was also brought out that administrative infrastructure is not provided for newly created districts and that a number of essential posts were also lying vacant. In this connection the Committee learnt that in 1953 when the Community Development Programme was launched, there used to be one BDO, 8 extension officers, 8 male and 8 female village level workers all working under the Collector whereas there is only one BDO and 6 village level workers taken from the Agricultural Department Keeping in view the above facts and the findings of G.V.K. Rao Committee, the Committee feel that the staffing position in each DRDA needs to be reviewed. While dedicated and capable workers should be posted in such places, some incentive is also required to be given to the officers posted in difficult terrains and remote areas. The difficulties of grassroot workers like lack of housing or transport, lack of supervision and guidance and lack of motivation and training needs to be officially looked into. The report of Central Team to Orissa had also indicated that no systematic programme of training officials at the block and district level had been drawn up and implemented.

6.34 The Committee noted that a number of village level functionaries have been provided under each of the schemes under operation. This has prolificated the number of such functionaries and consequent administrative expenditure. The Committee recommend that a multiaspect training should be given to VLWS to impart different skills and entrust them more than one scheme. Such a step would bring in better coordination and would lead to economy in expenditure.

6.35 In addition to the implementation of this Programme, the District Rural Development Agency is also entrusted with the implementation of other allied programmes such as Development of Women and Children in Rural Areas and other rural development programmes like Rural Landless Employment Guarantee Programme, Drought Prone Area Programme and Desert Development Programme. Some of the State Governments have also entrusted some of their programmes to this agency. All these poverty alleviation programmes need to be merged into a single programme for effective implementation and removal of poverty from the country. The Committee also recommend that senior most officer of the rank of the Chief Secretary, working under the direction and guidance of the Chief Minister, should be made overall incharge of tho programme in the concerned State. The most important short-coming in the Programme is the absence of people's participation in the IRDP. While strongly commending the need to have the beneficiaries identified by the Gram Sabha, the committee would like to emphasise that the real participation of the people comes from the autonomy of the people's institutions, duly elected by the people. Autonomy of the people's institutions emanates from the freedom of the people to elect their own representative bodies at the grassroot levels at regular and well laid down intervals. Such elections to the decentralised people's bodies like those at the village and district levels Gram Panchayats and Zilla Parishads should not be subject to the pleasure of the Governments but need under an appropriate constitutional authority set up on the lines of the Election Commission. These elections should not be conducted on political party basis. These elections should be fought by individuals without party labels and on a non-party basis. This kind of a non-party approach to elections at the grass roots level alone can bring about, over a period a local leadership which is acceptable to all the sections of the rural society and which can therefore, be expected to mobilise the participation of the community in rural development. Also, this is a method of encouraging growth of leadership at the grass root level.

The Committee is fully conscious of the fact that, however desirable and necessary the fact is that what is suggested above will not be easy to give effect to. Nevertheless they feel that the time has come for a determined effort to be made to pursuade all the State Governments to see that Panchayat Institutions are activised so that it may become possible for the country to give effect to its anti poverty programme with efficiency and honesty in a pursuasive manner. Only then will the beneficiaries go where they should go and more and more attain above the poverty line status.

6.36 A conscious effort to promote cooperation between the Central and State levels at the non-official level in the sanction and review of the progress of the IRDP schemes is essential. It is therefore recommended that the state level committe on I.R.D.P. should be strengthened by the inclusion of Members of Parliament and local level leaders of the states concerned. It would be worth mentioning that men of commitment alone should find place in these bodies.

VII. MONITORING AND EVALUATION OF THE PROGRAMME

Evaluation

The Audit have pointed out that the Ministry did not evaluate the impact of the programme till May 1982 when it asked all States|Union Territories to undertake concurrent evaluation of the programme and to furnish the evaluation reports to the Ministry. These evaluation reports could not be made available for verification upto December 1984. As regards the tour reports of the officers who visited various States|Union Territories and the DRDAs since inception. the Ministry furnished (August 1984) only 3 reports of tours conducted in August 1982. November 1983 and June 1984. In the absence of all other reports, the extent of monitoring done by the Ministry could not be ascertained. However, in the absence of the preliminary work like survey of house-hold and preparation of the inventory of local resources, effective monitoring|control over implementation of the programme could not be exercised by the Central|State Governments and Union Territory Administrations. The Ministry did not have definite data of beneficiaries who had crossed the poverty line since the inception of the programme even though it was reported that the targets had been achieved. In this connection the Ministry of Rural Development have informed the Committee that the Programme (IRDP) was extended to all the blocks of the country with effect from October 2, 1980. Before the programme was evaluated, it was necessary to allow some period during which the programme was in operation in all-India level.

7.2 Asked as to how monitoring and evaluation of the Programme is organised at various levels and what is the organisational set up available therefor at these levels, the Ministry of Rural Development replied:

"The following report have been prescribed for monitoring of Integrated Rural Development Programme:—

(a) Monthly Key indicator report to obtain management information.

(b) Quarterly report on physical and financial progress which is detailed and comprehensive.

(c) Annual report on increase in income levels.

Recently for the VIIth Plan these formats have been revised by a Committee. These reports are to be coordinated at State Level and sent to Government of India.

As regards evaluation at the State Level, the State Government can use their evaluation machinery or employ repute academic and research institutions to undertake evaluation of the programme. Guidelines have been issued regarding the aspects to be covered by such studies. The proposals are placed before the State|U.T. Level Sanctioning Committee (SLSC).

The Central Ministry of Rural Development has a committee on research studies headed by Secretary (RD). This Committee authorises suitable studies on various aspects of rural development. The proposals which are considered by this Committee may be received directly from reputed institutions or through State Governments."

7.3 In reply to a question whether the above reports were being received from the States regularly and to the satisfaction of the Government, the Ministry stated that 'the monthly key-indicator report is coming regularly from most of the States, whereas the other reports are still to become regular.'

7.4 To a question as to what is the structure of cells at the State and Central levels and whether Ministry have ensured that they are well-staffed to monitor and analyse the data, the Ministry replied as under:

"The Statewise position of Monitoring Cells a State Headquarters varies from State to State. In Gujarat, Rajasthan, Tamil Nadu and Andhra Pradesh, there are elaborate organisations like special scheme organisations or Dte. of Commissionerate of Rural Development. The Ministry has envisaged that it should have atleast a core of five experts in various disciplines for which the Government of India can provide 50 per cent assistance to States (for Union Territories 100 per cent) through a scheme introduced for this purpose. 16 States/UTs have availed of this assistance. In the Ministry of Rural Development, there is an Administrative Intelligence Division, as well as some monitoring staff as a part of the IRDP Section."

7.5 The Ministry have informed the Committee, in another note, that the following evaluation studies by reputed organisations have been received by them:

"1. Project Evaluation Organisation (P.E.O.)

2. Reserve Bank of India (R.B.I.)

3. National Bank for Agriculture and Rural Development (NABARD)

4. Institute of Financial Management & Reserves (I.F.M.R.)

Besides the above, the Department of Rural Development has also commissioned a number of studies. Out of these, reports of two studies viz. National Institute of Urban Affairs (N.I.U.A.) and Indian Institute of Public Administration (I. I. P. A) have been finalised. Other studies are at various stages of completion. The officers of the department also tour in the field and provide a feed back mechanism."

7.6 It has now been decided by the Ministry of Rural Development to have a regular concurrent evaluation of the programme. According to this scheme every month two blocks each in 36 districts will be studied. In each block 10 old beneficiaries and 10 new beneficiaries will be studied. It will cover 36 districts, 72 blocks and 1440 families every month from 1985-86. The focus of the evaluation of new beneficiaries will be with reference to the procedures for selection, time taken for sanction of loan, purchasing of stock etc. Maintenance of assets, income generation, linkages etc. will be the focus of evaluation of old beneficiaries. For this purpose, the country has been divided into 18 zones and one or more research institutions have been identified to carry out the study in each of the zones. The results of the study will be computerised.

7.7 As regards the organisational set up one Assistant Project Officer assisted by a team of economic investigators etc. has been provided at District Rural Development Agency level. At the State level, each State has its own machinery like the Directorate of Economics and Statistics etc. Besides under a Centrally Sponsored Scheme 50 per cent assistance is provided to State Government for setting up a monitoring cell at State headquarters. Some States have set up separate rural development directorates.

At the Central level there is a cell for processing management information and an Administrative Intelligence unit to analyse data.

7.8 Asked about the formats on which evaluation-data is collected and how the authenticity of the same is ensured particularly in view of reports of exaggerated and inflated accounts being furnished, the Ministry stated:

> "The format of the study depends on the objectives of the study. There can, therefore, be no standard format applicable to all evaluation studies. However, a proforma has been prescribed for obtaining proposals from the organisations.
>
> It is neither feasible nor desirable to doubt the authenticity of data collected by reputable research and academic institutions, State Governments, directorate of economics and statistics or central government organisations like Project Evaluation Organisation. All these are independent of the Deptt. implementing the programme.
>
> A regular return on increase in annual income of the beneficiaries assisted has also been provided on an annual basis."

7.9 The Committee also desired to know how 10 old and 10 new beneficiaries selected every month in 36 districts will make adequate and timely information to the authorities to make it a comprehensive study. In their reply the Ministry stated:

> "These are sample studies which will only show the trend. For th's purpose this is adequate. It may also be pointed out that the size of sample every month is about 1440 beneficiaries, which is more than the sample size of the study by the Programme Evaluation Organisation."

7.10 Asked as to what lessons were drawn from the evaluation reports and what changes have been brought about in the content and working of the programme as a result of these findings, the Ministry stated:

> "All these studies have brought out the efficacy of the strategy of Integrated Rural Development Progrmme and its positive impact. 17 per cent to 49 per cent of the families have crossed the poverty line. Most of the families have subs-

tantially increased their income. Bulk of the benefits have gone to the Scheduled Caste/Scheduled Tribe and the landless. According to NABARD study, the repayment is 69 per cent. Certain deficiencies have been noticed. These mainly relate to administrative and organisational set up in fixing of uniform/physical and financial targets, low level of per capita investment, non-preparation of perspective plans and some wrong identification of beneficiaries.

2. **The following steps are proposed to remove the deficiencies:—**

1. A higher investment per family (at least Rs. 6,000) including package of assistance to enable proper return on investment.

2. Supplemental dose of assistance to those families assisted during VIth Plan who have not been able to cross the poverty line for no fault of their own.

3. The approach of uniformity has been changed to one of selectivity based on poverty incidence.

4. Identification of beneficiaries must involve the people's representatives much more closely.

5. Efforts to improve linkages through identifying bodies at district level for this purpose or the establishment of District Supply and Marketing Centres.

6. Proper co-ordination of the training efforts through the establishment of Composite Rural Training and Technology Centres.

7 A High Level Committee has been appointed to look into the administrative set-up.

8. Improvement in the functioning of banks, particularly at the grass-root level.

9. Creating a better climate of awareness amongst beneficiaries and their proper organisation.

10. A greater involvement of voluntary agencies in the implementation of IRDP and TRYSEM.

11. A new system of concurrent evaluation to be taken up in two blocks each of 36 districts every month."

7.11 It is stated in the Audit Para that the States of Bihar, Haryana, Jammu & Kashmir, Madhya Pradesh, Tamil Nadu, Sikkim and West Bengal and the Union Territory of Chandigarh had not evaluated the programme, whereas the States of Orissa|Rajasthan (Distt. Jaipur) had lately entrusted this work to some non-official agencies| private agencies during March 1984|1983-84. Similarly the State of Himachal Pradesh entrusted this work only in March 1983 and that, too, in respect of four districts (Hamirpur, Kangra, Simla and Solan) only. Concurrent evaluation in respect of four districts of Uttar Pradesh undertaken by the State Planning Institute, State Bank of India and one consultancy was still (September 1983) in progress. In Karnataka, the evaluation report of the Programme Evaluation Organisation of the Planning Commission was awaited (July 1984). Evaluation initiated by the State of Maharashtra in November 1983 was expected to be completed only by May 1985.

7.12 In Kerala, as per reports furnished by the DRDAs to the State Government in March 1984, out of 17,854/10,623 beneficiaries in Quilon/Kozhikode districts, only 1,746/1,550 beneficiaries had crossed the poverty line. Evaluation study conducted by the State Planning Board in respect of selected blocks, however, revealed that the programme had not succeeded in achieving the desired objectives.

In Pondicherry, the evaluation of the programme got done in January 1984, *inter alia*, revealed that 80 to 90 per cent of the assisted families had registered no change in their life style.

7.13 **The Committee note from the Audit Paragraph that the Ministry of Rural Development did not evaluate the impact of the programme till May 1982 when it asked all State/Union Territories to undertake evaluation of the programme and to furnish the evaluation report to the Ministry. In this connection, the committee are unable to apreciate the reply of the Ministry of Rural Development that "the Programme was extended to all the blocks of the country w.e.f. 2nd October 1980. Before the programme was evaluated it was necessary to allow some period during which the programme was in operation in All India level." No evaluation report could be made available for verification to Audit till December 1984. Since massive investments are being made by the Government of India for the implementation of this scheme it is highly desirable that there is an inbuilt monitoring and evaluation system for the foolproof reporting of the ground level results and achievements of the programme. The supervision of the programme by higher authorities had not been satisfactory. If the programmes are periodi-**

cally reviewed at a higher level it would go a long way to improve the quality of the programme.

7.14 For monitoring the programme, monthly key indicator report for obtaining management information; quarterly detailed and comprehensive report on physical and financial progress and annual report on increase in income levels have been prescribed by the Department of Rural Development. All these reports aftr coordinating at State levels are sent to the Government of India. As regard the evaluation of the programme at State level, the State Governments can use their evaluation machinery or employ academic and research institutions of repute to undertake the job. The Central Ministry of Rural Development have also a committee on research study headed by Secretary (R&D) and this committee authorises suitable studies on various aspects of Rural Development. The proposals which are considered by this committee may be received directly from reputed institutions or through State Governments. However, the Committee find that whereas monthly key indicator report was coming regularly from most of the States, the other reports were not being sent regularly. The State-wise position of Monitoring Cells at State headquarters also varies from State to State. The Committee desire that the Monitoring Cells should be formed on uniform basis in all the States/Union Territories so that a close watch may be kept on various activities under the programme. At State level and national level the concern for data gathering should be selective and be geared to the assessment of the final objective of the programme.

7.15 The Ministry have informed the Committee that evaluation studies have been made by Project Evaluation Organisation, Reserve Bank of India, National Bank for Agriculture and Rural Development and Institute of Financial Management and Reserves. Besides the above evaluation studies, the Department of Rural Development have also commissioned a number of studies out of which reports of two studies viz. National Institute of Urban Affairs and Indian Institute of Public Administration have been finalised and other studies are at various stages of completion. However, it has now been decided by the Ministry of Rural Development to have sion every month two blocks each in 36 districts will be studied. In each block 10 old beneficiaries and 10 new beneficiaries would be studied. The evaluations would cover 36 district, 72 blocks and 1440 families every month from 1985-86 onwards. The focus of the evaluation of new beneficiaries would be with reference to the procedure for selection, time taken for sanction of loan, purchase of stocks, etc. Maintenance of assets, income generation, linkages etc. will be the focus of evaluation of old beneficiaries. For this purpose, the country has been divided in 18 zones and one or more research institutions have been identified to carry out the study in each of the zones. The results of these studies would be computerised. The Committee would like to know the results of such studies and the impact of the programme.

VIII. TRAINING OF RURAL YOUTH FOR SELF EMPLOYMENT (TRYSEM)

8.1 With the question of providing technical skills to rural youths to enable them to take up self employment in the broad fields of agriculture and allied activities, industries, service and business activities the scheme of Training of Rural Youth for Self-Employment was started in July,* 1979 to train on an average 40 rural youth—both men & women—per annum in each block. TRYSEM which formed a component of IRDP aimed at training of rural youth of 18 to 35 years of age and belonging to the target group of families. They were to be equipped with necessary skills and technology to enable them to seek self employment and to generate additional income for raising their families above the poverty line. The full cost of training to the identified participants was to be met out of IRD funds. The Audit have pointed out that out of a total of 2,79,870 persons trained in 14 States|Union Territory under TRYSEM which formed a component of IRDP and full costs whereof were met from IRD funds, only 99884 could get themselves self employed.

8.2 Asked about the reasons for the trainees not getting self employment and remedial measures taken in this regard, the Ministry of Rural Development stated:

> "The figures of youth trained and self-employed given in the Audit Para pertain to differing periods for different States. Training of Rural Youth for Self-employment scheme was introduced in 1979-80 and understandably could gain momentum only after some time. The ratio of youth trained to those self-employed comes to 1:.35 while the comparable all-India figure for 1983-84 is 1:.55. If wage employed youth are added to this, the ratio further improves to 1:72. The main reasons identified are non-selection of proper trade some inadequacies in training by master craftsmen and time taken in building up linkages. These were due to the fact that it took sometime for the various State Governments to create adequate administrative structure.

A number of steps for strengthening of organizational arrangements to effective plan and monitor the programme have since been taken. Those include:

(i) Sanction of a post of Director exclusively for TRYSEM at State Headquarters;

(ii) Setting up of a sub-committee of the State Level Co-ordination Committee to go into details of TRYSEM; and

(iii) Designation of the Assistant Project Officer (Industry) as solely responsible for implementation of TRYSEM."

8.3 It is also seen that in Goa, Damân & Diu, there was concentration in imparting training on tailoring trade. In Tamil Nadu, out of 4,174 persons trained in tailoring in North Arcot district in 1982, only 1,371 persons were supplied with sewing machines. This resulted in the trainees remaining unemployed in majority of the cases. In reply to a question whether the usefulness of trade was taken into account before giving training to individuals—specially training in tailoring which proved a failure, the Ministry stated:

"In the earlier years of this scheme, proper care was not taken in identification of trades. Tailoring was taken up in a large scale presumably to extend the maximum benefits to women since according to the guidelines one-third of the beneficiaries under TRYSEM should be women. This concentration is now gradually getting reduced. Though self-employment has not been provided to all the trained youth under tailoring in Goa, Daman & Diu, wage employment was given to most of the trained youth. This has been well brought out in the evaluation study on TRYSEM in Goa, Daman and Diu. In the case of Tamil Nadu also the trainees have been provided self-employment|wage employment to the extent possible. There is always a time lag between the completion of training and provision of self-employment|wage employment."

8.4 To a question about the follow up action taken to ensure that trained people got established in the trade in which they were trained, the Ministry replied:

"The guidelines of the scheme indicate that loan applications of the trainees are processed while the training is in progress. This is expected to ensure that the trainee gets rehabilitated immediately after completion of training. Bank Managers are expected to be involved at the time of selection of trainees so that no problems of loaning arise after completion of training."

8.5 In this connection the Government of Madhya Pradesh have made the following suggestions:

(i) that the scheme needs to be substantially modified to make a real impact and there should be no targets for training under TRYSEM;

(ii) that the TRYSEM being a complementary scheme of Integrated Rural Development Programme, the arrangement should provide for first identification of the Integrated Rural Development Programme beneficiaries and the trade|occupation for which he or she is to be assisted, and identify the skills needed by him|her; and

(iii) that training should then be undertaken under TRYSEM based on this identification.

An alternative method for the same may be of first making an assessment of the number of Integrated Rural Development Programme beneficiaries who would require skill training to make full benefits of the likely assistance to be given to them and then take up their training in advance but after finalising arrangements for their support under Integrated Rural Development Programme. This would do away with the difficulties in the present position where TRYSEM tends to be a scheme in isolation and not complementary to integrated Rural Development Programme.

8.6 In this regard the Ministry of Rural Development stated that the position that is stated regarding TRYSEM tending to be a scheme in isolation is not correct. TRYSEM targets are part of Integrated Rural Development Programme targets, and identification of skills etc. has to be done even now. It appears the scheme has not been properly planned and implemented in Madhya Pradesh.

8.7. The Committee were told that TRYSEM was being reoriented and replaced by a new scheme to develop Composite Rural Training and Technology Centres in each district within a longer system of Training and Technology Centres. Such Centres will be developed among existing ITIS Polytechniques. It was also stated that no separate macro targets have been laid down for the new scheme and the expenditure is proposed to be met out of funds set out for infrastructure etc. under IRDP. In this connection the Ministry of Rural Development, in a subsequent note, clarified that the Scheme of Composite Rural Training and Technology Centres (CRTTC) is a separate scheme with separate funds. It is not in replacement of TRYSEM. However, in districts where CRTTC's are sanctioned, strengthening of Training infrastructure for TRYSEM will then be under the CRTTC. It has been decided to do away with separate micro targets for TRYSEM and not CRTTC. There are separate funds for TRYSEM infrastructure. The provision for 1986-87 (central budget) for this is Rs. 5.00 crores. However the cost of training in the form of stipend etc. for TRYSEM is to be met out of allocation for infrastructure under IRDP. Funds for supporting infrastructure under IRDP is to come mainly from the Sectoral budget.

8.8. Asked whether any broad targets have been earmarked for the purpose atleast initially, the Ministry stated:

> "The process of skill endowment under TRYSEM to members of the target group is an integral part of the IRDP. The training under TRYSEM would therefore be provided on the basis of actual need and requirement, hence it has been decided not to have separate targets at micro level for TRYSEM."

8.9 When the Committee desired to know whether CRTTC has any direct relationship with IRDP, the Ministry stated:

> "The scheme of CRTTC has direct bearing on Integrated Rural Development as these centres will be used for equipping Integrated Rural Development Programme|TRYSEM beneficiaries with necessary skills and technology."

