

NINETY-FOURTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1986-87)

(EIGHTH LOK SABHA)

NATIONAL RURAL EMPLOYMENT PROGRAMME

MINISTRY OF AGRICULTURE

(DEPARTMENT OF RURAL DEVELOPMENT)



Presented to Lok Sabha on 30-4-1987

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LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO 94TH REPORT OF THE PUBLIC
ACCOUNTS COMMITTEE (8TH LOK SABHA) ON
NATIONAL RURAL EMPLOYMENT PROGRAMME

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*PART-II

Minutes of Sittings of the Public Accounts Committee (1985-86) & (1986-87) held on 3rd April, 1986 & 22nd April, 1987.

*Not printed. One Cyclostyled copy presented to the House and 5 copies placed in Parliament Library.

PUBLIC ACCOUNTS COMMITTEE

(1986-87)

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1. Shri K. H. Chhaya—*Joint Secretary*
2. Shri S. M. Mehta—*Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 94th Report of the Public Accounts Committee (8th Lok Sabha) on Paragraph 5 of the Report of the Comptroller and Auditor General of India for the year 1983-84, Union Government (Civil) regarding National Rural Employment Programme.

2. The Report of the Comptroller and Auditor General of India for the year 1983-84, Union Government (Civil) was laid on the Table of the House on 16 May, 1985.

3. The Committee have suggested that the linkage of IRDP with all anti poverty programmes including NREP must be clearly established and that this programme must be an integral part of a single development plan formulated by a single development authority for whose implementation a single authority shall be made responsible and accountable.

4. In this Report, the Committee have also desired the Government to have reliable estimates of people in need of employment in different areas of districts and estimated demand for employment during various seasons in a year. They have, therefore, recommended that a system of registering the workers and issuing to them identity cards should be evolved so that employment provided benefits to the poorest of the poor and the Antyodaya approach is followed scrupulously.

5. Keeping in view the comfortable food stocks and desirability of improving nutritional standard of workers, the Committee have desired that utilisation of foodgrains under the programme should be stepped up significantly as it would result in higher rural income for the workers as they would also get the benefit and subsidy of these foodgrains. They have also desired that the feasibility of distributing coarse grains, handloom textiles and other items of daily use like pulses and edible oil as part of payment of their wages, should also be examined after ensuring that adequate machinery exists for the purchase, handling and distribution of such items.

6. As execution of NREP works done by the contractors/middlemen resulted in denial of employment opportunities of over 65.65 lakh man-days work to the rural poor. The Committee have recommended that more and more emphasis should be given to execution of works through Panchayati Raj Institutions involving the village community in implementation of the programme so that there is no scope for engaging contractors or middlemen in any form and there is no exploitation of workers.

6. The Public Accounts Committee (1985-86) examined this Paragraph at their sitting held on 2 April, 1986. The Committee considered and finalised this Report at their sitting held on 22 April, 1987, based on evidence taken and the written information furnished by the Department of Rural Development. The Minutes of the sittings from Part II* of the Report.

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7. A statement containing recommendations and observations of the Committee is appended to this Report at Appendix II. For facility of reference these have been printed in thick type in the body of the Report.

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

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

NEW DELHI;

April 27, 1987

Vaisakha 7, 1908 (Saka)

E. AYYAPU REDDY,

Chairman,
Public Accounts Committee.

REPORT

NATIONAL RURAL EMPLOYMENT PROGRAMME

I. INTRODUCTORY

1.1 Para 5 of the Report of the Comptroller & Auditor General of India for the year 1983-84, Union Government (Civil) on which this Report is based is re-produced at Appendix I to the Report.

1.2 Alleviation of rural poverty is one of the major objectives of the Sixth Five Year Plan. In spite of the economic development during the last three decades the incidence of poverty continues to be very high, the main reason being the prevalence of unemployment/under-employment in the rural areas. The strategy adopted for reduction in the poverty is through a determined effort at the redistribution of income and consumption in favour of the poorer section of the population by significantly increasing employment opportunities in the rural areas. With the objective in view special public works programmes were taken up in areas suffering from acute unemployment from time to time.

1.3 The Rural Manpower Programme (RMP) was taken up towards the end of 1960-61 and continued till the end of 1968-69. Due to resource constraint only a little over 20% of the outlay of Rs. 150 crores, originally envisaged could be provided and about 137 million mandays were generated. The Crash Scheme for Rural Employment (CSRE) was launched for a period of 3 years from April 1971 with an annual outlay of Rs. 50 crores. The objective of providing employment opportunities by generating 315.9 million mandays against a target of 315 million mandays but the benefits in terms of direct employment and assets creation were found to be too widely scattered. A Pilot Intensive Rural Employment Programme (PIRE) was also taken up in November 1972 in 15 selected Community Development Blocks for a 3 years period to provide additional employment and create assets which were to have a multiplier effect on creation of new job opportunities and to attempt manpower budgeting with a view to ultimately evolving a comprehensive programme for the rest of the country.

1.4 In April 1977, Food for Work Programme was launched with an objective of creating employment opportunities in the rural areas by utilising the surplus stocks of foodgrains and creating durable community assets. Under this programme a total employment of 799.32 million mandays was generated during the years 1977-78 to 1979-80 (September). Even though the programme was recognised as a major instrument of rural employment and development, a number of deficiencies were noticed in the implementation of this programme. The working of this programme was accordingly reviewed in 1980 and the programme was revamped, restructured and re-named as National Rural Employment Programme.

1.5 The National Rural Employment Programme launched in October 1980 became a regular part of the Sixth Five Year Plan from April 1981 and since then it is being implemented as a Centrally Sponsored Programme on 50 : 50 sharing basis between the Centre and the States. It aims at

providing supplementary employment opportunities to work seekers during the lean period of the year besides creating durable community assets and raising the nutritional standard of the rural poor. The programme operates in close conjunction with the ongoing developmental works ensuring that employment and development become catalysts of each other and its benefits to the community are maximised.

The salient features of the programme are :

- (1) The programme is being implemented through District Rural Development Agencies set up all over the country. This is with a view to have an integrated approach in the implementation of the various rural development programmes.
- (2) A shelf of projects is to be prepared for each district/block considering the felt needs of the rural community to be ascertained in a meeting of the Gram Sabha. On the basis of the shelf of projects, an annual action plan for districts is prepared at the beginning of each year.
- (3) The execution of works under the programme is mainly through Panchayat Raj Institutions, so as to involve the rural people fully in the works of their own development.
- (4) One Kg. of foodgrains is required to be given to the workers as part of the wages. This has been done basically with a view to improve the nutritional standards of the rural poor.
- (5) The allocation of resources to the States/UTs is made on the basis of a formula giving 75% weightage to the number of agricultural labourers and marginal farmers and 25% weightage to the incidence of poverty in the state. While allocating resources to the districts, in case data relating to incidence of poverty are not available, weightage is given to the number of Scheduled Castes/Scheduled Tribes population in the district.
- (6) 10% of the resources are earmarked for works of direct and exclusive benefit to the Scheduled Castes and Scheduled Tribes. Further 10% of the allocations is earmarked for Social Forestry and fuel Plantation. Diversion of the earmarked allocations to other items of works is not permitted.
- (7) The State Government are permitted to carry over a maximum of 25% of the allocations to the next year. In case there is an excess over this 25% ceiling, the allocation for the next year will be reduced to that extent. In case of better performance in any State, additional central assistance can be considered.
- (8) For creating durable community assets simultaneous to providing additional employment, upto 50% of the allocation made for the district as a whole can be utilised for non-wage components.
- (9) The State Government can utilise upto 5% of the funds for strengthening of staff and other administrative expenses including training programmes and evaluation studies.
- (10) The State Level Coordination Committee for Rural Development programme will be responsible for planning, implementation, monitoring etc. of the programme at the State level.

Similarly, at the district level the DRDAs are entrusted with the responsibility of planning, coordination, monitoring and review of the programme.

- (11) Emphasis is made to have proper linkages with other rural development programmes like IRDP, TRYSEM, DPAP during planning at the district level. Similarly, priority is to be accorded to works of productive nature.
- (12) Voluntary organisations of repute can be entrusted to the execution of permissible works under the programme.
- (13) Contractors are not permitted for executing the works under the programme. No middle-man should be employed so that the benefits of the programme are passed on in full to the rural poor.

1.6 For implementing the National Rural Employment Programme (NREP) there was a total outlay of Rs. 1620 crores in both Central and State sector during the Sixth Plan. However, this outlay is likely to be exceeded substantially. The availability of funds and expenditure under the programme since 1980-81 has been of the following order : —

Year	Cash funds made available (Rs. in crores)	Utilisation (Rs. in crores)
1980-81	348.11	225.28
1981-82	454.02	318.48
1982-83	524.49	396.12
1983-84	525.34	392.89
1984-85	592.70	501.48

1.7 Under the programme 1 kg. of foodgrains per manday is given to the workers as part of the wages. The position of availability and utilisation of foodgrains since 1980-81 has been of the following order :

Year	Quantity of Foodgrains available	(In lakh Mts.) Quantity utilised
1	2	3
1980-81	15.62	13.34
1981-82	3.43	2.33
1982-83	3.57	1.72
1983-84	2.88	1.47
1984-85	2.92	1.70

There has been a decline in the foodgrain utilisation which was due to several factors such as inadequate arrangements for distribution, availability of foodgrains at a lower price in open market as compared to issue price, reluctance of workers for coarse grains rather than wheat/rice which is supplied under NREP etc.

It was decided to distribute foodgrains at subsidised rates w.e.f. 16-1-1984. The subsidised rates and the subsidy involved per kg. of foodgrains are as follows :

	Rates km.	Subsidy/km.
Wheat	Rs. 1.50	Rs. 0.37
Common Rice	Rs. 1.85	Rs. 0.38
Fine Rice	Rs. 1.95	Rs. 0.40
Superfine Rice	Rs. 2.10	Rs. 0.40

1.8 An important objective of this programme is to create additional employment opportunities to the extent of 300—400 million mandays per year for the unemployed/under-employed both men and women in the rural areas.

Progress of employment generation as a result of various works under the programme has been as under :

Year	Generation of mandays Target	(In million mandays) Achievement
1980-81	—	413.58
1981-82	355.73	354.58
1982-83	353.22	351.20
1983-84	322.23	302.76
1984-85	309.13	352.31

1.9 Another important objective of the programme is the creation of durable community assets for strengthening the rural infrastructure. Various assets created under the programme include minor irrigation works, Social forestry works on Govt. and community lands, construction of roads, drinking water wells, school buildings, panchayat ghars, community centres etc. etc.

1.10 Besides achieving the basic objective of generating additional employment and creating durable community assets the other benefits of the programme have been as under :—

- (a) It has helped in ensuring payment of minimum wages to the rural labourers;
- (b) By providing additional employment opportunities minimum wages and foodgrains at cheap rates to the rural poor, the programme has helped in improving their nutritional standards;

- (c) the programme has proved helpful in arresting exodus of rural population to the cities and towns to some extent;
- (d) the direct beneficiaries of the programme being those who are the weakest links of our social structure, its implementation has resulted in providing great relief to the rural poor; and
- (e) the improvement in communications due to construction of roads has provided facilities for trade and commerce.

Seventh Plan Approach Allocations and Progress

1.11 The basic priorities for the Seventh Plan are food, work and productivity. NREP forms part of the Seventh Five Year Plan (1985-90) which stresses the need for having a sharper focus on programmes aimed at giving self-employment and wage employment to the poorer sections of the community. The emphasis on rural employment through NREP/RLEGP will continue with better planning, closer monitoring and tighter organisation for effective implementation. For the plan period an outlay of Rs. 2501.62 crores has been envisaged which will result in generating 1040 million mandays of employment besides strengthening the rural infrastructure by creating durable community assets. In view of fast deterioration in forest area and tree cover which has resulted in ecological imbalance, steep rise in prices of fuel wood and timber and reduction in fodder availability the Prime Minister has set a target of bringing 5 million hectares every year under fuel wood and fodder plantation. The strategy is to develop people's movement for afforestation. NREP being the popular decentralised programme, social forestry sector has been given fresh impetus by earmarking 20 per cent of the allocation against earlier earmarking of 10 per cent in order to contribute significantly to the target set by the Prime Minister.

For the year 1985-86 a total amount of Rs. 460 crores has been provided under central and State sectors. As per the reports received a sum of Rs. 162.02 crores has been utilised in generating employment to the extent of 102.27 million mandays. The achievement received so far during the current year is well above the half yearly target set under the programme.

1.12 Besides NREP, the Rural Landless Employment Guarantee Programme was launched in August 1983 to further expand employment opportunities in the rural areas so that at least one member of each landless labour household could be provided guarantee of employment upto 100 days in a year. In addition, area development programmes like Drought Prone Area Development Programme, Desert Development Programme are implemented particularly in areas effected by drought and under these programmes also employment opportunities are created. Besides, Integral Rural Development Programme is implemented throughout the country to provide self employment to the rural poor.

1.13 The Committee enquired whether Govt. had considered merger of all the programmes aimed at improving the lot of the rural masses into the Integrated Rural Development Programme. The Deptt. of Rural Development have started in this regard :

"The merger of all rural development programme is not being considered. The strategy for rural development encompasses a combination of programmes aiming self employment as under IRDP, Wage-

employment Programme like NREP and RLEGP and area development programme like DPAP and DDP.”

1.14 Asked whether any criteria for locating the needy persons for providing supplementary employment opportunities had been laid down or the number of such persons were ascertained prior to launching this programme, the Department of Rural Development replied :

“Under the programme all needy persons who offer themselves for work at the work sites are provided with employment. In view of the limited resources available identification of all the unemployed persons was not considered necessary. Comprehensive surveys for the purpose have also not been conducted. Broad dimensions of these are, however, known through the N.S.S. reports. The DRDAs are required to identify works and prepare shelf of projects and annual action plan taking into account the felt needs of the people, on the basis of available resources and execute works accordingly.”

(1) *Employment Generation*

1.15 The Committee desired to know the experiences of the Ministry as regards the efficacy and effectiveness of the NRE Programme in achieving its main objectives. The Ministry have stated that under NREP, against the Sixth Plan target of generating 1500—2000 million mandays, about 1775 million mandays were generated and the objective of generating more than 300 million mandays per year was achieved in each year of the Sixth Plan period. However, for more effective implementation employment generation will have to be increased. Large number of assets such as roads, minor irrigation works, school buildings, panchayat ghars, community centres etc. have been created under the programme which have resulted in strengthening the rural infrastructure and improvement in the quality of life in rural areas. But more and more works are required to be taken up to provide continuing benefit to the rural poor particularly in respect of employment. The availability of foodgrains at cheaper rates has also helped in improving the nutritional standards of the rural poor. More items of daily requirement particularly wearing apparel need be supplied to the workers for which it is necessary to strengthen the public distribution system. Besides, the programme has helped in ensuring payment of minimum wage to the rural labourers and arresting the exodus of rural population to the cities and towns to some extent.

1.16 A statement indicating state-wise position of employment generation, targets and achievements during the Sixth Plan as furnished by the Ministry of Rural Development is at Appendix.

1.17 The total All India achievements made during the Sixth Plan summarised below :

Year	Targets	Achievements
		(In lakh mandays)
1980-81	—	4135.81
1981-82	3352.30	3545.19
1982-83	3532.17	3512.03
1983-84	3222.03	3027.60
1984-85	3091.21	3523.01

1.18 To a question whether the Central Government was prepared to fund the massive economic survey in those areas where the people were below the poverty line, the Secretary, Rural Development stated during evidence :

“Central Government is fully funding any survey . . . Bench Mark Survey of all the people below the poverty line is provided in the IRDP survey. It is already there.”

When pointed out that that type of survey was not being done, he stated :

“I have myself seen in many places that there are printed books on that, . . . Kerela and Rajasthan have done the survey for 3 or 4 years. They are there for potential beneficiaries. There are names of the people in the registers also. So, something is going on.”

In this connection, he added :

“From agricultural census onwards you come to data collected through NSS. This sort of micro level data through NSS is there. Bench Mark Survey is conducted. Provision under IRDP is a continuous and continuing process.”

1.19 According to Audit and District Rural Development Agencies (DRDAs), at the district level, have the responsibility for planning co-ordination, reviewing, supervision, monitoring and preparation of the shelf of projects and the annual action plans. They are required to meet once in a month and are accountable to the State Governments, who are required to provide a well-equipped Rural Engineering Organisation as well as administrative apparatus for taking full care of community assets created under the programme.

1.20 It was pointed out during evidence that the programme was not satisfactory as it should be and while it was not necessary to change the programme its implementation needed to be improved. It was being noticed that something was lacking everywhere. Some malpractice or pilferage of funds was going in every division and there were complaints from all quarters to that effect. The Committee wanted to know as to what suggestions the Secretary would like to make based on his experience so that 100% benefits would go to the beneficiaries and to overcome all these difficulties. In this connection, the Secretary made the following observations :

“You have asked the crux of the whole thing. Nobody challenges the concept. The resources are more or less there. The question is when the goods and services will be delivered. There should be inspection and supervision. The level of expenditure today is ten times more. We have the block structure with one BDO and ten VLMS. We spent Rs. 17 lakhs in the stage I and Stage II in ten years. Today in a block, with one BDO and a few extension Officers total spending is between Rs. 20 lakhs to Rs. 30 lakhs. We have no strong machinery. The hierarchy of inspection has become very slack. When famine relief was to be done, there was a Famine Relief Officer. The Col-

lector and the Commissioner and everybody would come to see what is happening to the famine relief work. Today, with the quantum of work that is being done in the block, the question of the coming of the Collector and the Commissioner, would not arise. It should be appreciated that we have thrust upon a major activity of a system which is not geared to take up that work in the normal way. The load is very much more. Unless you have a delivery system, there is no use spending all the money. Are we doing justice to our system? You have to give a serious thought to the administrative apparatus that we have developed. Having developed the apparatus, intensive training is required. We are not giving training in adequate measure. Why? Is it merely that some work has to be done or a tank has to be dug? NREP is the most important instrument of giving employment during the lean season when the agricultural workers do not get any employment. So it is a major thrust on transfer, a major thrust in transfer of budgetary resources by the budgetary mechanism to the poor. These sort of things have to be properly told to the people before we expect commitment to the programme. Here we have failed. I admit. All of us have failed in not really explaining correctly the philosophy of the programme to them. Whatever they are doing they are doing it mechanically. There is a target, there is money. Do it. We are very happy. He gets a good chit and goes out. These are certain hard facts of life we have to consider before we condemn them."

1.21 The Committee enquired as to what had been done to gear up the machinery after having launched the Programme in 1980. The Secretary, Rural Development stated :

"It has been done to the extent that we have given a good push to agricultural production. But the development administration has not changed. The administrative apparatus at that level has been totally dismantled. Why do you not develop the administrative apparatus and launch the programme? That is the basic question. There I agree. For every State we have given centrally-sponsored schemes of strengthening of Block administration on 50-50 basis. Then in the hill area of the North-East we in IRDP areas have given an addition of 50% of VLWs and one additional BDO. But even after that there is some gap which requires to be filled up."

II. FINANCIAL OUTLAYS

(a) Criteria for allocation of resources

1.22 In order to allocate larger resources to the less developed areas and to pay proper attention to the poorer sections of rural society, the Central Government had prescribed that 75 per cent of the allocations should be made for the number of agricultural labourers and marginal farmers and 25 per cent for incidence of poverty. The criteria were to be followed both by the Centre while allocating the resources to States/Union Territories and by the latter while allocating them to the districts/blocks. However, it was noticed that in the case of Bihar, Himachal Pradesh and Uttar Pradesh, the allocations had been made by the State Governments on ad hoc basis, while Punjab Government had made the allocations based on the number of villages inhabited in each district/block, Jammu and Kashmir based it on the number of panchayats in each block and Madhya Pradesh on the number of blocks in each district. In this connection, the Ministry of Rural Development have informed the Committee as under :

“It has been left to the States to lay suitable criteria for allocation of funds to different blocks within the district. A decision has, however, been taken recently that distribution of funds to different blocks should also be made on an equitable basis. This has since been incorporated in the revised guidelines issued recently. Certain deviations from the prescribed criteria of distributing funds by the States to various districts were noticed in some of the States. But by and large, the distribution of funds by the States to the districts were made in accordance with the prescribed criteria. It has since been decided that from 1985-86 the district-wise allocations of NREP funds will be indicated to the States at the time of releasing funds to them and releases made by the State to the district, will be closely monitored. With this it is expected that there will be no deviation from the prescribed norm in any State/U.T.s.”

1.23 For implementing the National Rural Employment Programme there was a total outlay of Rs. 1620 crores in both Central and State sectors during the Sixth Plan. The total resources made available for the programme and the utilisation there against upto the end of 1984-85 are given below :

(Total resources 'Central and States' including the value of foodgrains)

(In crores of rupees)

Year	Unspent balance from the previous year	Amount released	Total (Col. 2 & 3)	Resources utilised including value of food-grains	Unspent balance at the close of the year	Percentage of utilisation of the total available resource
1	2	3	4	5	6	7
1980-81	57.11	291.00	348.11	258.28	122.83	64.72
1981-82	122.83	166.65 164.54	(C) 454.02 (S)	318.48	135.53*	70.15

*0.90 lakhs lapsed in case of Mizoram

1	2	3	4	5	6	7
1982-83	135.53	{ 197.06 (C) 191.65 (S) + 0.24***	524.48	396.12	128.34***	75.53
1983-84	128.34	{ 186.70(C) 210.09(S) + 0.21**	525.34	392.89	132.45	74.79
1984-85	132.45	{ 232.34 227.92	592.71	501.48	91.33	84.61

**Other receipts

***2.22 lakhs lapsed in case of Arunachal Pradesh

1.24 When the Committee desired to know the reasons for huge unspent balances with the States/UTs, the Ministry of Rural Development replied as under :

"It may be mentioned that a portion of funds always remains in the pipe line for which the guidelines permit a carry over of 25% of the allocations in the successive year. It has also been stipulated in the guidelines that in case there is excess carry over amount over the permissible ceiling limit of 25%, the excess amount is deducted from the releases made to the States. This has become a deterrent now against heavy unutilised balances and the same have come down substantially."

A statement showing the exact position of unutilised balances with the States/UTs as furnished by the Ministry is given below :

Statement showing unutilised balance with State UTs. (Both Central & State) under N.R.E.P

Sl. No.	States/UTs.	As On				
		31-3-1981	31-3-1982	31-3-1983	31-3-1984	31-3-1985
1	2	3	4	5	6	7
1.	Andhra Pradesh	1034.71	1309.72	1297.88	1587.43	1313.08
2.	Assam	101.86	328.71	247.60	618.03	118.72
3.	Bihar	2529.84	2370.42	2177.98	2486.72	808.48
4.	Gujarat	109.00	739.97	497.26	29.24	145.81
5.	Haryana	90.04	102.74	114.63	94.45	31.43
6.	Himachal Pradesh	70.15	113.08	141.05	87.92	119.80
7.	Jammu & Kashmir	114.42	46.47	125.71	94.41	103.15
8.	Karnataka	705.30	913.76	743.92	570.59	726.59
9.	Kerala	170.28	58.73	388.45	516.18	117.38
10.	Madhya Pradesh	206.62	—	237.42	621.15	812.20
11.	Maharashtra	—	—	882.63	1285.47	497.25
12.	Manipur	13.10	31.40	41.74	27.16	14.01
13.	Meghalaya	13.00	33.00	19.50	32.34	72.01
14.	Nagaland	9.00	10.00	22.73	—	0.49
15.	Orissa	729.56	751.31	1132.69	1285.82	1015.31
16.	Punjab	198.84	—	27.23	3.93	5.67

1	2	3	4	5	6	7
17. Rajasthan		627.71	46.55	455.72	409.30	273.09
18. Sikkim		4.55	6.00	14.00	9.52	13.57
19. Tamil Nadu		1221.16	1045.07	751.01	430.18	612.90
20. Tripura		59.66	18.40	20.10	14.06	39.69
21. Uttar Pradesh		2410.78	2887.14	1947.03	1931.13	1454.15
22. West Bengal		1816.22	2295.76	1475.32	1040.40	774.12
U.Ts.						
23. A & N. Islands		9.30	9.43	13.55	0.33	10.80
24. Arunachal Pradesh		9.30	24.52	10.00	0.32	0.18
25. Chandigarh		—	—	4.00	0.50	4.00
26. D. & N. Haveli		—	—	6.56	4.68	0.67
27. Delhi		—	—	8.00	11.56	2.11
28. G., D. & Diu		—	—	8.18	10.10	0.88
29. Lakshadweep		—	—	4.39	2.13	10.63
30. Mizoram		9.30	21.39	—	15.16	0.48
31. Pondicherry		9.30	20.98	17.97	24.22	20.41
All India		12283.00	13553.55	12834.22	13245.11	9122.48

1.26. It is seen from Audit Paragraph that the Programme was fully financed by the Centre upto March 1981 and from 1981-82 it is being implemented as a Centrally Sponsored Scheme on 50 : 50 sharing basis. When the attention of the Ministry of Rural Development was drawn towards the audit observations that six states namely Bihar, Nagaland, Punjab, Rajasthan, Tripura and Uttar Pradesh, had not made their full matching contributions and had instead used more central funds than were due to them, the Ministry clarified :

“Complete accounts of 21 States/UTs (including Nagaland, Punjab and Uttar Pradesh) for the entire Sixth Plan Period have since been reconciled. But there are no shortfalls in any of the States except a very small amount of about Rs. 5.20 lakhs in case of Rajasthan. This is however, to be reconciled. Though the accounts of Bihar have not yet finally been reconciled, the position as per Ministry's records is that there is no shortfall in the matching share given under the programme by the State.”

(b) Diversion of funds

1.27 During test-check, more than Rs. 37.92 crores were noticed to have been utilised from the funds of the programme by the following States/Union

Territories on schemes and purposes outside the scope of NREP. This included Rs. 3.04 crores utilised on works in urban/municipal, tow areas :—

	(Rs. in lakhs)	
	Urban	Total including Urban
Andhra Pradesh	107.48	208.15
Bihar	0.85	863.63
Goa, Daman & Dju	—	0.80
Himachal Pradesh	0.29	3.55
Jammu & Kashmir	—	@
Karnataka	—	222.00
Kerala	—	0.58
Madhya Pradesh	14.19	422.22
Maharashtra	—	7.46
Orissa	50.00	447.46
Punjab	0.98	157.41
Pondicherry	2.93	2.93
Rajasthan	10.99	10.99
Sikkim	2.50	3.60
Tamil Nadu	0.28	14.80
Uttar Pradesh	63.86	1298.41
West Bengal	44.56	127.86
	303.91	3791.65

@ 135 bags of cement and 2139 corrugated galvanised iron sheets (value not known) were utilised on works outside the scope of NREP.

1.28 The Committee wanted to know the total amount spent by various States/Union Territories on Schemes and purposes outside the scope of the Programme and the remedial measures taken to ensure that such cases do not recur in future. The Ministry of Rural Development stated :

“The instances of the diversion of funds in some States to works outside the scope of NREP have come to notice through the observations of the audit only. Such cases of diversing were not pointed out during the meetings of the State Level Steering Committee which were usually attended by a representative of the Department of Rural Development from time to time. The attention of the State Governments concerned has been drawn in this regard and they have been asked to ensure that funds under NREP should be utilised strictly for execution of works in accordance with the guidelines.”

1.29 The comments of various States/Union Territories in regard to the cases of diversion of funds as brought out by Audit are reproduced below :—

“Himachal Pradesh :—The State Government have justified creation of assets in the urban areas are essentially the assets for rural

development and help in the uplift of the rural areas. This plea has been found to be untenable and the State Government have been asked to recoup the amount to NREP failing which the amount will be deducted from their future releases.

As regards the balance amount stated to be utilised for works outside the scope of NREP, an amount of Rs. 0.64 lakh has been already recouped to NREP funds from BDO Phattiyat, Rohru, Mashobra and BDO Rampur have been asked to recoup Rs. 0.02 lakh to NREP funds. An amount of Rs. 0.18 lakh have been spent under the permissible limit for contingencies admissible. Similarly, Rs. 0.46 lakh have been spent on purchase of polythene pipes for raising of nurseries under social forestry, payment made to labourers engaged for raising of nurseries and purchase of spray pumps used in nurseries. Hence there is no diversion of funds in this regard. Another amount of Rs. 0.99 lakhs was spent on maintenance of wood lots by District Forest Officer, Solan and 3 forest divisions of Chamba. The State Government have been asked to have the amount recouped to NREP account from Forest Department.

The State Government had paid Rs. 0.97 lakh towards sales tax from NREP funds. Deductions have already been made from the States allocation to the extent of Rs. 11.77 lakhs towards sales tax paid by them out of NREP resources. It is being ascertained from the State Government whether this amount of Rs. 0.97 lakhs is within the amount already deducted. In case this is separate this will be deducted from their future allocations.

