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**STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2005-2006)**

FOURTEENTH LOK SABHA

**MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMENT)**

**DEMANDS FOR GRANTS
(2005-2006)**

*[Action taken by the Government on the recommendations contained
in the Ninth Report of the Standing Committee on
Rural Development (Fourteenth Lok Sabha)]*

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

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(2005-2006)

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Presented to Lok Sabha on 21.12.2005

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LOK SABHA SECRETARIAT
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COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2005-2006)

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri V. Kishore Chandra S. Deo
3. Shri Sandeep Dikshit
4. Shri L. Ganesan
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20. Shri Bagun Sumbrai
21. Shri Mitrasen Yadav

*Hon'ble Speaker has changed the nomination of Shri Prabodh Panda, MP (LS) from Standing Committee on Water Resources to Standing Committee on Rural Development *vide* para No. 1580, Lok Sabha Bulletin Part II dated 23 August, 2005.

Rajya Sabha

22. Kumari Nirmala Deshpande
- §23. Shrimati Vanga Geetha
24. Shri Ghanshyam Chandra Kharwar
25. Prof. Alka Balram Kshatriya
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4. Shrimati Sudesh Luthra — *Deputy Secretary*
5. Shri A.K. Shah — *Under Secretary*
6. Shri Sundar Prasad Das — *Committee Officer*

§Hon'ble Chairman, Rajya Sabha has changed the nomination of Shrimati Vanga Geetha, MP (RS) from Standing Committee on Industry to Standing Committee on Rural Development *w.e.f.* 23 August, 2005 *vide* Committee Branch-I note dated 25.8.2005.

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2005-2006) having been authorised by the Committee to submit the Report on their behalf, present the Seventeenth Report on the action taken by the Government on the recommendations contained in the Ninth Report of the Standing Committee on Rural Development 2004-2005 (Fourteenth Lok Sabha) on Demands for Grants (2005-2006) of the Department of Rural Development (Ministry of Rural Development).

2. The Ninth Report was presented to Lok Sabha on 20 April, 2005. The replies of the Government to all the recommendations contained in the Report were received on 29 August, 2005.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 12 December, 2005.

4. An analysis of the action taken by the Government on the recommendations contained in the Ninth Report (Fourteenth Lok Sabha) of the Committee is given in Appendix VIII.

NEW DELHI;
12 December, 2005
21 Agrahayana, 1927 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

CHAPTER I

REPORT

This Report of the Committee on Rural Development (2005-2006) deals with the action taken by the Government on the recommendations contained in their Ninth Report on Demands for Grants (2005-2006) of the Department of Rural Development (Ministry of Rural Development) which was presented to Lok Sabha on 20 April, 2005.

2. Action taken notes have been received from the Government in respect of all the 53 recommendations which have been categorised as follows:

- (i) Recommendations which have been accepted by the Government:

Para Nos. 2.4, 2.15, 2.19, 2.33, 2.41, 2.42, 3.13, 3.15, 3.31, 3.57, 3.63, 3.64, 3.65, 3.108, 3.109, 3.110, 3.114, 3.127, 3.128, 3.129, 3.139, 3.140, 3.141 and 3.142.

- (ii) Recommendation which the Committee do not desire to pursue in view of Government's replies:

Para No. 2.5.

- (iii) Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Para Nos. 2.6, 2.16, 2.27, 2.28, 2.29, 2.34, 2.36, 2.46, 3.12, 3.14, 3.32, 3.33, 3.35, 3.50, 3.56, 3.69, 3.76, 3.78, 3.79, 3.80, 3.105, 3.106 and 3.107.

- (iv) Recommendations in respect of which final replies of the Government are still awaited:

Para Nos. 2.47, 3.34, 3.77, 3.103 and 3.104.

3. The Committee desire that final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to the Committee within three months of the presentation of the Report.

4. The Committee will now deal with action taken by the Government on some of these recommendations in the succeeding paragraphs.

(i) Problem of huge unspent balances

Recommendation (Para No. 2.6)

5. The Committee had noted as below:

“One of the biggest concerns expressed by the Committee almost every year is underutilization of resources. The aforesaid data of under spending *i.e.* Rs. 337.43 crore as compared to Revised Estimates during 9th Plan indicate the shortfall in releases by the Union Government to States/Union territory Administrations. The picture of under spending is more clear when we analyse the under spending by way of huge opening balances with different State Governments, the analysis of which has been done in the subsequent part of the Report. Even if actual releases are taken into consideration, the Committee feel that the amount of Rs. 337.43 crore is a big amount in the resources starved economy of the country. In view of the aforesaid position the Committee hold the strong view that not even a single *paise* of the allocated amount should remain as unutilized. The Committee strongly call for more effective steps on the part of the Government in this regard.”

6. The Government in the action taken reply have stated as under:

“The Ministry of Rural development shares the concern expressed by the Committee with regard to a considerable unspent balances and unutilized outlays under various programmes of the Ministry. It may, however, be mentioned that there are certain practical difficulties in fully utilizing the outlays as the programmes of the Ministry of Rural Development are implemented at the village level and it involves multiple agencies. It takes time for the flow of information on the actual utilization of funds, which is required to claim the release of next instalment. In addition to above, there are certain other factors such as a limited time available for the implementation of programmes in some States, natural calamities like drought, floods etc. and elections of various legislative and Panchayati Raj Institutions (PRIs) etc. These factors adversely affect the pace of implementation of rural development programmes. Further, the Ministry has to follow a strict financial discipline in order to ensure that the funds released under various programmes are utilized for the purpose for which it has been released. For this purpose a comprehensive monitoring mechanism has been put in place by the Ministry. The funds are released to the Programme Implementing Agencies only on production of

proper audit reports/utilization certificates by the programme implementing agencies. As an effort to further strengthen the monitoring mechanism State Level and District Level Vigilance & Monitoring Committees have been constituted with the elected representative of the people. At the District level, these Vigilance & Monitoring Committees are headed by the members of the Parliament. It is hoped that with the new approach, an improvement in the utilization of funds under rural development programmes will be achieved."

7. The Committee in their earlier recommendation had expressed serious concerns over the issue of under spending on the part of Union Government as well as huge opening balances with the respective State Governments under the different schemes. The Committee had strongly recommended for effective steps on the part of the Government to overcome the problem of underspending. Although the Department has acknowledged the problem of under spending, nothing concrete has been suggested to overcome the problem. The existing monitoring mechanism as known to the Committee has been reproduced in the replies. The Committee feel that the problem of under spending is a serious issue for which the remedy may be State/Scheme specific. There is an urgent need to probe the reasons for under spending. The Committee are not satisfied with the general reply of the Department and may like the Department to take the effective steps after analyzing the problem in a more detailed and analytical way. The Committee may also be kept informed about the action taken in this regard.

(ii) Ensuring sufficient funds for Rural Development Schemes at Budget Estimate Stage

Recommendation (Para No. 2.16)

8. The Committee had noted as below:

".....while noting that although the Ministry of Finance has agreed to provide additional allocation at Supplementary Grants stage, the Committee feel that sanction of grants at Supplementary Grants stage always leads to uncertainty. In view of this, they would like that adequate outlay commensurating the targets should be provided at Budget Estimates stage for the schemes."

9. The Government in the action taken replies have stated as under:

"The plan outlay of the Ministry of Rural Development including the Department of Rural Development, Department of Land

Resources, and Department of Drinking water supply for the year 2005-06 is Rs. 24,480 crore which is higher than the revised estimates for the year 2004-05 which was Rs. 18,216.40 crore. The appropriate monitoring mechanism would help in achieving the objectives proposed during the current year. The additional resources would be met out through dovetailing the funds.”

10. The earlier recommendation of the Committee was based on the information furnished by the Department according to which the Planning Commission had allocated a total outlay of Rs. 18,334 crore for the Department of Rural Development for the year 2005-2006. There was reduction of outlay under certain schemes like SGRY, SGSY, IAY, DRDA Administration and Training. When the issue of reduction of outlay under the important schemes was raised, the Department had informed that the Ministry of Finance had agreed to make re-allocation/re-adjustment through re-appropriation/ Supplementary Demands during the course of the year (refer Para No. 2.12 of 9th Report (2005-2006)). On this the Committee had disapproved the allocation of outlay at supplementary Grants stage since it leads to uncertainty. Instead of addressing the issue the Department has tried to sidetrack the matter by furnishing the consolidated data of three Departments of the Ministry. The Committee take a serious view of the manner in which their recommendation has been addressed by the Department. The Committee while reiterating their earlier recommendation would like a categorical response of the Department.

(iii) Effective Monitoring Mechanism

Recommendation (Para No. 2.27)

11. The Committee had recommended as below:

“The Committee strongly feel that there is an urgent need to improve the quality of implementation and enhance the efficiency and accountability of the monitoring mechanism as stressed by Finance Minister in his speech while presenting the Budget for the year 2005-06. They also note from the information furnished by the Department that different types of monitoring mechanism like concurrent evaluation, different types of Vigilance and Monitoring Committees, Area Officers Schemes etc. are in place. The Committee further find that during 10th Plan, independent and in-depth evaluation studies were conducted for all the major schemes of the Department. The Committee would like to be apprised of the details scheme-wise, of the major findings and

corrective action taken thereon by the Department so as to enable them to analyse the usefulness of the system and comment further in this regard. The Committee would also like to be informed about the way these studies could provide an input for further improvement in the schemes of the Department.”