Over Payment of Stipend

8.10 The Audit has pointed out that in the following States, the trainees were paid stipend at rates higher than what was admissible:

(i) According to the scheme, in the case of persons undergoing training in the village in which they reside, the stipend was to be restricted to Rs. 50 per month. In Haryana, the DRDAs, Gurgaon, Hissar and Narnaul did not apply this restriction and made an excess payment of Rs. 1.47 lakhs to 465 trainees during June 1979 to August 1983.

(ii) In Bellary, Mandya, Mysore, Shimoga and Tumkur districts of Karnataka, 251 trainees were paid stipends in excess of the prescribed rates amounting to Rs. 0.37 lakh.

(iii) In Tamil Nadu, 413 trainees in 17 blocks were overpaid stipend amounting to Rs. 1.39 lakhs during the years 1979-80 and 1981—83.

8.11 When the Committee desired to know whether the overpaid amounts of stipends have been recovered and action taken against officials responsible for these overpayments, the Ministry of Rural Development have forwarded the following replies of the State Government of Haryana and Tamil Nadu:

"The Government of Haryana has stated that the corporation has intimated that the stipend of Rs. 150/- per month per trainee was approved by the competent authority i.e. SLSC in its meeting held on 3.2.1979. The Government of India, while introducing TRYSEM scheme provided funds for ISB components and issued instructions to have uniformity in the rate of stipend. It was directed that the trainees belonging to same village where the training centre was located be paid stipend at Rs. 50/- per month and trainee who belongs to village outside the centre be paid stipend at Rs. 100/- per month. As the corporation had set up the training centres under SFDA/IRDP, the instructions contained under TRYSEM were not applicable for them. Moreover, it was found difficult to reduce the stipend in case of on-going training programme. When the DRDAs intimated that the uniform rate fixed under TRYSEM by the Government of India would also be applicable to the training centres of the Corporation they also reduced the rates thereafter for taking up new training programmes.

The Government of Tamil Nadu have stated that the Project Officers concerned have been instructed to recover the overpayments made to the trainees. However this may prove difficult as the overpayments relate to the year 1979 onwards. The whereabouts of some of the trainees may prove untraceable at this distance of time as they would have moved outside seeking employment. However considering the position that the amounts involved have only helped the needy poor below the poverty line and any enforcement of recovery from them would again cause personal hardship to them. It would be better to drop such cases at this stage and order the waiver of the over-paid stipends so that this may not result as an exercise in futility ultimately. Such instances had occured during the initial stage only due to oversight and not intentionally as they do not occur now."

8.12 In this connection the Ministry of Rural Development have informed the Committee that the matter is under investigation with the District Rural Development Agency in the Karnataka and that the explanation of the Haryana Government is not satisfactory and the matter is being pursued with the State Government. The Ministry also stated that the suggestions of the Government of Tamil Nadu were under examination.

8.13 **The Committee note that the National Scheme of Training of Rural Youth for self-employment (TRYSEM) was launched in July, 1979 to train on an average 40 rural youths—both men and women per annum in each block, so as to enable them to pursue self-employment avocations. With effect from 2nd October, 1980 this scheme was made part of the Integrated Rural Development Programme. The Committee note that out of a total of 2,79,870 youths trained in 14 States/Union Territories under TRYSEM, only 35.6% i.e. 99884 were able to get themselves self-employed. This may at the best be called an encouraging result, but not satisfactory enough. The Ministry of Rural Development stated that in the earlier years of the scheme, proper care was not taken in identification of trades and as a result there was concentration in imparting training on particular trades. Non-selection of proper trades, inadequacies in training by master craftsmen, inadequate administrative structure, etc. were the main reasons for the trainees not finding employment in as large a number as should have been possible. The Committee had occasion to observe that a number of rural water development schemes have gone into disuse due to lack of proper maintenance facilities for the machinery provided. Want of trained personnel to maintain the machinery is the main cause of these assets being inoperable. The consequence has been that training schemes have not been as effective as they would have been had these assets been in a working order. The Committee are unhappy at this un-imaginative planning and execution of the scheme. The Committee desire that necessary steps for proper selection of the trade and strengthening of organisational set up for effective implementation and monitoring of this desirable programme should be taken immediately. They would** also like to know the steps taken to rehabilitate the remining 179986 trained youths. Vigorous attention should be paid for identifying training and assisting the target group.

The Government of Madhya Pradesh have made a number of suggestions such as modification of TRYSEM, non-fixation of targets, identification of the beneficiaries and the trade/occupation for which he/she has to be assisted and imparting training to youths on the basis of this identification. In this connection, the Committee were informed that a new Scheme namely Composite Rural Training and Technology Centres (CRTTC) has been started. Such centres would be developed among the existing ITIS polytechnics, However, in districts where CRTTC are sanctioned, strengthening of training infrastructure for TRYSEM would then be under CRTTC. The Committee would like to know the objectives of CRTTC, the reasons for starting these Centres and not merging this scheme witn TRYSEM.

8.14 From the Audit Report it is noticed that in a number of States, the trainees were paid stipend at rates Higher that what was admissible to them. In this connection, the Ministry of Rural Development have stated that the matter regarding payment of stipend at higher rates was under investigation with the respective District Rural Development Agencies. The Committee would like to be apprised of the circumstances leading to overpayment of stipend and recommend that stern action should be taken against officials found responsible for these irregularities.

NEW DELHI;
April 27, 1987
Vaisakha 7, 1909 (S)

E AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX I

[Vide Para 1.1]

Para 4 of the Report of the C&AG of India for the year 1983-84

Union Government (Civil)

4. Integrated Rural Development Programme

4.1 *Introductory*:

4.1.1 The Integrated Rural Development Programme (IRDP) was initiated by the Ministry of Agriculture and Irrigation (Department of Rural Development)—now Ministry of Rural Development—(hereafter referred to as the Ministry) in 1976-77 in 20 selected districts. It was intensified and extended in 1978-79 to 2300 blocks all over the country (2000 blocks out of 3325 blocks covered by one or more of the ongoing special programmes and 300 blocks outside the special programmes area). It was proposed to add 300 new blocks every year for coverage by the programme.

4.1.2 With effect from 2nd October, 1980 this programme was extended to all the 5011 blocks (5092 blocks in 1983-84) in the country and the ongoing Small Farmers Development Agency (SFDA) scheme was merged with it. Simultaneously, the National Scheme of "Training of Rural Youth for Self Employment" (TRYSEM) launched in July 1979 to train on an average 40 rural youth *per annum* in each block—both men and women—in skills and entrepreneurship, so as to enable them to seek selfemployment avocations, was also made a part of the IRDP.

4.1.3 The main objective of IRDP was to raise families in the identified target groups above the 'poverty line' and to create substantial additional opportunities of employment in rural sector. The target group consisted of the poorest among the poor in the rural areas—small and marginal farmers, sharecroppers, agricultural and non-agricultural labourers, rural artisans and families belonging to the Scheduled Castes/Scheduled Tribes. A family (consisting of five members on an average) whose annual income form all sources was below Rs. 3500 was treated as living below the poverty line.

4.1.4 Any viable economic activity which was likely to raise the income level of the beneficiary above the poverty line on a lasting basis, could be taken up under the programme—the emphasis being on selecting one or more schemes in which the beneficiary had a genuine interest, training/motivation and for which requisite inputs and marketing facilities were available.

4.1.5 On an average, 600 families in a block in a year and at least 3,000 families per blocks during the Sixth Five Year Plan were to be assisted, the target being to assist at least 15 million families in the country. At least 30 *per cent* (20 *per cent* upto February 1981) of the families assisted were to come from the Scheduled Castes/ Scheduled Tribes. In identifying the families to be assisted, the 'Antyodaya approach' which laid emphasis on the need to extend the benefits first to the poorest among the poor, was to be adopted.

4.1.6 The IRDP was financed partly by subsidy provided by the Government and partly by credit from the banking institutions. Upto 1978-79 cent *per cent* assistance under the scheme was provided by the Central Government and from 1979-80 onwards the expenditure on subsidy was being shared equally by the Central Government and State Governments.

4.1.7 Subsidy was given to the extent of 25 *per cent* of the capital cost of the approved work in the case of small farmers, 33-1/3 *per cent* in the case of marginal farmers, agricultural/non-agricultural labourers and 50 per cent in the case of Scheduled Tribes beneficiaries subject to a ceiling of Rs. 5,000 in the case of Scheduled Tribe families and Rs. 3,000 for others (Rs. 4,000 in Drought Prone Areas Programme (DPAP) areas).

4.1.8 The Programme was being implemented by a single agency at the district level called the District Rural Development Agency (DRDA) headed by the District Collector/Deputy Commissioner. The Project Officer was to act as Member Secretary of the DRDA and its governing body included Members of Parliament, Legislative Assemblies, General Manager, District Industries Centre, senior-most officer of the lead bank, Chairman of Zila Parishad representatives of the State Government, Central Cooperative Bank, rural women, weaker sections and Scheduled Castes/Tribes. At the State level a senior officer was entrusted with the responsibility of overseeing the implementation of this programme. The State Level Coordination Committee (SLCC) was to be formed in all the States to sanction schemes, to plan the works and to monitor their progress.

4.2 The implementation of the programme was test checked by Audit in the Ministry and a few blocks/DRDAs in 18 States and 4

Union Territories with particular reference to the transaction during 1978-79 to 1983-84. Important points noticed are given in the succeeding paragraphs.

4.3 *Financial Outlay and Progress*

4.3.1 *Outlay*—While the ceiling of subsidy ranged between Rs. 3,000 and Rs. 5,000 per beneficiary, during the Sixth Plan period, the outlay provided by the Ministry to be shared equally by the Central/State Governments was Rs. 1500 crores with which subsidy of Rs. 1,000 could only be provided to each of the targeted 15 million families. Adding to it the credit assistance envisaged, each beneficiary could, at the most, avail of a total assistance of Rs. 4,000.

In December 1984, the Ministry stated that in the initial years 1978-79 and 1979-80, the targets were fixed on the assumption of an average investment of Rs. 1,250 per beneficiary. It was further stated that the outlay and targets were fixed by the Planning Commission and resources constraint and the limited absorbing capacity of the target group families were the reason for providing insufficient outlay.

All India *per capita* investment (subsidy and loan) during the years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83 and 1983-84 was Rs. 1514, Rs. 1213, Rs. 1642, Rs. 2698, Rs. 3107 and Rs. 3201 respectively. Against this, the per capita investment in Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala Meghalaya, Orissa, West Bengal and Chandigarh was generally very low. In Uttar Pradesh, 12.54 lakh beneficiaries were provided with a nominal assistance ranging from Rs. 173 to Rs. 220 only for petty items like storage bins agricultural inputs and agricultural demonstrations.

The Ministry had itself felt that investment of Rs. 3000 would not generate enough incremental income to raise the beneficiary families above the poverty line. Estimates of the experts indicated that an investment of Rs. 7,000 to Rs. 9,000 would be required to generate such income. In view of the above, the expenditure of Rs. 1302.03 crores (upto 1983-84) incurred by the Central/State Governments since 1978-79 appeared to be quite inadequate to serve the purpose of raising the poorest among the poor above the poverty line—the end objective of the scheme.

4.3.2 *Allocation*.—A uniform allocation of Rs. 35 lakhs was made available for each block during the Sixth Plan period for providing subsidy and also to meet expenses on essential infrastructural development, administrative cost and TRYSEM. Thus, an amount

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of Rs. 1,167 only, out of the above allocation, was available as subsidy to each of the 3,000 families to be assisted during the Sixth Plan period in each block.

4.3.3 *Financial/Physical achievements.*—The details of total allo cation, Central releases, expenditure, credit mobilised and number of beneficiaries targeted/actually assisted during the year 1978-79 to 1983-84 were, as under:—

Year	Total allocation	Central releases	Total expenditure (including States' share)	Percentage of shortfall between allocation and expenditure	Credit mobilised	Number of beneficiaries (i.e. families): Targeted to be assisted	Actually assisted: Total	Actually assisted: Scheduled Castes/Tribes
	(Rupees in lakhs)					(Number in lakhs)		
1978-79	10368·00	7045·00	3407·00	67	5870·40	8·29	6·13	Not available
1979-80	16772·60	5329·99	7899·29	53	11139·13	13·42	15·70	Do.
1980-81	25055·00	8258·45	15863·68	37	28904·97	30·07	27·27	7·81
1981-82	30066·00	12844·93	26464·92	12	46759·01	30·07	27·13	10·01
1982-83	40088·00	17617·34	359,59.01	10	71398·20	30·07	34·55	14·06
1983-84	40736·00	19422·66	40609·48	..	77351·48	30·54	36·85	15·37
Total	163085·60	70518·37	130203·45	20	241423·19	142·46	147·63	47·25

Although the Ministry reported achievement of physical targets, it did not have any information on the number of families crossing the poverty line since 1978-79. The Ministry stated (January 1985) that bringing the people above poverty line was a gradual and continuing process and the impact of the programme on the beneficiaries could be assessed only after some time. The information was also not available with the Government of Andhra Pradesh, Bihar, Goa, Daman & Diu, Jammu & Kashmir, Maharashtra, Orissa, Pondicherry, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. The States of Gujarat, Haryana and Madhya Pradesh had the information only in respect of some districts/blocks. In Himachal Pradesh, only 0.17 lakh beneficiaries (6 *per cent*) out of 2.84 lakhs assisted upto 1983-84, were shown to have crossed the poverty line.

The undermentioned deficiencies/shortcomings (both financial and physical) in the progress reports of various States/Union Territories affected the reported achievements:—

(i) The States of Bihar, Madhya Pradesh, Orissa, Punjab, Sikkim and Tamil Nadu treated the un-utilised amount of advances/subsidies in certain districts to the extent of Rs. 314.57 lakhs, Rs. 287.23 lakhs, Rs. 385.02 lakhs, Rs. 80.99 lakhs, Rs. 12.13 lakhs and Rs. 269.63 lakhs respectively given to various banks/financial institutions and funds given to organisations and officials as final expenditure. Also in Kerala, Rajasthan (Jaipur district) and Uttar Pradesh, unadjusted subsidies/advances to banks, institutions and Panchayat Samitis were shown as final expenditure.

(ii) In Andhra Pradesh, the closing balance of Rs. 479.71 lakhs for 1981-82 was not shown in the progress report. Similarly, during 1982-83 the opening balance was incorrectly shown as Rs. 120.14 lakhs instead of Rs. 479.71 lakhs.

(iii) The DRDAs in Bihar, Himachal Pradesh, Madhya Pradesh and Maharashtra inflated the number of beneficiaries assisted by 0.87 lakh, 0.02 lakh, 2.71 lakhs and 0.76 lakh respectively.

(iv) In the annual progress reports of Uttar Pradesh for the years 1979-80 and 1980-81 the achievement shown included 12.54 lakh beneficiaries who were provided assistance ranging from Rs. 173 to Rs. 220.

(v) In Andhra Pradesh/Delhi, 508|771 beneficiaries, who were provided with the 2nd milch animal, were again taken into account while reporting the number of beneficiaries assisted under IRDP even though the subsidy was paid to the same beneficiaries. Similarly, DRDA, Chengalpattu of Tamil Nadu had inflated its figures.

(vi) The States of Bihar and Madhya Pradesh assumed the achievements (both financial and physical) on the basis of subsidy released for identified beneficiaries to the banks instead of on the basis of its actual disbursement to them by the banks.

(vii) In West Bengal, cheques for Rs. 344.32 lakhs (Rs. 150.40 lakhs in Burdwan district and Rs. 193. 92 lakhs in 24-Parganas) issued in January—March 1984 and shown as expenditure were not encashed by the financing institutions. Further, cheques for Rs. 35.85 lakhs drawn by the DRDA, Midnapore and shown as expenditure (March 1984) were not even despatched to the institutions till April 1984.

4.3.4 *Rush of expenditure*—The Ministry released to the implementing agencies Rs 54.67 crores, Rs. 68.25 crores and Rs 75.68 crores during March in 1982, 1983 and 1984 respectively against the total release of Rs. 128.45 crores, Rs. 176.17 crores and Rs. 194.23 crores in the respective years.

The DRDAs also spent bulk of the amount/disproportionately larger amounts during March/last quarter of every year. A few cases, in this regard are cited below:

(i) In Gujarat, Orissa (Puri and Balasore) and Uttar Pradesh (Allahabad, Bareilly, Gorakhpur, Jhansi, Lucknow, Saharanpur and Varanasi) the percentage of expenditure incurred during the month of March over the total annual expenditure ranged from 30 to 75. In 1981-82, the DRDA, Cuttack had spent 50 per cent during the last 5 days of the financial year.

(ii) In the DRDAs of Haryana (Rohtak and Narnaul), Rajasthan (Jaipur and Udaipur) and West Bengal (24-Parganas, Purnia, Malda and Midnapore), the percentage of expenditure during the last quarter of the year over the total annual expenditure ranged between 51 and 86.

(iii) In Meghalaya, the funds were always sanctioned and drawn by the State Government during the last days of the financial years and were released only in the next financial year.

4.4 *Insufficient implementing machinery.*—In Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Karnataka, Madhya Pradesh, Meghalaya, Punjab and Chandigarh, the organisation set up was not fully geared up as a number of posts of experts, project officers, specialists, etc. and staff which were essential for effective implementation/monitoring of the IRDP, were not filled in.

4.5 *Implementation.*—Under the IRDP, a community block was accepted as the unit. The Ministry envisaged—

(i) House-hold survey for identifying families below the poverty line, classifying them in terms of annual *per capita* income groups and formulation of production programmes for each family in consultation with the head of family with a view to raising the income above the poverty line.

(ii) Inventory of local resources (indicating, *inter alia*, the physical and biological resources, soil condition, agriculture and land use) and reviewing the ongoing programmes concentrating on identifying potentialities which could be best exploited at block level.

(iii) A block plan for a period to coincide with the Five Year Plans taking into account the available financial resources.

The IRDP was, however, launched in 1978-79 without taking the preparatory measures of conducting house-hold survey. Instructions were issued by the Ministry in August 1979 to all the States/Union Territories to complete the house-hold survey of the blocks during the year 1979-80.

The Ministry, however, continued to release financial assistance without ensuring that the State/Union Territory Governments had taken the preliminary steps. Statewise position in this regard is given below:

(i) In Andhra Pradesh, Chandigarh and Punjab, the categorisation of identified families in terms of annual *per capita* income was not done. Andhra Pradesh, Uttar Pradesh and Chandigarh did not even analyse the local resources.

(ii) In Kerala, Madhya Pradesh and Rajasthan, the House-hold survey was only partially done.

(iii) In Delhi, Haryana, Himachal Pradesh, Rajasthan and Uttar Pradesh the house-hold surveys were unauthenticated/defective.

(iv) In Bihar, the plans prepared by the State Government were based on estimates only for different items of works and were not need-based. No expenditure was incurred on surveys indicating that the house-hold surveys had not been done.

(v) In Gujarat, the surveys were taken up from 1981-82 onwards, but not completed even by March 1984.

(vi) In Jammu & Kashmir, Maharashtra and Pondicherry, no survey was conducted upto October 1983, 1980-81 and June 1983 respectively. In Sikkim, the subsidy was released to the beneficiaries on the basis of information furnished by Government departments and other agencies without even identifying the beneficiaries.

(vii) In West Bengal, the programme was implemented without conducting any survey upto 1979-80. The results of the survey done thereafter at a cost of Rs. 33.85 lakhs were not finalised (May 1984) and fruitfully utilised for identification and selection of beneficiaries.

In the absence of availability of income-wise data of the families, it was not clear as to how the Ministry or the State/Union Territory Governments|Administrations satisfied themselves that the benefits were passed on only to the eligible beneficiaries and the 'Antyodaya' approach was actually followed in the implementation of the programme. In fact, due to non-availability of data of house-hold survey, subsidy/assistance was paid in many cases to ineligible families as mentioned below:

4.5.1 *Coverage of ineligible beneficiaries*

(i) In 9 States/Union Territories, 2,743 beneficiaries were given assistance under the programme (418 in Andhra Pradesh, 20 in Gujarat, 89 in Haryana, 40 in Jammu & Kashmir, 372 in Kerala, 326 in Maharashtra, 382 in Meghalaya, 361 in West Bengal and 735 in Chandigarh) although their annual income was more than Rs. 3,500 each. The amount involved in 1,240 of these cases (relating to Andhra Pradesh, Haryana, Kerala and West Bengal) was Rs. 16.66 lakhs.

(ii) 3,606 beneficiaries were assisted (159 in Andhra Pradesh, 450 in Haryana, 144 in Jammu & Kashmir, 250 in Karnataka, 407 in Kerala, 1,062 in Madhya Pradesh, 134 in Bharatpur district of Rajasthan, 948 in Pondicherry and 52 in Chandigarh), although they were residing in urban areas within the Municipal limits of the towns. Apart from these, several beneficiaries living in the urban area of Delhi were also assisted. Amount of subsidy thus granted in respect of the beneficiaries of Andhra Pradesh, Delhi, Haryana, Karnataka, Kerala, Madhya Pradesh, Rajasthan and Pondicherry came to Rs. 23.79 lakhs.

(iii) In 885 cases (539) in Andhra Pradesh, 133 in Haryana, 113 in Madhya Pradesh and 100 in Maharashtra), assistance was provided to the beneficiaries who had more land holdings than the prescribed limit and were, therefore, ineligible for the assistance. Amount of subsidy in respect of 785 cases of Andhra Pradesh, Haryana and Madhya Pradesh worked out to Rs. 9.27 lakhs.

(iv) 2,022 beneficiaries were assisted (189 in Andhra Pradesh, 1,761 in Haryana and 72 in Jammu & Kashmir), although the data for computation of their income/land holding were not available with the concerned DRDAs.