Jammu & Kashmir :—The bags of cement and galvanised iron sheets in question were temporarily utilised for works other than NREP works but have since been recouped to NREP.

Karnataka :—The State Government have stated that the amount referred to was utilised for construction of quarters for village functionaries in the rural areas. This was done by dovetailing the funds from other Departments and utilising the NREP funds for labour component with a view to maximise the resources. The construction of village functionaries houses was permitted by the Government of India vide their letter No. M.20011(3) 79-FWP dt. 30-10-79. Village accountant is one of the most important village functionaries in Karnataka and as such provision of quarter to him was considered helpful in implementation of anti-poverty programme like NREP, IRDP etc.

Madhya Pradesh :—The State Government has informed that these relate to districts of Chhindwara, Vidisha and Bhopal. In case of Bhopal Forest Division and Vidisha Forest Division while doing roadside plantation work in rural areas some portion of work got extended to the Municipal limits. This portion involved comes to only Rs. 3.00 lakhs whereas the audit has taken the total expenditure on that particular work as being in the urban limit. All implementing agencies have, however,

been instructed not to implement any works in urban areas. A portion of the funds referred to by audit was used in USAID, Supported Social Forestry projects information on this point is awaited.

Maharashtra :—The Government of Maharashtra have stated that the programme was earlier implemented as part of the employment guarantee scheme of the State. As the social forestry scheme under several programmes was being implemented by the State field organisations, confusion about utilisation has occurred at few places. But such instances are no more. There after implementation of NREP has been separated from employment Guarantee Scheme and entrusted to the DRDAs. Regarding cement, it has been stated that temporary diversion had taken place at some works. In several districts cement originally intended for other programmes was used for NREP works also. On the whole there is no diversion of cement from NREP work which was meant for these works. The State Government have now issued specific instructions not to divert any NREP cement for other works.

Orissa :—The State Government has informed that out of Rs. 50.00 lakhs shown as having been spent in Urban areas, Rs. 20.00 lakhs have been spent on Ekamrakanan which is actually a forest area adjoining urban area. Similarly, another Rs. 30.00 lakhs have been spent on elephant sanctuary which is out side urban area though close to it. Regarding rest of the amount which has been shown to have been diverted, the utilisation has been made in accordance with the guidelines and there is no diversion as such. The State Government has, however, been asked to furnish specific details in these works which is still awaited.

Punjab :—The State Government has reported that the work referred to as being in urban area (0.98 lakh) relates to the Patiala Model town drain which actually caters to the drainage of several villages all falling in rural areas. Because the drain run parallel to the Patiala Model Town the name Patiala Model town drain has been given to it. Similarly, Rs. 32.00 lakhs were given to panchayats for being utilised for creation of durable community assets and on income generating schemes.

The State Government has tried to justify the debiting of expenditure of State Farm Forestry Scheme (Rs. 23.25 lakhs) to NREP, expenditure of Rs. 2.13 lakhs on maintenance works and diversion of Rs. 0.99 lakh spent under other schemes to NREP accounts. But the explanations have not been found satisfactory and they have been asked to recoup the amount involved to NREP. As regards the sale proceeds of plants during 1981-82 and 1983-84 amount to Rs. 97.84 lakhs the state government has been asked to recoup the funds to NREP accounts immediately.

Rajasthan : The State Government does not approve of any work under NREP to be taken up in urban/municipal areas and wherever this comes to notice such works have been rejected. All implementing agencies have been instructed for not using NREP funds in urban areas. The State Government have, however, been asked to furnish specific comments of the works referred to by audit as being taken up in urban area.

Sikkim : The justifications provided by the State Government have not been found to be convincing and they have been asked to recoup the amount to NREP account.

Tamil Nadu : Government of Tamil Nadu have stated that the works costing Rs. 0.28 lakh referred to as being taken up in urban areas were primarily for the rural poor of the area and hence no diversion of funds as such was involved. Similarly utilisation of Rs. 8.86 lakhs for creating a park was meant to make the tourist spot attractive and boost the tourism activities. These explanations have not been found to be satisfactory and the State Government have been asked to recoup the amount to NREP account.

The other works referred to were works taken up for drought relief and the works were executed by cooperative societies. These works were executed in the rural areas for providing additional funds and there was no diversion as such.

Goa, Daman & Diu : U.T. Admn. has informed that the amount of Rs. 0.80 lakh referred to by audit was utilised for a afforestation work which was not outside the scheme of NREP. The replies from Andhra Pradesh, Bihar, Kerala, Uttar Pradesh, West Bengal and Pondicherry Admn., Rajasthan are still awaited. Necessary information in respect of them will be furnished as soon as the same becomes available."

This information has not been furnished till the finalisation of the Report.

(c) *Blocking up of Funds*

1.30 The Ministry of Rural Development have furnished the following replies in regard to the cases pointed out by Audit in regard to blocking of funds :

Haryana : Advance payment to FCI was a pre-condition for supply of foodgrains to executing agencies under the programme. The amount of advance payments made against which the foodgrains could not be delivered by the FCI during the year 1982-83 were adjusted against the future supplies. As such the question of recovering the cost of foodgrains not supplied during 1982-83 from the FCI did not arise. The Government of Haryana has intimated that maintenance of muster rolls, adjustment of advance of muster rolls and adjustment of accounts was the responsibility of the Block Development & Panchayat

Officers concerned. This pertains to Jhajhar, Kalanaur, Beri, Bahadurgarh and Karnaul blocks. Necessary disciplinary action against the concerned BDPOs is being taken for non-adjustment of the accounts.

Himachal Pradesh : Out of the total cost of foodgrains unlifted i.e. Rs. 3.36 lakhs, an amount of Rs. 2 lakhs was recovered from FCI in February, 1984. An amount of Rs. 0.50 lakh was reimbursed by the Government of India to the State Government as the value of unlifted quantity of foodgrains because during 1982-83 the value of the quantity of foodgrains allocated to States/UTs were deducted from State's allocation and paid by Government of India to Food Corporation of India direct. For recovering the balance amount of 0.86 lakh, the State Government is in correspondence with the FCI. 400 works have since already been completed and the remaining works are proposed to be completed during 1985-86 as intimated by the State Government. Details regarding the 7 incomplete works taken up in Simla district is still awaited.

Karnataka : Of the 70 road works 67 have since been completed and the remaining 3 works are expected to be completed soon. The metal worth Rs. 2.38 lakhs also stands utilised.

Orissa : The State Government have reported that an amount of Rs. 19.09 lakhs was given as advance to village leaders in Dhenkanal District for implementation of the schemes under the programme and this amount has since been utilised. In Kalahandi District, 583.02 quintals of Rice was issued to Cooperative Societies which executed the works and the entire foodgrains except 23.713 quintal have been adjusted. The State Government is taking steps to write off this quantity. Utilisation reports in respect of 84.08 quintals of foodgrains and Rs. 0.86 lakh of cash funds advanced in Mayurbhanj District are to be furnished by the State Government shortly. In respect of the amount of Rs. 1.00 lakh and the foodgrains worth Rs. 1.52 lakhs advanced to Executive Engineer, Baragarh Canal Division, Rs. 1.00 lakh have been refunded to DRDA Smabalpur and out of 84.55 MT of foodgrain 42.95 MT of rice has already been utilised by the Block Development Officers. Regarding remaining 41.60 MT of rice, it has been reported that as the quality of the rice was bad it was required to be cleaned and in the process of cleaning there was shortage of 8.1 M.T. The value of this stock is to be written off and steps being taken by the State Government to do so. Rest of the foodgrains after cleaning have been utilised and the cash of Rs. 1 lakh has also already been utilised. The position in respect of 10 M.Ts. of rice advanced in Khunta-I block is still awaited.

Punjab : The State Government has stated that inspite of repeated reminders from the District Development and Panchayat Officer Patiala, the refund of Rs. 0.44 lakh has not been made by the District Food and Supply Controller Patiala. Secretary (RD) Punjab has been asked to get the amount refunded and credit it to NREP immediately.

Regarding the amount of 0.18 lakh which was given to BDPO, Rajapura during 82-83, the same was disbursed to the Panchayats concerned to recoup the expenditure incurred by them out of their own resources as the foodgrains were not required.

Regarding the unutilised wheat coupons the State Government has intimated that the concerned BDPOs have been directed to return the same to the District Food and Supplies Controller Patiala immediately.

As regard the unutilised quantity of 9.85 MTs. of wheat the same could not be utilised due to non-availability of foodgrains which the concerned depots. The concerned BDPOs have been asked by the State Government to return the unused coupons to District Food and Supplies Controller.

The barbed wire purchased by the Divisional Forest Officer Patiala had since been utilised.

The State Government have stated that of the grants-in-aid to village panchayats Rs. 35.82 lakhs was deposited for being utilised to make payments during the succeeding weeks.

Tamil Nadu : Out of the amount of Rs. 20.96 lakhs and rice valuing at Rs. 4.36 lakhs, funds of the order of Rs. 9.94 lakhs and Rs. 1.32 lakhs have since been adjusted and the action for adjusting the balance amount is being taken.

Uttar Pradesh : Out of the material costing Rs. 3.54 lakhs, material costing Rs. 0.87 lakh has since been utilised by Zila Parishad, Kanpur and the balance material is likely to be utilised during the current year. The comments on the remaining points will be furnished on the receipt of a reply from the State Government which is awaited.

Chandigarh : Chandigarh Administration has intimated that against the booked expenditure of Rs. 3.62 lakh an amount of Rs. 3.07 lakhs was utilised during 1982-83. The remaining amount was utilised during 1983-84. As regards booked expenditure of Rs. 7.90 lakhs, it has been admitted that only an amount of Rs. 6.65 lakhs could be utilised during the year 1983-84 and the balance amount could not be utilised due to non-availability of bricks on account of strike by the brick-kilns. The U.T. administration has been asked to intimate the final position in respect of utilisation of balance amount.

Maintenance of Cash Book

1.31 The Audit have pointed out that in three blocks of Chamba district in Himachal Pradesh, Rs. 5.66 lakhs received through bank drafts/cheques from Project Officers, Chamba between April, 1982 and June 1983 has not been accounted for in the Cash Book. Similarly, payment of Rs. 0.70 lakh made during August 1981 and February 1983 had also not been entered therein. In this connection the Government of Himachal Pradesh have report-

ed that entries for the above amounts have since been made in the cash books of the concerned blocks and defaulting officers have been warned not to commit such lapses in future.

1.32 The Audit have also stated that in West Bengal, Rs. 2.97 lakhs and foodgrains worth Rs. 1.40 lakhs were either misappropriated or not accounted for by the concerned gram panchayat authorities. The Comments of the West Bengal were awaited till the finalisation of the Report.

Empty Gunny Bags

1.33 The empty bags of the foodgrains were required to be properly accounted for and disposed of under prescribed procedure crediting the sale proceeds to NREP account. It was however noticed in Audit that while in Jammu & Kashmir, Kerala, Sikkim and Uttar Pradesh, no accounts had been maintained, in Delhi, Himachal Pradesh, Rajasthan, Andhra Pradesh and Haryana, most of the gunny bags had been lying undisposed and a substantial number of them had become unserviceable due to long storage. From the action taken notes submitted by the Ministry of Rural Development it is seen that whereas replies from Rajasthan, Andhra Pradesh and Union Territory of Delhi are awaited, the States of Jammu & Kashmir, Kerala, Sikkim, Uttar Pradesh and Haryana have issued the necessary instructions in this regard and the correct procedure is now being followed strictly.

Misappropriation of Funds

1.34 The Ministry of Rural Development have informed the Committee that no case other than those pointed out by Audit has come to the notice. The comments of different States in regard to the instances of misappropriation of highlighted in the Audit Report are given below :

Bihar : The Government of Bihar have yet to furnish their final comments in regard to cases of misappropriation referred to in the report. Their comments in regard to 700 quintals of wheat being allegedly shown as distributed on paper are also being awaited. In regard to misappropriation of lakhs of rupees for purchase of buffalows, cows, blocks and pumps etc. etc. it may be stated that the matter relates to Integrated Rural Development Programme and not the National Rural Employment Programme. The replies in regard to these points will be furnished under IRDP.

Uttar Pradesh : The Government of Uttar Pradesh who were requested to furnish their comments regarding 181.5 tonnes of cement for construction of Adult Education centre in village Haradon, Gorakhpur district have stated that ADM (Projects) Gorakhpur has reported that no scheme for construction of School building for adult education was sanctioned by DRDA Gorakhpur and that no cement was allotted for that purpose.

The matter of fictitious payments by the departmental officers on 3 works under irrigation Division, Gorakhpur amounting to Rs. 1.99 lakhs is, being investigated by the CBI and necessary

action will be taken by State Government on receipt of the report.

As reported by the Government of Uttar Pradesh, ADM (Projects) Allahabad has intimated that special inspection conducted by APO, DRDA, Allahabad and Naib Tehsildar have revealed that earth works on 1.8 km along road and construction of 5 culverts was completed. During the last inspection, earthwork on 800 metres of road and construction of 4 culverts was not inspected. The executive engineer rural engineering service has been instructed to be vigilant in future in such matters.

Jammu & Kashmir : The Government of Jammu and Kashmir have reported that no work namely, construction of Khul from Badi Kalarooch to Badi Bahak was taken up under Food for Work Programme during the years 1978-79 and 1979-80. It has also been reported that no pond existed in Kalarooch area and construction of a well at Kalarooch was executed under NREP. Thus, according to the State Government there was no question of double drawal of payment for the above works.

Rush of Expenditure

1.35 The Audit has pointed out that it was essential to spend the expenditure evenly over a year for the sake of observance of financial regularity and execution of the Programme in a planned and steady manner. However, in the following cases the expenditure was seen to have been rushed through at the far end of the year :

- In Jammu & Kashmir, 82 per cent of the total expenditure was incurred in March 1982 and 56.64 per cent in March 1983, in district.
- In Karnataka, major portion of funds was released by State Government during the last quarter of the year and a substantial part thereof was paid during March.
- In Meghalaya, sanctions both by the Centre and State Governments were issued at the end of the year. Funds to DRDAs were actually released in subsequent years.
- In Tamil Nadu, 25 per cent of the expenditure was incurred in March 1984.
- In Uttar Pradesh, the funds were usually allotted late in each financial year. In several cases the allotments were made by the State Government/DRDAs between January and March, resulting in rush of expenditure towards the end of the financial years.

In West Bengal, funds were released in February/March each year during 1980-81 to 1983-84 which were utilised over a period of 1 to 3 subsequent years."

1.36 When the Committee enquired about the procedure adopted for releasing funds for the programme to States/implementing agencies, the Ministry of Rural Development replied as under :

“The funds are released to States/UTs in two instalments. The first instalment for the first and second quarters is released in the month of April or May without imposing any conditions except the utilisation of a minimum of 50% of the resources available with the States/UTs. The entire earmarked funds for social forestry are also released alongwith the first instalment so that full advantage of the plantation season can be taken of by the executing agencies. The second instalment for 3rd and 4th quarters is released after utilisation of 50% of the available resources and fulfilment of other conditions. As regards the release of funds by the State Government to the implementing agencies, they are required to release the central assistance as well as the State's matching share immediately after the receipt of the same from the Central Government.”

1.37 Asked whether the Government was aware about the rush of expenditure in the month of March by the implementing agencies and if so, whether any action was taken to curb this tendency, the Ministry stated :

“The rush of expenditure in the month of March, has been noticed by the Ministry. This is partly because the monthly reports submitted by the State are based on incomplete information received from various districts. While sending monthly report for the month of March, complete reports are however, obtained from different districts and these are compiled before they are furnished to the Government of India. Settlement of bills for material is also made at the fag end of the year in many cases even though the works are executed earlier. These are the reasons for comparatively high expenditure in some of the States in March. Further, the months of January to March are comparatively lean months of agricultural activity and maximum employment generation takes place during these months. All the same to avoid rush of expenditure at the fag end of the year, quarterly targets have now been fixed for employment generation in each quarter.”

1.38 In this connection the Secretary, Ministry of Rural Development stated during evidence :

“We are very conscious about it. We are trying to control it. These are seasonal activities—from December to June. So, the Period of activities is really limited to two quarters—first quarter and the last quarter. We are trying to give the target so that we can spread out the expenditure and the activities over the years.”

Elaborating the point further, he added :

“On 1st of April we have released the first instalment of NREP. So far as our part is concerned, that is over. The State Government may take two or three months time to release it. What

happens is that in the last quarter the activities take place and then all sorts of problems crop up. If we can really spread the mad rush throughout the year much of the problem can be solved."

1.39 In reply to the question whether the same phenomenon continued in 1985, the Ministry informed the Committee that during 1984-85 the expenditure incurred during different quarters was 13.3% during the first quarter, 19.9% during second quarter, 24.04% during third quarter and 43.74% during fourth quarter.

III. FOODGRAINS

(a) Quantities released and utilised

1.40 Under National Rural Employment Programme payment to workers is to be made partly in cash and partly in the shape of foodgrains. Centre has to provide its share of funds and allocate foodgrains at one kg. per day as part of wages to the extent surplus foodgrains were available. A table indicating the position of foodgrains released, lifted and utilised etc. for the Programme since 1980-81 is given below :

(In lakhs MTs)

Year	Carry over balance from previous year	Quantity released	Qty. lifted during the year	Total Qty. available	Qty. utilised	Balance carry over
1	2	3	4	5	6	7
1980-81	3.81	13.27	11.81	15.62	13.34	2.28*
1981-82	1.73	3.12	1.70	3.43	2.33	1.10
1982-83	1.10	2.96	2.47	3.57	1.73	1.84**
1983-84	1.39	2.36	1.49	2.88	1.47	1.41
1984-85	1.41	3.08	1.51	2.92	1.70	1.22

*Out of this quantity of 55472 MTs. diverted to P.D.S. by Bihar Govt.

**Out of this quantity 45161 MTs. diverted to P.D.S. by U.P. Govt.

1.41 Giving reasons for remaining huge quantities of unutilised stock of foodgrains at the end of each year, the Ministry of Rural Development stated :

“Some quantity of cash funds as well as foodgrains always remains in the pipe line because the State Governments are permitted to carry over 25% of resources to the next year in order to maintain continuity of the programme. However, in some States where, the utilisation of foodgrains was somewhat low, there was a large quantity of unutilised stocks at the end of the year. All the State Governments have since been asked to see that large quantity of stocks do not remain unutilised at the end of the year.”

1.42 Asked about the reasons for drastic decline in utilisation of foodgrains on the programme, the Ministry of Rural Development stated :

“It is a fact that there has been a decline in the utilisation of foodgrains up to the year 1983-84. This decline in foodgrains

utilisation was due to various factors such as inadequate arrangements for distribution in some States, adequate availability of foodgrains at lower prices in the open market and foodgrains sometimes not being made available by the FCI to the implementing agencies in time. Considering this decline in foodgrains utilisation and with a view to step up the utilisation of foodgrains under the programme, it was decided to distribute foodgrains at subsidised rates with effect from 16-1-84. With the introduction of subsidy, there was a step up though not very substantially in the utilisation of foodgrains during 1984-85."

1.43 Giving background for supplying of foodgrains to the workers, the Secretary, Rural Development informed the Committee during evidence :—

"... There was a Task Force under the Chairmanship of Dr. Swaminathan. Dr. Swaminathan Committee Report suggested that at least one kilogram per day per head of foodgrains should be given to all the families. They thought that it is better to give them foodgrains instead of giving them the purchasing power because the moment they get money and go to the local market, the market prices shootup and thereby the value gets reduced."

1.44 An analysis of the State-wise utilisation of foodgrains revealed that all-India per capita utilisation per day was between 0.45 kg. to 0.64 kg. during the years 1981-82 to 1983-84 against the prescribed quantum of one kg. Asked about the reasons for this less utilisation of foodgrains, the Secretary, Rural Development explained as under :

"It is a fact that during the Sixth Plan gradually the average intake per head came down. It was less than one kg. The reason was that the State Governments had to buy the foodgrains from the Food Corporation of India and pay the money for it. Firstly, it was an additional botheration—giving foodgrains aid and to make accounts for foodgrains and all that. Secondly, it was a burden on the total resources. Hence it was gradually becoming unpopular. The public distribution system in various States are very precarious. There is a gradual disinclination on the part of the local authorities to take to this. The State Governments are also not paying for it, only the Central Government are paying. So, the rule that not less than 40% of the wages should be given in the form of foodgrains has come. All the State Governments excepting Maharashtra had accepted it last year."

1.45 When asked why the State of Maharashtra objected, he clarified that State was giving Bajra or Jowar. To a question whether the Central Government would go in for stocking coarse grains or advise the State Governments to procure the same, he stated :

"FCI does not procure coarse grains. FCI procures wheat and rice. So we are subsidising wheat and rice and if the State Governments procure and sell them at the subsidised rate, we have no objection."

1.46 In reply to another question whether the Government was planning to provide other items of daily need to the workers under the Programme, the witness stated :

“We would have started giving that. In the scheme, I am very glad that the Planning Commission has accepted it and the efforts have been made successfully in some States to distribute other items to provide encouragement for the production of handloom textile, etc.”

He added in this regard :

“The problem arises for want of adequate machinery for purchase of the goods, handling them and distributing them. The machinery for this is entirely different. If Tripura Government does it, we don't object. Unless handloom Corporation is very strong in a particular State, it is very difficult for the State to do it. We will welcome the suggestion. But we have not given specific instructions that they should do it. Our Working Group Report suggested that it should be done, but because of inadequate administrative machinery, we did not strongly insisted upon them.”

1.47 As the Public Accounts Committee had in their 90th Report (7th Lok Sabha) recommended for making arrangements for distribution of foodgrains, the Committee desired to know the concrete action taken by the Government in pursuance of these recommendations. The Ministry of Rural Development stated :

“It has impressed upon the State Government that the distribution of foodgrains should be through the Fair Price shops as far as possible. The necessity for strengthening the Public Distribution System for ensuring effective distribution of foodgrains has also been emphasised from time to time. The Department of Civil Supplies are taking actions for augmenting the net work of Fair Price Shop in the rural areas. In fact, the strengthening of the Public Distribution System is already one of the points of the 20 Point Programme.”

(b) *Diversion of Foodgrains*

1.48 The Audit has pointed out that there were a number of cases of diversion of foodgrains for unauthorised purposes. When the Committee enquired whether the Government was aware of such diversions, the Ministry of Rural Development stated :

“The diversion of foodgrains to the Public Distribution System by Government of Bihar, Uttar Pradesh and Maharashtra came to the notice of the Department of Rural Development during field visit made by officers from the Department and the matter was taken up with the respective State Governments. While the Govts. of Uttar Pradesh and Maharashtra recouped the value of foodgrains to NREP Account, Govt. of Bihar have recouped foodgrains of the required value from the State Civil Supplies Corporation.”

1.49 Asked as to what action has been taken against Jammu & Kashmir officials responsible for not distributing foodgrains to the workers inspite of the fact that the cost of foodgrains was recovered from their wage bills, the Ministry informed the Committee that the State Government was ascertaining the position and it would furnish the facts as soon as possible. Reply has also not been received from the State Governments of Bihar and Haryana. The Ministry of Rural Development have forwarded the comments of the remaining States (Reproduced at Appendix) in regard to the cases pointed out by Audit in regard to diversion of foodgrains for unauthorised purposes.

(c) *Loss of foodgrains*

1.50 Audit has pointed out that more than 1631.83 tonnes of foodgrains were lost due to damage on account of long and improper storage, shortage or mis-appropriation, etc. Whereas Andhra Pradesh and West Bengal Governments have not sent any reply to the audit objections, the position in respect of the other States is as under :—

Himachal Pradesh : The State Government has reported that they have asked the project Officers and B.D.Os. to make good the loss and effect recoveries from the officials found at fault. The amount to be recovered is Rs. 0.15 lakh. The balance amount of Rs. 0.16 lakh has already been recouped by way of public auction which has even been admitted by the audit party.

Jammu and Kashmir : The State Government have reported that in Reasi and Nowshare Blocks, 16.22 MTs of foodgrains were damaged and became unfit for human consumption as a result of which they were disposed off by public auction. Detailed report regarding factors responsible for this loss will be furnished soon.

Orissa : The instances reported relate to 4 districts namely Mayurbhanj, Dhenkanal, Kalahandi and Sambalpur. In respect of Dhenkanal District for which loss of 44.30 MTs (39.20 + 5.10 MTs) have been reported, the district authority informed that there is absolutely no loss of foodgrains and the entire foodgrains have been utilised. In Kalahandi district the reported loss is 1.62 MTs. and the same is being recovered from the persons responsible for the loss. In Sambalpur district, the reported loss is 0.6 MTs and 84.55MTs. Out of 84.55 MTs of foodgrains 42.55 MTs have already been utilised by B.D.Os. As regards the remaining 41.60 MTs of rice, the quality was so bad that it required to be cleaned and in this process there was shortage of 8.1 MTs. The value of this stock has to be written off. The balance foodgrains after cleaning have been utilised. As regards 0.6 MTs., the value of this stock has to be written off. The position in respect of Mayurbhanj district is being ascertained and will be explained as soon as the information is received from the State Government.

Rajasthan : The State Government has reported that this occurred in 3 districts in which the total availability of foodgrains for the

period 1980-84 was about 9200 MTs. Out of this quantity, 341 MTs. of foodgrains were found damaged. Steps are being taken to dispose off these damaged foodgrains and foodgrains for Mandalgarh panchayat Samiti have already been disposed off.

Uttar Pradesh : The State Govt. have reported that they do not have information that the stock was kept in open and damaged due to rain. The cane department was allotted 2177 MT during 1980-81, out of which 1377.62 MT was lifted. Against the total quantity lifted by the cane department, 1369.65 MT had been utilised by the department leaving a stock of 7.924 MT. The cost of 7.924 MT at the rate of 1650 per MT has been realised from cane councils when foodgrains was supplied and the amount of Rs. 13074.64 was deposited into treasury."

1.51 Asked about the remedial measures taken to prevent loss of foodgrains during storage and to avoid long storage, improper storage, etc., the Ministry of Rural Development replied :

"The State Governments have been advised to have the distribution of foodgrains done through the fair price shops as far as possible so that chances of damages are reduced. They are also being asked to see that the distribution of foodgrains is done as soon as they are lifted from FCI godowns and foodgrains are not stored for unduly long periods which will make the foodgrains susceptible to damages and losses."

(d) *Non-Reconciliation of Stocks*

1.52 It is seen from the Audit Paragraph that foodgrains released under the programme by the Government of India to States/Union Territories from time to time were not utilised in full and large quantities always remained unutilised with the recipient administration at the close of each year. In monitoring, the Ministry had been adopting the unutilised balance as reported by the States/Union Territories without reconciling them either with their own records or with the records of FCI. Analysis in audit of the annual statements from 1980-81 to 1983-84 prepared by the Ministry revealed that a quantity of 7.20 lakh tonnes of foodgrains (1.94 lakh tonnes instead of 7.22 lakh tonnes in 1981-82, 1.66 lakh tonnes instead of 2.45 lakh tonnes in 1982-83 and 1.20 lakh tonnes instead of 2.33 lakh tonnes in 1983-84) valued at Rs. 117.90 crores (on an average rate during the 3 years) had been short accounted.

1.53 When the Committee desired to know the total quantity short accounted for and whether the short accountal of 7.20 lakh tonnes of foodgrains has been investigated, the Ministry of Rural Development stated as under :—

"Under NREP, allocation of foodgrains to different States and UTs. are determined on the basis of the mandays to be generated and orders allocating the required quantities are then issued. On the basis of the allocation orders, the States/UTs. lift the foodgrains from various depots of FCI. Sometimes, the entire allocated quantity of foodgrains is not lifted by the State Govts. for various reasons. This happened year after year in the past for which allocations have to be revalidated in some cases in subsequent years. Though information relating to lifting of

foodgrains was to be furnished by the State Govt. in Progress Reports, many times the lifting figures were incomplete or were based on incomplete data for want of complete information from field agencies. The unutilised balances were, therefore, computed on the basis of foodgrains allocated rather than on the basis of foodgrains actually lifted in different States. This resulted in variation in the figures of opening balance and closing balance of different years. However, the latest figures of unutilised balances based on actual quantity lifted in different States from the years 1980-81 to 1984-85 have been worked out and are indicated below :

(in lakh MTs)

Year	Carryover balance from pre- vious year	Qty. released	Qty. lifted during the year	Total Qty. available	Qty. utilised	Unutili- sed balance
1980-81	3.81	13.27	11.81	15.67	13.34	2.23*
1981-82	1.73	3.12	1.70	3.43	2.33	1.10
1982-83	1.10	2.96	2.47	3.57	1.73	1.84**
1983-84	1.39	2.36	1.49	2.88	1.47	1.41
1984-85	1.41	3.08	1.51	2.92	1.70	1.22

*Out of this quantity 55472 MTs diverted to P.D.S. by Bihar Government.