12. The Government in the action taken replies have stated as under:

“The Ministry of Rural Development has already mentioned about the comprehensive mechanism of Monitoring and Implementation of various Rural Development Programmes including proper utilisation of funds and measurement of outcomes. The Evaluation Studies and Impact Assessment Studies conducted by the Ministry through independent Research Organisation have greatly helped in designing/restructuring the Rural Development Programmes and to take adequate corrective major policy decision.”

13. The Committee in their earlier recommendation while sharing the concern expressed by Finance Minister in his Budget Speech had desired the details with regard to scheme-wise impact of different evaluation studies conducted by the Department so far. The Committee also desired to be informed about the way these studies could provide an input for further improvement in the schemes of the Department. The reply of the Department does not address the issues raised by the Committee. The Department has casually reproduced the structure of existing monitoring mechanism. Crores of rupees are being allocated for different schemes of the Department of Rural Development. There is a genuine concern about the need for an effective monitoring mechanism so as to ensure that the outlay reach to intended beneficiary. The concerns expressed by not less than Hon’ble Finance Minister and shared by the Standing Committee have been taken so casually by the Department. The Committee strongly disapprove the way the Department has responded to such serious issues. While reiterating their earlier recommendation the Committee desire an analytical and categorical reply of the Department.

(iv) Expeditious constitution of District and State Level Vigilance and Monitoring Committees

Recommendation (Para No. 2.28)

14. The Committee had recommended as below:

“The Committee note that the Ministry has introduced a system of District and State Level Vigilance and Monitoring Committees.

These Committees are to be constituted by the Union Ministry of Rural Development. From the information provided by the Department it seems that such Committees could be an effective monitoring mechanism only in few States. Not only that, there is confusion on the issue of constitution of such Committees. Different data regarding the constitution of Committees were indicated in the written note as well as during the course of oral evidence as indicated in the preceding para of the report. The Committee are constrained to note that if this is the state of affairs of the Committees that were to be constituted by the Union Government, the status of other Committees being constituted by State Governments can be well imagined. The Committee would like the Department to furnish a detailed note indicating the action taken by them for early constitution of such Committees. Besides it should be ensured that such Committees are constituted in all States and districts without any further delay. Further no State or Union territory should be allowed to be exempted from constituting the said Vigilance and Monitoring Committees. Not only that there is an urgent need to monitor that the sittings of such Committees are held periodically as per guidelines so as to prove an effective mechanism for effective implementation of various schemes of the Department for which crores of Rupees are being spent annually."

15. The Government in the action taken replies have stated as under:

"The State Governments and District Authorities have requested to hold meetings of the Vigilance and Monitoring Committees regularly. They have also been reminded to send information about the meetings of the Vigilance and Monitoring Committees held. The State Governments and District Authorities are sending the information to the Ministry."

16. The following information/action was desired with regard to District and State level Vigilance and Monitoring Committees in the earlier recommendation of the Committee:

- (i) a detailed note indicating the action taken by the Department for early constitution of said Committees;
- (ii) it should be ensured that said Committees at district and State level are constituted without any further delay;

- (iii) no State or Union territory Administration should be exempted from constitution of such Vigilance Committees, and
- (iv) the position of sittings of the Committees as per guidelines should be strictly monitored.

The department in the reply has not addressed even a single issue seriously. It has casually been stated that the State and District authorities have been requested to hold meetings and said information is being furnished to the Department. The Committee are really unhappy over the way their recommendation has been responded specifically when these Committees have to be constituted by the Union Government. The Committee feel that the Department owes an explanation on this account.

- (v) Strengthening the monitoring mechanism for different schemes/ programmes

Recommendation (Para No. 2.29)

17. The Committee had recommended as below:

“The Committee would further like to be apprised about the corrective action taken on the findings of the area officers under the monitoring system of the Ministry of Rural Development. The Committee would also like to be apprised about the number of States/districts covered by the said scheme during the last three years so as to enable them to analyse the usefulness of this system and comment further in this regard. The Committee would also like to recommend that there should be an in built mechanism in each of the schemes for regular monitoring/ evaluation. Not only that, there should be specific allocation of outlay for the purpose. Besides, the Committee find that there is no system of fixing accountability. They feel that there should be well defined system of fixing accountability and some sort of action against the defaulter officers/agencies involved in the implementation of the schemes/programmes to serve as a deterrent for others. Further there is a need to have a more transparent system for implementation of various schemes so that the public may be well informed about the spending under various schemes. Such a system will automatically put a pressure on the implementing authorities to perform better and deliver results. Gram Sabhas in this regard can be the best forum in rural areas. There is an urgent need to strengthen the

Gram Sabhas so that they can function as an institution of social audit. The Committee would like the Department to take urgent action in this regard and inform the Committee accordingly."

18. The Government in the action taken replies have stated as under:

"Under the Area Officers Schemes of the Ministry, 26 districts of 14 States were visited during 2002-03, 13 districts of 8 States were visited during 2003-04 and 58 districts of 20 States were visited by the Area Officers during 2004-05. It is further mentioned that the guidelines of the Rural Development Programmes has specifically emphasized the involvement of Gram Sabha in planning, formulation of Need Based Shelf of Projects, proper implementation of Rural development Programmes with transparency through display of signboard of each project giving financial details and project period. Besides the Gram Sabhas are required to have social audit of all the projects implemented/ executed by them."

19. The Committee find that the Department has addressed the issues raised in their recommendation partially. The following issues have not been touched in the replies at all:

- (i) there should be an in built mechanism in each of the schemes for regular monitoring/evaluation. Besides there should be specific outlay for the purpose;
- (ii) there should be well defined system of fixing accountability; and
- (iii) there should be more transparent system for implementation of various schemes.

The Committee would like the detailed response of the Department in this regard. Besides the Committee had recommended to strengthen the Gram Sabhas. The Department instead of taking certain steps in this regard has chosen to reproduce the existing position in respect of the position of Gram Sabha as per the stipulated guidelines. But nothing specific has been mentioned about how far these guidelines are being implemented in different States. Besides, nothing has been indicated about the action taken by the Department to ensure that the guidelines are followed in letter and spirit so that Gram Sabhas could really be strengthened and serve the purpose of social audit. The Committee urge upon the Department to take initiatives in line with their earlier recommendation and aforesaid observations.

(vi) Estimation of BPL persons as per 1999-2000 survey

Recommendation (Para No. 2.34)

20. The Committee had recommended as below:

“The Committee are further unhappy to note the decision of the Government according to which the number of BPL persons estimated should not exceed those of identified as per 1999-2000 survey. The Committee feel that such an arbitrarily limit of BPL persons to be identified will do a great injustice to the genuine BPL persons who could be debarred from certain benefits. Not only that, it would be a major factor for providing unreasonable authority to the agencies involved thereby inviting corruption and malpractices. The Committee strongly recommend not to fix any such limitations. They would also like that their concerns in this regard should also be brought before the Planning Commission and matter should be reviewed afresh.”

21. The Government in the action taken replies have stated as under:

“It is clarified that the States have asked to identify the number of BPL families in accordance with the adjusted share as worked out by the Planning Commission after detailed discussions with them. The number of BPL families based on the adjusted share is very close to the poverty estimates of 1993. This means that the State Governments are having more flexibility in identifying the total number of BPL families. The cap on the total number of BPL families to be identified has been prescribed with the view that the resources for the programmes are limited, therefore, it becomes necessary to ensure that only the actually deserving poor people get the benefits. Further, the methodology followed for BPL Census, 2002 is based on 13 scorable socio-economic indicators, which are more transparent. The list of BPL families prepared on the basis of these scorable parameters is required to be discussed and approved by the Gram Sabha before it is submitted to the Block Level/District Level Authorities. In order to check the corrupt practices in preparation of BPL list, the Ministry has already issued the detailed guidelines to the State Governments to display these lists at the prominent places of the village so that everybody is in a position to check his position in the BPL lists.”

22. The Committee have repeatedly been deploring the arbitrary cut off limit of BPL persons by Planning Commission according to which the number of BPL families identified through the BPL census, 2002 may not exceed the number of BPL persons estimated by the Planning Commission during 1999-2000 for the rural sector. An additional 10 per cent may be permitted to account for the transit poor. Instead of conveying the concerns of the Committee to Planning Commission/Ministry of Finance, the Department has chosen to justify the said cut off limit of BPL persons. The Committee fail to understand how the declared BPL persons as per the prescribed parameters in a district can be governed by a cap on the total number of BPL families. The Committee had also noted in their earlier recommendation that such cut off limit would be a major factor for providing unconditional authority to the agencies involved, thereby inviting corruption and malpractices. While reiterating the earlier stand in this regard, the Committee would like that their concerns should be placed before Planning Commission/Ministry of Finance expeditiously.

(vii) Implementation of all the schemes of Department directly by Panchayati Raj Institutions (PRIs) and release of funds meant to PRIs

Recommendation (Para No. 2.36)

23. The Committee had recommended as below:

“The Committee find that there is an urgent need to implement all the schemes of the Department directly by the Panchayati Raj Institutions in the true spirit of the mandate of the Constitution as per article 243G of the Constitution. Besides the funds for all the schemes should be released directly to Panchayats in the specific accounts for the purpose. Such a system will not only empower Panchayats but also improve the implementation of the Programmes. The common Implementing agency and the funds transfer agency would further simplify the procedure and avoid delay in transfer of funds. The Committee in their earlier reports had also been drawing the attention of the Government in this regard. While reiterating their earlier stand in this regard, the Committee would like that earnest action in this regard should be taken.”