(v) In Amreli (Gujarat), 40 beneficiaries who were given assistance of Rs. 1.09 lakhs, spent Rs. 2.39 lakhs from their own resources (actual investment per beneficiary ranging from Rs. 3,300 to Rs 10,000) for purchase of buffaloes, oil-engines, bullocks without obtaining credit from financial institutions. Beneficiaries with such large resources of their own could hardly fall in the category of people below the poverty line.

(vi) In Karnataka, subsidy amounting to Rs. 0.45 lakh was released to 129 ineligible beneficiaries due to incorrect categorisation.

4 5.2 *Deviation from 'Antyodaya' approach*

(i) In Gujarat, out of 8,831 families surveyed during April 1981 to December 1982 in 68 villages of 14 talukas of five districts, 203 beneficiaries had income upto Rs. 500 *per annum*. Of these, only 13 were assisted. Similarly out of 1,023 families with annual income between Rs. 501 and Rs. 1,000 only 219 were assisted whereas 20 ineligible beneficiaries whose annual income was more than Rs. 3,500, were given assistance. Apart from this, in the district of Surendranagar, poor people living in 283 villages were not assisted at all.

(ii) Similarly, in Haryana, out of 0.21 lakh families having income upto Rs. 175 *per annum* in six districts, only 0.07 lakh were assisted during 1981-82 and 1982-83 even though 0.32 lakh families having income above this amount were assisted during the same period.

4.6 ***Diversion of funds for other purposes.***—More than
were not connected with IRDP as detailed below:

Name of State/ U.T.	Names of DRDA	Year	Amount (Rupees in lakhs)
1	2	3	4
Andhra Pradesh	Eluru		7 60
	Karimnagar		9 29
Bihar	Dumka	May 1981 to February 1982.	22.95
	Daltonganj	1979-80 1980-82	6.49 0·91

Rs. 16 crores were spent on items/schemes which

Items/schemes on which funds were spent	Additional remarks
5	6
Purchase of (i) lorry by the Andhra Pradesh Meat & Poultry Development Corporation and (ii) Matador van by Fisheries Department.	
Purchase of jeep, milktanker and machinery for pre-packing.	
Crop demonstration.	Government of India discontinued this project (January, 1981)
Advance to Bihar Relief Committee, Daltonganj (Palamau) a private organisation for digging of wells.	An amount of Rs. 3·04 lakhs had been spent upto May 1984. The unspen balance of Rs. 4·36 lakh was retained by the Committee.

1	2	3
	Jamshedpur	1982-83
	Nalanda	1982-83
Delhi	Delhi	
Haryana		1980-81 to 1983-84
		July 1980 to June 1983
Himachal Pradesh	Bilaspur, Hamirpur, Mandi	1980-81 to 1983-84
	Solan	1977-78 to 1980-81
		1981-82 to 1983-84
	Bilaspur Chamba	1980-81 to 1983-84

4	5	6
2·61	Purchase of cement by the Project Officer, MESO area, Singhbhum, Chaibasa for Rural Engineering/Minor Irrigation works divisions.	The cement so purchased was loaned to different contractors and schools for construction of school buildings, culverts, etc.
2·19	Loans to unemployed doctors and engineers.	
5·33	Purchase of air conditioners, colour televisions and three wheeler scooters.	
12·80	Expenditure on employment of persons in the existing Project Cell at State level.	The representative to the Ministry objected to the procedure in the meetings of the SLCC held in July 1981 and January, 1983.
59·38	Running of training-cum-production centres under the administrative control of Haryana State Small Scale Industries and Export Corporation Limited.	
38·23	Special Scheduled Caste Component Plan.	Recoupment awaited (June 1984).
0·71	Repair and maintenance of 38 irrigation works at 50 *per cent* of the estimated cost.	
5·14	Subsidy on irrigation works outside the special programme areas.	The Scheme of subsidy on such works was discontinued by Government (April 1981).
0·38	Whisky, rum, beer, soda, lunch, tea, biscuits, etc.	

	Hamirpur Kinnaur Mandi	
	Chamba Mandi Kinnaur Solan	
Jammu & Kashmir		1980-81 to 1982-83
		January to March 1982
Karnataka	Bellary Kolar Mandya Mysore Shimoga Thumkur Uttara Kannada	
	Bellary Mysore Shimoga	1980-81
	Kolar Mandya Mysore Shimoga	1981-82 to 1983-84

1·32	Training Farmers Camp, pay and allowances, procurement of cement for National Rural Employment Programme, purchase of furniture.	
13·66	Training of candidates through normal activities of District Industries Centre, Industrial Training Institute and Handicrafts department.	
4·42	Setting up Training-cum-Production Centre for weavers' community.	No person was trained in these centres.
25·31	Loans and advances to staff for purchase of motor cycles and construction of houses, construction of quarters for Project Director, transfer of amount to DPAP, purchase of motor cycles for other scheme, etc.	
14·34	Purchase of 19 jeeps by the Department of Sericulture.	
36·18	For equipping the taluka veterinary dispensaries for which provisions existed under State Plan and supply of motor cycles to veterinary doctors of Animal Husbandry/Veterinary Services departments.	

1	2	3
	Shimoga	1980-81
Kerala	*Quilon Trivandrum	February 19[illegible]4 February 1984
	Ernakulam Trivandrum *Quilon	Sanctioned in January 1984
	Kozhikode	July 1982 to September 1983
	*Quilon	March 1983 to March 1984
Maharashtra		1978-79 to 1980-81
Madhya Pradesh	Bastar	March to May 19[illegible]

4	5	6
1·74	Construction of two general purpose godowns.	
1·00	Share capital, loan to a society.	
0·10	Installation of telephone at the residence of Assistant Development Commissioner, Trivandrum.	
0 89	Printing of 1984 diaries.	
0·42	Purchase of banquet chairs, steel a mlrah, sofa-cum-bed, settees, etc. and a typewriter for use at the residence of Collector, Kozhikode (Rs 0 32 lakh); and purchase of net work dictation system for his use (Rs. 0.10 lakh).	
0 26	Purchase of furniture and office equipment for the office of the Collector, Quilon.	
303·40	Payment to Bharatiya Agro Industries Foundation for opening 250 artificial insemination centres which did not work for weaker sections of the community.	The Foundation reported (May 1984) to have received Rs. 305 80 lakhs instead of Rs. 303·40 lakhs.
6.32	Managerial subsidy towards the salaries of salesmen etc. engaged during July 1981 to March 1982 in fair price	

				shops owned by Multipurpose/Farmers' Service Societies.	
		1982-83	3·30	Repairs of tank and digging of tube wells in Jagdalpur city.	
	Khandwa	1981-82 to 1983-84	4·72	Working capital for fabrication of bullock carts by Madhya Pradesh Agro Industries Corporation Limited.	
Orissa	Balasore	1982-83 to 1983-84	44·07	Tank Fishery Scheme covered under State Government Economic Rehabilitation of Rural Poor Programme.	
Punjab	Amritsar Patiala Ropar	1978-79 to 1980-81	28·51	For raising forest nurseries for supplying plants to the families under IRDP, even though this scheme was not in existence at that time.	Out of this Rs. 7·31 lakhs were spent for purposes (Purchase of tractores/Matador, tools and plant, etc.) other than specified. The Forest Department had neither returned the unspent balance nor did create any assets.
	Faridkot	1982-83	5·00	Farm Forestry Scheme even though the scheme was discontinued from 1982-83.	
	Hoshiarpur Ludhiana Ropar and District Forest Officers, Hoshiarpur and Ludhiana.		3·26	Purchase of tyres, tubes and repairs/maintenance of Government jeeps, Matadors, tractors, diesel engines, awn-mowers, etc.	

*£The Project Officer, Quilon stated that the Collector being the Chairman of the Agency had got adequate powers "to issue any orders regarding the expenditure side or for its working".

1	2	3
Rajasthan	Bharatpur	1982-83
Sikkim	Sikkim	1980-81 to 1983-84
		1980-81
Tamil Nadu	..	March 1984
Uttar Pradesh	..	1980-81
	..	..
	..	1982-83
		1979-80

4	5	6
1·88	Provision of sewing machines, knitting machines, raw material, tool kits to persons living in Bharatpur city though such expenditure was required to be met by Social Welfare Corporation.	
2·29	Managerial subsidy to various milk producers coopertive societies having no regular full time staff.	
1·78	Purchase of one truck and its spares/accessories for Sikkim Cooperative Milk Producers' Union Tadong.	
1·05	Managerial subsidy to Fishermen Cooperative Societies—Ramanathapuram district.	
180·00	Matsya Vikas Nigam for development of hatcheries for aquaculture development which was to be provided in the normal budget of the State Government.	
30·00	Advanced to the Director, Fisheries Department for establishing regional training centres.	
5·06	Purchase of two trucks by Bareilly Vikas Nigam.	
83·96*	Uttar Pradesh Pashudhan Udyog Nigam for establishment of frozen semen centres.	No amount could be spent and the Nigam was required (October 1983) to refund the amount.

	..	1979-80	38·62*	Uttar Pradesh State Horticulture Produce Marketing and Processing Corporation for strengthening/establishing Government nurseries/gardens.	An amount of Rs 15·77 lakhs was spent on purchase of tractors/vans etc. Details regarding utilisation of the balance of Rs. 22·85 lakhs were not made available.
	..	1979-80 to 1982-83	376 26*	Uttar Pradesh State Hath Kargha Nigam for establishing mulberry and tussar centres for the development. of sericulture.	Rs. 66·95 lakhs only were reported to have been utilised on purchase of land, fencing and construction of building.
	..	1979-80 to 1980-81	184·00*	Divisional Development Corporations for supply of agricultural implements, pump sets, etc. for minor irrigation construction of tubewells, etc.	
	Allahabad Jhansi Lucknow Varanasi.	1980-81 to 1982-83	34.24*	Cooperative societies, autonomous bodies and Government departments.	
	Lucknow	November 1981	3·85*	Uttar Pradesh Agro Industrial Corporation Limited.	The Ministry directed the DRDA (December 1981) to obtain refund from the Corporation. The refund was awaited (February 1984)
West Bengal	Budrwan Cooch-Bihar Malda and 24-Parganas	1979-80 1980-81 and 1982-83	10 00	Purchase of rickshaw vans. Matadors excavation of tanks. construction of mini-market, etc.	
	Midnapore	1979-80 to 1980-81	7·49	Procurement of paddy, Food for Work Programme, purchase of rickshaw vans, mini-truck and construction of mini-market.	Rs. 2.53 lakhs yet to be recovered (May 1984).

*These payments were made out of the allocation for infrastructure without identification of the beneficiaries and without mentioning the crucialgaps to be covered.

4.7. *Non-provision of assistance for second milch animal.*—The guidelines issued by the Ministry in November 1981 laid down that two milch animals should be supplied in succession to the same beneficiary (second animal as soon as the first animal stopped lactating) as, otherwise, the beneficiary would experience a fall in his income and slip back into poverty. However, in most of the cases the second milch animal was not provided. A few instances in this regard are given below:

(i) In four districts each of Andhra Pradesh and Tamil Nadu, out of 30,310 and 28,940 beneficiaries during 1980-81 to 1982-83 only 2,777 (9 *per cent*) and 13,690 (47 *per cent*) respectively were assisted for second milch animal. In one district (West Godavari), 24 (0.33 *per cent*) out of 7254 beneficiaries assisted during the said period were provided with second milch animals.

(ii) In Gujarat. 2.50 lakh milch cattle were purchased during 1980-81 to 1983-84 by the rural poor out of the assistance provided. The assistance for the second milch animal was not extended to almost 99 *per cent* of the beneficiaries.

(iii) In Haryana and Uttar Pradesh (DRDA Saharanpur) only one milch animal was supplied in most of the cases. In Jammu & Kashmir, the practice of supplying second milch animal after the first had stopped lactating was not strictly followed.

(iv) In Karnataka, beneficiaries were generally supplied with one milch cattle only. However, in Mysore district, 182 beneficiaries out of 8,513 were simultaneously supplied with two animals instead of providing the second animal after the first one had stopped lactating.

(v) In Kerala, 762 beneficiaries who were granted subsidy of Rs. 6.71 lakhs for purchase of one cow during 1978-79 to 1982-83 were not given any further assistance for purchase of the second animal even after 4 years in most of the cases.

(vi) In two districts of Maharashtra, 2313 beneficiaries were not provided with second milch cattle during 1982-83 and 1983-84.

(vii) In 3 districts of Rajasthan, second buffalo was purchased only in 23 to 32 per cent cases.

4.8 *Non-verification of assets.*—The Ministry did not make any provision for conducting physical verification of assets created out of IRD funds till March 1962 when it asked the State/Union Territory Governments|Administrations to physically verify the assets. Inspite of this directive, Meghalaya, West Bengal, Delhi and Pondicherry did not conduct any physical verification at all. The States of Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajashan, Tamil Nadu and Uttar Pradesh did the verifiction only partially. This revealed 8,430 cases in Gujarat, Himachal Pradesh, Jammu & Kashmir, Maharashtra, Madhya Pradesh, Rajasthan, Tamil Nadu and Uttar Pradesh where the assets were either missing or were sold out|not supplied. Apart from this, 7582 beneficiaries in Haryana. Karnataka and Kerala had misutilised the subsidy.

4.9 *Administration of subsidy.*—Upto February 1982, the DRDAs were required to deposit the portion of subsidy as soon as the loan applications were sanctioned by the banks so that the burden on the beneficiaries was only to the extent of net loan. Thereafter, the DRDAs were required to keep their amounts in savings bank accounts in the principal branches of the participating banks so as to avoid locking up of funds without earning interest. Many DRDAs, however, did not follow the aforesaid instructions. Some cases are mentioned below:

4.9.1. *Subsidy paid in advance*

In the following States|Union Territories, the DRDAs released the subsidy to banks/financing institutions in advance pending release of loans by the banks|financing institutions. Such releases not only resulted in the blocking up of Government funds but also resulted in undue benefits in the form of interest secured by the banks/financing institutions.

(i) In Delhi, Gujarat, Haryana (Ambala), Maharashtra and Orissa (Balasore and Puri), Rs. 431.90 lakhs had not been released to the beneficiaries and were lying with the banks unadjusted.

(ii) In Gujarat and Tamil Nadu (Chengalpattu, Madurai, North Arcot and Thanjavur), a sum of Rs. 270.84 lakhs could not be passed on to the beneficiaries during 1978-79 to 1983-84 and was, later on, refunded by the banks.

(iii) The DRDAs, Krishna and Kurnool (Andhra Pradesh) and Hoshiarpur (Punjab) released subsidy of Rs. 11.77 lakhs in excess of requirements.

(iv) In Bihar, Rs. 57.25 lakhs advanced to different banks in Muzaffarpur district during 1981-82 for payment of subsidy to 6,146 families were not disbursed to the beneficiaries during the financial year.

(v) In Pondicherry, the DRDA had no consolidated details such as, date of release of advance subsidy, the bank to which released, the yearwise break up, etc.

(iv) In Jaipur district of Rajasthan, banks which had Rs. 13.90 lakhs as unutilised balance of advance subsidy did not transfer Rs. 8.33 lakhs to the savings bank account of the DRDA and delayed the transfer of the amount of Rs. 5.57 lakhs resulting in a loss of interest of Rs. 0.62 lakh and Rs. 0.23 lakh respectively.

4.9.2. *Delay in release of subsidy by DRDAs*

In the following States, the DRDAs released the subsidy after considerable delay resulting in extra charge on account of interest thereon as the whole amount advanced to the beneficiaries was treated as loan by the financing institutions:

(i) In Andhra Pradesh, the DRDAs, Karimnagar, Visakhapatnam and West Godavari released subsidy to the extent of Rs. 9.28 lakhs during 1981-82 to 1982-83 (delay in 901 cases involving subsidy of Rs. 7.64 lakhs ranged from 6 months to over 2 years). Apart from this, the DRDA, Visakhapatnam issued cheques for Rs. 5.68 lakhs without ensuring availability of balances in the banks. Fresh cheques were issued after delays ranging upto 3 months (364 cases : Rs. 2.97 lakhs) and from 3 to 6 months (350 cases : Rs. 1.72 lakhs) and from 7 to 13 months (192 cases : Rs. 0.99 lakh).

(ii) In Haryana, the DRDA, Gurgaon released subsidy amounting to Rs. 5.77 lakhs in 614 cases provisionally during 1981-82 to 1983-84 subject to the condition that it would be adjusted finally on verification of assets of beneficiaries by a representative of the DRDA. Out of this, subsidy in respect of 279 cases amounting to Rs. 2.27 lakhs was got adjusted during January 1983 to January

1984. Subsidy of Rs. 3.50 lakhs in respect of remaining 335 cases had neither been adjusted in the accounts of the beneficiaries nor received back from the banks. In Gurgaon, Karnal and Hissar districts, loans under various schemes was paid to 106 beneficiaries during 1981-82 to 1982-83, but subsidy thereagainst was released after a period of 1 month to 21 months.

(iii) In Jammu & Kashmir, the DRDAs, Kupwara and Anantnag had not as yet released subsidy in 83 cases of Langet block and 9 cases of Kokernag block respectively, although the loan was advanced more than a year ago. In several cases of other DRDAs, the delay in releasing the subsidy ranged from 6 to 24 months.

(iv) In Kerala, subsidy amounting to Rs. 0.48 lakh was not paid to the bank (November 1983) although the total assistance (inclusive of subsidy) had been disbursed by the bank to 86 beneficiaries during 1980-81 on the recommendation of the BDO, Parassala and the bank had informed (July 1983) the BDO that non-payment of subsidy had resulted in avoidable inconvenience to the borrowers as additional interest would be payable by them on unadjusted loan portion.

(v) In Madhya Pradesh, the DRDA, Bastar had not released subsidy amounting to Rs. 4.56 lakhs in the case of 445 beneficiaries (June 1984) although the loan component amounting to Rs. 13.08 lakhs was sanctioned by the banks as far back as in March and May 1981.

(vi) In Orissa, the DRDA, Puri delayed the release of subsidy in respect of 67 cases by 5 months to 4 years.

(vii) In Rajasthan, the DRDAs, Bharatpur, Jaipur, and Udaipur had not released subsidy amounting to Rs. 0.60 lakh, Rs. 1.78 lakhs and Rs. 2.08 lakhs in respect of 58,67 and 72 cases respectively although the banks had disbursed the loan to the beneficiaries much earlier. Further, there was delay of 1 month to over 3 years by banks in crediting the amount of subsidy in the ladger accounts of the beneficiaries in these DRDAs.

4.9.3. *Excess payment of subsidy*

In the following States, subsidy was paid in violation of the prescribed rates|rules :

(i) In Andhra Pradesh, the DRDA, West Godavari paid an amount of Rs. 15.32 lakhs in excess to 207 beneficiaries (at Rs. 7,400 each) by granting subsidy at 50 per cent of capital cost without applying the ceiling of Rs. 3,000 per beneficiary.

(ii) In Gujarat, transport subsidy of Rs. 0.23 lakh was paid to 19 milk producer cooperative societies, although the milk transported per day was less than the limit fixed by the State Government.

(iii) In Haryana, the DRDAs, Gurgaon, Hissar and Narnaul incurred expenditure of Rs. 34.56 lakhs on training 1222 beneficiaries under rural industries training programme during 1979-80 to 1982-83 and average expenditure per trainee ranged from Rs. 2,558 to Rs. 3,424 against the norm of Rs. 1200 per trainee. The DRDA Karnal made an advance payment of Rs. 2.40 lakhs to the Forest Department for pasture development during 1981-82 and 1982-83. The department, however, developed 50 hectares of land during the above period and the entire amount of Rs. 2.40 lakhs was shown as utilised. According to the norm of Rs. 750 per hectare on pasture development, payment of less than Rs. 0.38 lakh was only justified. Thus, the department spent Rs. 2.02 lakhs in excess of the prescribed norm. Again, the DRDA paid to the Forest Department an amount of Rs. 2.50 lakhs during 1981-82 and 1982-83 for carriage charges of 25 lakh plants. In most of the cases the beneficiaries carried the plants themselves. As per records of the Forest Department itself actual expenditure incurred was Rs. 0.73 lakh against Rs. 2.50 lakhs received by it. Further, an amount of Rs. 0.40 lakh which was lost by the Forest Ranger, Panipat was shown as utilised by the Forest Department in the utilisation certificates sent to the DRDA, Karnal.

(iv) In Karnataka, subsidy of Rs. 6.34 lakhs to 535 beneficiaries was paid in excess of the prescribed ceiling.

(v) In Kerala, four DRDAs made excess payment of subsidy to several beneficiaries by taking the elements of operating cost including salary in the cost of the project instead of working it out on the capital cost of the asset. For example, in the case of "Bathic Printing" project, excess payment of Rs. 2,333 was made to each beneficiary in this manner. In the case of irrigation wells, although the unit cost fixed by the DRDA, Trivandrum was Rs. 2000 per unit, 267 beneficiaries of Nedumangad block were given assistance by taking the unit cost as Rs. 3000 resulting in excess payment of subsidy amounting to Rs. 0.89 lakh.

(vi) In Madhya Pradesh, subsidy of Rs. 2.36 lakhs was paid in excess in 487 cases due to arithmetical error.

(vii) In Punjab, the DRDA, Hoshiarpur paid Rs. 0.14 lakh in excess due to non-observance of limit of 25 per cent/33 1/3 per cent of the capital cost in the case of small/marginal farmers.