**Out of this quantity 45161 MTs. diverted to P.D.S. by Uttar Pradesh Government.

However, there is no question of short accounting in so far as these foodgrains are concerned because even if there was some difference in the quantities of foodgrains remaining unutilised with the State Govts., their value was taken into account while preparing the account of overall availability and expenditure under the programme."

IV. EMPLOYMENT GENERATION

(a) *Unrealistic Targets*

1.54 It has, however been pointed out in the Audit Paragraph that a total outlay of Rs. 1,620 crores was provided for the plan period 1980-85 and generation of 300 to 400 million mandays work per year was contemplated. This outlay constituted both the 'material' and 'wage' components, the latter being Rs. 981 crores. With this wage outlay, the contemplated number of mandays could be achieved only if the wage rates ranged between Rs. 4.90 and Rs. 6.54 per manday. The Minimum agricultural wage rate payable to unskilled workers were already higher than those rates in several States, and there were further increases in most of the States/Union Territories, affecting, *inter alia*, the States (numbering ten) accounting for 88 to 91 per cent of the all-India targets of the programme. The rates for the skilled workers were still higher. The contemplated targets of 'Works' generation could not, thus, be expected to be achieved. An analysis of the expenditure on wages vis-a-vis the number of mandays reportedly generated revealed the per capita wage rate of Rs. 5.63 (1981-82) Rs. 7.45 (1982-83) and Rs. 8.06 (1983-84).

1.55 The comments of the Ministry of Rural Development in regard to the above views of Audit are as under :

"In this regard it may be mentioned that employment generation is not the direct result of allocation alone, but it is implemented by other variables like type and nature of works, labour intensity extent of skilled wages, opportunity cost of employment besides availability of alternate employment of rural labourers. The average wage cost arrived on the basis of Arithmetic Mean for country as a whole is not proper indicator to assess the appropriateness of the targets set. These averages conceal inter State variation in wage paid to workers.

Some States/Union Territories have over achieved their targets as a result of taking more and more labour intensive works and relatively smaller number of capital intensive works. In these states the wage expenditure has gone upto 65% to 70% of the total expenditure. Additional funds were also provided to those States/Union Territories on the basis of their performance and availability of funds. It may also be mentioned that against the original outlay of Rs. 1620.00 crores for Sixth Plan period, the actual expenditure under NREP during the Plan period was of the order of Rs. 1843.00 crores.

Some States could not achieve the targets fully due to reasons which include taking up of capital intensive works, flood, drought and other climatic conditions. If such things occur in major States national performance is significantly altered. Precisely, this was the cause for 6% shortfall in achievement during 1983-84. In all other years the percentage achievement has been almost or above cent-per-cent. In view of the above, the audit objection in Para 5.6 is not tenable."

(b) *Mis-reporting of achievements*

1.56 According to Ministry's reports of achievements, the targets for generation of employment had almost been met during 1980-81 to 1983-84 and more than 300 million mandays' work had been generated in each of these years. However, a test-check in a few States revealed that reports furnished to the State headquarters Central Government were not factual but highly exaggerated. In this connection Audit has pointed out that against the reported achievement of 2016 lakh mandays the actual number turned out to be 1146 lakh mandays. A number of discrepancies were brought to the notice of Govt. as a result of test check conducted by Audit. When the attention of the Ministry of Rural Development was drawn to the above findings of the Audit, the Ministry stated :

"Field visits to a number of States revealed that some States were not reporting employment generation properly as pointed out in Audit Report in several cases. As a general policy, therefore the Department of Rural Development has been advising the State Governments to compute the figures of employment generation on the basis of muster rolls maintained for each work and not on any rough basis as indicated in the case of Tamil Nadu, Madhya Pradesh, Nagaland etc. where the employment generation was being worked out by dividing the wage expenditure by minimum wage rate. In some states, where the payment had been made on piece rate basis, the payments actually made to the workers were less than the minimum agricultural wages although employment has been reported to have been generated on the basis of minimum agricultural wages. It would thus be seen that even if some margin is given to over-reporting, the payment of less wages on the basis of out-turn of work will offset the over-reporting as such. The revised guidelines now provide for compilation of employment figures strictly on the basis of muster rolls which will also bear a certificate by the officers maintaining the muster rolls indicating the employment generated for SC/ST, landless labourers, women and the total employment generated. It has also been specified that wages should be paid either on piece rate basis or time rate basis whichever is notified under Minimum Wages Act and the muster rolls will be prepared accordingly. It is, therefore, expected that in future the employment generation reports will be strictly in accordance with the muster rolls."

(c) *Employment for short duration*

1.57 It is seen from the Audit Para that the Sixth Five Year Plan was conceived mainly to take care of that segment of the rural poor who were without assets or with grossly inadequate assets and stood in need of wage employment. This situation called for employment on a sustained basis. During test-check in Gujarat, it was noticed that the employment provided was for a very short duration in a year and was not adequate even for the lean periods of agricultural operations. The average number of mandays generated per year/per head was 18 in Ahmedabad district during 1981-84 and 17 mandays in Khoda district during 1981-83. In Rajasthan, 70 panchayats test checked did not provide any employment or provided it for

short-periods upto only a maximum of 6 months. In this connection, the Ministry of Rural Development have informed the Committee as under :—

“NREP works are taken up at different places where there is need for providing additional employment opportunities to the rural labour. However, with the resources being made available under the programme to the Districts/Blocks, it is rather impossible to ensure employment of all wage seekers on sustained basis. It is possible that in some areas employment generation might have been provided for a longer duration and in some other areas for a much shorter duration. It was on realising this problem that a new programme known as Rural Landless Employment Guarantee Programme was launched from 15th August, 1983 for further expanding employment opportunities so that it will ultimately be possible to provide employment to atleast one member of each landless labour household in rural areas upto 100 days in a year.

Government of Gujarat has informed that the actual quantum of employment that can be provided depends upon the availability of funds and with the current level of allocation available under NREP it is impossible to take care of the employment needs of all villages in the off season and supplementary employment on a limited scale is only possible. Government of Rajasthan have stated that on an average about Rs. 6000/ could be made available to each panchayat and hence the number of works that can be taken up in a panchayat as well as the employment generation depended on the total availability of funds.”

(d) *Payment of wages*

1.58 Against the minimum agricultural wages fixed for the area of employment, it was noticed in Audit that there was either no uniform practice or the rates paid were lower than the minimum. The Ministry of Rural Development gave the following reasons for payment of lower rates of wages.

“NREP guidelines clearly provided that the payment of wages to workers under the programme should be made in accordance with the minimum agricultural wages fixed for different regions/area. In spite of these clear instructions in a number of States, payments of wages under the programme were being made on the basis of piece rate which sometime amounted to payment of less wages than the daily minimum agricultural wage rate. This also resulted in confusion amongst the field level workers at the time of maintaining muster rolls. Taking into account such contradictions and the various other factors, the latest guidelines on the programme clearly provide that the State Government should notify the wages to be paid under the programme for different categories of employment under the Minimum Wages Act and this can be either on a time rate basis or a piece rate basis. While the State Governments have the option to fix the wage on either basis, it will not be permissible to prescribe piece rates (quantum of wages related to output of work) by executive orders when time rates are prescribed

under the Minimum Wages Act Para 25 of the NREP guidelines clarified this position and it is expected that such instances of low wage payment as has been pointed out by Audit will not occur in future."

1.59 It is also pointed out by Audit that the Payment of wages was required to be made promptly and under no circumstances later than a week. However, there were inordinate delays in payment to workers. Asked for the reasons for delayed payments, the Ministry of Rural Development stated :

"The instances of delays were mainly due to delay in taking measurements owing to shortage of technical manpower, non-availability of cash funds at certain point of time or non-availability of food-grains. However, the State Government's are taking steps to ensure that payment of wages to workers is not unduly delayed. To ensure proper and timely payment of wages, States/Union Territories have also been asked to get the checks conducted by the senior officers at different levels."

1.60 However it is seen from the replies of the various States/Union Territories that those Governments were paying the minimum statutory wages but the same were limited to the quantum of work actually done by the labourers except in the case of Haryana who were paying statutory wages by debiting to NREP funds and panchayats which were making contributions for the NREP works out of their own funds.

(e) *Denial of employment opportunities to the Rural-Poor*

1.61 In order to pass on the full benefits of the programme to the rural poor, the guidelines governing NREP had prescribed a complete ban on contractors/middlemen executing the NREP works. Audit has pointed out that during test-check it was noticed that the ban had not been observed in several States/Union Territories resulting in denial of employment opportunities of over 65.65 lakh mandays' work to the rural poor. When the attention of the Secretary, Rural Development was drawn to the above audit observations, he stated :

"What has been found is accepted. There is no question of arguing on facts. But the point is whether from that, we can generalise the position in the rest of India. My humble submission would be, it cannot be said that what has been found there would be everywhere.

Last year, in the Demands for Grants of our Ministry, almost every hon. Member who spoke mentioned that RLEGP and NREP works are being done by contractors. From the Ministry, letters have gone to every State Government. There has been total denial that it has been done by the contractors. They said, give us specific instances. We have on record the denial by the State Government, that the contractors have been allotted the work. They said, there is no such case. Give us specific instance. We will look into the cases.

There are some cases of contractors whose income-tax was deducted from source, from NREP fund. We took objection. They later on deducted that portion. So, things are there. That

is precisely the reason why we wanted to change the whole attitude in NREP to decentralise it totally so that the felt need of the people for different types of work could be met through generation of employment or such other public work. We try to decentralise the entire thing. One cannot go around and see in every specific case. There are the lowest formation of people. There are panchayats. This could be one of the better ways of doing things provided panchayats are vibrant and they look after the interests of their clients properly.

It is not that the contractors are not there. But also it is not proper to say that contractors are being utilised everywhere. The performance would depend upon two factors—local revenue and block officials and the panchayat. That is why, we want to decentralise it. Our primary consideration is need of employment.”

Elaborating the point further he added :

“We have reports that contractors are not present there. Somebody else will be there. He is the pay master or convener. Some people are operating at that level. They are all not contractors. The panchayats have to take action. He may be doing without any contract.”

1.62 When the Committee wanted to know the action taken by the Government so that guidelines issued by them are fully implemented in this regard, the Ministry of Rural Development stated :

“.....the Department has been regularly emphasising on the States/Union Territories for non-engagement of contractors. More and more emphasis is also being given on execution of works by Panchayati Raj Institutions and involving the village community in implementation of the programme so that there is no scope for engaging contractors or middlemen in any form.”

(f) Standards and specifications/Technical Manuals

1.63 Each State was to prepare the technical manual/guide-book in the local language indicating standards and specifications for all types of works likely to be taken up in the State, because the works were to be executed by the village panchayats, who needed guidance. Out of 31 States/Union Territories, only four States (Bihar, Haryana, Madhya Pradesh and West Bengal) had brought out the technical guidelines so far. Asked as to how in the absence of technical manual/guide-book in local language the Ministry ascertained that the assets created were of proper quality, the Ministry of Rural Development stated as under :

“The State Governments are being advised repeatedly to prepare technical manuals/guide-books in the local language indicating standards and specifications of various type of works likely to be taken up under the programme in the States. It would, however, take some time for all the States to prepare such guide-books/manuals. The states which have not prepared such guide books so far are normally following the specifications prescribed by other technical departments while taking up the

works. It is not a fact that only because the technical manuals have not been brought out by the States the quality of work will be of doubtful nature. The need for such guidelines is being emphasised on the States. Efforts are also being made for preparing technical manuals at the central level. Detailed guidelines have already been prepared at the Central level in respect of rural road works, social forestry works and construction of houses for SC/ST. These form part of the main guidelines of the programme."

(2) Shelf of Projects

1.64 The Sixth Five Year Plan had laid stress upon the preparation of a shelf of projects for each block, based on the felt needs of the rural people on a planned and priority basis. It was stressed (August 1983) that no works outside the shelf should be taken up. Board guidelines for according priority to certain categories were also given. Based on the shelf, annual action plan of the district was to be drawn before the start of the financial year. Samples of shelf of one or two blocks/districts were to be sent to the Ministry so that a model proforma could be designed. The Ministry informed (July 1984) that five States and five Union Territories were yet to prepare them. It might be mentioned here that in connection with the erstwhile Food for Work Programme, the Public Accounts Committee had desired that the funds should be released by the Ministry only after satisfying themselves about the preparation of well thought-out shelves of projects and the Committee were informed in May 1983 that the shelf of projects had since been prepared in almost all the States on block/district basis.

1.65 When the Committee desired to know the reasons for releasing funds without ensuring by the Government that the various States/Union Territories had prepared shelf of projects, the Ministry of Rural Development, in a note, stated :—

"The position relating to preparation of shelf of projects was being looked into at the time to release of funds from 1982-83 onwards. However, the release of funds were not withheld during the previous years because it was expected that the defaulting States/UTs. would take necessary action for preparation of shelf of projects and withholding of funds would result in serious constraint of funds with the implementing agencies and ultimately affect the implementation of the programme. However, the position in respect of preparation of shelf of projects and annual action plans has improved and during 1984-85 shelf of projects and annual action plans were received from all States and Union Territories except Bihar, Himachal Pradesh, Maharashtra, Orissa and Union Territories of Arunachal Pradesh and Andaman and Nicobar Islands. During the current year the shelf of projects/annual action plans have already been received from the States of Gujarat, Haryana, Jammu & Kashmir, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Punjab, Rajasthan, Tamil Nadu, Tripura, West Bengal and Union Territories of Andaman & Nicobar Islands, Arunachal Pradesh, Dadra & Nagar Haveli, Goa, Daman & Diu and

Lakshadweep. In any case the second instalment of Central assistance during 1985-86 will not be released to any State without shelf of projects being prepared by them."

1.66 Although no works outside the shelf could be taken up, yet it has been found during test check in Audit that works worth Rs. 113.61 lakhs, Rs. 4.22 lakhs in Panchayat Samiti, Asind (Bhilwara) in Rajasthan, Rs. 18.61 lakhs in DRDA, Ahmedabad, Gujarat during 1981-84 and Rs. 90.78 lakhs in Tamil Nadu, which were not included in the shelf of projects, were undertaken for execution. In Sikkim, 22 schemes out of 45 schemes sanctioned in 1982-84 were not included in the shelf of projects. In Tamil Nadu, works valuing Rs. 3.03 lakhs, not included in the annual action plan, were undertaken for execution. The Ministry of Rural Development, in a written note, admitted that there have been some instances of works being taken up in the States/Union Territories outside the shelf of projects. The Ministry, however, assured the Committee that as preparation of shelf of projects has been made an essential condition for release of funds, it is expected that there will be no more of such cases of works being taken up outside the shelf of projects under the programme in future.

Works Directly Benefiting Scheduled Castes and Scheduled Tribes

1.67 According to Audit a minimum of ten per cent of the resources allocated under NREP was required to be earmarked every year for utilisation exclusively on works of direct benefit to Scheduled Castes and Scheduled Tribes, and another ten per cent on programme of social forestry and fuel plantation so as to preserve the ecological balance and also to meet the fuel needs of the rural poor.

The position relating to utilisation of funds earmarked for social Forestry works and works directly benefiting ESs/STs during the year 1981-82 to 1984-85 has been as under :—

Year	(Rs. in lakhs)		
	Funds earmarked for each sector	Utilisation in social forestry sector	Utilisation on works exclusively benefiting SCs/STs.
1981-82	3380.00	2554.86	4836.19
1982-83	3992.32	3719.91	5362.86
1983-84	3657.66	4179.55	6342.39
1984-85	4596.80	4776.14	8318.66

As indicated above, in the case of works benefiting SC/ST, the utilisation exceeded the earmarked allocation in all the four years on all India basis. As far as individual states are concerned only in 3 States (namely Andhra Pradesh, Jammu & Kashmir and Orissa) and in 3 Union Territories (namely A & N Islands, Delhi and Goa, Daman & Diu) there were

some shortfalls upto the end of 1984-85 as shown in the table given below. These shortfalls are being made good during 1985-86 :—

Sl. States/UTs No.	Total funds earmarked for SC/ST works during 1981-82 to 1984-85	Total utilisation for SC/ST works during 1981-82 to 1984-85	Shortfall in utilisation
1. Andhra Pradesh	1613.57	1193.42	420.15
2. Jammu & Kashmir	101.68	24.60	77.08
3. Orissa	601.22	421.90	179.33
4. A & N Islands	11.66	7.51	4.15
5. Delhi	1.90	0.73	1.17
6. Goa, Daman & Diu	15.47	4.17	11.30

1.68 In Social Forestry Sector, while there were some shortfalls during 1981-82 and 1982-83, there was no shortfalls during 1983-84 and 1984-85 on All India basis. However, in case of 11 States (namely Andhra Pradesh, Assam, Jammu & Kashmir, Kerala, Maharashtra, Nagaland, Orissa, Rajasthan, Tamil Nadu, Tripura and Uttar Pradesh) and UTs (namely A & N Islands, Arunachal Pradesh, Goa, Daman & Diu, Mizoram and Pondicherry) there were some shortfalls upto the end of 1984-85 as shown in the table below. These shortfalls are also being made good during 1985-86 :—

Sl. States/UTs No.	Total funds earmarked for social forestry works during 1981-82 to 1984-85	Total utilisation for social forestry works during 1981-82 to 1984-85	Shortfalls in utilisation
1. Andhra Pradesh	1613.59	1571.29	42.30
2. Assam	298.39	187.84	110.55
3. Jammu & Kashmir	101.68	46.28	55.40
4. Kerala	727.86	628.61	99.25
5. Maharashtra	1149.00	951.56	197.44
6. Nagaland	17.80	9.81	7.99
7. Orissa	601.23	192.77	408.46
8. Rajasthan	437.84	413.51	24.33
9. Tamil Nadu	1559.11	1329.00	230.11
10. Tripura	52.33	37.02	15.31
11. Uttar Pradesh	2843.00	2522.59	320.41
12. A & N Islands	11.66	5.24	6.42
13. Arunachal Pradesh	13.59	7.01	6.58
14. Goa, Daman & Diu	15.47	6.80	8.67
15. Mizoram	12.60	8.59	4.01
16. Pondicherry	9.98	5.72	4.26

In case of all the States where there has been some shortfall in either 'SC/ST' sector or social forestry sector upto end of 1984-85, deductions will be made from the States' allocation to the extent of shortfall, unless

the States/UTs, would show that they will be able to make good the shortfall during the current year. This aspect is being constantly monitored through Quarterly progress Reports and by reviewing the achievements from time to time. The guidelines now emphasise that while preparing annual action plans at the District level, there should be separate sub-plans for the earmarked sectors so that full utilisation of the earmarked funds would be ensured.

1.69 The Secretary Rural Development informed the Committee during evidence that last year the earmarking of funds for social forestry was 20 per cent of the allocation. Asked about the arrangements made for guarding social forestry, the witness replied :—

“We have a national target of 5 million hectares per year. Your point regarding maintenance is very valid. That is why we say that land would not be alienated. In respect of trees, the poor people will have the right of usufruct i.e. of their fruits and flowers etc.”

1.70 In reply to a question whether there were any guidelines for tree patta, he stated :—

“It has just been issued. . . . There are few State Governments where the scheme is already on; there are other States where the scheme is not there. We want to universalise it for all the States. We are going in for tree pattas.”

1.71 According to Audit the Ministry of Rural Development insisted upon the States in July, 1983 either to increase their allocation for their activities in 1983-84 or to accept the reduction in the second instalment of Central Allocation to the extent of shortfalls of the previous years. The second instalment was, however, released after the defaulting State Government's certifying that the short-falls would be made good in that year. Nevertheless, in actual performance in this regard during 1983-84, seventeen to twenty States/Union Territories did not utilise even fifty per cent of the funds earmarked. The shortfall in the case of 10 States (for the former activity) and 7 States (for the latter activity) was 75 per cent and above.

1.72 When the Committee asked for the reasons for releasing second instalment without ascertaining proper utilisation of the provisions made by the States/UT's during 1982-83 and 1983-84, the Ministry of Rural Development replied :—

“During 1982-83 there was no stipulation of making deductions from second instalment release in the event of shortfall in utilisation of funds in earmarked sector. In the year 1983-84 the States where there was some shortfall in the utilisation of funds in the earmarked sector of social forestry and works exclusively benefiting SCs/STs upto the end of the previous years 2nd instalment was released without any deductions, on the basis of the assurance given by the States that the shortfall will be made good during the same year and with a view to avoid dislocation in the execution of works. However, during 1984-85 deductions were made from the

second instalment release in the case of Andhra Pradesh, Assam, J&K, Maharashtra, Manipur, Orissa, A & N Islands, Dadra & Nagar Haveli on account of shortfall in utilisation in respect of earmarked sectors. It may be mentioned that the utilisation of funds in the earmarked sectors improved considerably during 1984-85. While in the SC/ST sector the utilisation has been more than earmarked allocation in all States except J & K, Nagaland, Rajasthan, West Bengal and UTs of A & N Islands, Chandigarh, Goa, Daman & Diu, in the social forestry sector there was only marginal shortfall in the States of Andhra Pradesh, Assam, Himachal Pradesh, Nagaland, Orissa, Punjab, Rajasthan U. P., West Bengal and UTs of A & N Islands, Arunachal Pradesh, Lakshadweep and Pondicherry and Goa, Daman & Diu.

V. PHYSICAL ASSETS

1.73 One of the basic objectives of the Programme was to create durable community assets for strengthening the rural infrastructure for rapid growth of rural economy. Commencing from 1981-82, regular material component was introduced and its quantum was fixed as 40 per cent of the total allocation for individual works with an overall ceiling of thirty-three per cent for the State/District as a whole. This was enhanced to 50 per cent for district as a whole in August 1983. For the non-durable assets created in the past under Food for Works Programme, the Central Government provided Rs. 105 crores out of the Plan outlay at the end of 1980-81 to various States/Union Territories for converting them into durable ones.

1.74 When the Committee desired to know whether utilisation of grant of Rs. 105 crores for converting non-durable assets created upto 1980-81 into durable ones was watched, the Ministry of Rural Development have, in a written note, stated :

“The State Govts. have already utilised this amount of Rs. 105.00 crores which was provided to them during the year 1980-81. Only in the States of Bihar, Gujarat and Orissa an amount of Rs. 59.41 lakhs remained unutilised in the beginning of the year 1984-85 and this amount was recovered from these States at the time of releasing funds to them during 1984-85.

The State Governments were requested to furnish complete information regarding conversion of non-durable assets into durable ones during the years 1981-82 to 1983-84. Information has been received only from the States of Gujarat, Uttar Pradesh, Tamil Nadu, Punjab, Sikkim and Tripura. The matter with other State Govts. continues to be pursued. However, on the face of it there is not much of a problem of non-durable assets now and all the assets that are being created under the programme now are made durable either in the same year or in the subsequent years.”

1.75 It is seen from the Audit Paragraph that non-durable assets continued to be created in 13 states and 2 Union Territories and an expenditure of more than Rs. 65.67 crores was incurred on such assets during 1980-81 to 1983-84. Enquired whether this position was in knowledge of the Ministry and if so, what action was taken by them, the Ministry of Rural Development replied :

“It is not a fact that non-durable assets continue to be created in many States. Normally in a works programme like NREP, all works taken up during a particular year cannot be made durable in the same year as in case of works like construction of roads some time has to be allowed for compaction etc. Such works can be made durable in the following years only.

The need for making all the assets created under the programme durable is emphasised on the States from time to time. Wherever any works remain non-durable for any reason, the State Govt. are asked to make those works durable. The guidelines now emphasise that the estimates prepared under NREP should include the entire cost to be incurred on the works till they are made durable even if the work is to be completed in more than one year. The programme guidelines also emphasise that priority should be given to complete the incomplete works before taken up new works."

Assets abandoned/rendered redundant

1.76 According to Audit assets created with an expenditure of over Rs. 49.70 lakhs were either abandoned or were rendered redundant in nine States. In reply to a question whether the reasons for abandoning of various works by the States were investigated, the Ministry of Rural Development, in a note, stated :

"The matter has been carefully looked into. It is not true that works valuing at Rs. 49.70 lakhs were abandoned. It was in the case of Madhya Pradesh only that the Question of abandoning some works of dug wells arose when rocky strata was struck and such occurrences cannot be considered as unusual. In case of Bihar where the State Government took some kutchha works, they were advised that taking kutchha works is not permissible under the guidelines and such works should not be taken up in future."

Doubtful creation of Assets

1.77 The Audit have pointed out that in some states there were a number of doubtful creation of assets which could not be substantiated from the relevant Records. The Ministry of Rural Development have informed the Committee as under :—

"The comments obtained from the State Govts. indicate that the tanks and ring wells referred to by Audit have been constructed and completed satisfactorily in Manipur. In case of Tamil Nadu, the road referred to by Audit is a panchayat road borne in the register of roads of Sanyasigundu and Udaipatting village panchayats. Govt. of Karnataka has confirmed the figures reported by them while the State Govt. of Haryana is taking action against the erring officials. Government of Andhra Pradesh is collecting the details and will furnish the information soon."

Non-maintenance of the Register of assets/non-verification of assets

1.78 It was also noticed that the executing agencies in the States of Haryana, Jammu & Kashmir and Rajasthan were not maintaining any consolidated records which could show the details of the assets created. In the absence of such records, no physical verification was possible by departmental officers. In Jammu & Kashmir and Uttar Pradesh, no physical verification was carried out inspite of repeated instructions.

1.79 Asked whether the comments from the concerned State Governments obtained for non-maintenance of records for the created assets and whether other States and Union Territories, not mentioned in the Audit Paragraph, maintained the record and conduct physical verification of the assets created, the Ministry of Rural Development replied :

“The NREP guidelines emphasise on the need for maintenance of proper records of all the assets created in the programme. This is being done in the States and Union Territories though there may be few instances where this is not being done properly. The comments from the Government of Haryana, Rajasthan and Uttar Pradesh have been received and these, State Governments have reported that they have already taken necessary action for proper maintenance of register of assets. The comments from the State of Jammu & Kashmir are awaited.”

1.80 Physical monitoring through field inspections by various officers at State Headquarters, districts, sub-divisional and block levels was prescribed in the guidelines on NREP. A schedule of inspection for each supervisory level was to be drawn. The Audit have pointed out that in 15 out of 25 States/Union Territories, the compliance of these requirements was not in evidence.

1.81 When the Committee required as to how the Ministry was keeping supervisory check over creation of assets, the Secretary, Rural Development stated :

“.....our manual provides for a schedule of inspections It does provide for regular inspections by superior officers of the activities that are being done. Basically, it is expected of the state Government. We would expect State Government officials to do that 50% of their money is also there. We expect that they would also be interested in doing this.”

1.82 Asked whether there should be special vigilance cell to do surprise checks and go into such cases of doubtful creation of assets, the witness replied :—

“One cell will not be sufficient here. Central Government will only be duplicating the machinery. The only way which sends shivers down the spine is this concurrent report.”

In this connection, he added :

“We are constantly impressing on the State Government for inspection and supervision. Unless the State Governments become effective, we will not be able to make much headway. Secondly, it is the motivation of the officers at the middle management level, first rank supervisory level or the last rank executive level. We are continuously informing them of the philosophy behind these programme through the State Governments. But unfortunately, the turnover of the officers

is very large. If I may use the word, 'mortality' of officers at the level of Collectors and BDOs is very large. There is large scale shifting. If they have some fixed tenure, they can be made accountable. Mortality rate of the officers at that level has to be reduced. There is at present no accountability because of this."

Elaborating the point further, the witness stated :

"... Unless, the State machinery is very vigilant, the things will not move fast. In Bihar, they have suspended five BDOs; that itself will create a lot of effect..... We had suggested to all the State Governments to have a vigilance cell with an officer at the district level and the State level to follow up the type of activity. The very fact that somebody is there to verify a complaint will have its effect. The feedback is very limited, but we contemplate to do that. We have also sanctioned internal audit party."

1.83 After hearing the arguments of the Secretary, Rural Development, the Committee enquired if that meant that there was no methodology with the Central Government to do surprise checks. He replied :

"This is basically done through the State Governments. There has to be a degree of trust. We cannot completely operate on mistrust."

1.84 In this connection, he informed the Committee that the Government are working on :

- (a) impressing on the State machinery for the need of inspection and report;
- (b) sending their own people occasionally to see what is being done in the States;
- (c) raining of officers to extent they can; and
- (d) going in for concurrent evaluation.