24. The Government in the action taken replies have stated as under:

“The guidelines of the Rural Development Programmes have already incorporated for great involvement of Panchayati Raj Institutions (PRIs). However, the modalities for transfer of resources under other than SGRY Scheme may be further discussed with the Ministry of Panchayati Raj.”

25. The Committee are unhappy to note that their important recommendations regarding implementation of all the Schemes of the Department directly by the Panchayati Raj Institutions (PRIs) and release of funds to PRIs has not been answered by Ministry in the desired spirit. The Department has simply stated that the guidelines of the rural development programmes have already incorporated greater involvement of Panchayati Raj Institutions. The Committee have repeatedly been emphasizing on the need to implement all the schemes by the Panchayati Raj Institutions. By recommending this the Committee clearly mean identification, execution and monitoring of schemes by PRIs. The Committee may like the response of the Department in the true spirit of their recommendation.

As regards the transfer of funds directly to PRIs, the Committee find that some consultation is being done and the modality in this regard is being discussed with the Ministry of Panchayati Raj. The Committee hope that the final decision in this regard is taken expeditiously. The Committee may be apprised accordingly.

(viii) Utilisation of Outlay in North Eastern Region

Recommendation (Para No. 2.46)

26. The Committee had recommended as below:

“The Committee note from the data provided by the Department that spending position under different schemes in North Eastern Region has improved. But under spending still persists. The Committee would like to take up the issue of under spending with North-Eastern States so as to improve the position further.”

27. The Government in the action taken replies have stated as under:

“As a practice, an on going procedure is followed by the concerned programme divisions of the Department of Rural Development releasing funds for its various schemes as a measure to take up the issue of under spending by monitoring its utilization position on monthly and quarterly basis through MPRs and QPRs and also while considering release proposals of Second Installments funds are released on the basis of 60 per cent utilization of the available funds and funds are further deducted in case of late receipt of proposals from the State Government.”

28. The Committee deplore the way the Department has addressed each of the issues raised in the Report. In the aforesaid recommendation the Committee had desired to take up the matter of underspending with North Eastern States. Instead of probing the reasons for underspending and finding out ways and means to improve the utilisation position, the existing procedure for transfer of funds is reproduced. The Committee had finalised the said recommendation after taking note of the guidelines. In spite of the provisions made in the guidelines, underspending persists. That is why, the Department has been asked to take up the issue with the North Eastern States. The Committee while reiterating their earlier recommendation would like the Department to take concrete action and apprise the Committee accordingly.

(ix) Revision of Centre-State allocation

Recommendation (Para No. 2.47)

29. The Committee had recommended as below:

“On the issue of revision of norms for Centre *vis-a-vis* State’s allocation, the Committee find that the matter of revision of Centre, State allocation from 75 : 25 to 90 : 10 is being taken up with the Planning Commission. The Committee would like to know the final decision when taken in this respect.”

30. The Government in the action taken replies have stated as under:

“The matter has been taken up with the Planning Commission and still under its consideration.”

31. The Committee note that the issue of revision of norms for Centre-State allocation under different schemes of the Department from 75 : 25 to 90 : 10 for North Eastern region is under consideration with Planning Commission. The Committee would like the Department to pursue the matter further and apprise the Committee the final decision taken in this regard.

(x) Need for merger of SGRY and National Food for Work Programme in 150 districts where National Rural Employment Guarantee Scheme is applicable

Recommendation (Para No. 3.12)

32. The Committee had recommended as below:

“The Committee find from the information and clarification provided by the Department that at present National Food for

Work Programme along with Sampoorna Grameen Rozgar Yojana (SGRY) is being implemented in 150 selected districts. In the remaining district Sampoorna Grameen Rozgar Yojana is being implemented. When the National Employment Guarantee Act will be applicable, these two programmes will be merged together and shall be known by the name of the Act. While noting the aforesaid scheme of things, the Committee are at a loss to understand the plethora of schemes with the same objective. Not only that it is not clear where the National Employment Scheme will be applicable, indicating clearly whether it is the replacement of Food for Work Programme. The Committee strongly recommend that SGRY and Food for Work programme should be merged together in the 150 districts selected so far which will pave the way for 100 days guarantee. The merged scheme should be known as National Employment Guarantee Scheme which will ultimately be proposed to take the shape of legal guarantee after the aforesaid enactment."

33. The Government in the action taken replies have stated as under:

"For the present, SGRY and NFFWP should be run as separate programmes because NFFWP is confined to only 150 districts in the country due to different programme objectives and implementation modalities. SGRY is a broad-based wage employment programme implemented entirely through PRIs and forms main resource base of the PRIs for need-based infrastructure in villages. While the need for generation of additional wage employment is paramount, the local need-based infrastructure such as primary schools, health centres, sanitation, etc. in villages is a preferred choice of the village community and it would not be desirable to deny PRIs resources altogether for such purposes. Under NFFWP, which is being implemented by District collector, resources should be channelised into some focus areas like water conservation and drought proofing which is the principal problem in some States and a major cause of backwardness of certain regions. When the National Employment Guarantee Bill is passed and becomes operational as a law, merger of SGRY and NFFWP in those districts can be considered making adequate provision for need-based village infrastructure."

34. The Committee in their earlier recommendation had desired the merger of SGRY and Food for Work Programme in 150 districts which would have paved the way for National Rural Employment

Guarantee Scheme. The Committee are at a loss to understand the stand of the Department in this regard. On the one hand it has been stated that SGRY and Food for Work Programme are being implemented by different agencies, i.e. SGRY by PRIs and Food for Work Programme by District Collector and hence the merger is not desirable. On the other hand, it has been stated that merger of SGRY and NFFWP in the districts where the National Rural Employment Guarantee Scheme will be applicable can be considered. The Committee note that the National Rural Employment Guarantee Scheme legislation has already been enacted. The Committee understand that Food for Work Programme is being implemented in 150 districts which may have now been converted into National Rural Employment Guarantee Scheme with the enactment of the legislation. Not only that, under the Guarantee Scheme too, PRIs may be the main implementing agencies. The interpretation of the Department in this scenario is not understandable. The Committee while reiterating their earlier recommendation would like the Department to reconsider their earlier recommendation i.e. merger of SGRY and Food for Work Programme in the districts where Employment Guarantee Scheme will be applicable and take the desired action. The Committee may be kept apprised about the decision taken in this regard.

- (xi) Parameters for selection of most backward districts under National Food for Work Programme (NFFWP)

Recommendation (Para No. 3.14)

35. The Committee had recommended as below:

“The Committee further fail to understand the difference between the most backward districts selected by the Department for the purpose of National Food for Work Programme with those of 170 most backward districts mentioned by the Finance Minister in his Budget speech. The Committee would like the Department to analyse the position in this regard and furnish explanation to the Committee. The Committee would also like to strongly recommend that while selecting the districts for National Food for Work Programme, it should be strictly ensured that parameters for selection of districts are such that first of all the most backward districts in a State get the due priority in the Programme.”

36. The Government in the action taken replies have stated as under:

“The districts under National Food for Work Programme were selected on the basis of exercise undertaken by the Planning

Commission based on three parameters namely—SC/ST population, inverse of agricultural productivity and agricultural wage. The districts mentioned by the Finance Minister is a later exercise by the Planning Commission based on different parameters.”

37. The Committee fail to understand how two different sets of most backward districts are being selected by two different methodologies adopted by one body i.e. Planning Commission of Government of India. The Committee strongly disapprove the way how different criteria are being adopted for providing benefits for different programmes. The Committee are in a fix to understand as to how the most backward districts can be separately chosen for different purposes. The Committee while expressing their strongest concern in this regard would like to reiterate their earlier stand that parameters for selection of districts for Food for Work Programme now converted into National Rural Employment Guarantee Scheme, should be such that first of all most backward districts in a State get the due priority in the Programme.

(xii) Specifying allocations and outstanding dues to Food Corporation of India (FCI) under SGRY and NFFWP in Budget documents

Recommendation (Para No. 3.32)

38. The Committee had recommended as below:

“The Committee find that with regard to the payment for foodgrains component under SGRY as well as NFFWP, there is utter confusion. They note that as per the recent decision, the payment for foodgrains component will directly be managed by the Ministry of Finance. As per the data reported by the Secretary during evidence Rs. 15,000 crore is the outstanding payment to Food Corporation of India. The Committee also note that during 2005-2006, no allocation has been indicated against the proposed allocation of Rs. 27,375.87 crore under SGRY and Rs. 2,313 crore under NFFWP for foodgrains component. In such a scenario the Committee fail to understand how the Government will fulfil the commitment of providing adequate allocation under the wage employment programme of the Department. The Committee feel that the specific allocation and outstanding due to Food Corporation of India should invariably be indicated in the Budget documents irrespective of the fact whether payment is made by

the Ministry of Rural Development or Ministry of Finance to the Food Corporation of India or to the Department of Food and Public Distribution (Ministry of Consumer Affairs, Food & Public Distribution) so as to know about the clear picture of the allocation. The Committee would like to be clearly informed how the Government propose to arrange for the outlay for the employment guarantee for which ambitious commitments have been made in the National Common Minimum Programme as well as in the Budget announcements.”

39. The Government in the action taken replies have stated as under:

“Under the proposed national Rural Employment Guarantee Scheme, the foodgrains are not essential to be given as part of the wages.”