(viii) In Rajasthan, the DRDAs. Bharatpur, Jaipur and Udaipur released excess subsidy of Rs. 4.61 lakhs by not restricting the amount to the unit cost prescribed by the State Government.

(ix) In West district of Sikkim, subsidy of Rs. 1.05 lakhs was paid in excess during 1982-83 by sanctioning subsidy at flat rates instead of working it out on the basis of rates prescribed by the Government and it was paid in cash to the beneficiaries. Again, an amount of Rs. 1 21 lakhs was paid in excess to Cooperative Societies upto March 1982 towards risk fund contribution at the rate of 8 per cent on short and medium term loans disbursed to beneficiaries against the admissibility of 4 per cent upto 1977-78 and 6 per cent from 1978-79.

(x) In Burdwan and Purulia districts of West Bengal, subsidy of Rs. 0.68 lakh and Rs. 6.47 lakhs respectively was paid in excess due to failure in restricting the claims to 50 per cent of the cost of community projects. No steps were taken to realise the overpaid amount (May 1984), in Burdwan district, while in Purulia district, Rs. 3.75 lakhs were got back from the bank leaving Rs. 2.72 lakhs unrealised (May 1984). Further, the DRDA, 24-Parganas paid risk fund contributions amounting to Rs. 10.93 lakhs to the banks during 1982-83 and 1983-84 against the admissible contribution of Rs. 1.34 lakhs. No steps for the realisation of overpaid amount of Rs. 9.59 lakhs were taken (June 1984).

4.10 *Creation of infrastructure*

While the major investment on infrastructure was required to be made by the State Governments as a part of their normal Plans, crucial gaps which still existed and without filling which the individual beneficiary programme could not be implemented successfully, could be met out of the IRD funds. Several DRDAs, however, spent funds on items of infrastructure not covered by the aforesaid provisions. A few cases are cited below:

4.10.1. *Irregular payments on creation of infrastructure*

(i) In Andhra Pradesh, the DRDA, Krishna incurred an expenditure of Rs. 23.99 lakhs on infrastructure component during 1981-82 to 1983-84 without approval of the SLCC.

(ii) In Mysore district of Karnataka, the entire cost of establishing one chilling plant was met out of IRD funds instead of limiting it to 50 per cent, resulting in excess payment of Rs. 4.11 lakhs.

(iii) In Maharashtra, the DRDA, Dhule paid an amount of Rs. 0.97 lakh to 41 dairy cooperative societies for creation of infrastructure during August 1982 to March 1984 without sanction of the State Government. Again, the DRDA paid an amount of Rs. 0.23 lakh to 11 out of 41 cases between July 1983 and March 1984 in spite of the Government orders (June 1983) that no subsidy should be paid for infrastructure in Dhule district as it was covered under another scheme—Operation Flood-II.

(iv) In Orissa, the DRDA, Ganjam paid subsidy of Rs. 2.27 lakhs representing cent per cent value of complementary infrastructure although an amount of Rs. 1.14 lakhs, being 50 per cent of the value, was only admissible.

(v) In Tamil Nadu, the DRDAs, Coimbatore, North Arcot and Salem paid subsidy of Rs. 3.93 lakhs to meet the full cost of the first year's requirements of operational items, viz. liquid nitrogen, semen straws and sheaths, even though operational subsidy for infrastructure investments was not allowed to be borne out of IRD funds.

4.10.2. *Non-utilisation of created infrastructure*

(i) In Maharashtra, the DRDA, Chandrapur trained and appointed 136 village "sanghataks" in 136 growth centres between January and December 1978 to implement IRD projects by adopting 5 families below poverty line each, i.e. 6 homesteads including his own. Expenditure of Rs. 6.56 lakhs was incurred on honorarium, travelling allowance, daily allowance and development of homestead farms. Subsequently, the scheme was abandoned in December 1978 and the services of the "sanghataks" were discontinued. The entire expenditure was thus rendered unfruitful.

(ii) In Tamil Nadu, the DRDA, Madurai procured (April 1982) 69 liquid nitrogen containers costing Rs. 2.98 lakhs. Out of these, 47 containers costing Rs. 1.74 lakhs could not be utilised for want of other essential equipment and consumable items like liquid nitrogen, semen straws, artificial insemination guns, sheaths, goblets, etc., as these could not be procured owing to lack of funds (April 1984).

4.11 *Non-recovery of loans*

In the States of Jammu & Kashmir, Himachal Pradesh, Uttar Pradesh and West Bengal, records of recovery of loan or assistance granted to the beneficiaries were not maintained properly with the result that it could not be verified if the beneficiaries had adhered to the time-schedule of repayment of principal and payment of interest on loans. Following cases of default in the recovery of loan were, however, noticed in other States:

(i) In Gujarat, the details of defaulters collected at random from a few banks in four districts for the year 1980-81 to 1983-84, revealed that out of 2,860 beneficiaries, 1,548 (54 per cent) were in default. In two of the aforesaid districts, out of 432 and 296 beneficiaries, 377 and 246 beneficiaries respectively were in default (the percentage being 87 and 83). The main reason for the high percentage of default was that the assistance was provided mainly for supply of single milch animal which could not generate enough income (without provision of a second milch animal) to enable the beneficiaries to repay the loan.

(ii) In Karnataka, as per minutes of the meeting of South based Public sector banks financing the programme, an amount of Rs. 5357.57 lakhs (45 *per cent* of total credit disbursed) was overdue for recovery from 2.34 lakh beneficiaries till December 1983.

(iii) In 15 blocks of Kerala, 342 beneficiaries had defaulted in repayment of loans. Further, according to the statements furnished by 11 blocks to the DRDA, Quilon, 2 blocks had 60 *per cent* and 51 *per cent* defaults while in remaining 9 blocks, the defaults ranged between 15 and 45 *per cent*.

(iv) In Pondicherry, according to a survey conducted by an Institute at the instance of the Union Territory Administration, only 24 *perz cent* beneficiaries were confident of repaying the loan advanced to them during 1978-79 to 1982-83.

(v) In Punjab, 14 to 45 *per cent* of beneficiaries were in default of repayment of loans.

(vi) In Rajasthan, 34 out of 41 Commercial and Gramin Anchlic Banks showed a default of 40 to 85 *per cent*.

(vii) In Tamil Nadu, 7 blocks covered by testcheck were stated to have not sanctioned assistance for the second milch animal owing to inability of beneficiaries to repay the first loan and reluctance of banks to sanction the second loan because of the overdues.

4.12. *Training of rural youth for self employment*

4.12.1 TRYSEM which formed a component of IRDP aimed at training of rural youth of 18 to 35 years of age and belonging to the target group of families. They were to be equipped with necessary skills and technology to enable them to seek self employment and to generate additional income for raising their families above the poverty line. The full cost of training to the identified participants was met out of IRD funds. The number of persons trained and the number of trainees who got self employed were as under:

Sl. No.	Name of State/ Union Territory	No. of persons trained	No. of trainees who got self-employed	No. of blocks/district and year to which the figure of trainees pertained		Remarks
				No. of blocks/districts	Year	
1	2	3	4	5	6	7
1.	Bihar	46,714	10,069	325 blocks upto 1980-81 587 blocks 1981-82 to 1983-84.	1979-80 to 1983-84	
2.	Goa, Daman & Diu .	7,394	4,456	Union Territory as a whole	1980-81 to 1982-83	6,496 persons were trained in tailoring and embroidery.
3.	Gujarat	52,574	27,312	State as a whole	1980-81 to 1983-84	
4.	Haryana	2,005	356	5 districts	1981-82 to 1982-83	
5.	Jammu & Kashmir . .	3,142	6	5 districts	1980-81 to 1983-84	
6.	Karnataka . . .	25,967	10,310	State as a whole	1979-80 to 1983-84	
7.	Kerala	1,122	95	9 blocks	..	
8.	Madhya Pradesh	66,136	28,691	State as a whole	1979-80 to 1983-84	
9.	Maharashtra . . .	1,073	298	3 districts	1983-84	
10.	Orissa	13,357	4,678	State as a whole	1981-82 to 1982-83	
11.	Punjab	6,787	..	3 districts	1980-81 to 1983-84	No records showing the number of trainees who got self employment were produced.
12.	Rajasthan . . .	8,378	6,839	One district	1979-80 to 1983-84	
13.	Tamil Nadu . . .	39,396	5,529	4 districts	1980-81 to 1983-84	
14.	West Bengal . . .	5,825	1,245	6 districts		
	Total	2,79,870	99,884			

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It would thus be seen that the number of trainees who secured self-employment was low in comparison with the number trained and the expenditure on remaining trainees proved infructuous. In Goa, Daman and Dieu, there was concentration in imparting training on tailoring trade. In Tamil Nadu, out of 4,174 persons trained in tailoring in North Arcot district in 1982, only 1,371 persons were supplied with sewing machines. This resulted in the trainees remaining unemployed in majority of the cases. Some other interesting points noticed were as under:

(i) In Andhra Pradesh, even though the first instalment of the subsidy of Rs. 74.82 lakhs was released upto 1983-84 to 74 institutions for imparting training to rural youth, the second instalment was not released to 29 institutions (to whom first instalment of Rs 21.44 lakhs was released) as they failed to report utilisation of the first instalment. In view of this, the entire amount of the first instalment of Rs. 21.44 lakhs proved unfruitful.

(ii) In Jammu & Kashmir and Karnataka, 3142 and 286 persons respectively were trained from outside the target group.

(iii) In Meghalaya, training was imparted to five persons only upto December 1982 by the State Government.

(iv) In Punjab, 537 persons left the course in between the training period and as such, stipend of Rs. 1.77 lakhs paid to them became unfruitful.

4.12.2 *Over payment of stipend*

In the following States, the trainees were paid stipend at rates higher than what was admissible:

(i) According to the scheme, in the case of persons undergoing training in the village in which they reside, the stipend was to be restricted to Rs. 50 per month. In Haryana, the DRDAs, Gurgaon, Hissar and Narnaul did not apply this restriction and made an excess payment of Rs. 1.47 lakhs to 465 trainees during June 1979 to August 1983.

(ii) In Bellary, Mandya, Mysore, Shimoga and Tumkur districts of Karnataka, 251 trainees were paid stipends in excess of the prescribed rates amounting to Rs. 0.37 lakh.

(iii) In Tamil Nadu, 413 trainees in 17 blocks were overpaid stipend amounting to Rs. 1.39 lakhs during the years 1979-80 and 1981—83.

4.13 *Evalution.*—The Ministry did not evaluate the impact of the programme till May 1982 when it asked all the States/Union Territories to undertake concurrent evaluation of the programme and to furnish the evaluation reports to the Ministry. These evaluation reports could not be made available for verification (December 1984). As regards the tour reports of the officers who visited various States/Union Territories and the DRDAs since inception, the Ministry furnished (August 1984) only 3 reports of tours conducted in August 1982, November 1983 and June 1984. In the absence of all other reports, the extent of monitoring done by the Ministry could not be ascertained. However, in the absence of the preliminary work like survey of house-hold and preparations of the inventory of local resources, effective monitoring/control over implementation of the programme could not be exercised by the Central/State Governments and Union Territory Administrations. The Ministry did not have definite data of beneficiaries who had crossed the poverty line since the inception of the programme even though it was reported that the targets had been achieved.

The States of Bihar, Haryana, Jammu & Kashmir, Madhya Pradesh, Tamil Nadu, Sikkim and West Bengal and the Union Territory of Chandigarh had not evaluated the programme, whereas the States of Orissa/Rajasthan (District Jaipur) had lately entrusted this work to some non-official agencies/private agencies during March 1984/1983-84. Similarly, the State of Himachal Pradesh entrusted this work only in March 1983 and that, too, in respect of four districts (Hamirpur, Kangra, Simla and Solan) only. Concurrent evaluation in respect of four districts of Uttar Pradesh undertaken by the State Planning Institute, State Bank of India and one consultancy was still (September 1983) in progress. In Karnataka, the evaluation report of the Programme Evaluation Organisation of the Planning Commission was awaited (July 1984). Evaluation initiated by the State of Maharashtra in November 1983 was expected to be completed only by May 1985.

In Kerala, as per reports furnished by the DRDAs to the State Government in March 1984, out of 17,854/10,623 beneficiaries in Quilon/Kozhikode districts, only 1,746/1,530 beneficiaries had crossed the poverty line. Evaluation study conducted by the State Planning

Board in respect of selected blocks, however, revealed that the programme had not succeeded in achieving the desired objectives.

In Pondicherry, the evaluation of the programme got done in January 1984, *inter alia*, revealed that 80 to 90 *per cent* of the assisted families had registered no change in their life style.

4.14 *Monitoring.*—The Ministry prescribed (May 1980) the maintenance of 'Vikas Patrikas' (Identity-*cum*-Monitoring Cards) for beneficiaries with a view to watching their progress for at least 2 years to measure their income to see if they had crossed the poverty line. One copy of the 'Vikas Patrika' was required to be handed over to the beneficiary and one copy each thereof was required to be retained by the Block Development Officer, the Institutional Financing Agency and the Training Institution. However, the States of Andhra Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Tamil Nadu and West Bengal did not issue the 'Vikas Patrikas' to all the beneficiaries even after a lapse of 4 years. In the cases where these were issued, they did not contain the requisite information for ascertaining the impact of the programme. In the Union Territory of Pondicherry, the work of issuing the 'Vikas Patrikas' had not been initiated (March 1984) In Karnataka, no records were maintained to show the utilisation of 2.07 lakh 'Vikas Patrikas' issued to BDOs. In Sikkim, proper monitoring was not done. The Ministry admitted (January 1985) that in certain States, 'Vikas Patrikas' had not been regularly issued, but the matter was being constantly pursued.

4.15 *Other points of interest.*—(i) In Andhra Pradesh (DRDA, Karimnagar) and Orissa, amounts of Rs. 263.41 lakhs and Rs. 1,279.55 lakhs were pending adjustment for want of utilisation certificates as on 31st March 1983 and 31st March 1984 respectively.

Further, Eluru and Krishna DRDAs in Andhra Pradesh released subsidy of Rs. 39.55 lakhs for purchase of plant equipment such as sprayers, construction of 15 fish tanks and supply of cycles. The DRDA, Krishna spent Rs. 6.80 lakhs on articles like cycle-rickshaws, cycles, cobbler/dhobi/carpentary kits without finalising the identification of beneficiaries.

(ii) In Bihar, the BDO, Aurangabad distributed Rs. 0.65 lakh for purchase of milch cattle etc. to 24 non-existent persons. At the instance of Audit, proceedings against the concerned officers were initiated. The Managing Director, DRDA, Bihar-shariff purchased in

May 1983 an Ambassador car costing Rs. 0.68 lakh without obtaining orders from the State or Central Government. Relevant papers were stated to have been taken away by the then Managing Director.

(iii) In Delhi, despite Government of India's instructions to restrict the agricultural demonstrations to 10 per block *per annum* the DRDA held 1,990 such demonstrations against the permissible 200 demonstrations in 5 blocks during 1980-81 to 1983-84.

(iv) In Gujarat, an amount of Rs. 26.95 lakhs was paid during the years 1977-78, 1978-79 and 1979-80 towards subsidy on formation of 438 poultry units. Even though all these units were closed down during the year in which these were started, 457 fresh poultry units were allowed to be started during 1980-81 to 1983-84 without taking any remedial measures for ensuring their successful operation. Out of these fresh units, 395 units had already been closed down.

(v) In Himachal Pradesh, the DRDAs, Bilaspur, Hamirpur, Kinnaur, Mandi and Simla paid advances totalling Rs. 18.79 lakhs to various officials between 1978-79 and 1982-83 for purchase of assets to be provided to the identified beneficiaries and for other miscellaneous purposes which were not adjusted/refunded (April 1984) by the officials concerned. Out of these, Rs. 16.79 lakhs were outstanding against employees who had already been transferred from the DRDAs. The cashier of the DRDA, Simla did not account for the receipt of Rs. 0.20 lakh returned (December 1979) by the Veterinary Assistant Surgeon. The Project Officer, Simla stated (April 1984) that the matter was under investigation.

DRDA, Simla paid subsidy of Rs. 9.85 lakhs on cattle feed during 1979-80 to 1982-83 to the beneficiaries without the approval of State/ Central Government.

DRDA, Solan paid Rs. 8.05 lakhs between March 1977 and March 1983 to beneficiaries for construction of 301 minor irrigation works to be completed within 6 months. Out of these, 179 works (subsidy paid: Rs. 5.08 lakhs) were incomplete for want of material, 117 works (subsidy paid: Rs. 2.90 lakhs) had not been started and 5 works (subsidy paid: Rs. 0.07 lakh) were abandoned due to death of the beneficiaries (February 1983). The DRDA, Kinnaur released Rs. 4.35 lakhs towards the first instalment (out of 3 instalments) of subsidy to 395 beneficiaries for land development purposes during 1981-82 to 1983-84. Subsequent instalments had not been released (March 1984) although a period of 2 to 24 months had elapsed, thus rendering the subsidy of Rs. 4.35 lakhs, already paid, unfruitful.

(vi) In Gurgaon and Hissar districts of Haryana, 498 poultry units which were paid subsidy of Rs. 12.45 lakhs during 1978-79 to 1982-83 (at the average rate of Rs. 2,500 per unit), were closed down during 1980-81 to 1982-83 resulting in wasteful expenditure. Apart from this, in Gurgaon, an amount of Rs. 5 lakhs was paid in March 1980 to the Haryana State Cooperative Supply and Marketing Federation for construction of cold storage to provide marketing/storage facilities to the beneficiaries under the poultry scheme. Within four years neither the cold storage had been constructed nor was the amount refunded by the Federation.

(vii) In Jammu and Kashmir, the DRDA, Kupwara spent Rs. 1.38 lakhs representing one third cost of 500 tarpaulins without prior approval of the State Level Sanctioning Committee. The tarpaulins were neither accounted for nor was any distribution list maintained. The Block Development Officer, Kupwara stated (August 1983) that the tarpaulins could not be distributed as these were not acceptable to farmers because of exorbitant cost.

(viii) In one district of Karnataka, the veterinary doctor of the Animal Husbandry and Veterinary Services Department issued 'sound health' certificate at the time of purchase of 870 sheep during 1983-84. Of these, 220 sheep on which subsidy of Rs. 0.51 lakh was paid, died within a couple of days of purchase due to rinderpest attack at the time of purchase. The doctor was suspended and departmental enquiry was in progress (June 1984).

In Shimoga district, out of 10.90 lakhs fodder-*cum*-fuel seedlings raised in 1980-81 through the Forest Department at a cost of Rs. 2.66 lakhs, only 5.32 lakh seedlings were supplied to the block offices for distribution to the beneficiaries. No account of distribution of the seedlings and those actually surviving and yielding fodder/fuel was obtained the DRDA from the blocks.

In Bijapur, Gulbarga and Mangalore districts, Rs. 2.24 lakhs, out of a total subsidy of Rs. 5.45 lakhs released to the financing agencies during 1982-83, were misappropriated by the Veterinary Assistant Surgeon and the staff of financing agencies by not actually creating the assets but by paying part amount of the value of the assets to the beneficiaries and fabricating necessary documents for the purpose. The case of Bijapur district was referred to the Vigilance Commission (May 1984) and in respect of the remaining two districts, departmental enquiry was instituted (June 1984). In another case in Bellary district, a community irrigation work for which an amount of Rs. 0.17 lakhs was paid (March 1979) to a bank as subsidy component, was not at all taken up. The bank denied, in November 1983, of having received the subsidy. No investigation into the matter was carried out (June 1984).

(ix) In Meghalaya, subsidy of Rs. 94.70 lakhs paid to the blocks, upto March 1984, was treated in most of the cases as having been utilised by the agencies. on the basis of utilisation certificates furnished in simple form, without proper supporting documents, such as, list of disbursement, actual payees' receipts and the details of refund of undisbursed amount, if any. The Chartered Accountant, while certifying the accounts of 1980-81 and 1981-82 of the DRDA, Khasi and Jaintia Hills also made following observations:

> "No qualified certificates and supporting documents and books are forthcoming for proper utilisation of grant/subsidy paid/disbursed by the Agency to the different development blocks, Local Committees, etc. It is also not evident whether the Project Director or the Agency supervises the purposes of the projects for which grant/subsidy is paid."

In Rongram development block, 1.60 lakh pineapple suckers were purchased during 1980-81 from a supplier of Asanangiri at Rs. 90 per thousand by rejecting the lower quotation of Rs. 55 per thousand on the ground that the rate quoted was abnormally low. The market rate of suckers was Rs. 50 to Rs. 60 per thousand. It was not clear as to how, in view of this market rate, the quotation of Rs. 55 per thousand was considered abnormally low.

The BDO, Dolu paid a sum of Rs. 0.69 lakh to supplier/contractor for supply of pigs for 32 beneficiaries and purchase of feed during February 1982 and August 1982, but no records in support of the distribution of pigs/feed could be produced to Audit.

(x) In Orissa, the DRDAs, Balasore, Puri and Ganjam advanced Rs. 76.50 lakhs, Rs. 76.30 lakhs and Rs. 106.63 lakhs during 1981-82 to 1983-84, 1978-79 to 1983-84 and 1979-80 to 1982-83 respectively to the Orissa Lift Irrigation Corporation for construction of Lift Irrigation Points/Projects and energisation of Lift Irrigation Points. Out of these, the amount of Rs. 33.01 lakhs, Rs. 63.51 lakhs and Rs. 48.94 lakhs were lying unutilised (March 1984).