1.85 In reply to a question whether the political parties could play any role at block and Panchayat level, he stated :

"There is a great scope for them to make the people aware of the programmes meant for them It will be much better, if there are groups of beneficiaries who exert their rights."

Maintenance of assets

1.86 It is seen from Audit Paragraph that the State Governments were required to make adequate arrangements and also to provide necessary funds through the State budgets for maintenance of assets created under NREP. However, it was noticed that the State Governments of Andhra Pradesh, Bihar, Jammu & Kashmir, Meghalaya, Madhya Pradesh, Sikkim and West Bengal and Union Territory Administrations of Arunachal Pradesh and Chandigarh made no provision for the purpose. NREP funds amounting to Rs. 1239.43 lakhs had been utilised on the maintenance of assets, in Madhya

Pradesh (Rs. 10.47 lakhs; 1980-81 to 1983-84), Maharashtra (Rs. 1.59 lakhs), Orissa (Rs. 107.06 lakhs; 1980-81 to 1983-84), Pondicherry (Rs. 0.05 lakh; 1982-83), Tamil Nadu (Rs. 5.26 lakhs; 1982-83 and 1983-84) and Uttar Pradesh (Rs. 1115.00 lakhs; 1981-82) which was not permissible under the programme. Expenditure in the case of Uttar Pradesh (Rs. 1115.00 lakhs) had been incurred on maintenance of non-NREP assets existing channels, drains, bunds and flood protection works.

1.87 When the Committee desired to know the reasons for not providing funds for the maintenance of assets by the States, the Ministry of Rural Development have, in a written note, stated :

“Even though State Govts./Union Territories are responsible for making arrangements for maintenance of the assets created under NREP, most of the time they are not able to provide requisite funds for this purpose out of their own resources. As a result the maintenance of assets created under the programme remain a problem and in few cases the normal NREP funds were spent for maintenance of assets. In other cases the NREP funds were utilised for upgrading the standard of the assets which are not strictly maintenance works. Since the works led to improvement of assets and it also generated employment opportunities, the question of making any recovery towards funds utilised for expenditure on maintenance of some of the assets were not considered. However, it has been made clear to the States/Union Territories, that any expenditure on maintenance of assets should not be incurred out of NREP funds. It may be mentioned that the Working Group on the Seventh Plan set up by the Planning Commission have recommended for utilising 5% of the allocation provided under the programme for maintenance of assets. The Seventh Plan document specifically indicated that based on the past experience regarding problems of maintenance of assets created under rural employment programmes, the question of providing funds to the extent of 10% of the over all outlays for the programmes for maintenance will be considered. It further indicates that actual maintenance will have to be carried out on the basis of the detailed maintenance plans to be drawn for each district. Accordingly the matter is being considered further.”

1.88 Asked as to why no provision was made in the scheme for the maintenance of the assets created under the NRE Programmes, the Secretary Rural development stated :

“The Planning Commission has accepted that based on past experience, the question of providing fund to the extent of ten per cent of the overall outlays will be considered. Maintenance under this principle would generally have to relate to sector for which maintenance fund and systems are ordinarily not available and actually maintenance will have to be carried on the basis of detailed maintenance plan drawn up for each district.

We have not yet worked it out.”

In this connection, he added :

“Here is creation of durable assets. The whole concept of plan and non-plan comes. Here the plan expenditure is for creation

of assets and non-plan is for maintenance. One concession that has been made in the document that there are certain types of assets created under NREP for which there is no corresponding State Government Department is responsible for maintenance. These assets having been created, ten per cent of the money can be utilised in those cases where there is no foster parent for such works. But the basic concept of plan and non-plan continues."

1.89 He, however, clarified that after ten per cent provided by the Planning Commission has been spent on maintenance of assets, the State Government or the authority whichever gets the benefit will have to accept the responsibility thereafter.

VI. MONITORING OF THE PROGRAMME

1.90 According to Audit the NREP Committee at the Centre which had the responsibility of providing overall guidance and undertaking continuous monitoring of the programme met only once in 1980-81 (March 1981), four times in 1982-83 and six times in 1983-84. During 1981-82, it did not meet at all. In this connection, the Ministry of Rural Development informed the Committee as under :

“The position reported by audit is accepted. However, since September, 1983, the Central Committee is meeting on a regular basis at least once in every two or three months. During the year 1984-85 eight meetings of the Central Committee were held. Thus the Committee is reviewing the progress under NREP regularly.”

1.91 It is also pointed out by the Audit that the State Level Steering Committee, headed either by the Chief Minister or Minister-in-charge of Rural Development and Panchayats, were required to meet regularly, at least once in three months, to make a detailed review of the programme with particular reference to the speed, execution and quality of works and other allied matters. It was noticed that in 12 States/Union Territories out of 25 test checked the number of meetings of these committees varied from one to two during the whole period from 1981-82 to 1983-84.

1.92 When the Committee wanted to know as to how the proper implementation of the scheme was watched in the absence of regular meetings of the State Level Steering Committees, the Ministry of Rural Development stated :

“The Planning, coordination, monitoring and review of the National Rural Employment Programme is now the responsibility of the DRDAs and these responsibilities are now being regularly discharged by the District level. At the State level, the State Level Coordination Committee for rural development programme is now responsible for coordinating and monitoring the implementation of the programme. The meetings of this State Level Coordination Committee are now being held in most of the States at more or less regular intervals. In case in any State such meetings are not held on regular basis, the attention of the concerned State/Union Territories is drawn towards this. In addition to the review made by the State Level Coordination Committee in their meetings, the implementation of the programme is monitored at the State Level through the monthly and quarterly reports which are being submitted by the District authorities to the State Governments on a regular basis.”

1.93 For proper monitoring of the programme, the Central Govt. had prescribed for submission to it, the monthly and quarterly progress reports by the 10th of the following month and 25th of the month following the quarter. When the attention of the Ministry was drawn to the fact revealed by Audit that the delay in submission of monthly reports ranged from 2 to 14 months in 1981-82, 1 to 12 months in 1982-83 and 1-9 months in 1983-84 and in the case of quarterly reports it was from 1 to 13 months in 1981-82

and 1982-83 and 1 to 7 months in 1983-84, the Ministry of Rural Development stated :

“There were some delays in submission of reports and returns by different States/Union Territories as pointed out by Audit in their report..... Under NREP the works are executed all over country including the interior villages. It, therefore, poses a little problem in collecting information from all execution agencies in time. Moreover, in many cases the village Panchayats who have no staff for maintaining the accounts etc. are involved in execution of works. Because of these factors some of the reports get delayed. However, with the inclusion of the programme in the 20 Point Programme the submission of monthly and quarterly progress reports has improved considerably and there are only limited States/UTs. where delays are taking place. Whenever there is any delay in submission of the reports this is immediately brought to the notice of the concerned States/UTs. Submission of monthly/quarterly reports is also one of the essential conditions for release of funds. This has also helped in timely submission of the reports.”

1.94 It is seen from Audit Paragraph that physical monitoring through field inspections by various officers at State Headquarters, districts, sub-divisional and block levels was prescribed in the guidelines on NREP. A schedule of inspection for each supervisory level was drawn. However, in 15 out of 25 States/Union Territories, the compliance of these requirements was not in evidence. Enquired if the officers of the Ministry during their field visits ascertained whether physical monitoring was being carried out by the Officers of the States/Union Territories, the Ministry of Rural Development replied :

“During their field visits the officers from Government of India are looking into all aspects of the programme implementations including the monitoring arrangements made by State Governments. The need for getting field inspections done by officers at different levels regularly is also impressed upon the State Governments from time to time.

1.95 The Ministry of Rural Development, however, agreed that regular physical monitoring and verifications of assets created under the programme by the officers and other supervisory levels could reduce the possibility of any irregularities being committed in the implementation of the programmes as also to reduce the chances of misappropriation etc.

1.96 In regard to the inconsistencies between various reports and account records, the Ministry of Rural Development have, in a written note, informed the Committee that the inconsistencies pointed out by Audit were brought to the notice of the concerned State Governments. While the comments from the States of Andhra Pradesh, Haryana, Jammu & Kashmir and Uttar Pradesh are still awaited, the States of Bihar, Himachal Pradesh, Orissa, Rajasthan and Sikkim have explained the reasons for the contradictions as under :

“Bihar :

During 1981-82 the State Govt. was allocated 20,000 MTs. of foodgrains. The quantity of foodgrains was not lifted by rural development agencies and as such no payment was shown to have been

made in the State Govt. accounts. The foodgrains were lifted by the State Food & Civil Supplies Corporation and the payment was also made by them.

During 1982-83 an amount of Rs. 2085.04 lakhs was released as cash funds of Government of Bihar. In addition 24,200 MTs. of foodgrains were allotted to them of which a quantity of 24,192 MTs. was finally lifted. The value of the foodgrains does not appear to have been taken into account in full. The State Government has been asked to specify the details regarding the variation in these figures.

Haryana :

Information has been called for from the State Government and will be furnished as soon as received.

Himachal Pradesh :

The State Government have confirmed that the unutilised balance of foodgrains as on 1-4-1983 was 941 MTs. According to them the figure of 1390.8 MTs. is neither available with the Directorate nor with the Project Officers dealing with the foodgrains.

Jammu & Kashmir :

The State Government have informed that out of the four sets of inconsistencies pointed out by the Audit, the former two are being examined in detail by them. The details in this respect will be furnished as soon as the same is received from the State Government. Details in respect of variations pointed out in respect of foodgrains issued to labourers and expenditure in Nowshera block are also awaited. Regarding the variations pointed out in respect of Block and District figures, the State Government could not ascertain the details since the name of the Block and the District to which the figures pertain were not available.

Orissa :

The position relating to availability and utilisation of cash funds as well as foodgrains has since been completely reconciled with Govt. of India except in respect of a small discrepancy of Rs. 1.42 lakhs relating to 1980-81 which the State authorities are trying to locate. Comments of the State Governments in respect of the discrepancies in unutilised balance of DRDA Baripada are awaited and will be furnished when received.

Rajasthan :

The figures have since been reconciled and the final figures of closing balance are as follows :

Year	Closing balance as on 31st March
1981-82	3954.56 MTs.
1982-83	5651.14 MTs.
1983-84	3794.28 MTs.

These figures are to be treated as opening balance on 1st April of the following year.

Sikkim :

During 1980-81, the State Government was allocated 500 MTs. of rice in two installments of 90 MTs. and 410 MTs. each against which a total quantity of 212 MTs. was lifted. The report sent by the State Government in March, 1982, showing the total quantity utilised during the year as 93.6 MTs. was provisional and incomplete. Subsequently, another detailed report was sent in June, 1982 indicating the total quantity utilised in that year as 212 MTs. In audit the two reports were read separately and commented as such. In fact, the subsequent report sent in June, 1982 was in supersession of previous report sent in March, 1982.

Uttar Pradesh :

The State Government has reported that as far as 1980-81 figures are concerned the figures booked in A.G.'s record are correct. The figures intimated by Deptt. did not include amount kept in P.L.A. The information in regard to the years 1981-82 and 1982-83 are awaited and will be furnished when received."

Evaluation Studies

1.97 In their Report on the Food for work programme, the Programme Evaluation Organisation (PEO) of the Planning Commission had pointed out in December 1979 several shortcomings after making a quick appraisal study in 10 States (2 districts each, 2 blocks per district) out of 31 States/Union Territories. The PEO had found it necessary to undertake further in-depth studies covering all States. In reply to a question whether an in-depth studies as suggested by PEO were made, the Ministry of Rural Development stated :

"The programme Evaluation Organisation of the Planning Commission currently conducting evaluation studies on NREP in nine States. It is learnt that the draft report of the study has been finalised and the final report is likely to be available by the end of this year. In depth studies are also being conducted in Madhya Pradesh, Bihar, Haryana, Orissa and Tamil Nadu through independent institutions. It is also proposed to conduct similar studies in Andhra Pradesh, Himachal Pradesh, U.P. Hills and Karnataka. Some of the State Governments have also conducted such evaluation studies either through their own organisations or through independent institutions."

1.98 During evidence the Secretary, Rural Development informed the Committee that they have not got the report of the evaluation study conducted by Planning Commission. Enquired how, in the absence of proper evaluation of the implementation of the scheme, the Ministry could

satisfy itself about proper utilisation of funds provided and achievements of the objectives of the programme, the Ministry replied :

“Besides the evaluation studies being conducted regularly monitoring is being done through the reports and returns that are being obtained from the State Govts./UTs on a regular basis. In addition, field visits are undertaken by officers from Rural Development from time to time to make on the spot study in the fields. In addition the States are being impressed to undertake regular field inspection by officers of different levels. It is now being made a regular practice to conduct evaluation studies in all the States.”

VII. OTHER POINTS OF INTEREST

1.99 During test-check, several types of financial irregularities/wastages were noticed. Whereas replies from Uttar Pradesh and West Bengal in regard to the above cases are awaited, the Ministry of Rural Development have furnished the following replies received from the other States/ Union Territories :

Andhra Pradesh :

The State Govt. has reported that subsidy @ Rs. 1000 was paid to the beneficiaries of weaker section's housing programme during 1981-82 and 1982-83 from the funds made available under Sites and Services programme. In Nizamabad and Vizianagaram Distts. additional subsidy @ Rs. 1000/- was provided from NREP funds for construction of houses with a view to provide better accommodation and additional facilities to the beneficiaries. While dovetailing of outside funds with NREP funds is permitted under the programme, taking up of individual beneficiaries oriented works is not permitted in case of persons other than SCs/STs. The State Govt. has been asked to modify their approach accordingly and in case some expenditure has been incurred on construction of houses for non SC/ST, the same should be reimbursed to NREP account.

Regarding transportation charges in connection with lifting of foodgrains and retention of income tax amounts collected, details are being obtained and the same will be furnished when received.

Bihar :

The State Govt. has stated it was not a fact that they had issued instructions saying that all incomplete earthwork should be treated as closed on 31 May. The local officers have been instructed that all measurement of earthwork should be taken before the rainy season sets in. Such incomplete works will in no case be treated as completed. 105 and 148 no. of incomplete schemes have been referred to in the audit paragraph but the names of Distt. and Block have not been mentioned. As such it has not been possible to offer any comments in this regard.

Gujarat :

The State Government has reported that according to the Assistant Director, Soil Conservation, the amount of Rs. 19,576 pointed out as excess payment in Mehsana was actually not excess payment. The average payment per worker per day did not exceed Rs. 5.50 per day which was the minimum agricultural wages. With regard to the amount of Rs. 3,74,511.00 outstanding in Amreli, the State Government is taking steps to recover the excess payment from the Gujarat State Land Development Corporation.

In regard to the double payment of Rs. 6.63 lakhs, the State Government has stated that they are reconciling the accounts with the Gujarat State Civil Supplies Corporation Limited and will recover the amount from the said Corporation.

In regard to the irregular debit of Rs. 0.56 lakh in Mehsana, the District Development Officer and Chairman of DRDA has been asked by the State Government to recover the irregular payment from the Department concerned.

Haryana :

The State Government has informed that the matter relating to payment of carriage charges of bricks is being investigated. As regard, the non-deduction of profit it has been stated that the bills for works are verified by the Engineering Cell of the Development Department and are settled after deducting element of contractors profit from these bills since the contractors have been banned under NREP.

Strict instructions have been issued by the State Government for payment of statutory wages as fixed from time to time.

Himachal Pradesh :

The Project Officer, Simla, Bilaspur, BDO Rohru and Jhandutta have been asked to explain reasons for not recording in the measurement books details of various works taken up by them during the period in question i.e., December, 1982 to December, 1983 and to make entries in respect of each work on the measurement books without further loss of time. For failure to do so disciplinary action would be taken.

With regard to the completion of Panchayat Ghar in Nichar Block, the matter is being enquired into by Executive Engineer, Panchayati Raj and disciplinary action will be taken against the erring officials.

Karnataka :

The matter regarding accounting of 99.92 quintals of rice and 7 bags of wheat is being investigated. The Dy. Commissioner, Ballary has been addressed in the matter to institute enquiry against the concerned official. Instruction have also been issued to the effect that advances should not be charged off as expenditure.

Madhya Pradesh :

The State Govt. has informed that during 1980-81, 1981-82 and 1982-83, the implementation of NREP was done directly by the district Collectors with the help of development block agencies and others in the line departments. Hence, releases and utilisa-

tions remained coterminus as otherwise the amounts not drawn from the Treasuries lapsed. It was in this context that the question of funds drawn from the Treasury becoming actual expenditure arose. From the last quarter of 1982-83, the State Govt. is following the general directions given by the Government of India that the programme should be implemented through the DRDA's and in that year the programme funds were finally transferred to the DRDA's. In 1983-84, the programme has been implemented through the DRDA's and only funds within the permissible limits remained with the DRDA's as carry-over funds.

The state Govt. have stated that they are not clear about the unutilised balance of Rs. 31.24 lakhs mentioned as having accumulated in October, 1984 in 10 district tests checked, further details in this regard are being collected from the State Govt.

1. The State Govt. is stated to have issued instructions to all DRDA's to take up incomplete works on priority basis and complete these first before taking up any new works.
2. Similarly, recovery proceedings have been started against the defaulting agencies for not starting work or doing substandard execution of works etc.
3. As stated by the State Govt. it is quite usual to have cost escalation in construction works and naturally the provision marked for a particular work in particular year is enhanced if the work is taken up in next year as in the case of incomplete works.

Further details are being ascertained.

Nagaland :

The State Government has informed that they could not get the details about recoveries to be made from the contractors and are making efforts to get the details from A.G. Nagaland in order to effect the recovery.

Regarding payment of Rs. 0.75 lakh for a work twice by BDO, Tseminyu, the bill against construction of Rural rest House at Pughoboto amounting to Rs. 0.75 lakh was drawn from the Treasury on 31-3-1984 and deposited in State Bank of India Tseminyu on 11 April, 1984 for payment to Rural unemployed group who carried out the work. Payment was to be made through Village Development Board, Pughoboto. However, since Pughoboto became a Township, the VDB was abolished and the amount was withdrawn from the Bank and directly paid to the workers. But due to an oversight the amount withdrawn from the Bank was not reflected in the cash book as receipt and hence there appeared to be double payment. In actual practice, payment was made only once.

Orissa : Position of Cement :

According to the State Govt. in regard to distribution of cement by DRDA Kalahandi (Bhawanipatna) complete record of

distribution of cement is now maintained in the register of cement given to different Blocks in the said district. The State Government has been asked to issue necessary instructions for maintenance of record of cement distribution in all the block/Dist.

Regarding position of cement in Baripada the facts are being collected and will be furnished shortly.

As regards Manaswar Block of Sambalpur district it has been reported by the project officer DRDA Sambalpur that the receipts for 59.98 quintals of rice are available with B.D.O. Manaswar and can be produced during next audit.

In so far as sale proceeds of empty gunny bags are concerned, clear instructions have since been issued by State Govt. to all concerned to deposit the amount to DRDA account and to credit the same to NRP funds. The State Govt. have been asked to recoupe the amounts credited to other accounts to NREP accounts.

Punjab :

Payment of streets and constructions of drains are permissible items of works to be taken up under NREP. These result in creation of durable assets for the benefit of village community as a whole and are covered under NREP guidelines. Detailed guidelines have since been issued for taking plantation works under NREP according to which nursery raising for distribution of plants to public is not to be done. It is hoped that this would no more be done in Punjab. It has been clarified to the State Govt. that taking up of maintenance works under NREP is not permitted and no such works should be taken up in future.

Sikkim :

The State Govt. has mentioned that they are now following the prescribed procedure with correct accounting in respect of empty gunny bags.

Arunachal Pradesh :

The position regarding the link road to Sika Toda Village in East Siang District has not been correctly reflected in the audit report. One road 1.7 KM in length with two culverts on it, has been constructed connecting Sika Toda Village and other hamlets with P.W.D. main roads and there was no road existing prior to construction of this road.

Regarding the Ziro-Daporijo Road to Tacher Village the matter is still under investigation and a report will be submitted after facts are ascertained.

Goa, Daman and Diu :

The U.T. Administration has furnished clarification that these comunidade lands are not individually owned by these farmers but belong to the village comunidade. Though they are cultivated by tenants, the bund portion is with comunidades. These bunds also serve as means of communication to commute the villagers from the village to other areas besides protecting the paddy fields. Hence such works undertaken under NREP should not be treated as on private land. Further details are being ascertained.

VIII. RECOMMENDATIONS & OBSERVATIONS

1.100 A number of schemes like Rural Manpower Programme, Crash Scheme for Rural Employment Programme, Food for Works Programme etc., have been launched in the past with a view to eradicating rural unemployment. It is to be regretted that these schemes have not been successful in making any significant dent on the unemployment situation in rural areas.

1.101 The National Rural Employment Programme (NREP) was designed chiefly to provide supplementary employment opportunities to the needy in the rural areas where the problem of unemployment and under-employment is chronic and is accentuated during the lean periods of agricultural operations. The Rural Landless Employment Guarantee Programme (RLEGP) was launched in August 1983 to further expand employment opportunities in the rural areas so that atleast one member of each landless labour household could be provided employment upto 100 days in a year.

1.102 Besides NREP and RLEGP, area development Programmes like Drought Prone Area Development Programme are also being implemented in areas affected by drought and under these programmes also employment opportunities are created. The IRDP continues to provide the main thrust for alleviating rural poverty in the Seventh Plan. The Committee feel that an integrated and concerted approach to the implementation of all these schemes is imperative if opportunities for employment are to be maximised. The Committee feel that it would be advisable to have family-wise planning for families living below poverty line. The linkage of IRDP with other anti-poverty rural programmes must be clearly established. The NREP should be recognised as the first step for providing livelihood to people who are destitutes and have no resources. The ultimate aim of all these programmes should be to make it possible for more and more people to take up ventures of self-employment or wage employment. Employment must be reasonably remunerative besides being productive. There is an urgent necessity for undertaking a comprehensive economic survey of rural areas to identify people living below the poverty line. The Committee have made a recommendation in its Report on IRDP that it is imperative that all allied programmes and activities and the infrastructure required for effective implementation of the all such programmes are integrated and brought under one Ministry to avoid overlapping and ensuring 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 shall be made responsible and accountable. This would make it possible for beneficiaries to obtain adequate assistance to enable them to cross the poverty line at one go and in a lasting manner.

1.103 In order to allocate larger resources to the less developed areas and to pay proper attention to the poorer sections of the rural society, the Government of India had prescribed that 75% of the allocations should be made for programme with direct bearing on agricultural labourers and marginal farmers and 25% poverty. However, in view of limited resources available identification of all unemployed persons was not considered necessary. The Secretary, Rural Development had stated during evidence that 'Micro level data through National Sample Survey' is there. 'Bench Mark

Survey is conducted'. In spite of the National Sample Survey and Bench Mark Survey the allocations had been made by the State Governments on ad hoc basis. The Committee are surprised that an ad hoc approach was adopted in spite of specific recommendations of Estimates Committee in Para 2.30 of their Thirty-fourth Report namely :

“A lesson has to be learnt from the past is that though ad hoc or isolated scheme of employment may work well for a short term they cannot sustain for long and are bound to fail to achieve the purpose.”

The 7th Plan document also mentions that “it is not known as to how much of it has been directed towards those who are landless and the poorest amongst the poor. To this extent, the programme has apparently lacked focus on the target group population, for whom it was meant.” It is desirable to have reliable estimates of people in need of employment in different areas of districts and estimated demand for employment during various seasons in a year. The Committee recommend that a system of registering the workers and issuing to them identity cards shall be evolved so that employments provided benefits the poorest of the poor and the Antyodaya approach is followed scrupulously.

1.104 It is noticed from Audit Paragraph that only some 50.37 to 62.76 per cent of the total available resources could be utilised during 1980-81 to 1983-84 and there remained huge unspent balances with the States/ Union Territories. The Ministry of Rural Development have stated that the resources utilised were between 64.72 to 84.61 per cent.

It is surprising that the Ministry have furnished completely different figures under all the heads, viz., unspent balances from the previous year; resources actually made available; resources utilised; percentage of utilisation of the total available resources. Even the statement of unutilised balances with individual States/Union Territories submitted to the Committee does not tally with Ministry's own Annual Statement. The Committee would like to be apprised of the correct position after this is reconciled with Audit.

1.105 A test check by Audit has revealed that more than Rs. 3,792 lakhs were utilised on the schemes and purposes outside the scope of the Programme. Such cases of diversions were not pointed out during the meetings of the State Level Standing Committee which were usually attended by a representative of the Department of Rural Development. The Governments of Andhra Pradesh, Bihar, Kerala, Uttar Pradesh, West Bengal, Rajasthan and Pondicherry Administration have not given their observations to audit's criticism. However, the Ministry of Rural Development, after examining the replies of the remaining States/Union Territories, found that a sum of Rs. 316.85 lakhs was spent within the scope of the programme and there was diversion of funds in Himachal Pradesh, Punjab, Sikkim and Tamil Nadu to the extent of Rs. 112.49 lakhs. These States have been asked to credit this amount to NREP account. Necessary details in regard to Rs. 849.93 lakhs spent on schemes outside the scope of the Programme are awaited. The Committee cannot but take serious view of the situation. The figures mentioned above have been arrived at as a result of test check by Audit : in actual practice there may be more cases of expenditure outside the scope of the programme. This leads to the inevitable conclusions

that there is no proper control over monitoring of the implementation of the programme. The Committee would like to be apprised of the remedial measures proposed to be taken by the Government to rectify any wrong diversion and to see that such unauthorised diversions does not take phase in future.

1.106 The cases mentioned in sub-paras 5.4.3.2 and 5.4.4 of the Audit Paragraph relating to blocking of funds and misappropriation of funds in various States indicate lack of adequate control by supervisory officers. The Committee would like these cases to be gone into thoroughly in conjunction with audit. The cases where guilt is clearly established, punitive action should be taken.

1.107 In a number of States, major portion of funds was released by the State Governments/Union Territories in the last quarter of the year. Indeed a substantial part thereof was paid during March every year. Even during 1984-85 the expenditure incurred during the first three quarters ranged from 13.3% to 24.04% and during the last quarter it was 43.74%. It is clearly undesirable that such a large percentage of years' expenditure is disbursed in one quarter of the year. The Committee note that quarterly targets have now been fixed for employment generation in each quarter. The Committee hope that the Government would take adequate steps to monitor the achievement with reference to those targets : Only then there will be no rush of expenditure in the last quarter or the last month of the year.

1.108 There are substantial discrepancies in statistical figures supplied by the Department of Rural Development and those given in the sub-para 5.5 of Audit Paragraph under the head quantities of foodgrains released and utilised during 1980-81 to 1984-85. The discrepancy should be reconciled to the satisfaction of Audit and the Committee informed accordingly.

1.109 According to the guidelines, foodgrains were to be provided at the rate of 1 kg. per manday. It was also decided in 1983-84 to subsidise the cost of foodgrains to the extent of 37 to 40 paise per kg. for wheat and rice to be distributed under the programme. The utilisation of food-grain, however came down sharply from 13.34 lakh MT in 1980-81 to 2.33 lakh MT in 1981-82. It came down further to 1.73 lakh MT in 1982-83 and 1.47 lakh MT in 1983-84 and rose slightly to 1.70 lakh MT in 1984-85. An analysis of the Statewise utilisation of foodgrains revealed that all India per capita utilisation per day was 0.64 kg. (1981-82), 0.45 kg. (1982-83), 0.49 kg. (1983-84) and 0.48 kg. (1984-85). During evidence the Secretary, Rural Development informed the Committee that all State Governments except Maharashtra who are distributing coarse grains have accepted the rule that not less than 40 per cent of wages should be given in the form of foodgrains. The Committee are of the opinion that keeping in view the comfortable food stocks and the desirability of improving nutritional standard of workers, utilisation of foodgrains under the programme should be stepped up significantly. This would also result in higher real income for the workers as they would also get the benefit of subsidy.

1.110 The Committee also desire that the feasibility of distributing coarse grains, handloom textiles and other items of daily use like pulses and edible oil as a part of payment of their wages, should also be examina-

ed after ensuring that adequate machinery exists for the purchase, handling and distribution of such items. Such a system would also provide marketing outlets for the products manufactured under IRDP also.

1.111 The Department of Rural Development have informed the Committee that the State Governments have been advised to see that the distribution of foodgrains is done immediately on lifting them from FCI godowns and foodgrains are not stored for unduly long periods. The Committee desire that the Health Departments of the respective State Governments should be advised to take samples of foodgrains from time to time to ensure that the foodgrains supplied to workers are of the prescribed quantity and safe for human consumption.

1.112 Regarding shortages of foodgrains due to non-reconciliation mentioned in sub-para 5.5.4 of the Audit Paragraph, the Ministry have supplied information relating to utilised balances of foodgrains based on actual quantity lifted in different States. The Ministry should reconcile the information and the Committee apprised of the final position.