40. While noting that there was huge outstanding payment with regard to the food component under SGRY and NFFWP, the Committee had *inter-alia* desired:

- (i) Specific allocation and outstanding due to FCI should invariably be indicated in the Budget documents irrespective of the fact whether payment is made by the Ministry of Finance or by other Department of the Government of India; and
- (ii) The Committee had desired to be informed how the Government propose to arrange the outlay for the implementation of the National Rural Employment Guarantee legislation.

The Committee are dismayed to note the reply of the Department whereby it has simply been stated that under the National Rural Employment Guarantee Scheme, the foodgrains are not essential to be given as part of the wages. The Committee note that their concerns were with regard to the outstanding dues to FCI pertaining to SGRY and NFFWP, as the national rural employment guarantee legislation was still to be enacted by that time. Even under national rural employment guarantee scheme there is a provision to pay part wages in kind. The Department has further chosen to avoid the issue at (ii) above as raised in their earlier recommendation. The Committee disapprove the way such serious are addressed by the Department. They desire a categorical response to both the issues referred in their earlier recommendation.

**(xiii) Implementation of National Food for Work Programme (NFFWP)
in Union territories**

Recommendation (Para No. 3.33)

41. The Committee had recommended as below:

“The Committee are disappointed to note the implementation of SGRY in some of the States particularly Union territories. The Committee are further constrained to note the reply of the Department stating that Union territories have never utilized their allocated resources to the fullest extent under SGRY and as such no district under Food for Work Programme was included for Union territories. The Committee strongly recommend to analyse the reasons for poor performance in each of the States as indicated in the preceding para of the report and take the corrective action immediately. The Committee may also be kept informed about this. The Committee are unable to understand poor performance of SGRY in Union territories which are directly under the administrative control of the Union Government. They would like the explanation of the Department in this regard.”

42. The Government in the action taken reply have stated as under:

“The Union territories are getting resources under various schemes and due to their small size, the demand for wage employment is less.”

43. The Committee in their earlier recommendation had recommended to the Department to analyse the reasons for poor performance of SGRY. While examining Demands for Grants 2005-2006, strong concerns were expressed on the response of the Department with regard to performance of Union territory Administration, particularly over the reply given by the Department that Union territories had never utilised their allocated resources to the fullest extent under SGRY and hence not consulted while choosing 150 most backward districts. The Committee are annoyed to note such an evasive reply. On the part of the recommendation relating to poor performance of SGRY in States, the Department has chosen to remain silent. With regard to Union territory Administration without analyzing the facts, it has been stated that the Union territories are getting resources under various schemes and due to their small size, the demand for wage employment is less. The Committee would like the Department to substantiate the reasons with facts and figures. With regard to poor performance of States the Department may furnish the categorical response.

(xiv) Specific data to be obtained with regard to SGRY

Recommendation (Para No. 3.34)

44. The Committee had recommended as below:

“The Committee are further constrained to note that out of 12 States to whom foodgrains were released under Special Component of SGRY, only 4 States have submitted the progress reports. Further the data submitted by the Department in case of these States is also not clear. Foodgrains authorized indicated is for the year 2004-2005, whereas the utilization data is cumulative data including utilization for the year 2004-2005. Thus the performance cannot be evaluated. The Committee would like that the data for each year under specific item should be made individually so as to enable the Committee to come to some meaningful conclusion. The committee strongly recommend that proper monitoring of data should be done for the outlay earmarked under Special Component of SGRY so as to ensure that the meagre resources earmarked for calamity affected areas reach the intended calamity stricken beneficiaries. The Committee would like the Department to collect the utilization data from such States/District and submit before the Committee along with the position of mandays created.”

45. The Government in the action taken replies have stated as under:

“All the State Governments concerned have been requested to indicate utilization of quantity of foodgrains and mandays generated with the resources given under the Special Component of SGRY. The Committee will be informed after collecting information from the States in this regard.”

46. The Committee in their earlier recommendation had desired the specific data with regard to foodgrains authorized and foodgrains utilised during 2004-2005. The Committee had also desired the Department to collect the utilisation data from States/Union territories and submit alongwith the position of mandays created. The replies indicate that the specific data is being collected from the State Governments. The Committee would like to be apprised of the information when received from State Governments.

(xv) Additional allocation to Tsunami affected areas

Recommendation (Para No. 3.35)

47. The Committee had recommended as below:

“The Committee further note that during 2005-2006, Rs. 360 crore out of overall savings has been allocated additionally for Tsunami

affected States. The Committee strongly recommend to monitor the utilization position in the said district/States regularly so that the benefits reach to the targeted persons.”

48. The Government in the action taken replies have stated as under:

“Additional grants provided under SGRY for Tsunami affected States is being monitored along with funds provided under normal SGRY because it would be difficult for the implementing agencies to keep separate accounts for the grants under the same programme.”

49. During 2005-2006, Rs. 360 crore had been additionally allocated under SGRY to Tsunami affected areas. On the recommendation of the Committee to monitor the utilisation position, the Department has expressed inability to monitor the utilisation position separately. It has been stated that additional grants are being monitored alongwith the funds provided under SGRY. The Committee are not inclined to accept the response of the Department. The Committee are unhappy to note that no effort has been made by the Department to ensure that the additional assistance reach the targeted Tsunami affected areas. The Committee would like the Department to evolve some mechanism to monitor the utilisation position separately for additional grants released to Tsunami affected areas.

(xvi) Slow performance with regard to credit mobilization targets under SGSY

Recommendation (Para No. 3.50)

50. The Committee had recommended as below:

“The Committee are concerned to note a reduction of four percent outlay under SGSY in 2005-2006 as compared to previous year allocation at BE stage. They also note that during 10th plan the Department has been allocated less than half of what was proposed under SGSY. Similarly during 2005-2006, the Department has got less than 75 per cent of the proposed outlay in this regard. A little over Rs. 1,068 crore credit mobilization only has so far been achieved by States and Union territories against the target of Rs. 2,508 crore during the previous year. Further alarming is the fact that none of the States except Himachal Pradesh and Rajasthan could distribute more than 50 per cent of the credit available during 2004-2005. The Committee, therefore, conclude that the Department

has to blame itself for the reduction of outlay of the scheme in the current year. They note the assurance of the Planning Commission to restore the Central outlay of SGSY at the level of the previous year i.e. Rs. 1,000 crore. They also note the reports of the Area Officers regarding the reasons for poor performance of the scheme. In this scenario the Committee urge the Government to take corrective measures for satisfactory implementation of the scheme and then approach the Planning Commission by which the commission could be convinced for higher allocation under the scheme.”

51. The Government in the action taken reply have stated as under:

“The Planning Commission has approved an outlay of Rs. 1,000 crore for SGSY during 2005-06 which is same as the outlay for the financial year 2004-05.

Realising the fact that in no single year the targeted volume of credit has been fully mobilised, the Department has taken various initiatives in this regard. Problems of credit flow to swarozgaries are regularly discussed at various fora including meetings of Central Level Coordination Committee (CLCC), Performance Review Committee, RBI’s Monitoring Cell for PMRY & SGSY, Project Directors Conferences etc. The issue was also discussed in the meeting of the Central Level Coordination Committee (CLCC) held on 7th February, 2005, where the Committee, *inter-alia*, recommended that:

- (i) the State Governments to regularly hold meetings of the SGSY Implementation and Coordination Committees at State, District and Block levels and to ensure participation of the other concerned departments and Bankers.
- (ii) RBI should expedite decision for opening new bank branching in unbanked areas.
- (iii) all loan applications pending at the close of the year should be brought forward to the next year and decided upon.
- (iv) the Committee advised the banks to take steps to achieve the desired credit subsidy ratio.

Taking cognizance of the fact that the promotional agencies like non-government organizations/SHPIs play a greater role in formation and capacity building of groups, State Governments have been advised to ensure greater involvement of such institutions. Bank branches not achieving even 25 per cent of their credit mobilization targets are being systematically identified and reported to the Chief Executives of the concerned banks for timely remedial measures.

To ensure effective implementation of the programme, State Governments have been advised to hold SGSY Committee meetings regularly at Block, District and State levels as per prescribed frequency under SGSY guidelines.

As a result of various steps taken by the Ministry, credit mobilization has substantially increased from Rs. 1302.96 crore in 2003-2004 to Rs. 1640.11 crore in 2004-2005 (as per the latest reports available from the States/Union territories), an increase of about 26 percent, as can be seen from the statement given below:

Credit mobilised under SGSY during 2003-04 and 2004-05

(Rs. in lakh)

Sl.No.	State/Union territory	2003-2004	2004-05
1	2	3	4
1.	Andhra Pradesh	9013.19	9547.27
2.	Arunachal Pradesh	141.47	199.12
3.	Assam	4597.57	6108.08
4.	Bihar	18640.61	21519.77
5.	Chhattisgarh	3907.32	4582.55
6.	Goa	62.02	92.94
7.	Gujarat	3283.58	4171.79
8.	Haryana	2471.49	2884.44
9.	Himachal Pradesh	1837.69	2306.97
10.	Jammu & Kashmir	1956.54	2338.65
11.	Jharkhand	6230.35	5022.35
12.	Karnataka	6505.04	7560.16
13.	Kerala	2516.90	3046.22
14.	Madhya Pradesh	9828.74	11116.53
15.	Maharashtra	9948.66	11058.06
16.	Manipur	0.00	0.00

1	2	3	4
17.	Meghalaya	247.54	209.38
18.	Mizoram	82.06	73.72
19.	Nagaland	211.26	8.48
20.	Orissa	7789.65	9750.10
21.	Punjab	1426.12	1215.98
22.	Rajasthan	7965.36	10245.10
23.	Sikkim	197.48	143.67
24.	Tamil Nadu	4131.44	6867.23
25.	Tripura	1762.08	1511.08
26.	Uttar Pradesh	20396.07	36963.40
27.	Uttaranchal	1549.44	2006.85
28.	West Bengal	3487.58	3338.98
29.	A&N Islands	0.00	0.20
30.	Daman & Diu	0.00	0.00
31.	D&N Haveli	12.50	0.00
32.	Lakshadweep	6.30	1.30
33.	Pondicherry	89.74	120.46
Total		130295.79	164010.82

52. The Committee in their earlier recommendation while noting a reduction of four per cent outlay under SGSY in 2005-2006 as compared to previous year had observed that the poor performance of the programme is the main reason for getting lesser allocation from Planning Commission/Ministry of Finance. The Committee had stressed upon the need for taking effective steps to improve the implementation of the programme before approaching Planning Commission for higher outlay.