DRDA, Cuttack released (May 1981) a sum of Rs. 1 lakh to the Secretary, Athagarh Potato Growers' Storage and Marketing Cooperative Society Limited for the purpose of membership share of small/ marginal farmers and agricultural labourers and towards working capital of the society. The society did not report the fact of utilisation of the amount (November 1983). The records of the DRDA did not show the list of beneficiaries in whose favour the share money was paid and whether they were the beneficiaries identified under IRDP. The DRDA, Puri released a sum of Rs. 4.90 lakhs to the BDOs during 1981-82 to 1982-83 as subsidy representing 50 *per cent* of the estimated cost of 52 irrigation works, out of which 4 works were not started and another 12 works were still incomplete (March 1984). In respect of another 20 works, neither the exact expenditure incurred on each of the works was available, nor were completion certificates kept on record.

THE DRDA, Cuttack advanced a sum of Rs. 6.64 lakhs to Deputy Director of Agriculture/Divisional Forest Officers towards cost of inputs and raising of seedlings for social forestry. However, out of 22.22 lakh seedlings raised, 8.78 lakh seedlings (value: Rs. 2.89 lakhs) remained undistributed. The same agency had placed a sum of Rs. 2.46 lakhs at the disposal of District Agriculture Officers, Cuttack sadar, Jagetsinghpur, Jajpur, Kendrapara and Athagarh towards cost of coconut seedlings, but had no information about distribution thereof. DRDA, Ganjam paid Rs. 0.83 lakh in June 1983 as subsidy to 89 beneficiaries towards old dug wells.

(xi) In Pondicherry, an amount of Rs. 0.20 lakh was paid in March 1980 to the Deputy Director of Agriculture (Extension) Marketing for assistance towards establishment of a regulated market at Karaikal. After the expiry of 4 years, the department had not finalised even the land acquisition proceedings.

(xii) In Punjab, the DRDA, Patiala paid irregularly Rs. 7.30 lakhs to approved firms for making supply of agricultural implements to 3,732 beneficiaries through the BDOs and Panchayat Officers under the scheme 'Agricultural Implements' without obtaining formal application from them. In the absence of requisite application giving full details of beneficiaries, their location, the nature of implements required, the area of land holding, etc., the possibility of embezzlement/defalcation/misappropriation of subsidy could not be ruled out. The case was stated to be under investigation (March 1984). In Hoshiarpur and Ludhiana, 6.66 lakh plants were supplied to the beneficiaries at the rate of Re. 1 per plant against the rate of Re. 0.25 per plant charged from general public resulting in excess charge of Rs. 5.00 lakhs on the beneficiaries.

The DRDA, Patiala also paid Rs. 0.10 lakh as subsidy under the scheme 'Smokeless Chulahs' without the approval of the SLCC.

(xiii) In Rajasthan, the DRDA, Jaipur got printed 2.60 lakh 'Vikas Patrikas' in English (cost: Rs. 0.65 lakh) from one local printers firm during February-March 1981 without inviting tenders. As the 'Vikas Patrikas' were printed in English instead of Hindi, all these 'Patrikas' were lying unutilised (June 1984). The Project Director did not know the circumstances under which these 'Patrikas' were got printed in English. In January 1983, 5 lakh 'Vikas Patrikas' were again got printed in Hindi from the same party on behalf of all the 27 districts at a total cost of Rs. 0.75 lakhs. Out of these, 1.39 lakh 'Vikas Patrikas' (value: Rs. 0.21 lakh) were reported to have been supplied short. It could not be ensured from the records of the DRDA, Jaipur whether the short supply was made good.

(xiv) In Tamil Nadu, 60 works/schemes relating to creation of infrastructure facilities (costing Rs. 177.10 lakhs for which subsidy of Rs. 60.79 lakhs was paid) sanctioned during 1980-81 to 1982-83 were not completed (April 1984) even after the expiry of 1 to 3 years from the date of sanction due to delay in sanction of plans and estimates, issue of work orders, finalisation of tenders, etc. DRDA, Madurai paid subsidy to Rs. 4 lakhs (March 1982) to the Fish Farmers' Development Agency for establishment of a fish seed farm and for purchase of a van for transportation of breeders and fingerlings. However, due to delay in acquiring/handing over the site etc. the work had not been completed (March 1984).

(xv) In Uttar Pradesh, the DRDAs, Allahabad, Bareilly, Jhansi and Saharanpur deposited surplus funds of Rs. 73.69 lakhs into Post Office Savings Bank Acocunts during 1980-81 to 1982-83 to achieve the annual targets set for small savings in the districts without approval of the Government.

(xvi) In West Bengal, DRDA, 24-Parganas paid subsidy of Rs. 1.44 lakhs to the bank in connection with 142 schemes of Pathar Pratima block sanctioned in 1983-84. The Sabhapati of the Panchayat Samiti reported (March 1984) that all these schemes were sent to bank with false certificates without being routed through IRDP subcommittee. The matter awaited investigation (June 1984).

In the same district, 2 Panchayat Samitis purchased (March 1980 and March 1981) 18 pump-sets and 16 hand sprayers at a cost of Rs. 0.97 lakh without proper identification of farmers and land belonging to them. While 8 pump-sets distributed among 8 gram-panchayats remained unutilised, the whereabouts of 10 pump-sets and 16 hand sprayers were not available. There was no record to indicate the actual utilisation of the implements.

The DRDAs, Cooch-Behar and Burdwan did not furnish (May 1984) the details of work done for which amounts of Rs. 2.00 lakhs and Rs. 0.30 lakh were spent by them respectively.

The DRDA, Midnapore did not maintain the original records, *viz.* cash book and ledgers showing the release of funds for subsidy, TRYSEM, survey, etc. in support of transactions of Rs. 173.98 lakhs between 1981-82 and 1983-84, nor were Receipts and Payments/ Income and Expenditure Accounts and the Balance Sheets prepared.

Summing up:

— The IRDP was launched in 1976-77 and further intensified and extended from 2nd October, 1980 to cover the entire country with the end objective of assisting the rural families who were living below the poverty line to come above it. An outlay of Rs. 1,500 crores was made to cover the expenditure on subsidy to be granted to 15 million families during the Sixth Plan period. The programme had thus built in constraints, as, with the above outlay an assistance of Rs 1,000 only per family could be provided which was far below the amount of Rs 7,000 to Rs. 9,000 estimated by the experts as being required to generate such income as would raise the beneficiaries above the poverty line.

— The total expenditure on IRDP since 1978-79 to 1983-84 amounted to Rs. 1302.03 crores with which 147.63 lakh beneficiaries were covered.

— The financial/physical achievements reported by various States/Union Territories were found inflated and had other shortcomings.

— A number of posts of experts in various disciplines and staff essential for the effective implementation/monitoring had been kept vacant in various States/Union Territories.

— House-hold surveys for identifying the beneficiaries and preparation of local resources, which were a pre-requisite for the success of the programme, were not done in most cases.

— Subsidy was sanctioned to a large number of ineligible families. The 'Antyodaya' approach was not always followed.

— There were many cases of payment/release of subsidy/ funds diverted for purposes not connected with IRDP, e.g.

in Himachal Pradesh an amount of Rs. 0.38 lakh was spent during 1980-81 to 1983-84 on items of entertainment.

— Second milch animal required to maintain the continuity in income of the beneficiaries throughout the year, was not provided in many cases.

— No provision was made for conducting the physical verification of assets created out of IRD funds till March 1982. Even after that date physical verification was not carried out by most States/Union Territories. Partial verification conducted in some cases brought to light several cases of non-existence of assets and misutilisation of subsidy.

— There were many cases of payment of subsidy in advance to the banks/financing institutions pending disbursement of loan resulting in blocking up of IRD funds and also in undue benefits to the banks/financial institutions by way of interest earned.

— In many States, the DRDAs released subsidy after a considerable delay resulting in extra charge on beneficiaries in the shape of interest on the amounts advanced by banks etc.

— In many States, subsidy was paid in excess of the prescribed rates.

— There were many cases of irregular payments on creation of infrastructure. In many other cases, infrastructure had not been utilised.

— There were many cases of default in the recovery of loans.

— Out of 2.80 lakh youth trained under TRYSEM, 1.80 lakhs were not able to seek employment.

— Many States/Union Territories had not issued the 'Vikas Patrikas' prescribed for monitoring the progress and measuring the increase in the income of the beneficiaries. Consequently, the end objective of the programme was not watched.

— The Ministry did not take any steps to evaluate the impact of the programme till May 1982. Most of the States/Union Territory Governments/Administrations had not evaluated the impact of the programme as yet, whereas some States had conducted the evaluation in respect of a few blocks only.

APPENDIX-II

(Vide Para 5.1)

Details of total allocations, central releases expenditure credit mobilised and number of beneficiaries targetted and actually assisted during Sixth Five year Plan

(as on 31-7-1985)

Sl. No.	Item	Sixth Five Year Plan Target (1980-85)	ACHIEVEMENTS 1980-81	1981-82	1982-83	1983-84	1984-85	Total of the 6th Five Year Plan (1980-85)
1	2	3	4	5	6	7	8	9
1.	Total allocation (Rs. in Crores)	1500	250.55	300.66	400.88	407.36	407.36	1766.81
2.	Central allocation "	750	127.80	153.36	204.48	207.72	207.72	901.08
3.	Central release "	750	82.58	128.45	176.17	194 23*	206.96	788.39
4.	Total expenditure "	1500	158.64	264.65	359.59	406.09	472.20	1661.17
5.	Total term credit mobilised (Rs. in Crores)	3000	289 05	467 59	713.98	773.51	857.48	3101.61
6.	Total investment (Rs. in Crores)	4500	447 69	732.24	1073.57	1179.60	1329.68	4762.78
7.	Total number of beneficiaries to be covered (Lakhs)	150	30.07	30.07	30.07	30.54	30.27	151.02
8.	Total number of beneficiaries covered (Lakhs)	..	27.27	27.13	34.55	36 85	39.82	165.62
9.	Number of SC/ST beneficiaries covered (Lakhs)	45	7.81	10.01	14 06	15.37	17.38	64.63

10 Percentage of coverage to target		90.69	90 25	114.93	120.66	131.55	109.67
11. Percentage of SC/ST to total	30	28.60	36 90	40.70	41.71	43.65	39.02
12. Percentage of Central release to Central allocation		64.62	83.76	86.16	93.50	99.63	87.49
13. Percentage of utilisation to total allocation		63 32	88 02	89.70	99.69	115.92	94.02
14. Per capita subsidy (Rs.)		582.00	975.00	1041.00	1102.00	1186.00	
15. Per capita credit (Rs.)		1060.00	1723.00	2066.00	2099.00	2153.00	
16. Per capita investment (Rs.)		1642.00	2698.00	3107.00	3201.00	3339.00	
17. Subsidy credit ratio		1 : 1.82	1 : 1.77	1 : 1.98	1 : 1.90	1 : 1.82	

*It includes an amount of Rs. 787.50 lakhs as advance release during 1983-84 for 1984-85 to DRDAs.

APPENDIX III

Statewise physical Targets fixed & actually achieved total per capita investment etc.

Statement showing progress vis-a-vis target during Sixth Five Year plan (1980-85) under I.R.D.P.

(Provisional)

Sr. No.	Name of the States/UTs	No. Distt.	No. of blocks	Target 1980-81	Achievment to 1980-85	Percentage target	No. of SC/ST covered	Percentage to Total
		Physical Target / Achievement (Nos.)						
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	22	330	979200	1212699	123.85	619512	51.09
2.	Assam	16	134	402000	306641	76.28	95027	30.99
3.	Bihar	38	587	1761000	1923135	109.21	721595	37.52
4.	Gujarat	19	218	654000	751437	114.90	262591	34.95
5.	Haryana	12	93	268200	481292	179.45	126977	26.38
6.	Himachal Pradesh	12	69	207000	215209	103.96	121240	56.33
7.	J&K	14	113	270600	161715	59.76	19135	11.83
8.	Karnataka	19	175	555000	715101	128.85	177482	24.82
9.	Kerala	13	151	440400	529979	120.34	157897	29.79
10.	Madhya Pradesh	45	459	13752000	1425666	103.67	657981	46.15
11.	Maharashtra	29	296	888000	962515	108.39	308652	32.07
12.	Manipur	6	26	70200	43267	61.63	22951	53.05

13. Meghalaya . . . .

14. Nagaland . . . .

15. Orissa . . . .

16. Punjab. . . . .

17. Rajasthan . . . .

18. Sikkim . . . .

19. Tripura . . . .

20. Tamil Nadu . . . .

21. Uttar Pradesh . . . .

22. West Bengal . . . .

23. A.N. Island . . . .

24. Arunachal Pradesh . . . .

25. Chandigarh . . . .

26. D.N. Haveli . . . .

27. Delhi . . . .

28. G.D. & Diu . . . .

29. Lakshadweep . . . .

30. Mizoram . . . .

31. Pondicherry . . . .

All India

5	30	79200	23645	30.11	17317	72.62
1	21	63000	47893	76.02	47893	100.00
13	314	942000	921761	97.85	410266	44.51
12	118	352200	395762	112.37	202149	51.08
27	236	700800	709362	101.22	394584	55.62
1	4	12000	9961	83.01	2555	25.65
3	17	51000	47129	92.41	22947	48.69
15	378	1131000	1396016	123.43	4628228	33.13
57	889	2641200	3432349	129.95	1271494	37.04
15	335	1005000	717351	71.38	262793	36.63
2	5	9650	863	8.94	58	6.72
11	48	104400	43978	42.12	43978	100.00
1	1	2475	1182	47.76	..	..
1	1	3000	1666	55.53	1520	91.24
1	5	15000	16845	112.30	4834	28.70
1	1	35200	30730	87.30	2633	8.57
1	5	10800	1510	13.98	1510	100.00
3	20	66000	12493	20.82	12493	100.00
1	4	12000	16845	140.37	4756	28.23
416	5092	15100725	16556197	109.55	6457612	39.02

Sl. No.	Name of the States/UTs
1	Andhra Pradesh . . . .
2	Assam . . . .
3	Bihar . . . .
4	Gujarat . . . .
5	Haryana . . . .
6	Himachal Pradesh . . . .
7	J. & K. . . . .
8	Karnataka . . . .
9	Kerala . . . .
10	Madhya Pradesh . . . .
11	Maharashtra . . . .
12	Manipur . . . .
13	Meghalaya . . . .

(Rs. in lakhs)

	(Financial Target/Achievement)			
	Total allocation 1980-85	Utilization 1980-85	% of utilization to allocation	Term credit mobilised 1980-85
	10	11	12	13
. . . . .	11436.00	13322.31	116.49	24395.94
. . . . .	4690.00	4220.28	89.98	6108.85
. . . . .	20545.00	17078.83	83.13	30012.40
. . . . .	7630.00	7469.55	97.90	13004.14
. . . . .	3141.00	3353.80	106.77	4829.79
. . . . .	2415.00	2312.34	95.75	2860.56
. . . . .	3233.00	1833.58	56.71	2393.91
. . . . .	6125.00	7922.67	129.35	14935.81
. . . . .	5152.00	5176.89	100.48	11489.05
. . . . .	16046.00	16137.70	94.34	33718.14
. . . . .	10360.00	10445.87	100.83	22539.00
. . . . .	910.00	412.21	45.30	20.71
. . . . .	936.00	261.41	27.93	—

14	Nagaland
15	Orissa ..
16	Punjab.
17	Rajasthan
18	Sikkim
19	Tamil Nadu
20	Tripura
21	Uttar Pradesh
22	West Bengal
23	A. & N. Islands
24	Arunachal Pradesh
25	Chandigarh
26	D. & N. Haveli
27	Delhi
28	Goa, Daman & Diu
29	Lakashadweep
30	Mizoram
31	Pondicherry
	All India :

. . . . .	735.00	624.00	84.90	—
. . . . .	10990.00	8751.86	79.63	12952.04
. . . . .	4111.00	4591.38	111.68	7399.57
. . . . .	81884.00	9310.79	113.77	13410.36
. . . . .	440.00	101.90	72.78	111.11
. . . . .	13211.00	14662 02	110.98	25727.46
. . . . .	595.00	561.47	94.36	970.29
. . . . .	31431.00	31173.46	99.18	73049.52
. . . . .	11725.00	5393.45	46.00	8818.91
. . . . .	175.00	10.34	5.91	14.28
. . . . .	1680.00	761.57	45.34	—
. . . . .	35.00	2.97	8.49	—
. . . . .	35.00	28.94	82.68	36.33
. . . . .	175.00	202.00	115.43	405.65
. . . . .	420.00	415.45	98.92	591.85
. . . . .	175.00	99.85	57.06	—
. . . . .	700.00	410.15	58.59	66.80
. . . . .	140.00	138.60	99.00	232.64
	176681.00	166187.74	94.06	310035.11

Sl. No.	Name of the States/UTs	1980-81
1	2	3
1	Andhra Pradesh	2601
2	Assam	1327
3	Bihar	1119
4	Gujarat	1826
5	Haryana	1813
6	Himachal Pradesh	483
7	J. & K.	1654
8	Karnataka	2747
9	Kerala	2328
10	Madhya Pradesh	1584
11	Maharashtra	3811
12	Manipur	117
13	Meghalaya	732
14	Nagaland	899
15	Orissa	2242

1981-82	1982-83	1983-84	1984-85
4	5	6	7
3269	3164	3211	3134
2749	3522	3588	3587
2443	2791	2571	2716
2311	2933	3858	2986
1955	1206	1746	2205
2594	2671	3094	3413
2356	2743	2957	2531
3497	3271	2861	3508
3093	2886	3361	3883
3452	3798	3897	3914
3257	3130	3531	3507
648	1422	1755	705
1490	189	1633	2499
1020	—	1826	1870
2580	2307	2509	2276

16	Punjab.	2682
17	Rajasthan	3879
18	Sikkim	12965
19	Tamil Nadu	1824
20	Tripura	2138
21	Uttar Pradesh	947
22	West Bengal	1287
23	A. & N. Islands	—
24	Arunachal Pradesh	1497
25	Chandigarh	N.A.
26	D. & N. Haveli	N.A.
27	Delhi	3329
28	Goa, Daman & Diu	2446
29	Lakshadweep	N.A.
30	Mizoram	3125
31	Pondicherry	8945
	All India :	1642

2269	3001	3465	3828
3241	2890	2987	3406
3748	1305	2252	2551
2107	3573	3005	3917
3723	3624	2957	4411
2749	4070	4154	4398
941	1832	2096	2277
—	—	1459	3915
2589	1513	1759	1595
—	733	N.A.	—
—	2670	4814	3547
2950	3573	3815	4074
4265	2883	3068	3739
—	2067	5676	9683
3505	735	3230	4867
1290	3045	2706	1833
2698	3107	3201	3344

APPENDIX IV

Statement of reccommendations and Observations

Sl. No.	Para No.	Ministry/Deptt. concerned	Recommendations/Observations
1	2	3	4
1	1.17	Deptt. of Rural Development	The Integrated Rural Development Programme was started in March 1976 in 20 selected districts in the country. The strategy adopted for tackling rural poverty by evolving IRDP, the Committee is happy to know, is the best under the prevailing circumstances. The programme was reviewed in 1978-79 to integrate the methodology and approach of the three major on-going special programmes of Small Farmers Development Agency. Command Area Development Programme and Drought Prone Area Programme and a new programme of IRDP was launched in 2,000 blocks out of 3325 blocks. However. the programme was made applicable to all the 5011 blocks in the country on Gandhi Jayanti—2nd October, 1980 without any preparatory measures. The Government have now decided to give more emphasis to the programme in the Seventh Five Year Plan. In the foreword to the Seventh Five Year Plan the Prime Minister had observed: "Anti-poverty programmes are an important element of our strategy. They will be expanded and strengthened in the Seventh Plan. The experience gained in the

			Sixth Plan will be used to restructure the programmes to improve their effectiveness and to ensure that the benefits flow to those for whom they are intended." While the Government of India's anxiety to improve rapidly the lot of poorest among the poor is understandable, it is distressing to find that the programme was launched in haste without proper preparatory measures. IRDP was the major and most ambitious one aiming at provision of full employment and raising of the income level of identified target groups comprising families of weaker sections who live below the poverty line, thereby improving their economic status. However, the deficiencies which have been pinpointed below and discussed in subsequent paragraphs indicate the defective approach of the Government in formulating and implementing programme.
2	1.18	Do.	The basic assumption of the poverty line defined at an income of Rs. 3500 for a family of five members in the rural area was totally unrealistic as it was estimated at that time that the minimum needs of such families would need annual income level of Rs. 4800 per annum.
3	1.19	Do.	An outlay of Rs. 1500 crores was made to cover the expenditure on subsidy to be granted to 15 million families during Sixth Five Year Plan period. The programme had thus built-in constraints, as with the above outlay, an assistance of Rs. 1000 only per family could be provided which was far below the amount of Rs. 7000 to Rs. 9000 estimated by the experts as being required to generate such income to raise the beneficiaries above the poverty line.