1.113 Against a total outlay of Rs. 1620 crores provided for the Plan period 1980-85, the actual expenditure under NREP was of the order of Rs. 1843 crores, of which component wage outlay was Rs. 981 crores. This outlay was based on the wage rate ranging from Rs. 4.90 to Rs. 6.54 per day. As the agricultural wage rates paid to unskilled worker were already higher the aforesaid targets were obviously un-realistic and the Committee are not fully satisfied about the correctness of figures of achievement of employment actually generated.

According to Ministry's reports of achievements the targets for generation of employment had almost been met during 1980-81 to 1983-84 and more than 300 million mandays' work had been generated in each of these years. However, the Audit has pointed out that against the reported achievement of 2016 lakh mandays the actual number turned out to be 1146 lakh mandays. The Department of Rural Development have admitted that some States were not reporting employment generation properly. Some of the States, viz., Tamil Nadu, Madhya Pradesh, Nagaland have worked out the employment generation figures by dividing the wage expenditure by minimum wage rates prevailing in those States. Officers responsible for manipulating the figures for report should be punished for supplying incorrect data. The Government of India should require the State Governments to maintain authentic record like muster rolls susceptible of verification so that the position of achievement of generation of employment vis-a-vis those targeted is maintained correctly and incorrect information is not supplied by State Governments. The officers indulging in malpractices and manipulation should be punished and reported to the Committee.

1.114 In order to pass on the full benefits of the programme to the rural poor, the guidelines had prescribed a complete ban on contractors/middlemen executing the NREP works. During test-checks by Audit it was noticed that the ban had not been observed in several States/Union Territories resulting in denial of employment opportunities of over 65.65 lakh mandays work to the rural poor. More and more emphasis should be given to execution of works through Panchayat Raj institution involving the village community in implementation of the programme so that there is no scope for

engaging the contractors or middlemen in any form and there is no exploitation of workers and they may get the full benefit of the scheme. The Committee recommend that complaints regarding execution of NREP works through contractors/middlemen should be investigated promptly and deterrent action taken against erring officers and also reported to the Committee.

1.115 The Committee note from the guidelines issued in March 1981 that the payment of wages was to be made at rates not exceeding the minimum agricultural wage prescribed for the area. It is noticed from the Audit Paragraph that higher rates of wages had been paid in Mizoram, Nagaland, Dadra and Nagar Haveli. Similarly, against the minimum agricultural wages fixed for the area of employment it was noticed that there was either no uniform practice or the rates paid were lower than the minimum. The Committee hope that with the issuance of new guidelines there would not be any more cases of payment of wages at rates other than prescribed under the Minimum Wage Act.

1.116 There were also inordinate delays ranging from one month to two years in 11 States and one Union Territory in making payment of wages. The Committee urge the Government to ensure that payment to workers are made weekly or fortnightly and dilatory tactics are not adopted.

1.117 A minimum of 10% of resources allocated under NREP was required to be earmarked every year for utilisation exclusively on programmes of social forestry and fuel plantation so as to preserve ecological balance and also to meet the fuel needs of the rural poor. From information furnished to the Committee, it is seen that in the case of 11 States and 5 Union Territories there were substantial shortfalls in utilisation of the funds earmarked for social forestry. In Jammu and Kashmir, Andaman & Nicobar Islands, Goa, Daman & Diu more than 50% of the funds could not be utilised whereas in the case of Assam, Nagaland, Tripura and Arunachal Pradesh, Mizoram and Pondicherry about 40% of funds remained unutilised. In this connection the Sub-Group of Rural Employment Programme has observed that considerable delays were taking place in the resources reaching the implementing agencies. This group observed that one of the major reasons for bigshort fall in implementing social forestry scheme was that the funds were not available with the implementing agencies prior to rainy season. To avoid this problem the Sub-Group had suggested that in the Seventh Plan, Central assistance should be released directly to the District Rural Development Agencies. The Committee would like to be apprised of further developments in this regard. The Committee would further urge Government to take up plantation of trees under this programme for a period of 5 years. Plantation of fruit-bearing trees could also be taken up where the labourers in villages could plant some trees, nurture them and eventually enjoy the product for a period of time. This scheme would give employment to farmers, generate employment in rural areas and would also improve ecological environment in the country.

1.118 One of the basic objectives of the programme was to create durable community assets for strengthening the rural infrastructure for rapid growth of rural economy. The Committee would like to be apprised of the implementation of the new guidelines issued by the Government relating to the creation of assets.

1.119 The Committee find that whereas the NREP guidelines emphasised the need for maintenance of proper records of all the assets created, exacting agencies in Haryana, Jammu & Kashmir and Rajasthan were not maintaining any consolidated records which could show the details of all the assets created. In the absence of such records it is not possible to conduct physical verification of the assets. This is a serious matter and requires immediate attention. The reasons for not carrying out physical verification in Jammu & Kashmir and Uttar Pradesh in spite of repeated instructions need to be explained to the Committee. The Committee would like to know if the Register of Assets created under the programme is being maintained by the States/Union Territories.

1.120 The Committee also note from the Audit paragraph that physical monitoring through field inspections by various officers at State Headquarters, District, Sub-divisional and block levels was prescribed in the guidelines on NREP. A schedule of inspection for each supervisory level was to be drawn up by the State Governments. It is disquieting to find that in 15 out of 25 States/Union Territories, these requirements were not complied with. The Committee urge the Government to ensure (a) that administrative apparatus responsible for implementing the scheme is developed and strengthened; (b) that necessary inspection and vigilance machinery is intensified by prescribing surprise checks; (c) that training and motivating the concerned staff is undertaken so that they realise this, feel responsibility and are able to make effective contribution to nation building activities. The Committee need scarcely emphasise that the staff employed for carrying out these activities is not transferred frequently.

1.121 The Committee observe from the Audit report that quite a sizeable volume of assets created had gone into disuse because they were inefficiently maintained. The Committee are distressed to see such lack of foresight as to overlook the vital necessity of seeing to it that adequate arrangements were made for maintaining the assets once created in efficient working condition. The Committee would, therefore, recommend that alongwith planning for works under NREP, suitable machinery should invariably be devised for taking over and maintaining the assets created. It was explained to the Committee that due to want of funds the States have not been able to do so. The maintenance of the assets created under the scheme should be made the responsibility of the State Governments and it should be made a pre-condition for releasing funds that States must provide for funds necessary for maintenance of the assets created under NREP. The Committee are happy to note that the Working Group on Seventh Plan set up by the Planning Commission has recommended that 5 per cent of the allocation provided under the Programme should be utilised for the maintenance of the assets.

1.122 In their Report on Food for Work Programme, the Committee had expressed the hope that the funds would be released by the Ministry only after the Ministry is satisfied that well thought out schemes have been drawn up. The Committee desire that the above aspect would be kept in view.

1.123 The Committee learn that the Ministry of Rural Development had stressed in August 1985 that no works outside the shelves should be taken up. Yet it was found during test check in Audit that works worth

Rs. 227.22 lakhs not included in the shelves of projects were undertaken for execution in the States of Rajasthan, Gujarat and Tamil Nadu. Similarly, in Sikkim 22 schemes out of 45 schemes sanctioned in 1982-84 were not included in shelves of projects whereas in Tamil Nadu works valuing Rs. 3.03 lakhs, not included in the annual action plan, were undertaken for execution. Suitable measures should be devised to ensure that the system provided is strictly followed and not flouted.

1.124 It is disquieting to find that out of 31 States/Union Territories, only 4 States (Bihar, Haryana, Madhya Pradesh and West Bengal) had brought out the technical guidelines so far. It is not understood as to how in the absence of technical manual/guidebook in the local language it was possible to ascertain that the assets created were of proper quality. Standardised technical manual/guidebooks should be prepared at the Central level and translated in local languages at an early date so that the quality of assets created under the programme may be of the right quality.

1.125 The NREP Committee at the Centre which had the responsibility of providing over all guidance and undertaking continuous monitoring of the programme not only once in 1980-81, 4 times in 1982-83, 6 times in 1983-84 and 8 times in 1984-85. During 1981-82, it did not meet at all. Similarly, the State Level Steering Committee, headed either by the Chief Minister or Minister-in-charge of Rural Development and Panchayats were required to meet regularly, at least once in 3 months, to make a detailed review of the programme with particular reference to the speed, execution and quality of works and other allied matter. The Committee are concerned to note from the audit paragraph that in 12 States/Union Territories, out of 25 tests checked, the number of meetings of these committees varied from one to two during the whole period from 1981-82 to 1983-84. In this connection the Department of Rural Development have stated that in case, in any State such meetings are not held on regular basis, the attention of the concerned State/Union Territory is drawn towards this. In addition to the review made by the State Level Coordination Committee in their meetings, the implementation of the programme is monitored at the State level through the monthly and quarterly Reports. The monthly and quarterly progress reports are to be submitted by the 10th of the following month and 25th of the month following the quarter. However, the Committee note that there had been delay in submission of monthly reports ranging from 2 to 14 months in 1980-81, 1 to 12 in 1983-84 and in the case of quarterly report it was 1 to 13 months in 1981-82 and 1982-83 and 1 to 7 months in 1983-84. The Committee fail to understand as to how the implementation of the programme is being monitored at the State level without receipt of monthly and quarterly reports in time. The Committee would like to know the mechanism in vogue for verifying the reliability of the monthly and quarterly reports. They need hardly emphasise that monthly and quarterly reports should be submitted on the due dates for ensuring the proper monitoring of the programme.

1.126 In their report on Food for Works Programme, the Committee on Programme Evaluation Organisation (PEO) of the Planning Commission had pointed out in December 1979 several shortcomings after making a quick appraisal study in 10 States (2 districts each; 2 blocks per district) out of 31 States/Union Territories. The PEO had found it necessary to undertake further in-depth studies covering all States. In the absence of proper evaluation of the implementation of the programme, it is not clear how Food for

Works Programme was revamped and the Ministry satisfied themselves about proper utilisation of funds provided and achievement of the objectives. The Committee would like to be apprised of the reasons for not conducting the evaluation studies. Unless there is concurrent evaluation of the scheme it cannot be successfully monitored and its progress cannot be watched. The findings of the study conducted by the PEO may be intimated to the Committee alongwith the action taken by the Government. The Committee also urge upon the Government to undertake further in-depth studies in the remaining States/Union Territories.

1.127 The Committee also view that there should be some sort of specialised treatment for implementation of rural employment programme which is so vital for uplifting the poverty level of persons of rural areas. Any breach or misuse or misappropriation of funds in the implementation of NRE Programme should be treated as severely as in the case of economic offices for which there is special enactment like Essential Commodities Act. The Committee would urge the Government to consider this question urgently and would also like to be apprised of further developments in this regard.

1.128 The Committee would like to make one general recommendation relating to all rural development programmes viz. IRDP, NREP, Drought Prove Area, RLEGP etc. that there should be monitoring cell in each state.

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

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX I

[Vide para 1.1]

[Para 5 of the Report of the C&AG of India for the year 1983-84, Union Govt. (Civil)]

5. National Rural Employment Programme

5.1 *Introductory*

5.1.1 National Rural Employment Programme (NREP) was designed chiefly to provide supplementary employment opportunities to the needy in the rural areas where the problem of un-employment and under-employment was chronic and accentuated during the lean periods of agricultural operations, resulting in poverty and malnutrition. This programme, which replaced, in October 1980, the earlier non-Plan scheme of the Central Government 'Food for Work Programme' had been made a regular part of the Sixth Five Year Plan (1980-85). It was fully financed by the Centre upto March 1981. From 1981-82, it is being implemented as a Centrally-sponsored scheme on a 50 : 50 sharing basis between the Centre and the States. A total provision of Rs. 1620 crores had been made for the Plan period out of which the Central sector outlay was Rs. 980 crores. Through this programme, employment potential between 300 and 400 million mandays was expected to be generated every year. Payment to workers had to be made partly in cash and partly in the shape of foodgrains. Centre would provide its share of funds and allocate foodgrains at one Kg. per head per day as part of wages to the extent surplus foodgrains were available.

5.1.2 The basic objectives of the programme were (i) generation of additional gainful employment for the unemployed and under-employed persons, both men and women, in the rural areas; (ii) creation of durable community assets for strengthening the rural infrastructure which would lead to rapid growth of rural economy and steady rise in the income levels of the rural poor; and (iii) improvement of their nutritional status and the living standards.

5.2 *Organisation and structure.*—The programme is being implemented through State Governments and Union Territory Administrations. At the Centre, there is an NREP Committee responsible to provide over-all guidance and undertake continuous monitoring. The Steering Committees at State levels are responsible for continuous review of the programme about its speed, execution and quality of works, stock position, quality of foodgrains, disbursement of wages to workers, maintenance and scrutiny of muster rolls, measurement books, etc. and watch progress of the programme through reports from the field levels. They are required to meet at least once in three months. At the district level, District Rural Development Agencies (DRDAs) have the responsibility for planning, co-ordination, reviewing, supervision, monitoring and preparation of the shelf of projects and the annual action plans. They are required to meet once in a month and are accountable to the State Governments, who are required to provide a well-equipped Rural Engineering Organisation as well as administrative apparatus for taking full care of community assets created under the programme. While Panchayati Raj Institutions are to be effectively involved in implementation of the programme, contractors are to be completely banned for NREP

works. For monitoring the progress both at the Centre and State levels, monthly and quarterly progress reports and (from August 1983) annual reports of achievements are required to be submitted to the States and by the States to the Centre.

5.3 The points noticed on a test-check (1984) of the records of the Ministry of Rural Development and of a few blocks/districts in 20 States and 5 Union Territories, are mentioned in the succeeding paragraphs.

5.4 Financial outlays

5.4.1 *Criteria.*—In order to allocate larger resources to the less developed areas and to pay proper attention to the poorer sections of rural society, the Central Government had prescribed that 75 per cent of the allocations should be made for the number of agricultural labourers and marginal farmers and 25 per cent for incidence of poverty. The criteria were to be followed both by the Centre while allocating the resources to States/Union Territories and by the latter while allocating them to the districts/blocks. However, it was noticed that in the case of Bihar, Himachal Pradesh and Uttar Pradesh, the allocations had been made by the State Governments on *ad hoc* basis, while Punjab Government had made the allocations based on the number of villages inhabited in each district/block, Jammu & Kashmir based it on the number of panchayats in each block and Madhya Pradesh on the number of blocks in each district.

5.4.2 *Shortfall in expenditure.*—The budget provisions (Central) and the expenditure there against, and the position of the total resources (Central and States) made available for the programme and their utilisation upto 1983-84 are as shown in Table I and II below :—

TABLE—I

Year	(In crores of rupees)	
	Central (Budget-RE including value of foodgrains)	Actual expenditure (including value of foodgrains)
1980-81	340	345.85
1981-82	180	183.42
1982-83	183	189.00
1983-84	190	190.21

Source : Ministry's Performance Budget for 1983-84 and 1984-85.

TABLE—II

Total resources Central and States (including value of foodgrains)

Year	(In crores of rupees)					
	Unspent balance from the previous year	Resources actually made available	Total (col. 2 & 3)	Resources utilised including value of foodgrains	Unspent balance at the close of the year	Percentage of utilisation to the total available resources
1	2	3	4	5	6	7
1980-81	114.01	317.85(C) Nil(S)	431.86	217.53	214.33	50.37
1981-82	214.33	166.94(C) 166.14(S)	547.41	317.71	229.70	58.04
1982-83	229.70	200.45(C) 198.78(S)	628.93	394.72	234.21	62.76
1983-84	234.21	187.76(C) 202.45(S)	624.42	390.06	234.36	62.47

State-wise break up of the un-utilised balances as on 31st March 1983, vide Annexure-I, revealed that more than Rs. 10 crores each were outstanding with 9 out of 22 States. This indicates that more effective steps were called for to ensure optimum utilisation of the Plan funds.

The following six States had not made their full matching contributions and had instead used more Central Funds than were due to them.

			(Rs. in lakhs)
Bihar	108.54	Rajasthan	114.31
Nagaland	0.64	Tripura	23.00
Punjab	83.54	Uttar Pradesh	169.74

It was further revealed :—

- though as per Ministry's record Himachal Pradesh had released its full share of Rs. 120 lakhs during 1981-82, the State Government actually released only Rs. 76 lakhs as its share.
- Punjab was provided with Rs. 179 lakhs by the Centre during 1980-81 to augment the expenditure on its Plan and non-Plan schemes and for shortfall, if any, resources were refundable. But the State Government drew Rs. 129.50 lakhs from NREP funds although it spent only Rs. 70.19 lakhs in excess of its normal budget provision in augmenting the expenditure on schemes. Excess drawal of Rs. 59.31 lakhs was refundable to the Centre.

5.4.3.1 *Diversion of funds.*—During test-check, more than Rs. 37.92 crores were noticed to have been utilised from the funds of the programme by the following States/Union Territories on schemes and purposes outside the scope of NREP. This included Rs. 3.04 crores utilised on works in urban/municipal/town areas :—

	(Rupees in lakhs)	
	Urban	Total including urban
Andhra Pradesh	107.48	208.15
Bihar	0.85	863.63
Goa, Daman & Diu	..	0.80
Himachal Pradesh	0.29	3.55
Jammu & Kashmir	—	@
Karnataka	..	222.00
Kerala	..	0.38
Madhya Pradesh	14.19	422.22
Maharashtra	..	7.46
Orissa	50.00	447.46
Punjab	0.98	157.41
Pondicherry	2.93	2.93
Rajasthan	10.99	10.99
Sikkim	2.50	3.60
Tamil Nadu	0.28	14.80
Uttar Pradesh	68.86	1293.41
West Bengal	44.56	127.86
	303.91	3791.65

@ 135 Bags of Cement and 139 corrugated galvanised Iron Sheets (Value not known) were utilised on works outside the Scope of NREP.

5.4.3.2 Blocking up of funds.—In the following States/Union Territories, NREP funds remained blocked/un-utilised :—

- Andhra Pradesh : In Chittoor and Eluru districts, out of 24595 huts/houses constructed, 873 were damaged and another 20720 remained un-occupied (estimated cost : Rs. 744.83 lakhs; value of 143 huts/houses in Eluru district not known).
- Haryana : Cost of foodgrains (Rs. 3.54 lakhs) not supplied was not recovered from the Food Corporation of India (FCI). Detailed accounts for Rs. 46.62 lakhs out of the advance of Rs. 48.61 lakhs; and muster rolls for Rs. 3.09 lakhs out of Rs. 11.02 lakhs advanced in 1981-82 were awaited from Panchayats. Muster rolls for Rs. 7.93 lakhs were not passed. Adjustment bills for Rs. 2.88 lakhs out of Rs. 3.10 lakhs advanced (August 1981 and July 1982) to suppliers were also awaited.
- Himachal Pradesh : Cost of foodgrains (Rs. 3.36 lakhs) not lifted (1981-82 and 1982-83) was not recovered from FCI. 505 works (expenditure during 1980-84 : Rs. 51.25 lakhs) were still incomplete (March 1984). Seven works (estimated cost : Rs. 3.36 lakhs) taken up in November 1979 in three blocks of Shimla district were incomplete even after spending Rs. 3.99 lakhs (March 1984).
- Karnataka : Road metal worth Rs. 2.38 lakhs collected during September 1982 to March 1983 for 70 road works was not utilised (June 1984) in Mandya block.
- Orissa : Rupees 19.09 lakhs advanced to various agencies (1981-84) remained unutilised (June 1984), 538.02 quintals of rice (value : Rs. 0.97 lakh) issued to cooperative societies (February to June 1983) and to executants (May 1981 to June 1983) 84.08 quintals of foodgrains (value : Rs. 0.16 lakhs) and Rs. 0.86 lakh in cash advanced to executants in Khunta-I block in Mayurbhanj (1981-83) and Karangia, Rairangpur and Baripara-blocks remained unadjusted (May 1984). Rs. 1 lakh in cash and foodgrains worth Rs. 1.52 lakhs advanced (February 1983) to Executive Engineer, Canal Division, Bargah for a work were not recovered, though the work was eventually dropped. The foodgrains eventually became unfit for human consumption. Ten tonnes of rice (value : Rs. 0.20 lakhs) advanced (September 1982) for a work in Khunta-I block were not returned though the work was abandoned.
- Punjab : Rupees 0.44 lakh paid to District Food and Supplies Controller Patiala towards cost of foodgrains by the District Development and Panchayat Officer, Patiala in March 1981 were neither refunded nor the foodgrains were supplied (November 1984). Rupees 0.18 lakh remitted (December 1983) by Director, Rural Development to BDPO, Rajpura for wheat coupons supplied by the Food and Supplies Controller, Patiala (1982-83) were neither paid by him, nor were the coupons utilised (November 1984). Wheat coupons (23.47 tonnes valued at Rs. 0.40 lakh) obtained in 1981-83 remained un-utilised in three blocks in Patiala, 9.85 tonnes of wheat costing

Rs. 0.16 lakh (1981-83) remained unutilised in four blocks of Ropar/Patiala (March 1984). Barbed wire purchased in 1983 (cost : Rs. 0.81 lakh) remained un-utilised (April 1984) with Divisional Forest Officer, Patiala, Grants-in-aid (Rs. 50.26 lakhs) paid to village panchayats (March 1983) was not actually spent but placed under deposit head to avoid lapse of grant as also to claim Central share of assistance.

- Tamil Nadu : Unutilised advance (cash Rs. 20.96 lakhs and rice worth Rs. 4.36 lakhs during 1981-84 with Rural Welfare Officers in 10 districts) remained unaccounted for (April 1984).
- Uttar Pradesh : Construction materials worth Rs. 3.54 lakhs purchased in 1982-83 by zila parishad, Kanpur remained unutilised (January 1984). Position of Rs. 141 lakhs out of Rs. 171 lakhs sanctioned in March 1982 to clear the back-log of wages due under the erstwhile Food for Work Programme was not known (February 1984). An Irrigation Division in Lucknow district spent only Rs. 1.10 lakhs out of Rs. 20 lakhs allotted in 1981-82 and transferred Rs. 3 lakhs to another district, which was not permissible. Balance of Rs. 15.90 lakhs remained blocked.
- Chandigarh : Against the expenditure of Rs. 0.40 lakh (1982-83) and Rs. 6.65 lakhs (1983-84), Rs. 3.62 lakhs and Rs. 7.90 lakhs respectively were booked.

5.4.4 *Misappropriations etc.*—In Bihar, two national newspapers had reported (April and June 1984) about suspension of six block level officers including a Block Development Officer (BDO) and a junior engineer and initiation of criminal proceedings in connection with the alleged misappropriation of approximately Rs. one crore. 700 quintals of programme wheat were allegedly shown as distributed on paper; loans of lakhs of rupees for purchase of buffaloes, cows, bullock-carts, etc. were allegedly shown as distributed on paper and the money misappropriated. Installation of cheap pumpsets in place of costly diesel sets was also alleged. The Ministry stated (July 1984) that the State Government was being requested to furnish facts. In Uttar Pradesh, village Pradhan, village Harradan (Gorakhpur district) complained (February 1984) that 181.5 tonnes of cement (value : Rs. 0.61 lakh) was issued (July 1982 to April 1983) from Dhola Cement Factory, Churu (Mirzapur) for construction of Adult Education Centre but no such building was constructed. The State Government was being requested by the Ministry to take necessary action (April 1984). Spot inspection by the Departmental Officers of three works under Irrigation Division, Gorakhpur revealed fictitious expenditure of Rs. 1.99 lakhs (recording of Rs. 2.20 lakhs instead of Rs. 0.21 lakh). In Allahabad district, spot inspection revealed construction of only one kilometre of road and one culvert (value not assessed) instead of 1.8 kilometre of road with five culverts (Rs. 0.87 lakh) reported. In Jammu & Kashmir, Panchyat Body complained that the works 'construction of Khul from Kalarooch to Badi Bahak', and small repair works of pond at Kalarooch termed as a new work "Construction of well at Kalarooch" already executed under Food for Work Programme had been billed for and payments drawn again under NREP. No investigation was conducted (April 1984).

5.4.5 Maintenance of cash book.—In three blocks of Chamba district (Himachal Pradesh), Rs. 5.66 lakhs received through bank drafts/cheques from Project Officer, Chamba between April 1982 and June 1983 had not been accounted for in the Cash Book. Similarly, payment of Rs. 0.70 lakh made during August 1981 and February 1983 had also not been entered therein. The BDOs stated (February 1984) that the transactions could not be routed through the Cash Book due to rush of work and immediate payments. In West Bengal, Rs. 2.97 lakhs and foodgrains worth Rs. 1.40 lakhs were either misappropriated or not accounted for by the concerned gram panchayat authorities.

5.4.6 Empty gunny bags.—The empty bags of the foodgrains were required to be properly accounted for and disposed of under prescribed procedure crediting the sale proceeds to NREP account. It was noticed in audit that while in Jammu & Kashmir, Kerala, Sikkim and Uttar Pradesh, no accounts had been maintained, in Delhi, Himachal Pradesh, Rajasthan, Andhra Pradesh and Haryana, most of the gunny bags had been lying undisposed and a substantial number of them had become unserviceable due to long storage.

The Ministry had reported utilisation of 18.09 lakh tonnes of foodgrains during 1980-81 to 1983-84. Computed on the average rate of Rs. 4 per bag (adopted by PAC in their 90th Report : Seventh Lok Sabha 1981-82) the blocked up revenue in respect of the empty gunny bags involved would come to more than Rs. 7.23 crores.

5.4.7 Rush of expenditure.—For the sake of observance of financial regularity and execution of the programme in a planned and steady manner, it was essential to spread the expenditure evenly over an year, but in the following cases the expenditure was seen to have been rushed through at the fag end of the year :—

- In Jammu & Kashmir, 82 per cent of the total expenditure was incurred in March 1982 and 56.64 per cent in March 1983, in one district.
- In Karnataka, major portion of funds was released by State Government during the last quarter of the year and a substantial part thereof was paid during March.
- In Meghalaya, sanctions both by the Centre and State Governments were issued at the end of the year. Funds to DRDAs were actually released in subsequent years.
- In Tamil Nadu, 25 per cent of the expenditure was incurred in March 1984.
- In Uttar Pradesh, the funds were usually allotted late in each financial year. In several cases the allotments were made by the State Government/DRDAs between January and March, resulting in rush of expenditure towards the end of the financial years.
- In West Bengal, funds were released in February/March each year during 1980-81 to 1983-84 which were utilised over a period of 1 to 8 subsequent years.

5.5 Foodgrains

5.5.1 *Quantities released and utilised.*—(i) Central Government released 20.89 lakh tonnes of foodgrains during 1980-81 to 1983-84. 6.73 lakh tonnes of foodgrains on account of un-utilised balance of 1979-80 were already available with States/Union Territories as per records of the Ministry. 18.09 lakh tonnes were reported to have been utilised during the period. The following table gives the releases and utilisation of foodgrains during 1980-81 to 1983-84.

TABLE

Year	Foodgrains				(in lakh tonnes)		
	Un-utilised stock from the previous year	Quantity released by the Centre	Quantity lifted by States/ Union Territories	Total (Col. 2 & 4)	Utilisation Quantity	Per-centage of Col. 6 to 5	Un-utilised balance
1	2	3	4	5	6	7	8
1980-81	6.73	13.27	13.27	20.00	12.78	63.90	7.22
1981-82	7.22	2.78	2.78	10.00	2.27	22.70	7.73
1982-83	7.73	2.48	2.26	9.99	1.59	15.91	8.40
1983-84	8.40	2.36	1.33	9.73	1.45	14.90	8.28

£Quantity lifted was not reported separately by the Ministry, hence the figures of column 3 adopted.

- (i) There was a progressive decline in utilisation of foodgrains on the programme. The actual utilisation appeared to be still less if the foodgrains diverted elsewhere or rendered unfit for human consumption and or mis-appropriated, etc. (vide para 5.5.2 and 5.5.3) are taken into account.
- (ii) An analysis of the State-wise utilisation of foodgrains revealed that all-India *per capita* utilisation per day was 0.64 kg (1981-82), 0.45 kg. (1982-83) and 0.48 kg. (1983-84) against the prescribed quantum of one kg. The Ministry stated (July 1984) that less utilisation was due to factors like inadequate arrangements for distribution and availability of foodgrains at lower price in open market.
- (iii) Quantities released were not lifted in full in 1982-83 (0.70 lakh tonnes including 0.48 lakh tonnes revalidated) and 1983-84 (1.03 lakh tonnes). Figures for earlier years were not available.

Reasons for short lifting were not available nor was it known if the supplies were not fully made by Food Corporation of India. The Public Accounts Committee had already expressed its concern in this regard in connection with Food for Work Programme vide 90th Report (Seventh Lok Sabha, 1981-82).