The Committee find from the replies that certain initiatives in the right direction have been taken by the Department due to which credit mobilization position during 2004-2005 has improved from Rs. 1,068 to Rs. 1,640 crore as reported while examining Demands for Grants. Even then the achievement is far less than the target of

Rs. 2,508 crore. The Committee stress upon the need to continue the said initiatives more vigorously so as to achieve the set targets under SGSY. Besides Planning Commission/Ministry of Finance may also be pursued for allocating higher outlay as desired by the Committee in their earlier recommendation.

(xvii) Certification of SHG products

Recommendation (Para No. 3.56)

53. The Committee had recommended as below:

“The Committee observe that due care has not so far been taken by the Government either to arrange for proper certification or for marketing of SHG products. The Committee note the reply of the Department that some initiatives by only two States *viz.* Madhya Pradesh and Maharashtra have been taken to facilitate quality certification of various SHG products. They feel that these efforts are not enough. The laboratory at Wardha cannot cater to the need of all SHGs of the country. The Committee, therefore, recommend that the Government should help to establish at least one laboratory in each region of the country that too only for certification of SHG products, which can be replicated for establishment of such centres in all States and Union territories in a time bound manner later.”

54. The Government in the action taken reply have stated as under:

“The quality of products produced by SGSY beneficiaries is absolutely important to ensure sustained marketing. Therefore, care is being taken that products which come under the category of certification by various agencies *i.e.* ISI, Agmark, FPO license should be certified accordingly. DRDAs have been directed to facilitate process by organizing trainings to create awareness among the Swarozgaries and ensure effective liaison with concerned agencies to ensure certification of products. Guidelines to utilize amount of Rs. 5 lakh earmarked for each DRDA would be reiterated to all States for its effective implementation.

In Andhra Pradesh SGSY products have been identified for sale through 1,100 APNA Bazar outlets. Similarly in Maharashtra DRDAs have funded for strengthening of infrastructure by constructing/upgrading market-sheds at Taluka Headquarters/ places of weekly bazaars, Gram Panchayats etc. Retail outlets for display and sale of SGSY products have been established in cities

like Pune (Savitri), Nagpur (Samruddi) etc. Brand names have been given to SHG products i.e. Sindhu in Sindhudurg District, Sewagram Nisarg in Wardha DRDA Pune has started a marketing outlet "Savitri" to provide urban markets for the SGSY products.

In Orissa, ORMAs have been created as an autonomous body under Panchayati Raj Department with an objective to remove all the critical gaps experienced in marketing and research of products produced by swarozgaris under SGSY. The SGSY products are channeled through long-term marketing tie up with buyers. These products are also sold through institutions selling, fairs and exhibitions.

Marketing initiatives have also been undertaken in Madhya Pradesh and agro-based non timber forest produce and dairy products have been selected for production/processing and marketing by the State Government, developing a "Vindhya Valley" brand for all food products with a focus on purity.

In West Bengal Swayambhan is marketing outlet established in Hooghly district. Besides serving as a marketing outlet for display and sale of various products manufactured by SHGs, the outlet plays facilitation role to act as a platform to share the experience of the group members, assess market demands and production needs besides to design development and improvement of products. A similar marketing outlet by the name of "Prayas" has already been established at Mahali.

RUDA—Rural non-farm Development Agency has been set up by the Government of Rajasthan to promote rural non-farm sector. RUDA collaborates with NPRI, Technical & Research Institute, Design Institute, private entrepreneurs, including exports, domestic and International Promotional Trade Agencies."

55. The Committee in the earlier recommendation had categorically desired the Department to help the State Governments to establish at least one laboratory in each region of the country only for certification of SHG products followed by such laboratories in all States/Union territories. The Department's response is not specific. A general reply specifying the initiatives taken in different States for marketing of products has been furnished. The Committee note that certification of SGSY products is altogether essential to enable such products to face stiff competition from finished products produced by machines and imported goods. Besides to get the reasonable price for SGSY products certification is necessary. The Committee desire the specific reply on the earlier recommendation.

(xviii) Involvement of Nehru Yuvak Kendras (NYKs) in the implementation of SGSY special projects

Recommendation (Para No. 3.69)

56. The Committee had recommended as below:

“The Committee are unhappy to note the performance of SGSY special projects. They find that Rs. 8.26 crore during 2003-2004 and Rs. 94.53 crore so far during 2004-2005 have remained unspent. Not only that, the Government have involved in the implementation Nehru Yuvak Kendras which are under the administrative control of the Ministry of Youth Affairs and Sports even though DRDAs/Zilla Parishads continue to implement rural development schemes in all districts of the country. As admitted by the Government, the progress of the projects being implemented by NYKs was very slow but the pace is improving now. The Committee fail to understand as to why the NYKs were involved in the implementation of SGSY project specifically when DRDAs/Zilla Parishads have been established and are functioning in most of the districts of the country to monitor the implementation of schemes of the Ministry. The Committee in this regard would like the Department to furnish the reasons for involving NYKs in the implementation of SGSY special projects. Besides they would like to be apprised of about the details of such projects indicating the financial and physical performance of these projects which are being taken up by NYKs so as to enable the Committee to ensure the reasons for their involvements and comment further in this regard.”

57. The Government in the action taken reply have stated as under:

“Regarding the Committee’s observations on the performance of SGSY Special projects and the unspent balances during the year 2003-04 and 2004-05, the position is clarified as follows:

The Ministry of Rural development has received proposals from several States under Special Project Component Swarna Jayanti Gram Swarozgar Yojana (SGSY) for approval during the last two years. The proposals received under SGSY special projects are first desk scrutinized to see whether the minimum requirements of guidelines such as forwarding of projects by the State

Governments, commitment of the State Government for meeting 25 per cent State share, Bank's commitment, if credit is involved, focus on the Below Poverty Line (BPL) population, constituency and viability of the concept etc. are being met by the proposals. If the project proposals do not fulfill the above requirements, they are returned to the concerned State Governments. There is a two level system of approval of the project proposals. They are first screened by the Project Screening Committee (PSC) headed by the Joint Secretary (SGSY) and then approved by the Project Approval Committee (PAC) headed by Secretary (RD) with Adviser (Planning Commission), Additional Secretary & Financial Advisor, Ministry of Rural Development as members. The approval of the proposals is a continuous process. Since during the years 2003-04 and 2004-05, many proposals did not fulfill the prescribed requirements and thus could not get the approval of Project Approval Committee, the amount remained unspent during the years.

In reply to the observation of the Committee regarding the implementation of special projects by Nehru Yuvak Kendras, it is stated that NYKs is an autonomous body under the administrative control of Ministry of Youth Affairs & Sports and they are engaged in the Poverty Alleviation programmes with active involvement of Youth Clubs. They are also involved in other activities like Health, Education, Environment etc.

NYKs is the largest rural youth network in the country. The basic objective is to bring the rural youth into the mainstream of development as partner of development. NYKs has formed more than two lakh youth clubs at village panchayat level in as many as 500 districts of India and has a youth volunteers force of over eight million.

The Youth Clubs/Mahila Mandals formed by NYKs are involved in various developmental activities at voluntarily basis. They have the experience of working in rural areas and pioneers in SHG movement also. The youth clubs/mahila mandals are forming Self Help Groups and collaborating with PRIs/DRDAs and local bodies at local level for eradication of poverty.

Since our projects involve ground level mobilization and interaction with the beneficiaries and NYKs have strengthened

on that account, NYKs were involved. NYKs have sanctioned four projects which were to be implemented in following 14 districts:

Sl.No.	Name of the District	State
1.	Sarguja	Chhattisgarh
2.	Kalahandi	Orissa
3.	Gwalior	M.P.
4.	Jagatsinghpur (Cuttack)	Orissa
5.	Gumla	Jharkhand
6.	Vaishali	Bihar
7.	Kamrup	Assam
8.	Nalbari	Assam
9.	Bhopal	M.P.
10.	Sehore	M.P.
11.	Dewas	M.P.
12.	Hamirpur	U.P.
13.	Chamoli	Uttaranchal
14.	Nellore	A.P.

In these districts, the projects are implemented as per the norms of SGSY guidelines. District Collector is the Chairman of District Advisory Committee of Rural Youth Initiative (DACRYI) Committee formed for SGSY scheme by NYKs, ADC, Project Director DRDA, Lead Bank Manager, representative of NABARD and representative of other developmental department and public representatives are also the member of DACRYI to guide, help and for monitoring of SGSY projects which are being run through NYKs.