1	2	3	4
4	1.20	Deptt. of Rural Development	Any viable economic activity which was likely to raise the income level of the beneficiary above the poverty line on a lasting basis could be taken up—the emphasis being on selecting scheme in which the beneficiary had a genuine interest, training and motivation and for which requisite inputs and marketing facilities were available. Non-preparation of Annual Plans/Blocks plans and non-existence of forward and backward linkages resulted in failures in most of these cases.
5	1.21	Do.	Instructions were issued by the Ministry in August 1979 to all the States/Union Territories to complete the household survey of the blocks during the year 1979-80. Apart from identifying the families below the poverty line, the beneficiaries were to be classified in terms of their annual per capita income groups and production programme for each family was also to be formulated in consultation with the head of family with a view to raising the income level of the family above the poverty line. As is evident this basic measure was not taken in most of the States. For selecting the beneficiaries 'Antyodaya' approach needed to have been followed and the names of all beneficiaries selected should have been entered in a register in Gram Sabha Meeting as is being done in Rajasthan.
6	1.22	Do.	The programme was started without gearing up the organisational set up and District Rural Development Agencies. A number

			of posts of experts, project officers, specialists etc. and staff which were essential for effective implementation/monitoring of the IRDP were not filled up in time.
7	1.23	Do.	The Committee deprecate that a programme so vital for the uplift of the rural population and involving huge financial outlay was handled in a casual manner, with inbuilt constraints and lack of adequate preparatory steps outlined above. The difficulties arising as a result of inadequate preparatory and supportive measures is discussed in the paragraphs et seg.
8	1.24	Do.	The Committee also note that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Empoyment Programme, Integrated Tribal Development Programme, Rural Landless Employment Guarantee Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas are also going on in the country. As all these programmes were aimed at the same target groups certain amount of over lap in the coverage of the programmes cannot be ruled out. In spite of the fact that these programmes are being implemented through different Ministries, the Secretary, Rural Development admitted during evidence that there is fairly large amount of over-lapping. During study tours of the Committee to various States/Union Territories it was suggested that all programmes aimed at poverty alleviation should be merged. In this connection the Department of Rural

1	2	3	4
			Development have informed the Committee that each of these programmes has a distinct focus and it is hardly feasible to merge all these programmes. The Committee does not share this view. The Committee would urge that the Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should start as exercise to examine which Department of the Government of India should be brought under a single umbrella to ensure a high level of co-ordination so as to enable the fight against poverty to become more effective at the field level.
9	1.25	Deptt. of Rural Development	In order to remove regional imbalances, unemployment and poverty and to have resource mobilisation and wider distribution of income, the Committee feel that a more comprehensive approach to rural employment aiming at redesigning the whole rural economy and society aimed at elimination of the exploitation of the poor and providing them with gainful employment whether under public or private sector or self-employment opportunities is required. Effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. As a first step in this direction it is imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes are integrated and brought under one Ministry, to avoid overlapping and to enable the Government to

			have an effective control over these programmes. These must be an integral part of a single development plan formulated by a single Development Authority and for whose effective implementation a single authority is responsible and accountable. It is also desirable that a beneficiary is covered under only one programme/scheme and given adequate assistance to enable him to cross the poverty line in one-go and on sustained basis.
10	1.26	Do.	Moreover, the I.R.D.P. must aim at not merely the individual i.e. (the beneficiary) but the village or group of villages, as a whole Developmental activities in the village or group of villages, must go hand in hand with that of uplifting the unemployed rural poor. Irrigation canals, Tanks, Link Road, and Communications, establishment of Small Scale Industries, Agricultural and Veterinary, Extension programmes, Rural Health and Sanitation, Education, Afforestation and all other developmental activities, must be the arena for the operation of the I.R.D.P.
11	2.21	Do.	With a view to achieving the objectives of IRDP, block plans including a 5-year development profile for each block was envisaged by the Department of Rural Development. This was to be the basis for identifying the development potential and evolving suitable programmes for assisting the rural poor. The block plan was also intended to include review of the on-going programmes, preparation of credit loans, selection of clusters on spatial, functional and other basis, annual plans based on household surveys, preparation of

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			family plans for each household. It is disquiting to note from the study made by the Programme Evaluation Organisation that in more than half of the States, the 5-year perspective plans had not been attempted. Also, no attempt seemed to have been made to formulate sectoral projects based on these perspective plans. According to this study 49 per cent of the 33 selected districts had prepared perspective plans whereas annual plans have been prepared for all the blocks though deficient in many ways. The Five Year Plans as also annual plans even in respect of the districts where they were claimed to have been prepared were not being prepared in time and had been delayed considerably. The preparation of cluster plans, their aggregation into block level plans, as per guidelines, had also not been done.
12	2.22	Deptt. of Rural Development	The Committee are surprised to note the reply of the Department of Rural Development that 'the individual family plans for all the families of each cluster will become a cluster plan. The cluster plans will collectively become annual block plans and will reflect the requirements and availability of both institutional credit and subsidies.'
13	2.23	Do.	Instead of formulating the perspective plans for each of the block based on family and cluster plans the DRDAs had attempted the district plan first and had in most cases simply divided the district level targets, final allocations etc. equally into the existing number

			of blocks irrespective of its size, incidence of poverty, potential for further development and the levels of development already achieved. The Ministry of Agriculture had admitted that the programme had suffered on account of the above approach and hence the need for perspective plans. This approach should have been adopted since very inception.
14	2.24	Do.	In this regard, the Secretary, Rural Development in his D.O. dated 6 January, 1986 emphasised the need for preparation of district plans with objective of drawing up project and sub-sectoral profiles based on the local potentials and the on-going sectoral plans and programmes to identify major potential thrust areas which could be tapped under the IRD Programme. These district plans must necessarily integrate sectoral plans so that the support services and backward and forward linkages required are available at the time of the economic activities taken under IRDP. These plans were to be prepared by March 1986. The deficiencies pointed out in PEO's study evaluation have also been circulated to all the State Governments for corrective action. The Committee would like to know the latest position in regard to the preparation of perspective, Five Year/annual Plans and desire that preparation of plans in districts should be made a pre-condition for release of funds in future.
[illegible]	2.25	Do.	One of the main objectives of Integrated Rural Development Programme was to raise the families in the target groups above the poverty line—income level of Rs. 3500 and to create substantial addi-

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			tional opportunities of employment in rural sector. It is surprising that the Government of India instead of having block-wise figures of families below the poverty line relied upon the State-wise figures of families which emerged from the 32nd round of National Sample Survey of 1977-78. The Department of Rural Development informed the Committee that the rural population below poverty line rose from 51.5 per cent in 1977-78 to 53.3 per cent at the base year of the Sixth Five Year Plan and then came down to 40.4 per cent in 1983-84 in the 38th round of National Sample survey. The Secretary, Rural Development admitted during evidence that this 11 per cent fall in poverty situation was not merely due to IRDP but on account of other developmental programmes also. He however, claimed that they had assisted about 16.5 million people in the implementation of the programme. However, different organisations/economists are not unanimous on this issue and gave conflicting figures. According to the Seventh Five Year Plan document the number of persons who would have crossed the income level of Rs. 3500 would not exceed around 40 per cent Various studies conducted in this regard have brought out that 17.49 per cent of the families have crossed poverty-line. In this connection one of the economist has said that at the end of 7 years of operation of the programme only 3 per cent of the poor would have been helped to live above poverty line and that too for a while only. All this is due to non-identification of

			families living below the poverty line. But it is obvious that the programme has fallen short in achievement of its objectives. The Secretary, Rural Development suggested that a direct attack is required to be made to bring the persons living below the poverty line to 28 per cent by the end of Seventh Plan and to 10 per cent by 1994-95. The Committee are of the view that combined and concerted efforts by the States/Union Governments and the district level functionaries are needed to achieve this objective.
16	2.26	Do.	According to guidelines for identification of beneficiaries, household survey was to be carried out and on an average, 600 families in a block in a year and at least 3000 families per block during the Sixth Five Year Plan were to be assisted, the target being to assist at least 15 million families in the country. The survey was to cover every family assisted under IRDP during the first two years of the Sixth Five Year Plan and after completing the house-hold survey the families were to be classified in 3 groups (0-1500; 1501-2500 and 2501-3500) on the basis of their annual income. The families were first to be screened on the basis of land holdings and other economic indicator and before selecting the families for assistance their eligibility and economic status was to be verified from the village assembly. The families falling in the lowest income group were to be covered first for providing assistance under the programme. The Ministry of Rural Development have intimated that there were about 8,000 to 10,000 families below the poverty line in a block whereas they envisaged to cover only 3,000 families per block over

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			a period of 5 years. The Committee are distressed to find that only due to the mere apprehension that the data collected in the survey would become out-dated and obsolete by the time the entire block was covered and by doing survey in the whole block they would be raising hopes in the minds of all the families, the Government decided to confine the comprehensive survey to 800 blocks only and in the case of other blocks survey of families in the identified clusters was undertaken. The Committee would like to know whether comprehensive survey was completed in the above 800 blocks and clusters of poor families identified and if so, full details be furnished to them.
17	2.27	Do.	The fact that beneficiaries were selected without any survey indicate the casual approach of the Government in the matter. Non-identification of beneficiaries has resulted in, as admitted by the Secretary, Rural Development also, the improper selection of beneficiaries. According to Planning Commissions' Sample Survey Report about 26 per cent beneficiaries were found to be ineligible whereas figures by NABARD and RBI are 15 per cent and 18 per cent respectively. In this connection, the Secretary, Rural Development suggested that if the list of beneficiaries is prepared by the village level workers and is vetted by public meeting in the village, that to a large extent can eliminate the process of wrong selection of beneficiaries.

[illegible]	[illegible]	Do.	The Committee note that it has now been decided that the identification of the eligible families will be done through a detailed household survey of all the families seemingly poor in the village to assess their income. The surveyed families are then to be categorised into 3 income groups i.e. upto Rs. 2250, Rs. 2251—3500 and Rs. 3501—4800. The Lists of these poor families prepared by the village level worker/block staff, after approval in the meeting of the village assembly, is to be displayed on the notice board of the village panchayat and the block office. Additional measures are also being taken during Seventh Plan to involve the voluntary agencies in order to increase the peoples' participation through a new scheme called 'Organisation of beneficiaries' to make the beneficiaries conscientious of their rights. The Committee would like to know whether the detailed household survey to identify the eligible families have been completed in all the States/Union Territories and if so, whether the details in this regard have been received/analysed in the Department of Rural Development. The Committee hardly need to point out that the list of the poorest of the poor families should be completed each year before the commencement of the financial year and details of these families entered into a central register, as is being done in the State of Rajasthan, to ensure that no changes are made in the list at a later stage The beneficiaries should be identified on the basis of household survey and the estimation of net per capita income per annum. The surveyors should also be given proper training in the skill of working out correct net income of the beneficiaries and provided with guidelines/norms

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			indicating the estimated income from different activities/schemes. The household survey work should be test checked by the representatives from Statistics Department. Correctness of surveys is an important factor in the successful implementation of the Scheme.
19	3.26	Deptt. of Rural Development	The Committee note that against the ceiling of subsidy ranging between Rs. 3000 and Rs. 5000 per beneficiary during the 6th Plan period, the outlay provided by the Ministry to be shared equally by the Central/State Governments was Rs. 1500 crores with which insufficient subisdy of Rs. 1000 could only be provided to each of the targetted 15 million families. Estimates of the experts indicated that an investment of Rs. 7000 to Rs. 9000 was required to generate such income as to bring a family above the poverty line. The Department of Rural Development had itself admitted that an investment (i.e. subsidy+credit) of Rs. 3000 as contemplated was not sufficient to create enough incremental income to raise a beneficiary above the poverty line on a lasting basis. The Committee would like to know the basis on which the Government had arrived at a decision to give subsidy between Rs. 3000—5000 (against the expert advice of an investment of Rs. 7000—9000). The main thrust of the scheme should have been to endow the poor with an asset and/or skill which will enable them to earn a decent livelihood of their own instead of perpetually depending on public intervention in the form of the

			so-called special scheme for the weaker sections. While formulating the scheme the Government have not taken into account the inadequate facility of infrastructure development needs for the enterprises like lack of all weather roads, veterinary and repair services, electricity, marketing, outlets at the village level, shortage of supply of inputs and demands for outputs. The Committee are unable to appreciate why such inbuilt constraints were not taken into account while formulating the scheme.
20	3.27	Do.	It is also seen from the Audit paragraph that All India per capita investment consisting of subsidy and loan during the years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83 and 1983-84 was Rs. 1514, Rs. 1213. Rs. 1642, Rs. 2698, Rs. 3107 and Rs. 3201. Against this the per capita investment in Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Meghalaya, Orissa, West Bengal and Chandigarh was very low and in Uttar Pradesh 12.54 lakhs beneficiaries were provided with a meagre assistance ranging from Rs. 173 to Rs. 220 only for petty items like storage bins, agricultural inputs and agricultural demonstrations. During their study tour to Orissa, the Committee were informed by the State officials that not even a single beneficiary was able to cross the poverty line during Sixth Plan. The Committee would like to know the reasons for making such a low investment in these states particularly when the Government had themselves decided to invest at least Rs. 3000—5000 per beneficiary. In the opinion of the Committee the expenditure of Rs. 1661.17 crores incurred by the Central/State Governments during

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			Sixth Plan had not yielded tangible results. In addition, credit of Rs. 3101.61 crores did not serve the purpose for which these were sanctioned.
21	3.28	Deptt. of Rural Development	A uniform allocation of Rs. 35 lakhs was made for each block irrespective of the number of target population in that block for providing subsidy and also to meet expenses on essential infrastructure development, administrative cost and TRYSEM. Only an amount of Rs. 1167 out of above allocations was available as subsidy to each of the 3000 families to be assisted during the Sixth Plan period. In this connection, the Secretary, Rural Development stated during evidence that the Government, in consultation with the State Governments to a large extent have devised a new poverty ratio for the various States and it would be this basis that the funds would be allotted. To avoid problems in most of the States it was decided that for the first 2 years half of the funds. i.e., Rs. 4 lakhs would be allotted on the basis of the number of blocks as they stood on 31 March, 1985 and the remaining Rs. 4 lakhs would be on the basis of the incidence of poverty in the States. After 1986-87, the funds would be allotted entirely according to the incidence of the poverty and the linkage of the funds to the blocks would be done away with. The Committee would like to be apprised of the latest position in this regard.
22	.29	Deptt. of Rural Development/Planning Commission	It was intimated by the Secretary. Rural Development that the Planning Commission has defined the poverty line at Rs. 6400 per

annum for a family of 5 and decided to divide all the remaining 44 million household at the base year of Seventh Five Year Plan in 4 fractiles, 0—2665, 2666—3500, 3501—4800 and 4801—6400. However, he further observed that the distribution of population actually to be assisted in each of the above 4 fractiles was not properly known and rough estimates indicated that there were about 1 million and odd household in the lowest fractile, 6 million and odd in the second, 13 million and odd in the third an about 20 million and odd in the fourth fractile. The policy of the Government during the Seventh Plan is to help a family to an extent by package investment which will enable it to not only cross poverty line but also to stay above it on a lasting basis. The households are to be covered from the mid-point of the destitute income slab to Rs. 6400 and this figure would be about Rs. 5268. The Planning Commission has made an assumption of 2.7 as the capital output ratio and to generate income of Rs. 5268 per family an investment of Rs. 14,000 or so would be required. However, in the second, third and fourth fractiles an investment of Rs. 7000—9000. Rs. 4000—6000 and Rs. 2000—3000 respectively would be required. The amount of investment would, however, depend on the availability of funds. It is disquieting to note that the assistance quantum during the Seventh Plan will remain the same viz., Rs. 3,000 per general category. Rs. 4,000 for DPAP areas and Rs. 5000/- for scheduled castes and scheduled tribes. The average level of subsidy in the Seventh Plan would also only be Rs. 1,333. This amount would indeed be totally inadequate to generate the desirable level of additional income and the objective

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			of eradicating poverty would be different to be achieved. Therefore, during the Seventh Five Year Plan, keeping in view the rising prices, it is imperative that assistance to be provided to the beneficiary should be increased so as to make it realistic.
23	3.30	Deptt. of Rural Development/ Planning Commission	According to the original study of the Study Group of the IRDP at a global approach it was estimated that an amount of Rs. 5700 crores would be required. However, the net outlay for IRDP including Central and States shares is only Rs. 2358.81 crores. In this connection the representatives of the Planning Commission stated during evidence that the Planning Commission did favour an increase in the subsidy level. But a final view about the total investment would be taken after the first two years of the Seventh Plan. The Committee strongly urge that outlays appropriate to each identified household living below the poverty line should be made available to help it generate the income needed to cross the poverty line. To this extent, there should be no obligation to provide an outlay for a beneficiary household even beyond the Rs. 7000—9000 ceiling indicated by experts. The test should be whether the outlay for a household does in fact help it cross the poverty line. This would naturally call for the allocation of much higher level of funds for the IR.D. Programme both towards subsidy in the budget and towards matching loan by the banking system. Depending upon such outlays, the target for the families to be assisted should be fixed based on the

criterion of Rs. 7000—9000 per household with provision for supplementary allocations to meet the needs of specific household that would need outlays higher than Rs. 7000—9000 level. Allocations of such increased outlays alone would prove that the plan objective of reducing the poverty percentage to 10 per cent in 1995 is possible. If such outlays cannot be provided, then the targets also should be scaled down. In this view, the Committee is unable to appreciate the apprehension of the Secretary, Rural Development that reduction in physical target will *ipso facto* mean reduced financial allocations in the target. What the Committee is recommending is increased financial allocation at not less than Rs. 7000—9000 per household for 15 million households. If this is not practicable, then the number of target households should be scaled down. There is no point in fixing targets which are impossible of realisation. The Committee would like to make it clear that what the Government should be concerned about is crossing of poverty line by the beneficiaries in no uncertain terms and nothing less, so that such successfull efforts become models for being followed all over the country in this and other similar programmes. The level of assistance and manner of implementation should be such that a household progresses beyond the poverty line in one go and not by resort to a second dose of assistance etc. as at present contemplated by Government, which in truth is impracticable. A programme which does not help poor households cross the poverty line in one go, cannot carry any credibility as to its validity. Hence credible outlays are the elementary need of the I.R.D.P.

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24	4.18	Deptt. of Rural Development/Deptt. of Banking	The Committee note that the Integrated Rural Development Programme is financed partly by subsidy and partly by bank loans. Depending on the status of the beneficiary, either as a small farmer or as a marginal farmer etc. the subsidy varies between 25 to 33.1/3 per cent of the cost of the scheme. Accordingly credit support of 3 to 4 times was required for implementing schemes. From the Manual on IRDP it is noticed that each bank was expected to have Lead District Officers in each district and that officer was to be given special responsibility for providing coordination among the bank branches in the district. In order to enable decision makers to take corrective action to step up flow of credit, an effective machinery for monitoring flow of credit to the rural areas was required and for that purpose, the branch level officers were required to provide information both to their own superiors in the banking hierarchy and to Block Development Officers/District Collectors so that the banking institutions at all levels and the State Government machinery might have an idea of the pace of credit absorption. One of the main reasons for bringing the banks in the picture. as stated by the Secretary, Rural Development, was better scrutiny and viability of the scheme.
25	4.19	—do—	Loans are sanctioned but there is little follow-up or supervision over the utilisation of the loans; as a result loans are not properly utilised and repayment is adversely affected. The irregular func-

tioning of the banks in this regard has resulted in non-payment of loans by the beneficiaries in time and thus making them defaulters. The Secretary, Rural Development, had also admitted during evidence that the circulars issued by the NABARD and RBI are not viewed by the banking system seriously and strictly. In this connection, he pointed out that inspite of the instructions for not asking for surety upto a loan of Rs. 5,000 in most of the cases the banks insisted not only on surety but in many cases on collateral security also. Such a step was taken to secure the bank loan without any consideration to the State of penury in which the loanee existed and had apparently no means to comply with such procedures. Such insistence had totally nullified the objectives of the scheme and has led to interference of the middle man or 'Dalals'.

Blatant disregard of the Government instructions should be investigated and responsibility for the lapse fixed. The Committee deprecate this indifference and casual approach on the part of Ministry of Rural Development and Department of Banking and recommend that the Government and banks must also coordinate activities in connection with the disbursement of loans and should take steps to avoid the delay in sanctioning and disbursement of credit instalments by alerting the administrative machinery. Simplification of forms and procedure are also imperative. Strict and effective supervision should be provided to prevent non-utilisation of loan and partial utilisation of credit to non-productive purposes, sale of assets etc. proper utilisation of credit will help to increase the repaying capacity of beneficiaries.