5.5.2 Diversions of foodgrains to un-authorised purposes :

Andhra Pradesh—97.4 tonnes of foodgrains provided for NREP were diverted to other schemes during 1981-82 to 1983-84.

Bihar—Excess quantity of 10.08 quintals of foodgrains left with the executing agents, after completion of works (Madhubani), was not received back and its cost was recovered at rates applicable to workers.

Haryana—Supplies were made at the rate of 2 kgs. to 5 kgs. per manday for 6.62 lakh mandays, against the prescribed quantum of one kg. per manday. At the same time no supplies were made in case of 2.83 lakh mandays.

Himachal Pradesh—20.5 tonnes of foodgrains (cost : Rs. 0.35 lakh) were diverted (1982-83) to schemes not covered under NREP.

Jammu & Kashmir—62.41 quintals of foodgrains for which the cost (Rs. 0.12 lakh) had been recovered from workers through bills, were not actually issued to them.

Kerala—4294 tonnes of foodgrains (value : Rs. 75.16 lakhs) shown as issued to 18 blocks and also shown both as received from FCI and issued to the conveners in the stores registers of blocks, neither reached the block headquarters nor were any issues made therefrom. Similarly, 86.816 tonnes of surplus foodgrains (value : Rs. 1.35 lakhs) lying with 8 conveners in Chirayankil block (Trivandrum) since March 1981 (86.183 tonnes) and March 1982 (0.633 tonne) were not taken back. 515.650 tonnes of foodgrains relating to erstwhile Food for Work Programme remained unutilised with the conveners for more than 3 years.

Madhya Pradesh—In certain blocks of Bhopal and Vidisha districts, 84.12 quintals of foodgrains (value : Rs. 0.13 lakh) were exchanged for other materials.

Meghalaya—113 quintals of rice were issued on 30th March 1983 to local committees in Khleriat block but there were no records to substantiate the distribution among workers, though the cost was shown as recovered from the wages.

Orissa—123.61 quintals of rice valuing Rs. 0.22 lakh were diverted for samiti work during July 1982 to May 1983. 12.73 tonnes of rice valuing Rs. 0.25 lakh were diverted (February-April 1984) to Special Officer, Feeding Programme, Baripada. The foodgrains had not been recouped (July 1984).

Punjab—In seven blocks, out of 152 tonnes of wheat issued during 1981—83 to 83 gram panchayats, 117.60 tonnes valuing Rs. 1.84 lakhs were sold in six blocks on the ground that workers did not accept payment in kind.

Tamil Nadu—In one block, 86.75 tonnes of rice costing Rs. 1.43 lakhs received during October 1980—March 1981 were utilised towards wages for works of Employment Guarantee Scheme (a State scheme) completed prior to October 1980, as ordered by the State Government in January 1981.

Uttar Pradesh—44610 tonnes of foodgrains out of 46720 tonnes allotted for 1982-83 were diverted to the public distribution system.

It may be mentioned that cases of mis-utilisation/diversion of Programme's foodgrains were previously pointed out in Audit Report (Civil) 1979-80 as well as the Programme Evaluation Report of the Planning Commission (December 1979) on which the Public Accounts Committee had expressed its serious concern.

5.5.3 *Loss of foodgrains.*—More than 1631.83 tonnes of foodgrains were lost, as detailed below, due to damage on account of long and improper storage, shortage or mis-appropriation, etc.

		Quantity	Value
Andhra Pradesh	12.50 tonnes	rendered unfit due to long storage	Rs. 0.24 lakh
	27.64 tonnes	shortage/damage	Rs. 0.48 lakh
	120.00 tonnes	mis-appropriation	Rs. 1.98 lakhs
	149.00 tonnes	rendered unfit	Rs. 2.63 lakhs
Himachal Pradesh	19.40 tonnes	damaged due to improper storage	Rs. 0.31 lakh
Jammu & Kashmir	16.22 tonnes	shortage/damaged and rendered unfit	Not known
Orissa	Not known	short lifting from FCI yard	Rs. 0.34 lakh
	..	rendered unfit	Rs. 0.62 lakh
	39.20 tonnes	damaged in cyclone	not known
	5.10 tonnes	damaged by white ants	Rs. 0.07 lakhs
	0.60 tonne	rendered unfit	Rs. 0.02 lakh
	1.62 tonnes	shortage	Rs. 0.03 lakh
	51.84 tonnes	shortage unfit	Rs. 1.03 lakhs
84.55 tonnes	rendered unfit	Rs. 1.52 lakhs	
Rajasthan	341.16 tonnes	damaged	Rs. 4.54 lakhs
Uttar Pradesh	4.18 tonnes	kept in open and damaged in rain	Rs. 0.07 lakh
West Bengal	281.10 tonnes	damaged owing to prolonged storage and lack of storage facilities	Rs. 4.22 lakhs
	385.50 tonnes	rendered unfit for human consumption	Rs. 5.79 lakhs
	92.22 tonnes	misappropriated/misused, not accounted for	Rs. 1.40 lakhs
Total	1631.83 tonnes		

5.5.4 *Non-reconciliation.*—Foodgrains released under the programme by the Government of India to States/Union Territories from time to time were not utilised in full and large quantities always remained unutilised with the recipient administration at the close of each year. In monitoring, the Ministry had been adopting the un-utilised balance as reported by the States/Union Territories without reconciling them either with their own

records or with the records of FCI. Analysis in audit of the annual statements from 1980-81 to 1983-84 prepared by the Ministry revealed that a quantity of 7.20 lakh tonnes of foodgrains (1.94 lakh tonnes instead of 7.22 lakh tonnes in 1981-82, 1.66 lakh tonnes instead of 2.45 lakh tonnes in 1982-83 and 1.20 lakh tonnes instead of 2.33 lakh tonnes in 1983-84) valued at Rs. 117.90 crores (on an average rate during the 3 years) had been short-accounted.

Non-reconciliation in the past was commented upon in para 6 regarding Food for Work Programme in the Audit Report-Civil (1979-80). Public Accounts Committee had then desired that reconciliation should be pursued vigorously. Though the Ministry, in its Action Taken Note dated the 31st May 1983 had, *inter alia*, categorically stated that in respect of NREP, the figures of lifting of foodgrains were being obtained both from the FCI and the States, yet the details could not be provided to Audit (August 1984). Evidently, the work of reconciliation had not received the attention it deserved.

5.6 Employment generation

5.6.1 Un-realistic targets.—A total outlay of Rs. 1,620 crores was provided for the Plan period 1980—85 and generation of 300 to 400 million mandays' work per year was contemplated. This outlay constituted both the 'material' and 'wage' components, the latter being Rs. 981 crores. With this wage outlay, the contemplated number of mandays could be achieved only if the wage rates ranged between Rs. 4.90 and Rs. 6.54 per manday. The minimum agricultural wage rates payable to unskilled workers were already higher than those rates in several States, and there were further increases in most of the States-UTs, affecting, *inter alia*, the States (numbering ten) accounting for 88 to 91 per cent of the all-India targets of the programme. The rates for the skilled workers were still higher. The contemplated targets of 'work' generation could not, thus, be expected to be achieved. An analysis of the expenditure on wages *vis-a-vis* the number of mandays reportedly generated revealed the per capita wage rate of Rs. 5.63 (1981-82), Rs. 7.46 (1982-83) and Rs. 8.06 (1983-84).

5.6.2 Mis-reporting.—According to Ministry's Reports of achievements, the targets for generation of employment had almost been met during 1980-81 to 1983-84 and more than 300 million mandays' work had been generated in each of these years. However, a test-check in a few States revealed that reports furnished to the State head-quarters Central Government were not factual but highly exaggerated vide table below :—

State subjected to test-check	No. of mandays generated (in lakhs)		
	As actually found (1st stage)	As reported by DRDA etc. (Inter-mediate stage)	As per records of the State Government or as reported to the Centre. (Final stage)
1	2	3	4
Andhra Pradesh (Five district 1981-82, 1982-83)	Not verified	117.08 (as per District Development Officer).	206.13

1	2	3	4
Himachal Pradesh (Five Forest Divisions and two blocks 1980-81 and 1983-84)	0.89 (as per muster rolls)	—	1.69
Jammu & Kashmir (1981-82)	Not verified	9.79 (as per Director Rural Development)	11.00
Karnataka (1981-82)	196.02 (reported by State Government)	—	233.94 (adopted by Cen- tre)
Madhya Pradesh (1980-81)	Not verified	92.28	661.31 (re- ported to Cen- tre).
1981-82	Do.	251.19	335.43—Do.—
1981-82 to 1983-84 (District test checked)	Do.	68.21 (as reported to Audit)	118.69 —Do—
Maharashtra (4-District-2 for 1983-84 and 2 for December 1983)	0.19	0.21 (as per DRDA)	Not verified
Orissa 1980-81	12.89 (as per reports of different depart- ments test check- ed).	—	13.22 (re- ported to Centre)
1981-82	193.11 (Do.)	—	194.31 (Do.)
1982-83	873.69 (Do.)	—	176.61 (Do.)
Punjab (2 districts 1982-83)	0.87	1.04	1.04
Sikkim 1982-83	1.80		2.26
1983-84	2.36		3.29
Tamil Nadu (One district-thirteen block 1982-83)	12.85 (as per nominal muster rolls)	17.67 (as per DRDA)	20.30 (re- ported to the Centre)
Do. (April to December 1983)	6.36 (as per block figures 5.71 (as per nominal muster rolls)	7.30 (as per DRDA)	7.30 (re- ported to the Centre).

Tamil Nadu Government had instructed (November 1982) to compute the generation of mandays by dividing the expenditure on wages by Rs. 7 per manday in disregard of the fact that wage rates for the skilled workers employed were as high as Rs. 21.50 per diem. Till November 1982, even the material component (generally 40 per cent of the total) was not excluded while computing the number of mandays. In the districts/blocks test-checked in Madhya Pradesh, Nagaland, Orissa and Punjab, the number of

mandays reported as generated had been computed by dividing the expenditure on wages by the minimum wage rate. No record of employment/muster rolls had been maintained in these units. In Orissa, computation of mandays on the work of sinking tube-wells in Dhenkanal District, was based on the assumption that a private contractor employment 6 workers a day would take one month to sink one well. Accordingly for 27 wells, 4860 mandays were reported to have been generated.

5.6.3 *Loss of over 65.65 lakh mandays.*—In order to pass on the full benefits of the programme to the rural poor, the guidelines governing NREP had prescribed a complete ban on contractors/middlemen executing the NREP works. During test-check it was noticed that the ban had not been observed in several States/Union Territories resulting in denial of employment opportunities of over 65.65 lakh mandays' work to the rural poor as will be evident from the following :—

- Works worth Rs. 55.46 lakhs (Bihar : Rs. 1.47 lakhs, Gujarat : Rs. 18.61 lakhs, Haryana : Rs. 0.68 lakhs, Himachal Pradesh : Rs. 2.18 lakhs, Madhya Pradesh : Rs. 26.75 lakhs, Maharashtra : Rs. 0.18 lakhs, Punjab : Rs. 0.33 lakhs, Tamil Nadu : Rs. 4.68 lakhs, Arunachal Pradesh : Rs. 0.33 lakhs and Chandigarh : Rs. 0.25 lakhs were executed by contractors/middlemen.
- Bihar Government had entrusted (March 1981) the construction of 3555 houses for the Scheduled Castes and Scheduled Tribes to Bihar State Housing Board, which were constructed through contractors (2550 houses so far). Besides, a large number of schemes were found to have been executed by the Mukhiyas in their personal capacity as middlemen or contractors.
- In Orissa, the works were executed by some agencies through job works/village leaders on the basis of Schedule of Rates (SRs) including contractor's profit of 12.5 per cent in spite of instructions (April 1981) that the contractor's profit included in SRs should not be allowed to village committees/executants. The profit amounted Rs. 336.02 lakhs resulting in denial of nearly 56 lakhs manday's employment (computed at the minimum wage rate of Rs. 6 per manday—1983-84) in Sikkim, the schemes were executed through committees consisting of 3 or more members of the village as approved by District Level Committees and payments were made on actual measurements at SRs. The committees were virtually functioning as contractors who were providing capital for execution of works. Similarly, in Uttar Pradesh, Rs. 82.03 lakhs were paid to contractors/Tolnayaks on account of contractors' profit in Public Works and Irrigation Departments (1980-81 to 1982-83) resulting in denial of more than 9.65 lakhs mandays of employment.

5.6.4 *Lack of control.*—Guidelines issued in March 1981 had stipulated the payment of wages to be made at rates not exceeding the minimum agricultural wage prescribed for the area. However, higher rates had been paid in Mizoram (per capita wage Rs. 10 against prevalent rate of Rs. 6 in 1981-82). Nagaland (per capita wage Rs. 21.21 in 1981-82 and Rs. 14.20 in 1983-84 against the minimum rate of Rs. 8 to 10) and Dadra & Nagar

Haveli (per capita wage Rs. 24 against minimum rate of Rs. 5.50 in 1982-83). Similarly, 'per capita' utilisation of foodgrains was noticed to be disproportionately high in Nagaland (10 kgs.), Tripura (2 kgs.) West Bengal (2.21 kgs.) in 1981-82, Dadra & Nagar Haveli (3 kgs.) in 1982-83 and Pondicherry (2.95 kgs.) in 1983-84, against the prescribed quantum of one kilogram per manday.

5.6.5 Employment for short durations.—The Sixth Five Year Plan was conceived mainly to take care of that segment of the rural poor who were without assets or with grossly inadequate assets and stood in need of wage employment. This situation called for employment on a sustained basis. During test-check in Gujarat, it was noticed that the employment provided was for a very short duration in a year and was not adequate even for the lean periods of agricultural operations. The average number of mandays generated per year/per head was 18 in Ahmedabad district during 1981—84 and 17 mandays in Kheda district during 1981—83. In Rajasthan, 75 panchayats test checked did not provide any employment or provided it for short periods upto only a maximum of 6 months.

5.6.6 Payment of wages.—Against the minimum agricultural wages fixed for the area of employment, it was noticed that there was either no uniform practice or the rates paid were lower than the minimum. Further, though the payment of wages was required to be made promptly and under no circumstances later than a week, there were inordinate delays in payment to workers vide following illustrations :—

State/Union Territory	Wage rates	Period of delay in payment of wages
Gujarat	No uniform practice. Wages paid were based on the quantity of work done, which was more in some cases and less in other cases than the minimum prescribed rates.	Upto 119 days
Haryana	Rs. 10 per diem paid against the minimum wage rate of Rs. 13	One month to two years.
Jammu & Kashmir	Rates varied even in the same regions. In Kokernag the rate was as low as Rs. 3.28 per day, while elsewhere the rates varied from Rs. 5.50 to Rs. 10 per diem.	Upto 18 months.
Madhya Pradesh	Rates paid were lower than the prescribed minimum wage for the area in the case of three out of eight districts test checked.	Upto 7 months
Punjab	Forest Divisions, Patjaja and Ropar paid Rs. 9 and Rs. 10 per diem respectively in 1982-83 against the prescribed rate of Rs. 14.	—
Rajasthan	Wages paid on task basis, which was less than the minimum prescribed wage.	Over nine months.
Uttar Pradesh	Rates varied from department to department.	Upto 394 days.
Chandigarh	Labourer was paid between Rs. 7 and Rs. 10 per diem against the minimum prescribed wage of Rs. 13	Upto 76 days.
Bihar	—	Upto 31 weeks.
Karnataka	—	3 to 28 weeks.
Kerala	—	5 to 20 months
Tamil Nadu	—	Upto two years.

5.7 Eur-Marked activities-shortfalls in achievements

5.7.1 A minimum of ten per cent of the resources allocated under NREP was required to be earmarked every year for utilisation exclusively on works of direct benefit to Scheduled Castes and Scheduled Tribes, and another ten per cent on programmes of social forestry and fuel plantation so as to preserve the ecological balance and also to meet the fuel needs of the rural poor. Accordingly, Rs. 33.38 crores in 1981-82, Rs. 39.92 crores in 1982-83 and Rs. 40.11 crores in 1983-84 were exclusively to be utilised on each of the two activities. Rs. 43.97 crores, Rs. 49.47 crores and Rs. 20.78 crores on the former activity and Rs. 23.79 crores, Rs. 36.43 crores, Rs. 14.37 crores on the latter activity were reported to have been utilised in these years. A review by Audit of the performance reports to the Ministry, however, revealed that out of 31 States/Union Territories, only 11, 13, 8 in the case of former and 7, 14 and 1 in the case of latter activities had reported full utilisation during 1981-84 respectively. In other cases big shortfalls, as noted below, were noticed :—

Year	Works of direct benefit to SCs and STs				Programmes of social forestry and fuel plantation			
	No. of States/Union Territories in default	Proportionate amount (Rs. in crores) Earmarked	Range of shortfall expressed in percentage to the funds ear-marked.	Utilisation	No. of States/UTs. in default	Proportionate amount (Rs. in crores) Ear-marked	Range of shortfall in percentage to the funds ear-marked.	Utilisation
1	2	3	4	5	6	7	8	9
1981-82	7	7.18	3.21	23.54 to 90.85	15	12.24	6.51	6.25 to 96.50
1982-83	11	8.11	3.81	6.25 to 80.36	13	24.20	18.48	3.67 to 69.46
1983-84	23	34.03	12.21	6.25 to 100.00	29	40.09	14.35	14.46 to 90.00

Though the VI Five Year Plan had stipulated special monitoring for these activities, it was in July 1983, that the Ministry insisted upon the States either to increase their allocation for these activities in 1983-84 or to accept the reduction in the second instalment of Central allocation to the extent of shortfalls of the previous years. The second instalment was, however, released after the defaulting State Governments' certifying that the short-falls would be made good in that year. Nevertheless, in actual performance in this regard during 1983-84, seventeen to twenty States/Union Territories did not utilise even fifty per cent of the funds ear-marked. The shortfall in the case of 10 States (for the former activity) and 7 States (for the latter activity) was 75 per cent and above.

5.7.2 Following further points were also noticed during test-check :—

Haryana and Punjab State Governments had made no separate allocation for works benefiting Scheduled Castes and Scheduled Tribes. Himachal Pradesh had not prepared any specific plan

of such works. In Jammu & Kashmir (Udhampur) Rs. 3.93 lakhs only out of Rs. 11.35 lakhs allocated had been spent in 1982-83. In Madhya Pradesh, the amount ear-marked and expenditure thereagainst during 1980-81 to 1982-83 were not available with the Development Commissioner. During 1983-84, out of Rs. 294 lakhs ear-marked against Rs. 375.82 lakhs required, only Rs. 154.16 lakhs had been utilised. In Orissa, out of construction of 50 community centres and 91 sevashram buildings (Rs. 10 lakhs and Rs. 17.58 lakhs) allotted during 1982-83, only 10 centres and 17 sevashram buildings were completed, 28 and 11 were still in progress and the rest 12 and 63 respectively had not been taken up (March 1984). In Uttar Pradesh, expenditure of Rs. 46.96 lakhs in 1983-84 Kanpur and Varanasi incurred on payment of wages to the Scheduled Castes and Scheduled Tribes workers was treated as expenditure on works of direct benefit to these communities. No details of the specific works could be provided by the State Government. Also Rs. 60.68 lakhs spent (1982-83 to 1983-84) on general community works as a whole (like roads, panchayat ghars, school building and social forestry) were treated to have been spent on works of direct benefit to these communities.

5.7.3 As regards the works of social forestry in Haryana, expenditure on works actually relating to social forestry was only 66 per cent of the amount allocated and the balance amount had been utilised for the works not related to it. In Jammu & Kashmir, 28 to 39 per cent of the plants, in Uttar Pradesh, all the 2.59 lakh trees planted (Mohan Lal Ganj and Sarojini Nagar blocks in 1982-83) and 88 per cent of the plants raised (August-September 1982) in 3 blocks of Kanpur district were reported (January 1984) to have died for lack of irrigation facilities and protection measures. In Dhenkanal division of Orissa only Rs. 1.56 lakhs out of Rs. 8.15 lakhs were spent on social forestry during 1981-82 to 1983-84. The rest was spent on departmental works like construction of culverts, digging of trenches, purchase of implements, renovation of tanks at Kapilash, aviary at the deer park at Kapilash, etc. Similarly Rs. 1 lakh were spent in Angul Division during 1981-82 and 1982-83 on social forestry works and the balance of Rs. 3.56 lakhs was spent on regular departmental works. In Sikkim, while the expenditure on social forestry increased from Rs. 3.83 lakhs in 1982-83 to Rs. 3.95 lakhs in 1983-84, the physical achievements of 148 hectares in 1982-83 decreased to 32.35 hectares in 1983-84. In West Bengal (Midnapore district), while 13.86 lakh trees were planted during 1982-83 at a cost of Rs. 6.93 lakhs, the cost of planting 35.18 lakh trees during 1983-84 was Rs. 3.10 lakhs only.

5.8 Physical assets

5.8.1 One of the basic objectives was to create durable community assets for strengthening the rural infrastructure for rapid growth of rural economy. Commencing from 1981-82, regular material component was introduced and its quantum was fixed as 40 per cent of the total allocation for individual works with an overall ceiling of thirty-three per cent for the State/District as a whole. This was enhanced to 50 per cent for the district as a whole in August 1983. For the non-durable assets created in the past under FWP, the Central Government provided Rs. 105 crores out of the Plan outlay at

the end of 1980-81 to various States/Union Territories for converting them into durable ones. It was, however, observed in audit that :—

- Though in connection with Food for Work Programme the Public Accounts Committee had directed that all the non-durable works should be made durable under a time-bound programme, the Ministry was not even aware (July 1984) whether any, and if so, which of the non-durable assets created in the past had actually been converted into durable ones with the help of the specific grant of Rs. 105 crores provided by it in 1980-81. The details were reported to be not forthcoming from the States.
- The un-utilised amount out of Rs. 105 crores was merged with the regular funds of NREP in the subsequent year.
- Even in respect of assets created from 1980-81 onwards (details in Annexure-II), there was no break-up of durable and non-durable assets, nor could it be confirmed that all the assets created were durable ones.

5.8.2 Factual position found during test-check of the account records of some of the State Governments/Union Territory Administrations, was as under :—

5.8.2.1 *Non-durable assets*.—The following assets created on an expenditure of more than Rs. 65.67 crores during 1980-81 to 1983-84 were non-durable :

- Gujarat—Earth work on 12 roads (Rs. 8.91 lakhs) and on two approach roads (Rs. 0.32 lakh) was completed in 1982-83, but the surface was not hardened. Rs. 2.01 lakhs and Rs. 0.45 lakh (estimated) were spent subsequently on repairing the damaged portion.
- Haryana—Rs. 15.23 lakhs were incurred on earth work executed from 1980-81 to 1983-84 but pavement was not provided. In three districts test checked, kutchha approach road, ponds, drains, etc. were undertaken at a cost of Rs. 25.42 lakhs during 1981-82 to 1983-84.
- Himachal Pradesh—During 1980-81 to 1983-84, in 5 blocks, 25 works like mule roads, tracks, foot-paths and bridle-paths (Rs. 2.17 lakhs) were taken up without providing for stone-pitching, gravels, cross drainage, etc.
- Karnataka—Rs. 10.82 lakhs were spent on construction of kutchha roads which included collection and spreading of earth without providing hard surfacing.
- Madhya Pradesh—Earth work valuing Rs. 111.06 lakhs was executed on 1716.4 kms. of roads during 1980-81 to 1983-84 in 9 out of 10 districts test checked. No provision for hardening of surface was made in the estimates.

Maharashtra—52 works (Rs. 3.90 lakhs) were undertaken for spreading of sand/murum on the surface of rural roads during 1982-83 and 1983-84.

Manipur—1213 kms. of rural roads were constructed without top soling and cross drainage with requisite numbers of culverts and bridges except in Imphal district, due to which, the earth work done was damaged during monsoon.

Nagaland—110.41 kms. of kutchha village approach roads and 129.27 kms. of kutchha village foot-paths were constructed. The expenditure of Rs. 12.83 lakhs during 1981-82 to 1983-84 incurred in their constructions related to jungle clearance and earth work.

Punjab—Irrigation Department executed earth work costing Rs. 180.23 lakhs in 1982-83 on reconditioning/excavation of drains.

Rajasthan—Rs. 17.89 lakhs were spent on 64 kutchha rural road works.

Tamil Nadu—In 72 blocks test checked, kutchha roads (Rs. 140.11 lakhs) were laid during October 1980 to March 1984.

Uttar Pradesh—0.10 lakh kms. of kutchha roads (approximate expenditure : Rs. 20 crores) were constructed during 1980-81 and 1983-84. Earth work on 3654 kms. and 2791.53 kms. was done by PWD and RES departments for rural roads during 1980-81/1983-84, but top soling was done only on 1892 kms. and 1437.40 kms respectively. Also against the target of 10513 culverts, only 6138 culverts were constructed. In Allahabad, 0.34 lakh cubic metres of earth work was done (between April and August 1982) at a cost of Rs. 0.69 lakh on the roads which were already constructed under Food for Work Programme.

West Bengal—57344 kms. of kutchha rural roads (expenditure : Rs. 4034.49 lakhs) were constructed/repared during 1980-81 to 1983-84.

Delhi—400 metres of roads (Rs. 0.30 lakh) were constructed improved but not provided with hard surfacing, cross drainage, culverts, etc.

Pondicherry—Two road works (Rs. 0.30 lakh) were executed in 1982-83 and 1983-84 by conveying earth and filling but without spreading gravel on the top of earth.

5.8.2.2 Assets abandoned/rendered redundant.—Assets created with an expenditure of over Rs. 49.70 lakhs were either abandoned or were rendered redundant :—

Andhra Pradesh—Road works costing Rs. 2.30 lakhs which were closed in 1982-83 before completion, had been wiped out in the cyclone of August—October 1983.

Bihar—Kutchha bunds across the water stream were washed away with the first rainfall.

Gujarat—Earth work executed to the extent of Rs. 2.33 lakhs in June 1981 and June 1982 to October 1982, which was stopped due to rains, was not completed (March 1984).

Haryana—Rural latrines constructed at a cost of Rs. 4.88 lakhs were not in use, having been found not popular.

Kerala—Twenty-nine works in 14 blocks taken up for execution during March 1981 and March 1983 were abandoned after incurring expenditure of Rs. 17.39 lakhs.

Madhya Pradesh—In Sagar and Shivpuri districts, 12 dug wells were abandoned and 13 left incomplete after incurring expenditure of Rs. 2.55 lakhs. Two open wells and one school building (Jabalpur/Guna districts, expenditure Rs. 0.33 lakh, 1980-81 to 1982-83) were also abandoned. Expenditure of Rs. 6.02 lakhs (1981-82 to 1982-83 on preparation of site for plantation in 3 districts (North Shahdol, Umaria and Satna) was rendered infructuous as no plantation was done and 84 works in 10 districts comprising 65 roads, 16 schools and panchayat ghars, 2 culverts and 1 well, taken up during 1980-81 to 1983-84 at a cost of Rs. 9.63 lakhs were reported either washed away or otherwise rendered useless due to heavy rainfall/storm, non-consolidation of roads, etc.

Rajasthan—A school building constructed during 1982 (Rs. 0.33 lakh) collapsed in June 1983.

Uttar Pradesh—Four nurseries (Social Forestry Division, Kanpur : cost Rs. 0.81 lakh, 1982-83) were abandoned in 1983-84 due to some dispute on land.

West Bengal—5 schemes taken up for execution in 1982-83 in 24-Parganas district were abandoned after incurring expenditure of Rs. 3.13 lakhs.

5.8.2.3 *Doubtful creation of assets.*—Creation of following assets could not be substantiated from the relevant records :—

— In Andhra Pradesh, a comparison of the reports of the State Government and Chief Engineer (General and PR) regarding assets created during 1981-82 and 1982-83 revealed very large variations such as :—

Category of assets		Creation of assets reported by		
		State Govern- ment	Chief En- gineer (Gene- ral & PR)	
	1	2	3	4
(i) Area benefited through M.L. works, flood protection, etc. works (hectares)		1981-82	21,123.75	5,918
		1982-83	6,567.85	4,270

1	2	3	4
(ii) Rural roads (kms.)	1981-82 1982-83	16,509.33 7,927.02	7,729.84 1,646.29
(iii) School & Balwadi Buildings, Pan- chayat Ghats (Nos.)	1981-82 1982-83	2,730.00 2,579.00	1,382 820
(iv) Other works (Nos.)	1981-82 1982-83	3,472.00 5,288.00	8,771 3,075

— In Haryana, in 93 cases, assets involving expenditure of Rs. 2.44 lakhs were neither verified by the executing agencies nor was the payment authenticated by them. In the case of 48 works out of 93, no entries had been made even in the measurement book.