Statements showing the financial and physical performance of the projects implemented by the NYKs are enclosed at *Appendix I to IV.*"

58. Regarding accumulation of unspent balances since 2003-2004 under SGSY special projects, the Committee note the vague reply of the Department that many proposals did not fulfill the prescribed requirements which could not get the approval of Project Approval Committee. Hence, the amounts remained unspent. The Committee understand that unspent balances denote the amount which could not be released by the State Governments to the implementing agencies. The reply of the Department indicates that the outlay could not be released by the Department of Rural Development in the Union Government. The Committee fail to understand how the reason for not releasing the outlay by Union Government could justify underspending under special projects.

The Committee in their earlier recommendation had also desired the details of the NYKs projects indicating the financial and physical performance of the projects so that the Committee could draw a meaningful conclusion about implementation of special projects by NYKs. The Department has indicated the performance in four statements which have been given in Appendix I to IV. It could be seen from the statements that percentage of total available funds seem to be lesser than 25 per cent. Besides various columns in the statement have not been filled properly and some are even left blank. For example in the column, percentage expenditure to total available funds certain data in lakhs has been indicated. Further, the States' share in each of the statement has been indicated as nil whereas the reply indicates that one of the condition for approval of special projects is the commitment of the State Government for meeting 25 per cent State share. In view of the incomplete and vague statements the Committee fail to understand the physical and financial progress of the project and draw any conclusion about continuing the projects to be implemented by NYKs. While expressing strong concerns over the way the information is made available, the Committee would like a detailed and categorical response in this regard.

(xix) Inadequate outlay to end shelterlessness

Recommendation (Para Nos. 3.76, 3.78, 3.79 and 3.80)

59. The Committee had recommended as below:

"The Committee find from the data indicated above that there is an increase of 11 per cent in the outlay provided during BE 2005-2006, but if compared to RE, there is further reduction of outlay. As clarified by the Department, even if it is accepted that Rs. 400 crore special assistance is provided to Bihar for

construction of 2.15 lakh additional houses damaged by floods is included in the outlay, the outlay provided during 2005-2006 is inadequate keeping in view the data of shelterlessness in the country. As per Government's own data 14.84 million is the housing shortage. Not only that shortage of around 10 lakh houses is added to it annually. The Committee find that shelter is basic necessity of life and there is an urgent need to tackle the issue on war footing."

Recommendation (Para No. 3.76)

"The Committee further note that the Government have started implementing several sub-schemes hurriedly which have now been merged with IAY from this year. They are astonished to find that the Government have not been able to monitor the physical progress of the sub-schemes except IAY, after these are merged with IAY. The plea taken by the Department that these sub-schemes are demand-driven and hence unmonitorable is unacceptable to the Committee. When scarce resources are being provided, it should be spent judiciously and the target and achievements should be monitored accordingly. Therefore, the Committee would like that the infrastructure created under all sub-schemes of rural housing should be monitored even after these are merged with IAY and should be reflected in the various Budget documents."

Recommendation (Para No. 3.78)

"The Committee note that nearly 15 million families were houseless in the rural area as per 2001 Census. In addition, about 10 lakh houses are being added to the existing shelterlessness. The Committee also find that various parallel rural housing schemes are being implemented by the respective State Governments. The States of Kerala, Tamil Nadu and Gujarat are dovetailing funds with IAY. The Committee feel that there is an urgent need for dovetailing the rural housing schemes with IAY in the remaining States. The dovetailing of State Sector Schemes would not only help in avoiding the problem of coordination but would also help in having accurate data about the level of shelterlessness in a particular State. The Committee would like that said issue should be taken up and discussed at the various conference/workshops and through various review meetings conducted by the Ministry to which representatives of State Governments participate. The Committee should also be apprised about the deliberations and outcome of such discussions."

Recommendation (Para No. 3.79)

"The Committee are concerned to note that several IAY houses have been constructed without basic necessities, like proper ventilation, provision for windows, drinking water, toilets etc. as found by them during their Study visit. They feel that without the provision for basic necessities the condition of poor people living in IAY houses can not be improved. They, therefore, recommend that it should be ensured to provide basic necessities in IAY houses so that poor people can live with dignity."

Recommendation (Para No. 3.80)

60. The Government in the action taken replies have stated as under:

"The Government is making all efforts to end shelterlessness in rural areas as soon as possible. With a total outlay of Rs. 2,775 crore during the current financial year 2005-2006, about 14.55 lakh houses are likely to be constructed."

(Reply to recommendation Para No. 3.76)

"Each project sanctioned under Innovative Stream of rural Housing and Habitat Development is being monitored and further instalment of funds in respect of ongoing projects are released only after examining the financial and physical progress/ achievements."

(Reply to recommendation Para No. 3.78)

"The information has been called for from all State Governments to know as to which of the State Governments are implementing parallel rural housing schemes."

(Reply to recommendation Para No. 3.79)

"Construction of sanitary latrine and smokeless chulha is an integral part of IAY houses. however, in case of default by any beneficiary, an amount of Rs. 600 and Rs. 100 respectively is deducted from the Central financial assistance. As regards provision of ventilation, it is stated that the construction of IAY houses is done by the beneficiary himself according to this choice."

(Reply to recommendation Para No. 3.80)

61. The Committee in their earlier recommendations had raised serious concerns over the various issues related with the subject 'Rural Housing'. The major issues *inter-alia* are as under:

- (i) Adequate outlay to end shelterness in rural areas should be provided the Government's data indicate shortage of around 14.84 million houses added by 10 lakh additional houses shortage annually. The Committee emphasized on an urgent need to tackle the issue on war footing;
- (ii) Monitoring of various housing schemes merged with IAY was stressed upon;
- (iii) The dovetailing of State sector housing schemes with the schemes provided by the Union Government was stressed upon. The Department was recommended to take up this issue at various conferences/workshops/review meetings;
- (iv) The Committee expressed concern over IAY houses without basic necessities like proper ventilation, provision of drinking water, toilets etc. as found during the study visit at Varanasi and Lucknow and recommended to ensure that the basic necessities are provided in IAY housing.

The Committee are unhappy to note the vague and incomplete replies on each of the issues raised by the Committee. On item No. (i) the existing data of outlay earmarked and physical targets has been furnished. The Department has not bothered to make any analysis of the serious observations of the Committee. No efforts seem to have been made to tackle the issue in a time bound manner.

As regards the observation of the Committee at (ii) above, the reply of the Department is vague and incomplete. Initially at the stage of examination of Demands for Grants, the Department had stated that the sub-schemes merged with IAY are demand driven and unmonitorable. Now in the action taken reply, it has been stated that each project under Innovative Stream of Rural Housing and Habitat Development is being monitored. The Committee find that besides the said Innovative Stream of Rural Housing and Habitat Development, the other schemes namely Credit-cum-Subsidy Scheme, Rural Building Centre were also merged. There is no mention of the aforesaid schemes. With regard to recommendation at item No. (iii), no efforts have been made to interact with the State Governments so that the dovetailing of the State Sector Schemes as done by some of the States could be achieved.

With regard to item No. (v), the Department did not bother to verify the position of IAY houses, even when the serious shortcomings Committee had been noticed and conveyed to the Department by the Parliamentary Committee.

The Committee express serious concerns over the way the Department has dealt with their recommendations. The Committee would like the Department to deal with each of the issue analytically and furnish categorical response.

(xx) Adequate outlay under 'Bharat Nirman'

Recommendation (Para No. 3.77)

62. The Committee had recommended as below:

"The Committee further note that ambitious targets of constructing 60 lakh houses in four years (2005-2006 to 2008-2009) have been set up under 'Bharat Nirman'. They feel that without adequate funding, targets will remain only dreams. To translate such ambitious programmes in to reality, the Committee strongly recommend that adequate outlay should be provided. Ministry of Finance/Planning Commission should be approached for adequate funding. The Committee would like to be apprised of their reaction. with regard to special allocation of Rs. 400 crore as provided to Bihar for construction of 2.15 lakh additional houses damaged by floods, the Committee would like to be apprised of the physical achievement in this regard."

63. The Government in the action taken replies have stated as under:

"The Planning Commission has been approached to provide adequate funds under IAY for construction of 15 lakh houses annually under 'Bharat Nirman' Programme. As regards special allocation of Rs. 400 crore to Bihar, the State Government has been asked to furnish physical achievements in this regard."

64. On the recommendation of the Committee to provide adequate outlay for the ambitious programme 'Bharat Nirman', it is noted from the replies of the Ministry that Planning Commission has been requested to provide adequate outlay. The Committee would like the Department to pursue the matter with the Planning Commission in this regard. On the issue of monitoring of special allocation made to Bihar for additional houses damaged by floods, the Department

in pursuance of the recommendation of the Committee has asked the Government of Bihar to furnish the data of physical achievement. The Committee would like to monitor the financial and physical achievements and apprise the Committee.