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26	4.20	Deptt. of Rural Development/Deptt. of Banking	The Committee were also informed during their visit to North-Eastern Region that most of the bank branches are situated on the national highways and the bank managers cover beneficiaries residing within a radious of 10 Kms. Although every project/scheme under IRDP is to be scrutinised and approved by the lead bank officials for its viability, the officials refuse to go to far off places in these hilly areas inspite of the provision of the necessary conveyance etc. IRDP being a credit linked programme cannot be implemented unless each village/cluster of villages is covered by atleast one branch of the credit agency The Committee feel that this problem could only be solved with the expansion of the credit network. The Committee desire that the Department of Banking should, issue appropriate directives.
27	4.21	Do.	The Committee gather from Audit that in a number of States records of recovery of loan or assistance granted to the beneficiaries were not maintained properly with the result that it could not be verified if the beneficiaries had adhered to the time schedule of repayment of prncipal and payment of interest on loans. In this connection, the Committee note that an intra-institutional committee consisting of representatives from RBI, NABARD and a few nationalised banks, was set up to examine the aspect of non-payment of loan-instalment by the beneficiary. The aforesaid Committee came to the conclusion that the recovery under the IRDP is of the order of 69 per cent which was not less than the recovery in general. The

			committee, however, noticed that in some districts of Rajasthan, repayment period of the loan was too short varying from 6 months to 12 months only. Such short term loans could not achieve the purpose of the loan but would help the banks as well as the functionaries of the schemes in fulfilling their targets. Repayment in these States was also prompt and regular. The Committee was therefore of the view that there are some distortions in the rate of recoveries reported The main purpose for the non-payment found by this committee are scaling down unit cost and project cost resulting in adverse impact on the viability of the scheme; having out-of-date and unrealistic unit cost of many projects stipulated by the NABARD: projects being too small in dimension to bring a family above the poverty line; non-provision of backward and forward linkages as well as the skill available with the beneficiary; inadequate financing; late financing; late release of subsidy, alteration in the re-payment schedule resulting often in defaults and thus making the beneficiary ineligible for further assistance under the programme. The Committee desire that the problems faced by the beneficiaries in obtaining loans from the banks should be analysed in detail and the rules simplified in consultation with RBI/NABARD.
28	4.41	Deptt. of Rural Development	The Audit have pointed out a number of cases of excess payment of subsidy. In a number of States, subsidy was also paid in violation of the prescribed rates/rules. From the replies furnished by State Governments the Committee find that the amount of Rs. 0.23 lakh paid by Gujarat State Milk Producer Co-operative Societies was

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			from DPAP funds and not from IRDP funds. Similarly, Government of Madhya Pradesh have stated that the excess payment of subsidy in DRDAs worked out to Rs. 0.44 lakh and not Rs. 2.36 lakhs as mentioned by Audit. Again Government of Haryana have stated that the trainees were only given stipend on approved pattern. While the Committee desire that the circumstances leading to payment of excess subsidy should be thoroughly investigated and action taken against the deliquent officials, the Government of India should direct the State Governments to reply to the Audit objections/observations expeditiously so that such matters are settled well in advance and not incorporated in Audit Reports.
29	4.42	Deptt. of Rural Development Deptt. of Banking	The Committee note that upto February 1982, the District Rural Development Agencies were required to deposit a portion of subsidy as soon as the loan applications were sanctioned by the banks so that the burden on the beneficiaries was only to the extent of net loan and thereafter the agencies were required to keep their amounts in Saving Bank Account in the principal branches of the participating banks so as to avoid locking up of funds. It is disquieting to note that most of the agencies did not follow the aforesaid instructions and there have been a number of cases of releasing the subsidy to banks in advance pending release of loans by the banks. From the reply furnished by various State Governments/Union Territories in regard to the case of payment of subsidy in advance, the

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			Committee find that whereas all cases of advance subsidy have been adjusted/refunded in Gujarat, Haryana, Andhra Pradesh and Tamil Nadu, the details were not available with the Governments of Maharashtra and Pondicherry. It is surprising to note from the reply of the Government that "field visits are meant for checking the impact of the programme and the allied matters like linkages, than matters of procedure". The Committee take a very serious view over this reply of the Government, and would urge the Government to take remedial steps to see that codal instructions are scrupulously followed.
30	4.42	Do.	Apart from releasing the subsidy to banks in advance pending release of loans, delays have also been reported in release of subsidy in a number of States like Andhra Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Orissa and Rajasthan. This resulted in extra charge of the interest by the banks from the beneficiries. The Committee however note that replies to all the points raised by Audit in this regard have been received from all the State Governments except Orissa and Rajasthan. From the analysis of the replies, the Committee find that furnishing of incomplete information is one of the major causes of delay in release of subsidy. The Department of Rural Development have admitted that delay in releasing the subsidy breeds corruption besides, adding burden of interest on the beneficiaries. The Committee, therefore, desire that complete information should be furnished to the DRDA/Bank in regard to the beneficiary, scheme given to him etc. In fact it is the view of the Committee

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			that delay should not be allowed to occur and strict disciplinary action should be taken to ensure this. The Ministry of Rural Development have informed the Committee that with the introduction of the new procedure effective from February 1982 the DRDAs are to open savings banks account in advance and authorise the banks to adjust the subsidy due against this account at the time of the disbursement of loan and that there would be no delay in the adjustment of subsidy in future Inspite of the above instructions the revised procedure for administration of subsidy by opening savings bank account was not being followed in Uttar Pradesh and Bihar. The Committee would like to be apprised of the reasons for non observance of these instructions and desire the Government to fix responsibility for this lapse.
31	4.44	Deptt. of Rural Development/Deptt. of Banking.	In this connection, the Ministry of Rural Development have informed the Committee that the aforesaid procedure was reviewed in the meeting of the high level Committee on Credit Support held on 22 January 1986 and it was decided that if the delay in receipt of subsidy amount by the block branch is due to non-transfer of amount from the Principal Branch, no interest would be charged on the subsidy portion and if th edelay in the adjustment of the subsidy is due to non-availability of funds in DRDA accounts, the respective DRDA would bear the extra interest out of the interest earned by it. The Committee desire that the above instructions should be followed

			scrupulously and in case there is delay in releasing the subsidy due to negligence of an officer either in the bank or in the DRDA interest payable on this account should be recovered from the officials held directly responsible for the lapse.
32	4.45	Do.	It has also come to the notice of the Committee during their studv tour to various states that in large number of cases subsidy portion of assistance was not being passed on to intended beneficiaries and that an intermediary class had emerged in the rural sector which by taking undue advantage of ignorance of the helpless poor is misappropriating the subsidy in connivance with bank officials. One of the leading economists also stated before the Committee that subsidy is a source of corruption. The Secretary, Rural Development also admitted this during evidence. In order to avoid misuse/misappropriation of subsidy, it has been decided by the Government that instead of giving cash to the beneficiaries a Purchase Committee of 5 persons a representative each of the bank, BDO and Panchayat, the beneficiaries and the representative of the concerned department would be formed. It is not relevant whether the subsidy is given in cash or kind but what is required is that there is adequate supervision and business like approach on the part of the departments to ensure that the beneficiaries get the assistance within the specified time and are not subjected to any hardship by the departmental officials. It is imperative that strict action is taken against the functionaries found involved or indulging in misuse or misappropriation of subsidy.

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33	4.60	Deptt. of Rural Development/ Deptt. of Banking/ Planning Commission	The Committee note that the total bank credit mobilised for the IRDP during the Sixth Plan stood at Rs. 3101.62 crores against the target of credit mobilisation of Rs. 3000 crores. The per capita credit had increased from Rs. 1060 in 1980-81 to Rs. 2154 in 1984-85. Per capita investment in terms of subsidy and credit also moved up from Rs. 1642 in 1980-81 to Rs. 3344 in 1984-85. Inspite of this, the per capita investment has remained well below the target commended by experts namely a minimum of Rs. 7000 and a maximum of Rs. 9000 for generating enough incremental income to raise the beneficiary above the poverty line. It is unfortunate that the banking institutions had not maintained separate account for the credit utilised under IRDP. In the absence of separate accounts for the Programme, it is not understood as to how the statistics regarding credit utilisation were verified. From the statement furnished by the Ministry of Rural Development regarding credit utilised during the Sixth Plan, it is noticed that in Meghalaya, Nagaland, Arunachal Pradesh, Chandigarh and Lakshdweep not a single rupee has been given to the beneficiaries from the banks. Similarly in Manipur, Mizoram and Andaman and Nicobar, the utilised was Rs. 22.38 lakhs, Rs. 6.80 lakhs and Rs. 14.28 lakhs against the target of Rs. 1501.50 lakhs, 1155 lakhs and Rs. 288.75 lakhs respectively. Similarly the target of credit utilisation could not be achieved in Assam, Bihar, Haryana, Himachal Pradesh, Jammu and Kashmir, Orissa, Sikkim, West Bengal, Goa, Daman

			and Diu and Dadar and Nagar Haveli. The inevitable conclusion is that the Ministry has failed to keep an eye on credit utilisation and it is clearly essential that there should be proper co-ordination between the DRDAs and Financial Institutions.
34	4.61	Do.	The Committee have been informed that during VII Plan the net outlay for IRDP is only about Rs. 2372 crores. During evidence, the representative of the Department of Banking stated that it would not be possible for them to allocate more than Rs. 6000 crores for the programme. As stated in Para 2.32 of Seventh Plan document the ceilings of subsidy fixed for different categories of beneficiaries in the Sixth Plan would continue during the VII Plan and within these, the average subsidy per household would be around Rs. 1333 against Rs. 1000 in the VI Plan for generating which the per capita investment level would have to be around Rs. 4000/-. The Committee however hope that Government would be able to provide more resources so that more number of families could be brought above the poverty line.
35	5.11	Deptt. of Rural Development	Not only the IRD programme was launched without taking any preparatory measures but its implementation was also defective. Para 6.3 of the Manual on the subject issued by the Ministry states that "the success of the Programme will be judged not just by the number of families identified and assisted but by the number of families whose income has increased to such an extent as to enable them to cross the poverty line". The Committee are surprised to note that the Ministry had reported achievement of physical targets without having any block-wise information regarding the number of

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			families actually crossing the poverty line since 1978-79. The Committee deprecate that the family oriented IRDP, far from being result oriented has ended up being only target or expenditure oriented. As soon as a beneficiary is identified he is presumed to have crossed the poverty line. This is an extremely misleading proposition. There is no means available to know that poverty level has actually been crossed. As the main objective of the IRDP is to enable the beneficiary to cross the poverty line, the Ministry should furnish the information regarding the beneficiaries who have actually crossed the poverty line. From the statement showing the progress of the programme vis-a-vis the targets fixed during the Sixth Five Year Plan, the Committee find that some of States and Union Territories e.g. Assam, Jammu and Kashmir, Manipur, Meghalaya, Nagaland, West Bengal, Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadar and Nagar Haveli,. Lakshadweep and Mizoram have lagged far behind the National targets. Similarly these States/Union Territories also could not utilise all funds allocated to them. The Committee are distressed to note from the reply of the Ministry of Rural Development that the targets could not be achieved in these States/Union Territories due to lack of basic communication facilities and technical personnel, difficulties of terrain, inadequacy of financial institutions and administrative machinery etc. The Committee would like to know as to why proper action was not taken in time to remove these bottlenecks in the implementation of the programme.

36	5.12	Deptt. of Rural Development.	The Committee have been informed that in the case of those blocks where banking facilities were not in existence it has been decided in the meeting of the High Level Committee on Credit held on 22 January 1986 that the District Rural Development Agencies would obtain the funds from the banks and perform the loaning functions. The Committee may be informed whether the above decision has been implemented and if so, what has been the experience of the Government in this regard.
37	5.13	Do.	It is also noticed that a decision has been taken to fix targets and allocations on the basis of incidence of poverty related to the number of population below the poverty line from the third year of the Seventh Plan. The Committee would like to know whether the necessary surveys have been made in all the States/Union Territories as provided in the Seventh Plan Document and if so, what is its outcome. The Committee may be apprised of necessary details.
38	5.14	Do.	The Audit have pointed out in the progress reports of various States/Union Territories, a number of financial and physical deficiencies/Short-comings such as treating the unutilised amounts of advances/subsidies given to various banks/institutions as final expenditure, inflating the number of beneficiaries assisted, thin assistance ranging from Rs. 173/- to Rs. 220/- in Uttar Pradesh, double counting of the beneficiaries, assuming the achievements on the basis of subsidy released to the banks instead of its actual disbursement etc. From the reports of visiting teams to various States, the Committee also find a number of other deficiencies like non-conduct of household

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			surveys for identification of beneficiaries (U.P., Bihar, J&K and Maharashtra), non-verification of assets (U.P.), non-supply of information regarding clearance of loan applications and adjustment of subsidy (U.P.), non existence of training institutions (Bihar), non-identification of viable projects (Bihar) etc. It is also interesting to note that the Central teams did not visit at all most of the States/Union Territories in North-eastern Regions. The teams also did not visit remote areas in various States. Accordingly the difficulties and peculiar problems so vital for alleviation of poverty in these areas cannot perhaps be appreciated and comprehended by the concerned authorities.
39	5.15	Do.	The Ministry of Rural Development stated that the deficiencies in the programme were noticed by the Central teams and the same were brought to the notice of respective State Governments and pursued with them. Inspite of apparentlv elaborate monitoring arrangements the Committee find that there had been no attempt at remedying the deficiencies. The visiting teams entrusted with the responsibility of overseeing the programme had not properly performed their duties and had not realised the challenging nature of an important assignment in the national interest. The Committee would like to be apprised of the remedial measures taken to avoid recurrence of such lapses in future. The Committee feel it imperative that no programme of such a

			large magnitude, especially when it involves huge financial outlays, should not be undertaken without taking proper preparatory measures. A less ambitious programme based on incidence of poverty closely monitored might have achieved better results.
40	5.16	Deptt. of Rural Development Planning Commission	Keeping in view inadequate resources, one of the eminent economist advocated that dimension of the Integrated Rural Development Programme must be cut down. During evidence the Secretary, Rural Development deposed that "the moment target is reduced *ipso-facto* the allocation gets reduced and if allocation gets reduced then the whole thing get reduced." However, in view of the policy of the Government to bring down the percentage of persons below poverty line to 10 per cent by the end of 1995, the Ministry of Rural Development feel that it is not possible to reduce the dimensions of the programme. The Committee recommend that the States/Union Territories should specifically be told to select the beneficiaries on the basis of incidence of the poverty. The identified families should be provided adequate funds, even if it is to be done by reducing the targets, to enable them to cross the poverty line in one go. The Planning Commission shoul also have practical approach in this regard and the allocations be made keeping in view not the targets, but the aims and objects of programme. The selection of the schemes requires careful planning and consideration. There was no consideration for local resources and backward and forward linkage. The Committee urge that the Government should consider adopting ecologically suitable schemes with high employment potential such as afforestation and social forestry which are essential components

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			of Drought Prone Area Programme in certain States. Similarly, less capital intensive schemes suitable for generating regular income like spinning and weaving, have a very low level of awareness among the people although these programmes could have been popularised particularly among the female members who could have helped to raise the income level of the family. The Memorandum on IRDP submitted by the Indian Society of Agriculture Economics has pointed out that achievement was not proportionate to the expenditure incurred and that assets provided to the beneficiaries have dissipated—either sold or consumed or deteriorated and the skill formation was rather meagre. The Committee urge the Government to look into these aspects carefully before releasing assistance to the beneficiaries in the Seventh Plan period. A reference in this regard is also relevant to the statement made by the Minister of State for Finance in the Lok Sabha on 8-4-1987 in which he stated that no comprehensive review of viability of old units financed by bank under the IRDP was done. This does not indicate a satisfactory state of affairs and the Committee would urge the Government to review continuously the viability of activities for which loan is sanctioned.
41	5.30	Deptt. of Rural Development	The Committee note that the programme was started without assessment of the existing administrative infrastructure available in districts both for implementation of IRDP and Animal Husbandry Programme. The Committee note with concern that the programme was started without creating the basic infrastructure required for

its implementation. The evaluation report on IRDP of the Programme Evolution Organisation of the Planning Commission indicates that more than half the districts selected by them for study had inadequate infrastructure and that in many districts funds allotted for the creation of these facilities were insufficient. During evidence most of the State representatives complained about the infrasructural gaps which required maximum attention. Forward and backward linkages were missing in almost all States. The Committee had observed during their visits to J&K and Haryana States that in the absence of the forward backward linkages and proper marketing facilities, some of the beneficiaries had been turned into labourers for the middle man who had gained both ways—by getting cheap labour and products which were marketed by them on highly remunerative prices. The Jaipur study conducted under Nabard showed that only 46 per cent of the recipients of loans were left with assets at the end of two years: the others had either sold it or the animal was dead. And an even smaller proportion of agricultural labour households *i.e.* 34 per cent, was left with animals. The study, while explaining this rather dismal situation, observed: "The real problem was poor availability of common grazing lands, inadequate supply of fodder and feed particularly in the case of the landless, and the high cost of maintaining the animal during the dry period. In the Seventh Plan period the limit for spending the funds for the creation of infrastructural facilities has been increased from 10 per cent of the total allocations to 15 per cent.

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42	5.31	Deptt. of Rural Development	The Committee urge that while selecting activities for IRDP every care should be taken to see that requisite raw materials and other inputs are made available to the beneficiaries at the right time and at reasonable prices. States Government should also see to it that their produce is marketed at remunerative prices. There may be some difficulties in achieving this but they must make every effort to see that a machinery or system is evolved which will ensure that the producers get the best possible prices. What the machinery is they must inform the Government of ndia. Consolidating and pooling of funds available to the sectoral departments and allocating the funds to DRDA to enable them to take co-ordinated action for the optimum utilisation of the available resources is considered imperative. The institutional|organisational support of the organisation such as Khadi and Village Industries Commission, All India Handloom and Handicrafts Board, Milk and Dairy Corporation and Small Scale Industries Corporation should be given to the beneficiaries so that these institutions may provide them the necessary forward and backward linkages and expertise. In cases where produce is such that no organisation is available in a district to cover it, the Committee recommend that supply and marketing societies must be set up separately with linkages with higher and lower level of these institutions.
43	4.32	Do.	The Committee learn that while the major investments on

infrastructure was required to be made by the State Governments as a part of their normal plan, crucial gaps which still existed and without filling which individual beneficiary programme could not be implemented successfully, could be made out of the IRD funds. It is distressed to note that a number of DRDAs did spend funds on items of infrastructure not covered by the aforesaid provisions & in a number of cases irregular payments on creation of infrastructure were made. The Committee are distressed to find that the recovery of these irregular payments is being made only after these cases were pointed out by Audit. The Audit have been able to do only test check and the cases brought out by them are only illustrative and not exhaustive. The magnitude of the leakages of the loans for animal husbandary has been estimated at 26 per cent by NABARD survey of 1984. The Committee desire the Ministry of Rural Development to get the expenditure made on creation of infrastructure subjected to audit by the respective Accountants General/Directors of Audit in all the remaining States|Union Territories and furnish the results thereof to the Committee. The Committee consider that it is very important to see that IRDP funds are not misutilised. Deterrent action against the officials responsible for misutilisation or diversion of IRDP funds must be taken and the State Government must be held responsible to replenish such misuse and diversions.

At this stage, the Committee would like to stress the highest importance of infrastructure to the I.R.D.P. The Committee

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			clarifies that its reference to building of infrastructure includes those institutions that ensure a regular supply of stock that forms the production base. For instance, the same animal is seen to be brought and sold from and to several beneficiaries, as stated elsewhere in this Report. This is not merely a question of corruption in transactions. It is also a question of lack of supply of adequate number of good quality animals in the country. This can be met only by the organisation of more breeding farms. Examples of this kind relevant to anit-poverty programmes can be multiplied. Funds for this should be provided not from the I.R.D.P. allocations but in the regular budgets of other relevant departments indicating clearly that these allocations are for supporting the I.R.D. Programme and be used only on a requisition made by the Rural Development Department. The Departments concerned would provide for these outlays in consultation with the Rural Development Departments at the Centre and in the States. Without such infrastructure, the subsidies and loans in the I.R.D.P. will be more or less a waste.
44	5.38	Do.	In a number of Memoranda submitted to the Committee in some studies as also during the study tour of the Committee it has been brought out that the same cattle heads, milch and others were passed on to different beneficiaries under the programme sometimes simply because so many heads were not available at all-

The NABARD survey showed that 40 to 50 per cent of investment was accounted for by dairy, goats and sheep. Bullocks, camels (with or without carts) accounted for another 20 per cent, minor irrigation accounted for 13 to 14 per cent and non-farm activities accounted for barely about 25 per cent. In other words, nearly two-third of the loans (and subsidies) were in the form of live-stock. . The leakages, according to Indira Highway, amounted to 25 to 30 per cent of the total participants. The NABARD survey (1984) showed a high proportion of 26 per cent of leakages of loans for animal husbandry. About half were due to misuse of loans and the other half due to sale of animals. It has been brought out to the notice of the Committee that there are poor veterinary facilities, inadequate arrangements for marketing of the products, uncertain supply of fodder and feed and the inferior quality of the milch animals. Many of the animals were older than prescribed and are in the declining state of their productivity. There is also reportedly misuse in the purchase of animals and there is no mechanism to prevent exploitation by brokers. The rate of disease and mortality among animals is reportedly very high and this proves the callousness of the officials more pointedly of the veterinary doctors who certify the fitness of the animals and who are responsible for their upkeep. The Committee feel that a long term planning in this regard is necessary and to meet such situations there is a great need for giving incentives by way of subsidy to the co-operatives for starting the breeding centres. The Central|State Governments should also see the feasibility to start their own

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			breeding centres where from the beneficiaries could directly get animals under the programme. A suitable monitoring machinery must be devised so that the beneficiaries are supplied milch cattles of good breed or other domestic animals. Similarly, arrangements for food and fodder, veterinary doctors, linkages for the beneficiaries should also be kept in view while formulating schemes of animal husbandry under the IRDP.
45	5.39	Do.	The Committee note that the guidelines issued by the Ministry in November, 1981 laid down that two milch animals should be supplied in succession to the same beneficiary soon after the first animal stop lactating as otherwise, the beneficiary would experience a fall in his income and slip back into poverty. Inspite of these instructions, a number of cases where the second animal was not supplied were brought to the notice of the Ministry by its representatives on the State Level Coordination Committee. The Ministry only reiterated guidelines issued on the subject and did not take any conclusive action. Further a number of States informed the Committee that the second milch animal could not be supplied due to default of the beneficiaries in repayment of first loan and consequent reluctance of Banks to sanction second loans, non-claiming of second animals by the beneficiaries and emphasis on supply of first animal by the financial institutions. The Committee deprecate that even though a specific provision was made

			for the supply of a second milch animal these instructions were violated with impunity.
46	5.49	Do.	The Government of India have approved certain guidelines for identification of beneficiaries for the supplementary assistance. According to these guidelines it is to be ensured that the balance outstanding in the existing loan together with the proposed second loan is within the repaying capacity of the beneficiary and that adequate infrastructural facilities, backward and forward linkages materials, making facilities, etc. are available so that the investment does not become infructuous. The Committee find from the Seventh Plan document that around 50 per cent of the beneficiaries to be assisted in the Seventh Plan will be requiring supplementary assistance on an average rate of Rs. 500|- per household. The Committee are unable to understand how the Planning Commission|Ministry of Rural Development came to a conclusion that a beneficiary would be able to cross the poverty line just with a supplementary dose of Rs. 500|-. Since 50 per cent of beneficiaries *i.e.* 75.51 lakh people are required to be given a supplementary dose of Rs. 500 per family, the amount on this account required in the Seventh Plan would be about Rs. 375 crores. The Committee consider that expenditure of this magnitude would not be able to achieve the desired objective. That being so, that number of target of house holds should be scaled down so that the crossing of poverty line by the beneficiaries is not uncertain.