— In Karnataka, large variations in the figures, as reported by the State Government and as adopted by the Central Government in respect of the assets created during 1981-82 and 1982-83, were noticed as shown below :

Category of assets	Reported by State Government		Adopted by Central Government	
	1981-82	1982-83	1981-82	1982-83
(a) Afforestation (in hectares)	1162	9875	5641	7347
(b) Rural roads (kms.)	817	4988	3696	5387
(c) Village tanks (Nos.)	2049	1432	3561	785
(d) Soil Conservation (in hectares)	2890	10174	25915	14448

In Manipur, as per physical verification report (November 1983), out of 4 tanks and 2 ring wells completed in August 1983 in Jiribam Block of Imphal district, 2 tanks were found half constructed and the other 2 were not in existence and 2 ring wells were also not found constructed. In Tamil Nadu, Rs. 4.25 lakhs were spent during 1982-84 on the formation and improvement of a road which was not borne on the register of roads of the block. State Government's reply whether this was a public road, was awaited (May 1984).

5.8.2.4 *Non-maintenance of the register of assets/non-verification of assets*—It was also noticed that the executing agencies in the State of Haryana, Jammu & Kashmir and Rajasthan were not maintaining any consolidated records which could show the details of the assets created. In the absence of such records, no physical verification was possible by departmental officers. In Jammu & Kashmir and Uttar Pradesh, no physical verification was carried out in spite of repeated instructions.

5.8.2.5 *Maintenance of assets*—State Governments were required to make adequate arrangements and also to provide necessary funds through the State budgets for maintenance of assets created under NREP. However, it was noticed that the State Governments of Andhra Pradesh, Bihar, Jammu & Kashmir, Meghalaya, Madhya Pradesh, Sikkim and West Bengal

and Union Territory Administrations of Arunachal Pradesh and Chandigarh made no provision for the purpose. NREP funds amounting to Rs. 1239.43 lakhs had been utilised on the maintenance of assets, in Madhya Pradesh (Rs. 10.47 lakhs; 1980-81 to 1983-84), Maharashtra (Rs. 1.59 lakhs), Orissa (Rs. 107.06 lakhs; 1980-81 to 1983-84), Pondicherry (Rs. 0.05 lakhs; 1982-83), Tamil Nadu (Rs. 5.26 lakhs; 1982-83 and 1983-84) and Uttar Pradesh (Rs. 1115.00 lakhs; 1981-82), which was not permissible under the programme. Expenditure in the case of Uttar Pradesh (Rs. 1115.00 lakhs) had been incurred on maintenance of non-NREP assets like existing channels, drains, bundhs and flood protection works.

5.8.3 Shelf of Projects.—The Sixth Five Year Plan had laid stress upon the preparation of a shelf of projects for each block, based on the felt needs of the rural people on a planned and priority basis. It was stressed (August 1983) that no works outside the shelf should be taken up. Broad guidelines for according priority to certain categories were also given. Based on the shelf, annual action plan of the district was to be drawn before the start of the financial year. Samples of shelf of one or two blocks, districts were to be sent to the Ministry so that a model proforma could be designed. The Ministry informed (July 1984) that five States and five Union Territories were yet to prepare them. In connection with the erstwhile Food for Work Programme, the Public Accounts Committee had expressed the hope that the funds would be released by the Ministry only after satisfying themselves about the preparation of well thought-out shelves of projects and the Committee was informed in May 1983 that the shelf of projects had since been prepared in almost all the States on block district basis. Test-check in audit, however, further revealed that works worth Rs. 113.61 lakhs, Rs. 4.22 lakhs in Panchayat Samiti, Asind, (Bhilwara) in Rajasthan, Rs. 18.61 lakhs in DRDA, Ahmedabad, Gujarat during 1981—84 and Rs. 90.78 lakhs in Tamil Nadu, which were not included in the shelf of projects, were undertaken for execution. In Sikkim, 22 schemes out of 45 schemes sanctioned in 1982—84 were not included in the shelf of projects. In Tamil Nadu, works valuing Rs. 3.03 lakhs, not included in the annual action plan, were undertaken for execution. In Madhya Pradesh (upto 1982-83), Meghalaya, Nagaland, Orissa and Goa, Daman & Diu (1982—84), no shelf of projects had been prepared in any district. In Arunachal Pradesh, no shelf/annual action plan was prepared upto 1981-82. In Himachal Pradesh, West Bengal and Madhya Pradesh, annual action plans had not been prepared for 1980-81 and 1981-82. In Bihar, Haryana, Maharashtra, Orissa, Rajasthan, Uttar Pradesh and Pondicherry, these plans had not been prepared generally in the case of districts blocks test checked.

5.8.4 Standards and specifications technical manuals.—Each state was to prepare the technical manual guide-book in the local language indicating standards and specifications for all types of works likely to be taken up in the State, because the works were to be executed by the village panchayats who needed guidance. Out of 31 States Union Territories, only three States (Bihar, Haryana and West Bengal) had brought out the technical guidelines so far (July 1984).

5.9 Monitoring

5.9.1 The NREP Committee at the Centre which had the responsibility of providing over-all guidance and undertaking continuous monitoring of the

programme met only once in 1980-81 (March 1981), four times in 1982-83 and six times, in 1983-84. During 1981-82, it did not meet at all.

5.9.2 The State Level Steering Committees, headed either by the Chief Minister or Minister-in-charge of Rural Development and Panchayats were required to meet regularly, at least once in three months, to make a detailed review of the programme with particular reference to the speed, execution and quality of works and other allied matters. It was noticed that in 12 States/Union Territories out of 25 test checked, the number of meetings of these Committees varied from one to two during the whole period from 1981-82 to 1983-84. In Arunachal Pradesh, 5 meetings were held, and in 2 Union Territories, no such Committee had been set up so far. In case of Punjab various departments, instead of DRDAs, were entrusted with execution of NREP works along with their normal activities. These departments worked in isolation from each other.

5.9.3 For proper monitoring of the programme, the Central Government had prescribed for submission to it, the monthly and quarterly progress reports (by the 10th of the following month and 25th of the month following the quarter). It was, however, noticed that some States had sent monthly reports for several months together with quarterly reports relating to more than one quarter. State Government of Meghalaya had sent on 31st August 1983, all the monthly reports from August 1982 to March 1983 together with quarterly reports relating to June, September, December 1982 and March 1983. Delay in submission of monthly reports ranged from 2 to 14 months in 1981-82, 1 to 12 months in 1982-83 and 1 to 9 months in 1983-84. Delay in case of quarterly reports ranged from 1 to 13 months in 1981-82 and 1982-83; and 1 to 7 months in 1983-84. Following State Governments did not furnish the progress reports at all during the period mentioned against each :

1981-82	Manipur, Meghalaya, Jammu & Kashmir, Maharashtra	Full year Part of the year
1982-83	Arunachal Pradesh, Maharashtra, Himachal Pradesh	Full year Part of the year
1983-84	Manipur	Full year

5.9.4 Physical monitoring through field inspections by various officers at State Headquarters, districts, sub-divisional and block levels was prescribed in the guidelines on NREP. A schedule of inspection for each supervisory level was to be drawn. However, in 15 out of 25 States/Union Territories, the compliance of these requirements was not in evidence, vide the following illustrations :—

Andhra Pradesh—Stamped acquaintances were not available for payment of Rs. 7.54 lakhs in 36 cases test checked.

Bihar—There was no systematic pattern for collection/compilation/monitoring resulting in compilation/submission of incomplete financial and physical reports.

Gujarat—No system had been evolved by the DRDAs to compile accounts on the basis of actuals. Posts of Assistant Project Officers were not filled for 3 to 13 months.

Haryana—In spite of the instructions issued (September 1982) by the Director of Panchayats for test-check of works by various functionaries and for recording necessary certificate of such checks before making payments, Rs. 9.50 lakhs were paid to labourers employed on 199 works in 8 blocks on the basis of muster rolls without recording measurements/assessments. Besides, there were cases where same names (Haryana and Tamil Nadu) or identical father's names (Bihar) were repeated in the muster rolls on the same day/period. Fictitious drawal of wages for non-existent days like 29th February (1981 and 1982), 31st day of April, June and November (1981) in Haryana, 29th February 1982, 31st September (1982 and 1983) in Tamil Nadu and 31st September 1981, 29th, 30th and 31st February 1982 in Kerala was also made. Payments were made without acquaintances, name of the worker, attendance or authority on the muster rolls in Haryana. Jammu & Kashmir—Muster rolls did not contain essential particulars like parentage, addresses, etc. of workers and wage disbursement certificates. Non-affixing of revenue stamps, innumerable corrections and over writing etc. were also noticed.

Maharashtra—DRDAs were mainly concerned with receiving and distributing funds. As already pointed out in para 5.9.3, progress reports were not submitted for 1982-83.

Meghalaya—Works worth Rs. 1.10 lakhs were got executed in 1982-83 through local committees whose bills were paid without obtaining the details of persons actually employed.

Orissa—Wages were paid without muster rolls in Thuamal Rampur block (Rs. 2.96 lakhs) and in Irrigation Division (Angul, Medium Irrigation Division, Dhenkanal and Assistant Soil Conservation Officer, Dhenkanal, Angul and Kamakshyanagar. In M. Rampur block, Rs. 1.80 lakhs were paid to the group leaders of the labourers without individual acknowledgements. In ten blocks of Kalahandi district test checked in respect of works executed during 1980-81 to 1982-83, muster rolls were not certified to the effect that the payment had been made in the presence of two responsible persons of the locality as required.

Punjab—No schedule of inspection was drawn up for field inspections by concerned officers at State Headquarters and below. (November 1984)

Sikkim—In some schemes, though expenditure was less than the estimated amount, the mandays created exceeded the estimates. While in some other cases, expenditure on wages and mandays generated exceeded the estimates but increase in wages was not proportionate to the mandays generated. Therefore, the reported generation of employment was not factual. The spill over of Rs. 29.22 lakhs shown in the annual progress reports for the year 1982-84 was based on the total number of schemes sanctioned and total expenditure incurred during the years

instead of working it on the basis of incomplete schemes only.

Tamil Nadu—Payments were made without passing muster rolls (9 blocks) and on incomplete rolls in 2 blocks. In 8 cases (3 blocks) there were calculation mistakes in the concerned M. B. 354 works, estimated to cost Rs. 54.29 lakhs, were reported physically completed with 'nil' expenditure.

Uttar Pradesh—State Government Heads of Departments and DRDAs were not clear about the scope and objective of NREP and issued incorrect contradictory instructions.

Pondicherry—Muster rolls for 21 works (Rs. 0.79 lakh) in Mannadipet Commune Panchayat were not maintained properly.

West Bengal—Rs. 5.72 lakhs were paid to contractors for executing seven schemes during 1983-84 for which no measurement books were maintained. The number of mandays generated was also not ascertained.

Arunachal Pradesh—Neither any schedule of field inspection was drawn nor was any physical verification of NREP works ever made.

5.9.5 Inconsistencies/contradictions.—Inconsistencies between various reports account records were noticed in the following cases :—

Andhra Pradesh—A correlated scrutiny of the quarterly progress reports of zila parishads *vis-a-vis* the actual figures as per the progress reports of the executing agencies disclosed large variations, e.g., un-utilised cash funds of 1981-82 Rs. 28.52 lakhs reported by zila parishads against Rs. 32.66 lakhs reported by executing agencies, amount utilised on wages Rs. 26.02 lakhs against Rs. 14.29 lakhs, on material Rs. 11.43 lakhs against Rs. 8.66 lakhs, progressive expenditure on wages Rs. 93.51 lakhs against Rs. 73.56 lakhs respectively. Physical assets actually created were 197.45 kms. against 103.55 kms. reported by the parishads (formation of roads), 42.22 kms. against 140.70 kms. reported (gravel), 12.93 kms. against 39.94 kms. reported (metal), construction of schools balwadi buildings 174 Nos. against 67 Nos. reported and those repaired were 6 against 138 reported. In the progress report of resources, the closing balances of funds and foodgrains as on 31-3-1982 were Rs. 1089.72 lakhs and 19054 tonnes, while opening balances as on 1-4-1982 were taken as Rs. 1309.72 lakhs and 13737 tonnes respectively.

Bihar—20,000 tonnes of foodgrains were reported as lifted during 1981-82, but no payment appeared in the books of the State Accountant General. Books of the State Accountant General showed Rs. 2,085 lakhs as Central assistance received during 1982-83, but in the records of the State Government, it was taken as Rs. 2,104.46 lakhs.

Haryana—In Bhadra block, 377.16 quintals of foodgrains valuing Rs. 0.58 lakh issued during March 1981 to March 1983 to 16 panchayats were yet to be accounted for (December 1983).

Himachal Pradesh—Un-utilised balance of foodgrains as on 1-4-1983 as reported by the State Government was 941 tonnes, while as per the concerned Directorate, it was 1390.8 tonnes.

Jammu & Kashmir—Inconsistencies noticed were as given below :—

S. No.	Particulars	As per review report in State-level Committee (October 1982)	As per records of DRDA		
(i)	Expenditure	Rs. 211.00 lakhs	Rs. 216.67 Lakhs		
(ii)	Works taken up for execution	943 Nos.	512 Nos.		
(iii)	Foodgrains issued to labourers				
	Name of block	As per bill (in quintals)	As per stock register (in quintals)		
(a)	Dambhal Hanjipura	34.42	31.94		
(b)	Kokernag	17.70	19.16		
(c)	Langata	9.76	4.94		
(iv)	Allocation of resources and expenditure		(Rs. in lakhs)		
	Year	Allocation		Expenditure	
		Block figures	District figures	Block figures	District figures
	1981-82	9.19	11.87	7.55	12.35
	1982-83	12.55	13.95	9.55	13.22
	1983-84	8.55	9.69	5.28	5.62

In Nowshera block, expenditure of Rs. 1.57 lakhs in 1982-83 and Rs. 1.12 lakhs in 1983-84, which included material component also, was shown as expenditure on wages.

Orissa—Closing balance of 1980-81 (cash including value of foodgrains) was Rs. 807.70 lakhs whereas the opening balance of 1981-82 was taken as Rs. 729.56 lakhs. The discrepancy has not been set right yet (December 1984). Closing balance of foodgrains as per progress report for 1981-82 was 11222.23 tonnes whereas the opening balance for 1982-83 was taken as 12275.89 tonnes. During 1980-81, 16,300 tonnes of foodgrains were allotted to NREP and a State Scheme (Economic Rehabilitation of Rural Poor), out of which as per reports of the executing agencies 11,693.91 tonnes were lifted, leaving

balance of 4606.09 tonnes. However, FCI reported the unlifted stock of 3800 tonnes. Difference of 806.09 tonnes of foodgrains remained un-reconciled (July 1984). DRDA Baripada, in its progress report for March 1984 showed balances of cash of Rs. 74.77 lakhs and foodgrains 230.623 tonnes (value : Rs. 3.67 lakhs), whereas the balances as compiled and submitted to Audit (May 1984) on the basis of information submitted by executing agencies were—cash : Rs. 75.69 lakhs and foodgrains : 290.90 tonnes (value : Rs. 5.55 lakhs).

Rajasthan—The opening and closing balances of the foodgrains differed as shown below :—

Year	Closing balance as on 31st March	Opening balance as on 1st April following
	(In tonnes)	
1981-82	25,905.72	20,239.00
1982-83	9,402.00	3,945.11
1983-84	5,641.70	5,651.14

Reasons for the short accounting of opening balance as on 1st April each year were not forthcoming.

Sikkim—Government of India released 500 tonnes of foodgrains during 1980-81. According to the Food and Civil Supplies Department, 3825 tonnes were released to the executing agencies, who, however, reported lifting of 206 tonnes. The State Government, however, intimated (May and June 1982) to the Government of India utilisation of 93.6 and 212 tonnes of foodgrains in 1980-81.

Uttar Pradesh—Expenditure as recorded in the departmental books and as booked by the State Accountant General differed as under :

Year	As booked in the State accounts	As intimated by State Government
	(Rs. in lakhs)	
1980-81	2,373.40	364.57
1981-82	1,842.29	5,839.07
1982-83	8,046.05	7,928.73
1983-84	(under consolidation)	6,895.98

The State Government stated (June 1984) that against the cash allocation of Rs. 2373.40 lakhs during 1980-81, no amount was lying unutilised. However, it was noticed that Rs. 0.50 lakhs were lying unspent with DPROs of the districts test checked (Kanpur and Gorakhpur). In Haryana and Himachal Pradesh, 111.85 tonnes (value : Rs. 1.67 lakhs) and 11.7 tonnes (value : Rs. 0.20 lakhs) of foodgrain respectively, relating to Food for Work Programme were not carried forward to NREP.

5.9.6 Evaluation studies.—In their report on the Food for Work Programme from the funds made available under sites and service Commission had pointed out (December 1979) several shortcomings after making a quick appraisal study in 10 States (2 districts each 2 blocks per district) out of 31 States/Union Territories. The PEO had found it necessary to undertake further in-depth studies covering all States. However, it was noticed that though the Food for Work Programme/NREP have been in operation since April 1977, none of the State Governments nor the Central Government undertook any indepth study to evaluate the actual achievements, except for limited studies made by Kerala State Planning Board in 1981-82 (findings published in March 1984) and Director of Evaluation and Applied Research, Tamil Nadu, Madras in May—July 1982 (report prepared in May 1984). The Ministry intimated (April 1984) that the PEO had initiated action for taking up evaluation studies in respect of nine States. No progress report had, however, been received from the PEO (July 1984). In Kerala the study conducted by the State Planning Board was restricted to 12 blocks (one block from each district). Important findings of the study were as under :—

- (i) about 73 per cent of the workers were employed by contractors, of which 30 per cent were their regular employees. The rest 27 per cent were employed by the conveners of beneficiary committees;
- (ii) about 15 per cent of the workers had actually signed the muster rolls;
- (iii) out of 594 workers selected for the study only one had received foodgrains as part of wages;
- (iv) out of 68 works started in 1980-81, only one was completed in that year. This reflected a tendency to sanction a large number of road works and abandon them in an incomplete stage. 80 per cent of road works, 100 per cent of minor irrigation works and the wells, and 64 per cent of other works were executed by contractors;
- (v) 75 per cent of minor irrigation works were not durable and the farmers did not utilise the facility;
- (vi) expenditure benefiting SCs/STs was 0.92 per cent in 1981-82 and 3 per cent in 1982-83 against the target of 10 per cent; and
- (vii) the wages paid were less than the rates fixed for NREP. Muster rools were generally manipulated showing more labourers as employed in order to cover the wage differential, thereby exaggerating the generation of employment.

Indian Institute of Public Administration (IIPA) was allotted a study to examine the implementation process in two States and to find out the impediments, but the specific area of the proposed study had not been decided so far (April 1984).

5.9.7 Training of personnel.—To provide necessary orientation to officers handling NREP works at various levels, regular training workshops/programmes were required to be arranged by States/DRDAs at

district/block levels. In 1981-82, it was decided to organise one day Block Level Seminars for functionaries at block level with a view to reviewing the plans and evolving co-ordinated strategies for implementation so as to ensure cooperation of all agencies involved. The Government of India sanctioned, as one time assistance, Rs. 4.91 lakhs to all the States/Union Territories to hold 981 seminars on 100 per cent assistance basis. Out of this, only Rs. 1.10 lakhs had been spent till January 1984 by five States on 307 seminars. The remaining 674 block level seminars were not yet held (June 1984). It was not known if any other training programme had been held in any State/Union Territory.

5.10 Other points of interest.—During test-check, several types of financial irregularities/wastages were noticed. Some of them are shown below :—

- In Andhra Pradesh, subsidy at the rate of Rs. 1,000 was payable to the beneficiaries of weaker section's housing programme from the funds made available under sites and services programme. However, in the districts of Nizamabad and Vizianagaram, subsidy for the construction of 5590 houses was paid both from the State scheme and NREP. Subsidy from NREP funds (Rs. 55.96 lakhs) was inadmissible and should be recouped to NREP account. In 12 Samitis, Rs. 0.71 lakh were paid irregularly for transporting foodgrains from FCI depot but were not claimed from the Corporation. Rs. 0.72 lakh out of Rs. 5.21 lakhs recovered (1981-84) towards income-tax through work bills were not remitted to Income Tax Department but retained as the funds of the Samitis Division.
- In Bihar, the State Government decided that all incomplete works involving earth work other than construction of roads, culverts, school buildings and houses for Scheduled Castes and Tribes, should be treated as completed as on 31st May each year and not carried over to the next year for completion. During 1981-82 to 1983-84, 105 incomplete schemes of various types (construction renovation repair of tanks, Ahar Pine road, canal, bundh, etc.) were closed treating them as complete and 148 schemes, though remained incomplete were not carried over for completion in the next year.
- In Gujarat, Rs. 3.94 lakhs were paid in excess on account of wages allowed at higher rates (January to June 1982 in Mehsana and Amreli districts). In Surendranagar district, Taluka Development Officer reimbursed Rs. 6.63 lakhs to fair-price shopowners upto October 1982 in spite of the fact that the price of foodgrains had already been paid to Gujarat State Civil Supplies Corporation by the Government. In Mehsana district, construction of 5 school rooms and a flood protection wall, which had already been constructed from other funds, was sanctioned by DRDA (June 1983) and Rs. 0.56 lakh were debited to NREP fund irregularly. The amount was not yet (May 1984) recovered from the implementing agency.

- In Haryana, a test-check of 3 districts revealed over-payment of Rs. 9.50 lakhs on account of carriage charges of bricks, non-deduction of contractors' profit, paying wages at higher rates and irregularly debiting amounts to NREP without sanction.
- In Himachal Pradesh, Rs. 1.71 lakhs (cash and foodgrains) were paid irregularly (December 1982 to December 1983) without recording measurements in measurement books. One panchayat ghar in Nichhar block in Kinnaur district (estimated cost Rs. 0.36 lakh) which was taken up in July 1981 and stipulated for completion by December 1981, was incomplete after incurring expenditure of Rs. 0.38 lakh (June 1984).
- In Karnataka, out of 287 quintals of rice and 26 bags of wheat issued (May 1982 and April 1983) 99.92 quintals of rice and 7 bags of wheat were yet to be accounted for (May 1984). Test-check of annual accounts for 1982-83 of 4 out of seven DRDAs revealed that the advances given to implementing agencies were treated as final expenditure, e.g. in Mysore and Bellary districts, Rs. 185.01 lakhs and Rs. 128.60 lakhs given as advance were charged as final expenditure whereas the expenditure reported by State Government was only Rs. 155.20 lakhs and Rs. 91.50 lakhs respectively.
- In Madhya Pradesh, Rs. 294.35 lakhs treated as expenditure during 1980-81 to 1983-84 had actually remained un-utilised outstanding with the executants (May to October 1984). Development Commissioner stated (April 1984) that the funds drawn from the treasury were treated as actual expenditure. Un-utilised balance of Rs. 31.24 lakhs had also accumulated (October 1984) in 10 districts test checked, as the instructions regarding release of instalments to gram panchayats were not followed. Recovery proceedings had been started for Rs. 5.60 lakhs only. 6325 works on which expenditure of Rs. 681.71 lakhs was incurred during 1980-81 to 1983-84 were lying incomplete due to one reason or the other. Rs. 2.28 lakhs were found recoverable from the Commandant-Bhumi Sena, Rewa for substandard execution of works (1982-83 and 1983-84), but no recovery had been effected (March 1984). Delay in completion of 920 works in 10 districts led to revision of rates involving extra expenditure of Rs. 47.87 lakhs.
- In Nagaland, Rs. 0.76 lakh were recoverable from a contractor on account of the cost of material, but only Rs. 0.70 lakh were noted in the bill and even this amount was not recovered. Payment of Rs. 0.75 lakh for a work was made twice by BDO, Tsemnyue once in March 1984 and again in April 1984.
- In Orissa, Rs. 3.05 lakhs (cost of 360 tonnes of cement) were deposited with a cement company in August 1983 by DRDA, Bhawani-Patna. The quantity was lifted in November/December 1983 but no records of distribution of cement

BDOs and the position of its utilisation were available with the DRDA (February 1984). Similarly Rs. 11.02 lakhs were deposited with the same company, during 1983-84 by DRDA, Baripada for the supply of 1303 tonnes of cement. Also the cost of 266 tonnes (amount not stated) was deposited in 1982-83. Out of 1659 tonnes of cement, 610 tonnes valued at Rs. 6.42 lakhs were supplied to 26 blocks and Rs. 2.60 lakhs recovered from them leaving a balance of Rs. 3.82 lakhs. Details of 1049 tonnes had not been obtained from the transporting agents (April 1984). In Maneshwar block of Sambalpur district, issue of 59.98 quintals of rice (1982-83 to 1983-84) was not supported by acknowledgements. 44765 empty gunny bags valuing Rs. 1.57 lakhs remained with the executants (cost not recovered). Sales proceeds of empty gunny bags were credited to their P. L. Accounts by BDOs Sambalpur (Rs. 0.39 lakh) and Keonjhar (Rs. 0.07 lakh), while Executive Engineer, Minor Irrigation Division, Dhenkanal (Rs. 0.11 lakh) and BDO Astarang (Rs. 0.01 lakh) credited the proceeds to State revenues instead of crediting them to NREP.

- In Punjab, no work of the nature of durable assets which could boost rural economy was undertaken. The Rural Development and Panchayats Department which had spent major portion of NREP funds distributed them as grants-in-aid to village panchayats for construction of drains and pavements of streets. Similarly, Forest Department spending NREP funds sold plants to public for plantation while the Irrigation Department executed only earthwork for reconditioning/excavation of drains.
- In Sikkim, the empty gunny bags of the foodgrains were treated as the property of executing agencies.
- In Uttar Pradesh, eight irrigation Divisions in Allahabad, Gorakhpur, Kanpur and Varanasi districts were paid Rs. 40.14 lakhs during 1981-82 and 1982-83 as salary of work-charged staff, who were already employed on departmental works, thus denying generation of employment under NREP. In four blocks, trenches were dug (cost : Rs. 0.76 lakh) to save the plants from being grazed by cattle, but were not found fruitful and were later filled up.
- In West Bengal, un-utilised balances of Rs. 2.15 lakhs and 111.96 tonnes of foodgrains (value : Rs. 1.34 lakhs) relating to erstwhile Food for Work Programme with 6 panchayat samitis were not carried forward to NREP (May 1984). Further, payment to contractors for materials was made without deducting the shrinkage allowance from gross quantities of murum, boulders, sand stone chips, etc. thereby, resulting in overpayment of Rs. 0.99 lakh to the contractors.
- In Arunachal Pradesh, the UT level committee approved construction of a road to link Tacher village (Lower Subansiri District) to help villagers who had remained economically backward due to poor communication facilities. Sanction for Rs. 1.46 lakhs for a part of work was accorded (March 1983).

After spending Rs. 0.10 lakh on material and Rs. 0.03 lakh on wages (March to September 1983), it was found that there was no village called Tacher along the alignment of the road. Another road to link Sika-Rosly Village (East Siang district) was sanctioned in September 1983 at an estimated cost of Rs. 1.21 lakhs. In January 1984, it was however, found that the road already existed.

- In Gov. Daman & Diu, 55 bundh works (expenditure of Rs. 46.54 lakhs) were executed during 1981—83 on land belonging to *comunidade* (association of land owners), but proportionate expenditure, envisaged in the guidelines, as also required under U.T. laws, was not recovered.

Summing up.—

Following are the main points that emerge :

- The criteria laid down for allocation of NREP funds were not followed by several States.
- The utilisation of Plan funds ranged from 50.37 *per cent* to 62.76 *per cent* during 1980-81 to 1983-84.
- Over Rs. 200 crores remained un-utilised with the States Union Territories every year. More than Rs. 10 crores each were outstanding with nine States.
- Shortfalls in the matching contributions of the States were Bihar : Rs. 108.54 lakhs; Himachal Pradesh : Rs. 44 lakhs; Rajasthan : Rs. 114.31 lakhs; Nagaland : Rs. 0.64 lakh; Tripura : Rs. 23.00 lakhs; Punjab : Rs. 83.54 lakhs; and Uttar Pradesh : Rs. 169.74 lakhs. Punjab Government utilised Rs. 59.31 lakhs in excess of its entitlement in 1980-81.
- Rs. 37.92 crores were diverted to schemes outside the scope of NREP by States of which Rs. 3.04 crores were spent on urban municipal town areas.
- In Andhra Pradesh, out of 24595 huts/houses constructed under NREP, 873 were damaged and 20720 (value : Rs. 7.45 crores) remained un-occupied.
- Two national newspapers reported alleged malpractices in Bihar. In Uttar Pradesh, a village pradhan alleged malpractice with regard to 181.5 tonnes of cement (valuing Rs. 0.61 lakh).
- Departmental inspection of the works revealed fictitious expenditure of Rs. 1.99 lakhs in Irrigation Division, Gorakhpur. In Allahabad, 1.8 km. of road and 5 culverts were reportedly constructed, but found to be one km. and one culvert only.
- Duplicate drawal of funds was not investigated in Jammu & Kashmir.
- Rs. 2.97 lakhs and foodgrains worth Rs. 1.40 lakhs were misappropriated, not accounted for by gram panchayats in West Bengal.