(xxi) Augmenting available resources for PMGSY

Recommendation (Para Nos. 3.103 and 3.104)

65. The Committee had recommended as below:

“The Committee note that a laudable programme was launched by the Government on 25 December, 2000 with the objective to provide road connectivity, through good all weather roads to all unconnected rural habitations with a population of 1000 or more by 2003 and those habitations having population of more than 500 persons by the year 2007. As per the revised estimates under ‘Bharat Nirman’ the habitations having population of 1000 (or 500 in hilly, tribal areas) are now proposed to be covered by 2009. The earlier estimates of outlay required were for Rs. 60,000 crore. As per Economic Survey, now the said projections have increased to Rs. 1,33,000 crore. Further if the objective set under ‘Bharat Nirman’ *i.e.* to upgrade and renew a portion of the Core Net Work is included, as the Government’s estimates, an outlay of Rs. 48,000 crore will be required during next four years which implies an annual allocation of Rs. 9,600 crore against the current budget of Rs. 4,235 during 2005-06.”

Recommendation (Para No. 3.103)

“The Committee find from what has been stated above, that the targets of connectivity cannot be achieved with present level of allocation. They also find that due to spillover of targets, the estimates of required outlay have considerably increased. The present estimates of requirement of Rs. 48,000 crore for four years may further enhance, if the set targets are not achieved as per the revised date of coverage of habitation population of 1000 *i.e.* by the year 2009. Thus the Committee conclude that inadequate financial resources is the biggest concern. For augmenting resources for the programme, the Committee suggest the following:

- (i) the projections made by the Department during 2005-06 do not correspond to the annual requirement of outlay to achieve the objective of Bharat Nirman. The Department in

fact got Rs. 595 crore more than the projected outlay during 2005-2006. The projections made by the Department should commensurate to the overall projections of the Government.

- (ii) there is enough scope to tap external funding from ADB/ World Bank. More efforts need to be made to explore the potential for augmenting available resources with external funding.
- (iii) The Committee in their earlier report (*refer* paragraph No. 3.126 of 3rd Report—14th Lok Sabha) had expressed their concern over not allocating funds on account of increase in diesel cess. As reported by the Department, the arrears amounting to Rs. 2,500 crore on account of additional cess imposed since 2003-2004 have not been allocated to the Department. Besides, during the current year *i.e.* 2005-2006 although there is a proposal to increase the cess on petrol and diesel by 50 paise per litre, the additional resources are proposed to be exclusively earmarked for the National Highways. Keeping in view the escalation in cost of construction roads due to spillover of the targets as stated above, at least 50 percent of the additional resources to be procured by the additional cess should be made available for PMGSY.
- (iv) As replied by the Department a proposal has been moved to amend the Central Road Fund Act to enable cess funds to be used for repaying loans taken for constructing and upgrading rural roads to facilitate leverage of the cess in the domestic capital market. The Committee strongly recommend to the Government to finalise the aforesaid proposal which may enable the Government to leverage long term funds from the domestic capital market.”

Recommendation (Para No. 3.104)

66. The Government in the action taken replies to recommendation para Nos. 3.103 and 3.104 have stated as under:

“At present, the PMGSY programme is being funded from
(a) Accruals from the cess on High Speed Diesel (HSD) and
(b) Borrowings from the World Bank and Asian Development Bank (ADB).

For the year 2005-06, the Department had projected a requirement of Rs. 7,240 crore, including Rs. 1,250 crore for World Bank/ADB projects. This projection was based on the likely accruals from Diesel cess and likely flow for World Bank/ADB funding.

For Bharat Nirman, fund requirement is estimated at Rs. 48,000 crore over the next five years period (till 2009). The bulk of funding will be required for 19 States comprising the 10 Core States (Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal), the 7 NE States and 2 Hill States. In the meeting of the National Committee on Rural Infrastructure held on 16th May, 2005 under the Chairmanship of the hon'ble Prime Minister, it was concluded that after taking into account likely availability of funding through Cess on High Speed Diesel at the current rates and after factoring in three ADB loans and two World Bank credits, there is a net gap of Rs. 17,835 crore upto 2009-2010. The Committee has desired that the Ministry of Finance and Planning Commission locate the funds necessary to meet the gap in consultation with the Ministry. Discussions have taken place on 8th June 2005 and final response of the Finance Ministry and Planning Commission is awaited.

Separately Department of Economic Affairs has been requested that the ADB's Rural Roads Sector Projects (RRSP)-III loan of US \$350 million due in 2007 be clubbed with the RRSP-II for US \$400 million currently under negotiation, to make loan size a more goal-oriented size of US \$750 million.

Ministry of Finance has also been requested to ask the World Bank to start discussion on a second loan and to increase the loan size from the current \$570m to \$750m.

Amendment to Central Road Fund Act is required to enable States to leverage their cess allocation to raise funds to meet their requirement of modernizing and augmenting the rural roads network and to repay the loan. Further action will be taken after the final decision of the Rural Infrastructure Committee."

67. The Committee find that pursuant to their recommendation, the Department is pursuing with the Ministry of Finance to tap all available sources as suggested by the Committee. The Committee would like the Department to continue the efforts and apprise about the final decision taken in this regard.

(xxii) Maintenance and upgradation of roads constructed under PMGSY

Recommendation (Para Nos. 3.105, 3.106 and 3.107)

68. The Committee had recommended as below:

“While recommending for higher outlay, the Committee feel that there is an urgent need to take stringent steps for the better and effective implementation of the programme. As stated above, the performance of the projects taken under I to IV stages of PMGSY is not satisfactory in some of the States. The problems as stated by the Department are manifold like institutional problems, and procedural delays etc. The Committee would like that the State—specific problems in the under performing States should be analysed critically and the corrective action taken thereon. The Committee may also be apprised in this regard.”

Recommendation (Paragraph No. 3.105)

“The Committee further note that the guidelines of the Yojana provide for the maintenance of roads. The roads constructed under PMGSY will be maintained by the Project Implementing Units and after that the maintenance will be taken over by the PRI designated for the purpose. The State authorities are also required to furnish an undertaking that they would remit to the identified PRI from the State Government funds, the requisite cost of maintenance. The Committee find that although an elaborate system has been indicated in the guidelines for the maintenance of roads constructed under PMGSY there is an urgent need that these provisions are strictly adhered to by the State Governments. The Committee would like the Department to take the desired steps in this regard and apprise them accordingly.”

Recommendation (Paragraph No. 3.106)

“The Committee note that PMGSY was envisaged with a laudable objective of providing connectivity to not connected habitations. The guidelines of the Yojana provides for upgradation of roads up to 20 per cent of the State’s allocation where unconnected habitations still exist. The Committee also note that although it has been indicated in the guidelines that upgradation is not central to the Programme, there is a need to monitor and ensure that the main emphasis of Yojana is to provide new connectivity

so that the main objective of starting the Yojana is not sidelined. The Committee therefore like the Department to strictly monitor the position in this regard. Besides the Committee would like to be apprised to the data indicating the per cent allocation and expenditure made on new connectivity as well as on maintenance scheme-wise, year-wise and State and Union Territory-wise.”

Recommendation (Paragraph No. 3.107)

69. The Government in the action taken replies to recommendation paragraph Nos. 3.105, 3.106 and 3.107 have stated as under:

“The Department has analysed the issues in the under-performing States and a critical note is enclosed at Appendix-V.

The maintenance provisions are strictly adhered to from Phase III (2003-04) onwards since they are governed by contracts enforceable in a Court of Law. The Department regularly reviews the status of maintenance budgeting and funding during Empowered Committee meetings, Regional Review meetings etc. Fresh proposals for road works are approved only after requisite provisions for maintenance are made by the State Government concerned.

While considering the project proposals of States, the Department invariably examines the percentage of funds allocated for upgradation works to ensure that the guidelines in this regard are strictly adhered to.

The works of Phase I and Phase II were awarded with a 5 year defect-free guarantee from the contractors. The 5 years maintenance clause has been included in the Contracts from Phase III onwards. The Phase III works would be completed by 2004-05 or later and, therefore, provision for contract maintenance would be made in the budget of the States from the year 2005-06 onwards. Expenditure on maintenance during 2005-06 will be available in 2006-07”.

70. The Committee in their earlier recommendation had observed as under:

- (i) while noting the elaborate system of maintenance as indicated in the guidelines, the Committee desired that these provisions be strictly adhered to;**

- (ii) the Committee desired the data indicating the percent allocation and expenditure made on new connectivity as well as on maintenance scheme-wise, year-wise and State and Union territory-wise.

With regard to item at (i) above the Committee are surprised to note that five years maintenance clause has been included in the contracts from Phase III onwards. The Committee would like to be apprised of the reasons for not adhering to the guidelines while sanctioning projects at Phase I and Phase II, so as to enable them to analyse the position in a better way.

As regards the issue at item (ii) above, the Department has furnished the vague and incomplete reply stating that the Department invariably examines the percentage of funds allocated for upgradation work. The Committee while deploring the way the response has been made would like the categorical response indicating the desired data State, Union territory-wise.

(xxiii) Preparation of Core Network under PMGSY in Bihar

Recommendation (Para No. 3.110)

71. The Committee had recommended as below:

“The Committee further find that in Bihar so far District Road Plans have not been prepared. They would like to know the reasons for delay in preparing DRPs, specifically when the Central Agency has been inducted as the executing agency in that State.”

72. The Government in the action taken replies have stated as under:

“Preparation of DRRP and Core Network is the responsibility of the State Government and has to be done as per guidelines circulated to all States in 2001.

Central Road Research Institute (CRRI) had prepared Core Network on behalf of the State Government. Since DRRP is a prerequisite for preparation of Core Network, it has been decided that Central Agencies would prepare DRRP based on data from State Government, and the Core Network prepared by CRRI would be taken as final only after it is checked against the DRRP and found accurate.