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47	5.50	Do.	The Ministry have, however, stated that in order to consolidate the benefits of assistance given during the Sixth Plan, the State Governments and Union Territories have been requested to carry out a detailed house to house survey of the families assisted under the Programme so that the families requiring supplementary assistance during the Seventh Plan could be identified. The Committee would urge the Govt. to undertake comprehensive surveys so as to assess the magnitude of the problem.
48	5.56	Do.	The Committee find that the Ministry of Rural Development released to the implementing agencies Rs. 54.67 crores, Rs. 68.25 crores and Rs. 75.68 crores during March in the years 1982, 1983 and 1984 respectively against the total release of Rs. 128.45 crores, Rs. 176.17 crores and Rs. 194.23 crores in the respective years, representing 44 per cent, 33 per cent and 38 per cent respectively of total expenditure. The District Rural Development Agencies also spent disproportionately larger amounts during March/last quarter of every year. During test check, the Audit have detected a number of cases of rush of expenditure in the month of March. Such rush of expenditure had tended to artificially push up the prices of the assets to be provided and had become instrumental in fattening the pockets of the middle man at the cost of rural poors. Beside this the quality of the assets had also to be compromised to spend the money within a short period. Rush of expen-

			diture in a single month causes financial irregularities and should be avoided. The Committee are concerned to note that the Department of Rural Development did not take any effective steps to remedy the situation although they were aware of such a situation existing in most of the States. The reply of the Ministry that "such a rush of expenditure towards the end of the last quarter of the financial year has been noticed not only in this Ministry and its programme but in other Ministries, their programmes and also in the State Governments" is wholly untenable and is not at all satisfactory.
40	5.57	Deptt. of Rural Development	According to the procedure approved for release of funds, funds are released in two instalments and the first instalment is generally an advance release but certain Audit formalities are to be completed before the second instalment is released. Another condition for release of instalment is utilisation of 50 per cent of available funds before release of the second instalment. One of the main reasons for rush of expenditure in the month of March, as given by the Ministry, is the delay in the sanction of loans by the banks. However, Department of Rural Development have now informed the Committee that a conscious effort has been made to eliminate constraints which may result in postponing expenditure to the end of the financial year and that with the introduction of the system of quarterly targets from the year 1985-86 the position will further improve. The Ministry have also fixed the physical targets to be achieved during each of the quarters. The Government have also drawn up the action calendar

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			for various activities from the year 1986-87, viz., communication of outlays and targets for the year—1 April; approval of Annual Action Plan—and release of 1st instalment by Govt. of India and State Govts. 30 June; release of 2nd instalment 31 January, 1987. It is not understood as to how more than 50 per cent amount released on 31 January each year and required to be spent during the last 2 months of the financial year would help in avoiding rush of expenditure during last quarter. It is also noticed from the statement made by the Minister of State in the Ministry of Finance on 8-4-1987 that a high level Committee has been set up by the Government to look into the problems relating to credit for IRDP and suggest improvements on ongoing basis. The Minister of State for Finance has also stated that achievement of the IRDP credit targets are monitored at the meeting of the District Consultative Committee. The Committee hope that these efforts would expedite payments to beneficiaries and would like to be apprised of further progress in this regard.
			The Committee, also recommend that communication of outlays and targets and the approval of Annual Action Plan etc. should be completed in sufficiently advance so that the first and the second instalments for the year could be released by the Government of India and State Governments by 30 April and 30 September which should also provide targets for each month or quarter and the number of cases to be tackled. It may be desirable to post core staff dealing ex-

			clusively with IRDP at block level. Such staff should continuously deal with IRDP cases i.e. processing of applications, following up the progress, monitoring their problems and attending to all related work. Such a core staff exclusively for IRDP work at block level should help reducing the bunching of applications towards the end of the year resulting in rush of expenditure.
50	5.61	Do.	In a number of States more than Rs. 16 crores were spent on items/schemes not connected with IRDP. Some of the glaring cases of such expenditure are moneys spent on drinks and on Special Schedule Cast Component Plan procurement of cement for NREP works etc. (Himachal Pradesh); on air-conditioner, coloured T.V. and scooter; on crop demonstrations and advance to Bihar Relief Committee Daltonganj — a private organisation for digging of wells (Bihar); employment of persons in the existing projects at State level (Haryana); on house building, motor cycle and festival advances to employees and construction of two general purpose godowns (Karnataka); on installation of telephones, printing of diaries, sofa-cum-bed and purchase of furniture and other office equipment for the office of the Collector (Kerala); on payment to Bhartiya Agro Industries Foundation for opening 250 artificial insemination centres-not for weaker sections of the community (Maharashtra); on working capital for fabrication of bullock carts by Madhya Pradesh Agro Industries Corporation Ltd., on tank fisheries scheme covered under other scheme Orissa, on forest nurseries when the scheme was not in existence and purchase of tractors, matacors, tools and plants etc.

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			(Punjab); on such other schemes which were to be covered under Social Welfare Corporation of the State (Rajasthan); on agricultural implements, pump-sets, purchase of trucks etc. out of the allocations for infrastructure without any beneficiary (Uttar Pradesh). The nature of irregular payments enumerated above by way of illustration indicates a very serious state of affairs showing scant regard for canons financial propriety and gross violation of instructions on the subject. The reply of the Government indicates that disciplinary action has not been initiated in any case. All that has been done is that in Delhi and Himachal Pradesh officers have been asked to refund the amount and in some cases CR warnings have been issued. This is not acceptable. The Committee would urge the Government to take disciplinary action against officers held directly responsible. This is all the more necessary to deter the executors of such schemes from diverting funds ear-marked for specific schemes to other purposes to suit their whims and fancies. The Committee would like to be apprised of further developments in this regard in six months' time.
61	5.6[illegible]	Do.	The Committee would also like to be informed whether all such amounts remaining unutilised with the State Governments or amounts which had been diverted for purposes outside the scope and objective of the IRDP have been identified and recovered or adjusted in full from the State Governments concerned. In case this has not been done so far the Committee desire that necessary action in this regard should

			be initiated forthwith under intimation to them. This also indicates lack of mechanism with the Government of India to monitor the progress of the scheme and to ensure that the moneys have been spent for the purposes for which these were specifically sanctioned.
52	6.67	Do.	From the Audit Paragraph the Committee find that the Ministry of Rural Development prescribed in May 1980 the maintenance of 'Vikas Patrikas' (identity-cum-monitoring cards) for beneficiaries with a view to watch their progress for at least 2 years to measure their income to see if they had crossed the poverty line. One copy of the Vikas Patrika was required to be handed over the beneficiaries and one copy each thereof was required to be retained by the BDO, the Institutional Financial Agency and the Training Institution. The Committee are concerned to note that the States of Andhra Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Tamil Nadu and West Bengal did not issue the Vikas Patrikas to all the beneficiaries even after a lapse of 4 years and in cases where these were issued, they did not contain the requisite information for ascertaining the impact of the programme. In the Union Territory of Pondicherry, the work of issuing the 'Vikas Patrikas' had not been initiated till March 1984 and in Karnataka, no records were maintained to show the utilisation of 2.07 lakhs Vikas Patrikas issued to BDOs. Similarly, in Sikkim proper monitoring was not done. The Committee would like to know as to how the assistance rendered to beneficiaries was monitored properly in the absence of improper maintenance of Vikas

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			Patrikas. It is surprising to note from the reply of the Ministry of Rural Development that the fact of non maintenance of Vikas Patrikas by various States came to the notice of officers of the Ministry during their field visits and that the matter was taken up in State Level Coordination Committee meetings. The Ministry have now informed the Committee that most of the States have distributed Vikas Patrikas by the end of Sixth Plan. This is an evasive reply. The Committee would like to be informed of the States and Union Territories where Vikas Patrikas have been distributed to all the beneficiaries. The Committee would recommend that suitable systems should be devised and instituted to ensure that the instructions issued by the Central Ministry are acted upon with promptitude and effectiveness. There should also be a feed back mechanism to ensure improvements on the schemes taking into account the field experience.
53	5.72	Do.	Adequate attention was not paid to the verification of assets provided and their physical verification. The Department of Rural Development issued instructions to the States/Union Territories Administration only in March 1982 regarding physical verification. Despite the issue of these instructions State Governments/Union Territories of Meghalaya, West Bengal, Delhi and Pondicherry did not conduct any physical verification at all while the States of Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil

			Nadu and Uttar Pradesh conducted the verification of assets only partially. The verification in these States revealed that the assets in 8430 cases were either missing or were sold out or not supplied. Apart from this, 7582 beneficiaries in Haryana, Karnataka and Kerala had misutilised the subsidy given to them. The Committee would like to know whether such cases of non-existence/misutilisation of assets came to the notice of the Central teams during their field visits and if so, what action was taken by the Government to ractify the situation.
54	5.73	Do.	The Committee express their displeasure over the reply of the Government of Karnataka that "the Government is seized of the problem of misutilisation. However, any precipitate action may discourage the people from availing the benefits under this programme". As a separate bond for subsidy to be recovered in case of misutilisation was to be executed before releasing the subsidy, the Committee recommend that the recovery of subsidy in all cases of misutilisation should be made in order to discourage other beneficiaries to misuse or sell out their assets. The Committee is of the view that action against officials responsible for non-verification of assets in contravention to the prescribed instructions on the subject. The Minister of State in the Ministry of Finance stated in the Lok Sabha on 8 April, 1987 that the Government have undertaken a concurrent evaluation study in 36 districts covering 72 blocks with a sample survey of twenty beneficiaries from each block under the IRDP. The Committee would like to be apprised of the results of this evaluation study.

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55	6.32	Deptt. of Rural Development	Although the IRDP was initiated in 1978-79 and the responsibility for implementation of the Programme was assigned to District Rural Development Agency, yet guidelines were issued to States in March 1981 to set up the District Rural Development Agencies on specified lines. According to the guidelines, DRDA was to have a governing body headed by the Collector or the Deputy Commissioner and the membership of the governing body included a representative from each of the State Government Land Development Bank, Zila Parishad, Lead Bank, District Industries Centre, Weaker Sections of the society, a woman representative, M.Ps./M.L.As. and a Project Officer as member-secretary. However, the Government have allowed an amount of flexibility in this matter as in Maharashtra and Gujarat the Minister concerned remained the Chairman of the governing body of the agency and in West Bengal DRDAs are headed by Sabapathis of Zila Parishads. Keeping in view the local conditions and to provide the linkages, the Committee recommend that the representatives from Khadi and Village Industries Commission and other similar organisations should also be given representation in the implementation Committees/executive committees of the DRDAs. Since the Collector/Deputy Commissioner remains too pre-occupied with the functions of the collection of revenue, law and order and other protocol activities, they also desire that some senior I.A.S./P.C.S. Officer should be made the chairman of the governing body of the DRDA.

55	6.18	Do.	At the State level, a senior officer is entrusted with the responsibility of overseeing the implementation of this programme. The State Level Coordination Committees were to be formed in all the States to sanction the schemes, to plan the works and to monitor their progress. Since the membership of the governing body was likely to be large, the Chairman of the agency was given powers to nominate an executive committee consisting of 5 to 6 members including the Chairman, a project officer, representatives from major departments and banks which was to meet at least once in a month to look into the various programmes intensively and take necessary decisions. The governing body was also to meet at least once in a quarter. The Committee would like to know whether the executive committees and the governing bodies were meeting regularly in all the States/Union Territories as provided in the guidelines. The Committee note that in a number of States adeuate staff have not been provided mainly due to financial constraints. This deficiency has been practically noted in the DRD Agencies in North-Eastern region where there is also a problem of obtaining technically qualified staff. In this connection, the Department of Rural Development have stated that 10 per cent of the Programme allocations can be utilised for meeting expenditure on administrative infrastructure at State, DRDA and block level as per the prescribed norms, and where there are no such norms in the State, the same could be laid down with the approval of State Level Coordination Committee. The Financial Commissioner, Government of Andhra Pradesh pleaded for additional staff at the

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			ministerial level to attend to the additional schemes and responsibilities entrusted to them as the present staffing pattern was fixed in 1964 or so. It was also brought out that administrative infrastructure is not provided for newly created districts and that a number of essential posts were also lying vacant. In this connection the Committee learnt that in 1953 when the Community Development Programme was launched, there used to be one BDO, 8 extension officers, 8 male and 8 female village level workers all working under the Collector whereas there is only one BDO and 6 village level workers taken from the Agricultural Department. Keeping in view the above facts and the findings of G.V.K. Rao Committee, the Committee feel that the staffing position in each DRDA needs to be reviewed. While dedicated and capable workers should be posted in such places, some incentive is also required to be given to the officers posted in difficult terrains and remote areas. The difficulties of grassroot workers like lack of housing or transport, lack of supervision and guidance and lack of motivation and training needs to be officially looked into. The report of Central Team to Orissa had also indicated that no systematic programme of training officials at the block and district level had been drawn up and implemented.
57	6.34	Do.	The Committee noted that a number of village level functionaries have been provided under each of the schemes under opera-

			tion. This has prolificated the number of such functionaries and consequent administrative expenditure. The Committee recommend that a multiaspect training should be given to VLWS to impart different skills and entrust them more than one scheme. Such a step would bring in better coordination and would lead to economy in expenditure.
58	6.35	Do.	In addition to the implementation of this Programme, the District Rural Development Agency is also entrusted with the implementation of other allied programmes such as Development of Women and Children in Rural Areas and other rural development programmes like Rural Landless Employment Guarantee Programme, Drought Prone Area Programme and Desert Development Programme. Some of the State Governments have also entrusted some of their programmes to this agency. All these poverty alleviation programmes need to be merged into a single programme for effective implementation and removal of poverty from the country. The Committee also recommend that senior most officer of the rank of the Chief Secretary, working under the direction and guidance of the Chief Minister, should be made overall incharge of the programme in the concerned State. The most important short-coming in the Programme is the absence of people's participation in the IRDP. While strongly commending the need to have the beneficiaries identified by the Gram Sabha, the committee would like to emphasise that the real participation of the people comes from the autonomy of the people's institutions, duly elected by the people.

Autonomy of the people's institutions emanates from the freedom of the people to elect their own representative bodies at the grass-root levels at regular and well laid down intervals. Such elections to the decentralised people's bodies like those at the village and district levels Grams Panchayats and Zilla Parishads should not be subject to the pleasure of the Governments but need under an appropriate constitutional authority set up on the lines of the Election Commission. These elections should not be conducted on political party basis. These elections should be fought by individuals without party labels and on a non-party basis. This kind of a non-party approach to elections at the grass root level alone can bring about, over a period a local leadership which is acceptable to all the sections of the rural society and which can therefore, be expected to mobilise the participation of the community in rural development. Also, this is a method of encouraging growth of leadership at the grass root level.

The Committee is fully conscious of the fact that, however desirable & necessary the fact is that what is suggested above will not be easy to give effect to. Nevertheless they feel that the time has come for a determined effort to be made to pursuade all the State Governments to see that Panchayat Institutions are activised so that it may become possible for the country to give effect to its anti-poverty programme with efficiency and honesty in a pursuasive manner. Only then will the beneficiaries go where

			they should go and more and more attain above the poverty line status.
59	6.36	Do.	A conscious effort to promote cooperation between the Central and State levels at the non-official level in the sanction and review of the progress of the IRDP schemes is essential. It is therefore recommended that the State level committee on I.R.D.P. should be strengthened by the inclusion of Members of Parliament and local level leaders of the states concerned. It would be worth mentioning that men of commitment alone should find place in these bodies.
60	7.13	Do.	The Committee note from the Audit Paragraph that the Ministry of Rural Development did not evaluate the impact of the programme till May 1982 when it asked all States/Union Territories to undertake evaluation of the programme and to furnish the evaluation report to the Ministry. In this connection, the committee are unable to appreciate the reply of the Ministry of Rural Development that "the Programme was extended to all the blocks of the country, w.e.f. 2nd October, 1980 . Before the programme was evaluated it was necessary to allow some period during which the programme was in operation in All India level". No evaluation report could be made available for verification to Audit till December 1984. Since massive investments are being made by the Government of India for the implementation of this scheme it is highly desirable that there is an inbuilt monitoring and evaluation system for the foolproof reporting of the ground level results and achievements of the programme. The supervision of the programme by higher authorities has not been

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			satisfactory. If the programmes are periodically reviewed at a higher level it would go a long way to improve the quality of the programme.
61	7.14	Do.	For monitoring the programme, monthly key indicator report for obtaining management information; quarterly detailed and comprehensive report on physical and financial progress and annual report on increase in income levels have been prescribed by the Department of Rural Development. All these reports after coordinating at State levels are sent to the Government of India. As regards the evaluation of the programme at State level, the State Governments can use their evaluation machinery or employ academic and research institutions of repute to undertake the job. The Central Ministry of Rural Development have also a committee on research study headed by Secretary (R&D) and this committee authorises suitable studies on various aspects of Rural Development. The proposals which are considered by this committee may be received directly from reputed institutions or through State Governments. However, the Com mittee find that whereas monthly key indicator report was coming regularly from most of the States, the other reports were not being sent regularly. The State-wise position of Monitoring Cells at State headquarters also varies from State to State. The Committee desire that the Monitoring Cells should be formed on uniform basis in all the States/Union Territories so that a close watch may be kept on various activities under the programme. At State level and national level

			the concern for data gathering should be selective and be geared to the assessment of the final objective of the programme.
62	7.15	Do.	The Ministry have informed the Committee that evaluation studies have been made by Project Evaluation Organisation, Reserve Bank of India, National Bank for Agriculture and Rural Development and Institute of Financial Management and Reserves. Besides the above evaluation studies, the Department of Rural Development have also commissioned a number of studies out of which reports of two studies viz. National Institute of Urban Affairs and Indian Institute of Public Administration have been finalised and other studies are at various stages of completion. However, it has now been decided by the Ministry of Rural Development to have concurrent evaluation of the programme and according to this decision every month two blocks each in 36 districts will be studied. In each block 10 old beneficiaries and 10 new beneficiaries would be studied. The evaluations would cover 36 districts, 72 blocks and 1440 families every month from 1985-86 onwards. The focus of the evaluation of new beneficiaries would be with reference to the procedure for selection, time taken for sanction of loan, purchase of stocks etc. Maintenance of assets, income generation, linkages etc. will be the focus of evaluation of old beneficiaries. For this purpose, the country has been divided in 18 zones and one or more research institutions have been identified to carry out the study in each of the zones. The results of these studies would be computerised. The Committee would like to know the results of such studies and the impact of the programme.

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63	8.13	Do	The Committee note that the National Scheme of Training of Rural Youth for self-employment (TRYSEM) was launched in July, 1979 to train on an average 40 rural youths—both men and women per annum in each block, so as to enable them to pursue self-employment avocations. With effect from 2nd October, 1980 this scheme was made part of the Integrated Rural Development Programme. The Committee note that out of a total of 2,79,870 youth trained in 14 States/Union Territories under TRYSEM, only 32 per cent i.e. 99,884 were able to get themselves self-employed. This may be at the best be called an encouraging result, but not satisfactory enough. The Ministry of Rural Development stated that in the earlier years of the scheme, proper care was not taken in identification of trades and as a result there was concentration in imparting training on particular trades. Non-selection of proper trades, inadequacies in training by master craftsmen, inadequate administrative structure, etc. were the main reasons for the trainees not finding employment in as large a number as should have been possible. The Committee had occasion to observe that a number of rural water development schemes have gone into dis-use due to lack of proper maintenance facilities for the machinery provided. Want of trained personnel to maintain the machinery is the man cause of these assets being inoperable. The consequence has been that training schemes have not been as effective as they would have been had these assets been in a working order. The Committee are unhappy at this unimaginative planning and execution of the scheme. The Committee

			desire that necessary steps for proper selection of the trade and strengthening of organisational set up for effective implementation and monitoring of this desirable programme should be taken immediately. They would also like to know the steps taken to rehabilitate the remining 179986 trained youths. Vigorous attention should be paid for identifying training and assisting the target group. The Government of Madhya Pradesh have made a number of suggestions such as modification of TRYSEM, non-fixation of targets, identifications of the beneficiaries and the trade/occupation for which he/she has to be assisted and imparting training to youths on the basis of this identification. In this connection, the Committee were informed that a new Scheme namely Composite Rural Training and Technology Centres (CRTTC) has been started. Such centres would be developed among the existing ITIS polytechnics. However, in districts where CRTTC are sanctioned, strengthening of training infrastructure for TRYSEM would then be under CRTTC. The Committee would like to know the objectives of CRTTC, the reasons for starting these Centres and not merging this scheme with TRYSEM.
64	8.14	Do.	From the Audit Report, it is noticed that in a number of States, the trainees were paid stipend at rates Higher that what was admissible to them. In this connection, the Ministry of Rural Development have stated that the matter regarding payment of stipend at higher rates was under investigation with the respective District Rural Development Agencies. The Committee would like to be apprised of the circumstances leading to overpayment of stipend and recommend that stem action should be taken against officials found responsible for these irregularities.

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