- Non-disposal of empty gunny bags blocked-up over Rs. 7.23 crores.
- Utilisation of foodgrains declined from 22.70 *per cent* in 1981-82 to 15.91/14.90 *per cent* in 1982-83/1983-84 respectively.
- All-India per capita utilisation of foodgrains declined from 0.64 kg. in 1981-82 to 0.45 kg. in 1982-83 and 0.48 kg. in 1983-84 against the prescribed quantum of one kg. per manday.
- More than 1.07 lakh tonnes of foodgrains had been diverted to Public Distribution system/rendered unfit/lost/misappropriated.
- 7.20 lakh tonnes of foodgrains valuing Rs. 117.90 crores had been short-accounted for.
- Employment targets of 1500 to 2000 million mandays provided in Sixth Five Year Plan (1980—85) were not realistic.
- Against the reported achievement of 2016.52 lakh mandays, the actual number was 1146.70 lakh mandays.
- Non-compliance of ban on participation of contractors middlemen resulted in denial of 65.65 lakh mandays employment to rural poor.
- Excessively high wages were paid in Mizoram (Rs. 10 against Rs. 6 in 1981-82), Nagaland (Rs. 21.21 in 1981-82 and Rs. 14.20 in 1983-84 against minimum of Rs. 8 to 10), and Dadra & Nagar Haveli (Rs. 24 against minimum of Rs. 5.50 in 1982-83).
- Against the prescribed 10 *per cent* of total allocations to be utilised each on (1) works of direct benefit to Scheduled Castes/Scheduled Tribes and (2) Programmes of social forestry and fuel plantation, the shortfall in utilisation was between 6.25 and 100 *per cent* and 625 and 96.50 *per cent* respectively.
- In Uttar Pradesh, wages paid to Scheduled Castes/Scheduled Tribes (Rs. 46.96 lakhs) were misclassified as expenditure on works of direct benefit to these communities.
- In Jammu & Kashmir, 28 to 39 *per cent* of the plants and in Uttar Pradesh, all the 2.59 lakh trees planted in 2 blocks and 88 *per cent* of those in 3 blocks reportedly died.
- Centre had given Rs. 105 crores during 1980-81 for converting the non-durable assets created in the past into durable ones. Public Accounts Committee had desired a time-bound programme for the conversion, but the Ministry was not aware (July 1984) of the utilisation of the funds and the results thereof. More than Rs. 65.67 crores worth of non-durable assets were added during 1980-81 to 1983-84.
- Assets worth Rs. 49.70 lakhs had been abandoned or became redundant.

- Rs. 12.39 crores were spent on maintenance of assets from NREP funds instead of from State funds.
- Shelves of projects were not prepared by 10 States/Union Territories out of 31. Only 3 States brought out technical guidelines (July 1984).
- Monitoring was inadequate. Meetings of the NREP committee at the Centre and State Level Steering Committees were not regular.
- Monthly and quarterly progress reports were generally delayed. Some States did not submit them.
- Field inspections were slack and wanting in depth and direction.
- Wages had been paid for non-existent dates in Haryana and Tamil Nadu.
- Rs. 55.90 lakhs paid out of NREP funds as subsidy on a State scheme (Andhra Pradesh) was not permissible.
- The information given in the accounts records and progress reports etc. of various functionaries in the States varied from each other. There were wide discrepancies in opening and closing balances of cash and foodgrains in some cases.
- Food for Work Programme NREP were in operation since April 1977, but in-depth evaluation study was not made (July 1984) by Centre States except for limited studies in Kerala and Tamil Nadu.
- Officers handling NREP works were given no training. Out of 981 block level seminars financed by the Centre in 1981-82, only 307 seminars were held till January 1984.
- In Gujarat, while payment for the foodgrains had been made to Gujarat State Civil Supplies Corporation, Rs. 6.63 lakhs were also reimbursed to the fair price shop owners.
- 6325 works costing Rs. 681.71 lakhs were lying incomplete in Madhya Pradesh due to one reason or the other. Rs. 2.28 lakhs on account of sub-standard works were not recovered.
- In Nagaland, cost of material (Rs. 0.76 lakh) was not recovered from the contractor and Rs. 0.75 lakh for a work were paid twice.
- In Orissa, accounts of 1049 tonnes of cement out of 1659 tonnes were not obtained from the transporting agents.
- In West Bengal, un-utilised balance in respect of Food for Work Programme (Rs. 2.15 lakhs and 111.96 tonnes of foodgrains) was not carried over to NREP. Non-deduction of Shrinkage allowance from building material resulted in overpayment of Rs. 0.99 lakh to contractors.

ANNEXURE I

Unspent balance of the Planfunds as on 31-3-1983 under NREP

(Rs. in lakhs)

Name of State/Union Territories	From Central funds	From States funds	Total
1. Andhra Pradesh	1,792.42	131.59	1,924.01
2. Assm	356.40	38.04	394.44
3. Bihar	2,795.03	(—) 108.54	2,686.49
4. Gujarat	497.43	210.96	708.39
5. Haryana	102.65	12.43	115.08*
6. Himachal Pradesh	54.67	35.45	90.132
7. Jammu & Kashmir	205.08	5.64	210.72
8. Karnataka	1,252.76	174.59	1,427.35
9. Kerala	874.13	158.43	1,032.56
10. Madhya Pradesh	2,003.76	15.40	2,019.16
11. Maharashtra	1,733.55	200.68	1,934.23
12. Manipur	44.87	14.32	59.19
13. Meghalaya	37.50	13.25	50.75
14. Nagaland	87.27	(—) 0.64	86.63
15. Orissa	1,375.78	318.76	1,694.54
16. Punjab	169.22	(—) 83.54	85.68
17. Rajasthan	594.48	(—) 114.31	480.17
18. Sikkim	10.36	8.95	19.31
19. Tamil Nadu	677.56	18.40	695.96
20. Tripura	90.18	(—) 23.00	67.18
21. Uttar Pradesh	5,280.01	(—) 169.74	5,110.27
22. West Bengal	2,300.68	93.68	2,394.36
23. Andaman & Nicobar Islands	10.50	..	10.50
24. Arunachal Pradesh	30.16	..	30.16
25. Chandigarh	5.99	..	5.99
26. Dadra and Nagar Haveli	15.76	..	15.76
27. Delhi	8.00	..	8.00
28. Goa, Daman & Diu	10.90	..	10.90
29. Lakshadweep	4.94	..	4.94
30. Mizoram	20.61	..	20.61
31. Pondicherry	28.04	..	28.04
	22,470.69	(—) 1,450.57 (—) 499.77	21,421.45
		950.80	

Source : Ministry's Annual Statements 1980-81 to 1983-84.

*(Rs. 117.22 lakhs as per state records)

ANNEXURE II

Source - Reports of the Ministry for the relevant years

S. No.	Particulars of Assets reported to have been created	1980-81	1981-82	1982-83	1983-84 (as on 18-7-84)	Total
1	2	3	4	5	6	7
1.	Area covered under soil conservation (in lakh hectares)	2.28	1.34	0.38	0.75	4.78
2.	Area benefited through minor irrigation works/flood protection works (in lakhs hectares)	3.27	1.06	1.66	3.07	9.06
3.	Area covered under plantation/afforestation/forestry (in lakh hectares)	0.55	1.03	1.01	0.92	3.51
4.	School buildings, Panchayat Ghars, Community Halls, Balwadi Building constructed (in lakhs)	0.16	0.21	0.75	0.22	1.34
5.	Road works maintained/ repaired (in lakh kms.)	1.30	..	..	..	1.30
6.	Rural roads-New roads constructed (in lakh kms.)	0.36	0.73	1.04	0.33	2.46
7.	Construction of intermediary and main drains, field channels and land levelling etc. in irrigation command area (in lakh hectares)	0.58	..	..	..	0.58
8.	Drinking water wells, community irrigation wells and group housing for Scheduled Castes/Scheduled Tribes (in lakhs)	..	0.90	1.59	0.80	3.29
9.	Construction of village tanks (in lakhs)	..	0.14	0.16	0.12	0.42
10.	Drinking water wells and ponds (Nos.)	..	..	..	25722	25722
11.	Trees planted (in lakhs)	..	..	..	2836.69	2836.69
12.	Other works (in lakhs)	1.42	0.07	0.16	0.12	1.77

APPENDIX II
Statement of Recommendations & Observations

Sl. No.	Para No.	Deptt. Ministry Concerned	Recommendation/Observation
1	2	3	4
1.	1.100	Deptt of Rural Development	A number of schemes like Rural Manpower Programme, Crash Scheme for Rural Employment Programme, Food for Works Programme etc., have been launched in the past with a view to eradicating rural unemployment. It is to be regretted that these schemes have not been successful in making any significant dent on the unemployment situation in rural areas.
2.	1.101—do—		The National Rural Employment Programme (NREP) was designed chiefly to provide supplementary employment opportunities to the needy in the rural areas where the problem of unemployment and under-employment is chronic and is accentuated during the lean periods of agricultural operations. The Rural Landless Employment Guarantee Programme (RLEGP) was launched in August 1983 to further expand employment opportunities in the rural areas so that atleast one member of each landless labour household could be provided employment upto 100 days in a year.
3.	1.102 —do—		Besides NREP and RLEGP, area development Programmes like Drought Prone Area Development Programme are also being implemented in areas affected by drought and under these programmes also employment opportunities are created. The IRDP continues to provide the main thrust for alleviating rural poverty in the Seventh Plan. The Committee feel that an integrated and concerted approach to the implementation of all these schemes is imperative if opportunities for employment are to be maximised. The Committee feel that it would be advisable to have family-wise planning for families living below poverty line. The linkage of IRDP with other anti-poverty rural programmes must be clearly established. The NREP should be recognised as the first step for providing livelihood to people who are destitutes and have no resources. The ultimate aim of all these programmes should be to make it possible for more and more people to take up ventures of self-employment or wage employment. Employment must be reasonably remunerative besides being productive. There is an urgent necessity for undertaking a comprehensive economic survey of rural areas to identify people living below the poverty line. The Committee have made a recommendation in its Report on IRDP that it is imperative that all allied programmes and activities and the infrastructure required for effective implementation of the all such programmes are integrated and brought under one Ministry to avoid overlapping and ensuring effective control over these programmes. These must be

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an integral part of a single development plan formulated by a single Development Authority and for whose effective implementation a single authority shall be made responsible and accountable. This would make it possible for beneficiaries to obtain adequate assistance to enable them to cross the poverty line at one go and in a lasting manner.

4. 1.103 —do—

In order to allocate larger resources to the less developed areas and to pay proper attention to the poorer sections of the rural society, the Government of India had prescribed that 75% of the allocations should be made for programme with direct bearing on agricultural labourers and marginal farmers and 25% poverty. However, in view of limited resources available identification of all unemployed persons was not considered necessary. The Secretary, Rural Development had stated during evidence that 'Micro level data through National Sample Survey' is there. Bench Mark Survey is conducted. In spite of the National Sample Survey and Bench Mark Survey the allocations had been made by the State Governments on *ad hoc* basis. The Committee are surprised that an *ad hoc* approach was adopted in spite of specific recommendations of Estimates Committee in Para 2.30 of their Thirty-fourth Report namely :

"A lesson has to be learnt from the past i- that though *ad hoc* or isolated scheme of employment may work well for a short term they cannot sustain for long and are bound to fail to achieve the purpose."

The 7th Plan document also mentions that "it is not known as to how much of it has been directed towards those who are landless and the poorest amongst the poor. To this extent, the programme has apparently lacked focus on the target group population, for whom it was meant." It is desirable to have reliable estimates of people in need of employment in different areas of districts and estimated demand for employment during various seasons in a year. The Committee recommend that a system of registering the workers and issuing to them identity cards shall be evolved so that employment provided benefits the poorest of the poor and the Antyodaya approach is followed scrupulously.

5. 1.104 —do—

It is noticed from Audit Paragraph that only some 50.37 to 62.76 per cent of the total available resources could be utilised during 1980-81 to 1983-84 and there remained huge unspent balances with the States/Union Territories. The Ministry of Rural Development have stated that the resources utilised were between 64.72 to 84.61 percent.

It is surprising that the Ministry have furnished completely different figures under all the heads, viz., unspent balances from the previous year; resources actually made available; resources utilised; percentage of utilisation of the total available resources. Even the statement of unutilized balances

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			with individual States/Union Territories submitted to the Committee does not tally with Ministry's own Annual Statement. The Committee would like to be apprised of the correct position after this is reconciled with Audit.
6.	1.105	--do--	A test check by Audit has revealed that more than Rs. 3,792 lakhs were utilised on the schemes and purposes outside the scope of the Programme. Such cases of diversions were not pointed out during the meetings of the State Level Standing Committee which were usually attended by a representative of the Department of Rural Development. The Governments of Andhra Pradesh, Bihar, Kerala, Uttar Pradesh, West Bengal, Rajasthan and Pondicherry Administration have not given their observations to audit's criticism. However, the Ministry of Rural Development, after examining the replies of the remaining States/Union Territories, found that a sum of Rs. 316.85 lakhs was spent within the scope of the programme and there was diversion of funds in Himachal Pradesh, Punjab, Sikkim and Tamil Nadu to the extent of Rs. 112.49 lakhs. These states have been asked to credit this amount to NREP account. Necessary details in regard to Rs. 849.93 lakhs spent on schemes outside the scope of the Programme are awaited. The Committee cannot but take serious view of the situation. The figures mentioned above have been arrived at as a result of test check by Audit in actual practice there may be more cases of expenditure outside the scope of the programme. This leads to the inevitable conclusion that there is no proper control over monitoring of the implementation of the programme. The Committee would like to be apprised of the remedial measures proposed to be taken by the Government to rectify any wrong diversion and to see that such unauthorised diversions does not take place in future.
7.	1.106	--do--	The cases mentioned in sub-para 5.4.3.2 and 5.4.4 of the Audit Paragraph relating to blocking of funds and misappropriation of funds in various States indicate lack of adequate control by supervisory officers. The Committee would like these cases to be gone into thoroughly in conjunction with audit. The cases where guilt is clearly established, punitive action should be taken.
8.	1.107	--do--	In a number of States, major portion of funds was released by the State Governments/Union Territories in the last quarter of the year. Indeed a substantial part thereof was paid during March every year. Even during 1984-85 the expenditure incurred during the first three quarters ranged from 13.3% to 24.04% and during the last quarter it was 43.74%. It is clearly undesirable that such a large percentage of year's expenditure is disbursed in one quarter of the year. The Committee note that quarterly targets have now been fixed for employment generation in each quarter. The Committee hope that the Government would take adequate

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			<p>steps to monitor the achievement with reference to those targets : Only then there will be no rush of expenditure in the last quarter or the last month of the year.</p>
9.	1.108	—do—	<p>There are substantial discrepancies in statistical figures supplied by the Department of Rural Development and those given in the sub-para 5.5 of Audit Paragraph under the head quantities of foodgrains released and utilised during 1980-81 to 1984-85. The discrepancy should be reconciled to the satisfaction of Audit and the Committee informed accordingly.</p>
10.	1.109	—do—	<p>According to the guidelines, foodgrains were to be provided at the rate of 1 kg. per manday. It was also decided in 1983-84 to subsidise the cost of foodgrains to the extent of 37 to 40 paise per kg. for wheat and rice to be distributed under the programme. The utilisation of foodgrains, however came down sharply from 13.34 lakh MT in 1980-81 to 2.33 lakh MT in 1981-82. It came down further to 1.73 lakh MT in 1982-83 and 1.47 lakh MT in 1983-84 and rose slightly to 1.70 lakh MT in 1984-85. An analysis of the Statewise utilisation of foodgrains revealed that all India per capita utilisation per day was 0.64 kg. (1981-82), 0.45 kg. (1982-83), 0.49 kg. (1983-84) and 0.48 kg. (1984-85). During evidence the Secretary Rural Development informed the Committee that all State Governments except Maharashtra who are distributing coarse grains have accepted the rule that not less than 40 per cent of wages should be given in the form of foodgrains. The Committee are of the opinion that keeping in view the comfortable food stocks and the desirability of improving nutritional standard of workers, utilisation of foodgrains under the programme should be stepped up significantly. This would also result in higher real income for the workers as they would also get the benefit of subsidy.</p>
11.	1.110	—do—	<p>The Committee also desire that the feasibility of distributing coarse grains, handloom textiles and other items of daily use like pulses and edible oil as a part of payment of their wages, should also be examined after ensuring that adequate machinery exists for the purchase, handling and distribution of such items. Such a system would also provide marketing outlets for the products manufactured under IRDP also.</p>
12.	1.111	do—	<p>The Department of Rural Development have informed the Committee that the State Governments have been advised to see that the distribution of foodgrains is done immediately on lifting them from FCI godowns and foodgrain are not stored for unduly long periods. The Committee desire that the Health Departments of the respective State Governments should be advised to take samples of foodgrains from time</p>

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			to time to ensure that the foodgrains supplied to workers are of the prescribed quality and safe for human consumption.
13.	1.112	--do--	Regarding shortages of foodgrains due to non-reconciliation mentioned in sub-para 5.5.4 of the Audit Paragraph, the Ministry have supplied information relating to utilised balances of foodgrains based on actual quantity lifted in different States. The Ministry should reconcile the information and the Committee apprised of the final position.
14.	1.113	--do--	<p>Against a total outlay of Rs. 1620 crores provided for the Plan period 1980-85, the actual expenditure under NREP was of the order of Rs. 1843 crores, of which component wage outlay was Rs. 981 crores. This outlay was based on the wage rate ranging from Rs. 4.90 to Rs. 6.54 per day. As the agricultural wage rates paid to unskilled worker were already higher the aforesaid targets were obviously un-realistic and the Committee are not fully satisfied about the correctness of figures of achievement of employment actually generated.</p> <p>According to Ministry's reports of achievement the targets for generation of employment had almost been met during 1980-81 to 1983-84 and more than 300 million mandays' work had been generated in each of these years. However, the Audit has pointed out that against the reported achievement of 2016 lakh mandays the actual number turned out to be 1146 lakh mandays. The Department of Rural Development have admitted that some States were not reporting employment generation properly. Some of the States, viz., Tamil Nadu, Madhya Pradesh, Nagaland have worked out the employment generation figures by dividing the wage expenditure by minimum wage rates prevailing in those States. Officers responsible for manipulating the figures for report should be punished for supplying incorrect data. The Government of India should require the State Governments to maintain authentic record like muster rolls susceptible of verification so that the position of achievement of generation of employment vis-a-vis those targeted is maintained correctly and incorrect information is not supplied by State Governments. The officers indulging in malpractices and manipulation should be punished and reported to the Committee.</p>
15.	1.114	--do--	In order to pass on the full benefits of the programme to the rural poor, the guidelines had prescribed a complete ban on contractors/middlemen executing the NREP works. During test-checks by Audit it was noticed that the ban had not been observed in several States/Union Territories resulting in denial of employment opportunities of over 65.65 lakh mandays work to the rural poor. More and more emphasis should be given to execution of works through Panchayat Raj institution involving the village community in implementation of the programme so that there is no scope for engaging the

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			<p>contractors or middlemen in any form and there is no exploitation of workers and they may get the full benefit of the scheme. The Committee recommend that complaints regarding execution of NREP works through contractors/middlemen should be investigated promptly and deterrent action taken against erring officers and also reported to the Committee.</p>
16.	1.115	—do—	<p>The Committee note from the guidelines issued in March 1981 that the payment of wages was to be made at rates not exceeding the minimum agricultural wage prescribed for the area. It is noticed from the Audit Paragraph that higher rates of wages had been paid in Mizoram, Nagaland, Dadra and Nagar Haveli. Similarly, against the minimum agricultural wages fixed for the area of employment it was noticed that there was either no uniform practice on the rates paid were lower than the minimum. The Committee hope that with the issuance of new guidelines there would not be any more cases of payment of wages at rates other than prescribed under the Minimum Wage Act.</p>
17.	1.116	—do—	<p>There were also inordinate delays ranging from one month to two years in 11 States and one Union Territory in marking payment of wages. The Committee urge the Government to ensure that payment to workers are made weekly or fortnightly and dilatory tactics are not adopted.</p>
18.	1.117	—do—	<p>A minimum of 10% of resources allocated under NREP was required to be earmarked every year for utilisation exclusively on programmes of social forestry and fuel plantation so as to preserve ecological balance and also to meet the fuel needs of the rural poor. From information furnished to the Committee, it is seen that in the case of 11 States and 5 Union Territories there were substantial shortfalls in utilisation of the funds earmarked for social forestry. In Jammu and Kashmir, Andaman & Nicobar Islands, Goa, Daman & Diu more than 50% of the funds could not be utilised whereas in the case of Assam, Nagaland, Tripura and Arunachal Pradesh, Mizoram and Pondicherry about 40% of funds remained unutilised. In this connection the Sub-Group of Rural Employment Programme has observed that considerable delays were taking place in the resources reaching the implementing agencies. This group observed that one of the major reasons for big shortfall in implementing social forestry scheme was that the funds were not available with the implementing agencies prior to rainy season. To avoid this problem the Sub-Group had suggested that in the Seventh Plan, Central assistance should be released directly to the District Rural Development Agencies. The Committee would like to be apprised of further developments in this regard. The Committee would further urge Government to take up plantation of trees under this programme for a period of 5</p>

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			years. Plantation of fruit-bearing trees could also be taken up where the labourers in villages could plant some trees, nurture them and eventually enjoy the product for a period of time. This scheme would give employment to farmers, generate employment in rural areas and would also improve ecological environment in the country.
19.	1.118	—do—	One of the basic objectives of the programme was to create durable community assets for strengthening the rural infrastructure for rapid growth of rural economy. The Committee would like to be apprised of the implementation of the new guidelines issued by the Government relating to the creation of assets.
20.	1.119	—do—	The Committee find that whereas the NREP guidelines emphasised the need for maintenance of proper records of all the assets created, executing agencies in Haryana, Jammu & Kashmir and Rajasthan were not maintaining any consolidated records which could show the details of all the assets created. In the absence of such records it is not possible to conduct physical verification of the assets. This is a serious matter and requires immediate attention. The reasons for not carrying out physical verification in Jammu & Kashmir and Uttar Pradesh in spite of repeated instructions need to be explained to the Committee. The Committee would like to know if the Register of Assets created under the programme is being maintained by the States/Union Territories.
21.	1.120	—do—	The Committee also note from the Audit paragraph that physical monitoring through field inspections by various officers at State Headquarters, District, Sub-divisional and block levels was prescribed in the guidelines on NREP. A schedule of inspection for each supervisory level was to be drawn up by the State Governments. It is disquieting to find that in 15 out of 25 States/Union Territories, these requirements were not complied with. The Committee urge the Government to ensure (a) that administrative apparatus responsible for implementing the scheme is developed and strengthened, (b) that necessary inspection and vigilance machinery is intensified by prescribing surprise checks, (c) that training and motivating the concerned staff is undertaken so that they realise this, feel responsibility and are able to make effective contribution to nation building activities. The Committee need scarcely emphasise that the staff employed for carrying out these activities is not transferred frequently.
22.	1.121	—do—	The Committee observe from the Audit Report that quite a sizeable volume of assets created had gone into disuse because they were not efficiently maintained. The Committee are distressed to see such lack of foresight as to overlook the vital necessity of seeing to it that adequate arrangements were made for maintaining the assets once created in efficient working condition. The Committee would, therefore, recommend

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			<p>that alongwith planning for works under NREP, suitable machinery should invariably be devised for taking over and maintaining the assets created. It was explained to the Committee that due to want of funds the States have not been able to do so. The maintenance of the assets created under the scheme should be made the responsibility of the State Governments and it should be made a pre-condition for releasing funds that States must provide for funds necessary for maintenance of the assets created under NREP. The Committee are happy to note that the Working Group on Seventh Plan set up by the Planning Commission has recommended that 5 per cent of the allocation provided under the Programme should be utilise for hte maintenance of the assets.</p>
23.	1.122	—do—	<p>In their Report on Food for Work Programme, the Committee had expressed the hope that the funds would be released by the Ministry only after the Ministry is satisfied that well thought out schemes have been drawn up. The Committee desire that the above aspect would be kept in view.</p>
24.	1.123	—do—	<p>The Committee learn that the Ministry of Rural Development had stressed in August 1985 that no works outside the shelves should be taken up. Yet it was found during test check in Audit that works worth Rs. 227.22 lakhs not included in the shelves of projects were undertaken for execution in the States of Rajasthan, Gujarat and Tamil Nadu. Similarly, in Sikkim 22 schemes out of 45 schemes sanctioned in 1982-84 were not included in shelves of projects where as in Tamil Nadu Works valuing Rs. 3.03 lakhs, not included in the annual action plan, were undertaken for execution. Suitable measures should be devised to ensure that the system provided is strictly followed and not flouted.</p>
25.	1.124	—do—	<p>It is disquieting to find that out of 31 States Union Territories, only 4 States (Bihar, Haryana, Madhya Pradesh and West Bengal) had brought out the technical guidelines so far. It is not understood as to how in the absence of technical manual, guide book in the local language it was possible to ascertain that the assets created were of proper quality. Standardised technical manual/guidebooks should be prepared at the Central level and translated in local languages at an early date so that the quality of assets created under the programme may be of the right quality.</p>
26.	1.125	—do—	<p>The NREP Committee at the Centre which had the responsibility of providing over all guidance and under-taking continuous monitoring of the programme met only once in 1980-81, 4 times in 1982-83, 6 times in 1983-84 and 8 times in 1984-85. During 1981-82, it did not meet at all. Similarly, the State Level Steering Committee, headed either by Chief Minister or Minister-in-charge of Rural Development and</p>

Panchayats were required to meet regularly, at least once in 3 months, to make a detailed review of the programme with particular reference to the speed, execution and quality of works and other allied matter. The Committee are concerned to note from the Audit paragraph that in 12 States/Union Territories, out of 25 tests checked, the number of meetings of these committees varied from one to two during the whole period from 1981-82 to 1983-84. In this connection the Department of Rural Development have stated that in case, in any State such meetings are not held on regular basis, the attention of the concerned State/Union Territory is drawn towards this. In addition to the review made by the State Level Coordination Committee in their meetings, the implementation of the programme is monitored at the State level through the monthly and quarterly Reports. The monthly and quarterly progress reports are to be submitted by the 10th of the following month and 25th of the month following the quarter. However, the Committee note that there had been delay in submission of monthly reports ranging from 2 to 14 months in 1980-81, 1 to 12 in 1983-84 and in the case of quarterly report it was 1 to 13 months in 1981-82 and 1982-83 and 1 to 7 months in 1983-84. The Committee fail to understand as to how the implementation of the programme is being monitored at the State level without receipt of monthly and quarterly reports in time. The Committee would like to know the mechanism in vogue for verifying the reliability of the monthly and quarterly reports. They need hardly emphasise that monthly and quarterly reports should be submitted on the due dates for ensuring the proper monitoring of the programme.

27. 1.126 —do—

In their report on Food for Works Programme, the Committee on Programme Evaluation Organisation (PEO) of the Planning Commission had pointed out in December 1979 several shortcomings after making a quick appraisal study in 10 States (2 districts each; 2 blocks per district) out of 31 States Union Territories. The PEO had found it necessary to undertake further in-depth studies covering all States. In the absence of proper evaluation of the implementation of the programme, it is not clear how Food for Works Programme was revamped and the Ministry satisfied themselves about proper utilisation of funds provided and achievement of the objectives. The Committee would like to be apprised of the reasons for not conducting the evaluation studies. Unless there is concurrent evaluation of the scheme it cannot be successfully monitored and its progress cannot be watched. The findings of the study conducted by the PEO may be intimated to the Committee alongwith the action taken by the Government. The Committee also urge upon the Government to undertake further in-depth studies in the remaining States/Union Territories.

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28.	1.127	—do—	The Committee also view that there should be some sort of specialised treatment for implementation of rural employment programme which is so vital for uplifting the poverty level of persons of rural areas. Any breach or misuse or misappropriation of funds in the implementation of NRE Programme should be treated as severely as in the case of economic offices for which there is special enactment like Essential Commodities Act. The Committee would urge the Government to consider this question urgently and would also like to be apprised of further developments in this regard.
29.	1.128	—do—	The Committee would like to make one general recommendation relating to all rural development programmes viz. IRDP NREP, Drought Prone Area, RLEGP etc. that there should be monitoring cell in each state.