The Nominated Executing Agencies (NEAS) have been given CDs containing the scanned images of the Core Network maps of each block in the districts under their jurisdiction prepared by CRRI for the State Government. The NEAS in consultation with the officers of Rural Engineering Organisation (REO), Bihar will carry out the verification and finalize the data with correction, where necessary, for finalizing the DRRP and Core Network.

In recent interaction with Government of Bihar, it was observed that about 70% of the master data has been entered in OMMAS module by the Government of Bihar. Now correction to the master data, based on verification, will be entered by the NEAs in the respective districts and Government of Bihar will arrange to provide all additional data regarding habitation/villages to respective NEAs, without any loss of time.

It is expected that DRRP and Core Network for Bihar would be compiled by the NEAs with the assistance of CRRI by September 2005."

73. The Committee find that District Road Plan and Core Network for Bihar are being compiled by Nominated Executive Agencies with the assistance of Central Road Research Institute (CRRI) and were expected by September, 2005. The DRRP and Core Network would have been finalised by now and the Committee be apprised accordingly.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Para No. 2.4)

The Committee find from the analyses of 9th and 10th Plan outlay as indicated above that although during 9th Plan, the actual allocation was enhanced by Rs. 8,144.83 crore, there was reduction of Rs. 262.05 crore at Revised Estimates stage. The expenditure position further indicates under spending of Rs. 317.43 crore if compared to the outlay given at Revised Estimates stage during 9th Plan. The Committee further note that although the allocation during 10th Plan has been enhanced by Rs. 15,995.35 crore if compared to 9th Plan allocation, the allocation as agreed to is far lesser i.e. less than half of the projected outlay during 10th Plan. The Committee also find that certain ambitious projections have been made by the Government under the vision "Bharat Nirman". The Committee fail to understand how such ambitious targets would be achieved with the outlay that is almost half of what was projected to the Planning Commission. Scheme-wise details have been analyzed in the subsequent Paragraphs/Chapters of the Report. The Committee would like to strongly recommend the Government, to pursue with the Planning Commission/Ministry of Finance for adequate allocation commensurating the targets projected by the Government, so that the benefits envisaged under different schemes of the Department could be extended to the poorest of the poor in the country. While approaching Planning Commission/Ministry of Finance in this regard the concerns of the Standing Committee in this regard should be duly communicated.

Reply of the Government

The concern expressed by the Committee is appreciated. The outlay for the 10th Plan for rural development programmes was enhanced significantly as also mentioned in the report of the Committee. The matter for allocating higher outlays for the programmes covered under the 'Bharat Nirman' has been taken up with the Planning Commission and Ministry of Finance at the highest level. The efforts in this regard will be continued and the concerns of the Committee will also be communicated to the concerned at the time of next annual plan discussions.

[Ministry of Rural Development, O.M. No. H. 11020/3/2005-GC,
dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 2.15)

The Committee find that although the overall outlay (both plan and non-plan) during 2005-2006 has been enhanced by Rs. 4,468.47 crore as against Revised Estimates of previous year and by Rs. 6,897.91 crore (excluding North Eastern allocation) as compared to Budget Estimates of previous year, there is net reduction of outlay under the priority schemes of the Department viz., Swarnajayanti Gram Swarozgar Yojana, Sampoorna Grameen Rozgar Yojana, Rural Housing, DRDA Administration and Training. The detailed analysis of the impact of reduction on implementation of these schemes has been given in the subsequent part of the report. Here the Committee from the data furnished by the Department find that the increase in allocation is only under National Food for Work Programme and Pradhan Mantri Gram Sadak Yojana (PMGSY). The Committee while appreciating the Government's targets of providing 100 days wage employment to each family in rural India, feel that the outlay for this programme should not be provided at the cost of other established major schemes of the Department. The committee also note that the Department has approached the Planning Commission for providing enhanced allocation under these schemes. The Committee expressed their strongest concern over the trend of allocating outlay at the cost of other schemes and disapproved the policy of the Government in providing adequate outlay for a scheme after adjustments in one or the other schemes. The Committee would like that their strongest concern in this regard should be properly conveyed to the Planning Commission/Ministry of Finance.

Reply of the Government

The spirit behind the observations of the Committee is appreciated, however, it is mentioned that reduced budget allocation for 2005-2006 under Sampoorna Grameen Rozgar Yojana (SGRY), Swarnajayanti Gram Swarozgar Yojana (SGSY), DRDA Administration and Rural Housing was noticed by the Ministry immediately after the Budget Estimates were made available. The matter was taken up with the Planning Commission and the Ministry of Finance at the highest level. Accordingly, the Planning Commission has agreed to raise the Budget Estimates for SGRY from Rs. 4000 crores to Rs. 5500 crore and BE under National Food for Work Programme (NFFWP) would be Rs. 4500 crore. Similarly under SGSY, the BE for 2005-06 would be Rs. 1000 crores which is at the previous year's level. Under Rural Housing, an additional allocation of Rs. 400 crore was made for the flood affected areas of Bihar during 2004-2005. Therefore, RE for Rural

Housing has been shown as Rs. 2900 crores. Otherwise, the BE for 2005-2006 are Rs. 2775 crore under Rural Housing which is higher than the BE of 2004-2005. The concern expressed by the Committee in their observation is noted and will be conveyed to the Planning Commission and the Ministry of Finance as well during the next year's Annual Plan discussions.

[Ministry of Rural Development, O.M. No. H. 11020/3/2005-GC, dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 2.19)

The Committee are unable to comprehend the position of seeking additional funds as supplementary grants and then surrendering the amount at the close of the year. To understand the position in a much better way, the Committee would like to be informed about the details of the physical achievement under the sectors for which supplementary grants have been sought for. The Committee would also like to be informed about the position of amount surrendered during 2004-2005 so as to enable them to comment further in this regard.

Reply of the Government

As already explained in the replies to the Points No. 11 and 12 of the Supplementary List of Points for oral evidence of the representatives of the Department of Rural Development (Ministry of Rural Development) on Demands for Grants (2005-2006), the Supplementary Grant during the course of the year is obtained for a specific purpose and it is normally utilized in full.

However, there is only a single instance when during the year 2002-2003, an amount of Rs. 75.00 crore had to be surrendered out of the Supplementary Grant of Rs. 260.00 crore obtained under the then Food for Work Programme as Food Corporation of India was not able to send adequate number of bills towards supply of foodgrains under the programme before 31.3.2003. Therefore, the surrender had to be done under compelling circumstances beyond the control of the Department.

In the year 2003-2004, entire supplementary grant of Rs. 5230 crore was utilized in full for clearing the bills received from the Food Corporation of India towards supply of foodgrains under the Sampoorna Gramin Rozgar Yojana (SGRY).

In the year 2004-2005, the additional funds were obtained through Supplementary Grant mainly for meeting the requirement of the following three programmes:

1. National Food for Work Programme (New Scheme) — Rs. 200 crore
2. Additional requirement of funds for the Scheme of PURA — Rs. 9 crore
3. For construction of houses in flood affected districts of Bihar under Indira Awas Yojana — Rs. 400 crore

The position regarding utilization of these funds *vis-a-vis* details of physical achievement, if any, under the above sectors is given below:

1. National Food for Work Programme

In fulfillment of the commitment made by the UPA Government under NCMP, the National Food for Work Programme was launched pending enactment of Employment Guarantee Act to create immediate additional employment opportunities in the rural areas with food security. For the purpose, an amount of Rs. 200 crore under the cash component was provided through Supplementary Demands during last week of November, 2004 and the entire cash component was released to the identified 150 Districts alongwith 20 lakh tonnes of foodgrains to implement the programme. During the four months (upto March, 2005) of its implementation during 2004-2005, a total of 783.68 lakh mandays were generated and 17568 works had been completed and 52385 works were in progress.

2. PURA

During the year 2004-05, the initial budgetary outlay for the scheme of Provision of Urban Amenities in Rural Areas (PURA) was Rs. 1 crore. An additional outlay of Rs. 9 crore was obtained through the supplementary demands for grants during the year thereby making the total outlay to the tune of Rs. 10 crore. As per the decisions taken in consultation with the Planning Commission initially, a pilot phase of the scheme has been launched in the selected clusters of the seven States of Andhra Pradesh, Assam, Bihar, Maharashtra, Orissa, Rajasthan and Uttar Pradesh for providing physical connectivity in the selected clusters. The total allocation of Rs. 10 crore was fully utilised during the financial year 2004-05.

3. Indira Awaas Yojana

During 2004-2005, an amount of Rs. 400 crore was approved by the Prime Minister as Additional Central Assistance for the 20 flood-affected districts of Bihar under the Indira Awaas Yojana for construction of houses damaged due to floods. This amount was

obtained through Supplementary Demands for Grants and was released in full to the State Government of Bihar during the year 2004-2005. The State Government has been requested to furnish physical achievements against this release.

4. Token Supplementary Grants

A token provision of Rs. 1 lakh was obtained for enabling this Department to re-appropriate Rs. 242 crore under major Head 2552—North Eastern Region for meeting additional requirement of North Eastern States including Sikkim under National Food for Work Programme (Rs. 202 crore) and Indira Awaas Yojana (Rs. 40 crore) *i.e.* 10% of the Supplementary Grant of Rs. 2020 crore and Rs. 400 crore respectively. The entire funds were re-appropriated from the functional programme heads to the Major Head '2552' and released in full to the NE States.

Another token provision of Rs. 1 lakh was obtained for enabling this Department to re-appropriate Rs. 5.00 crore under the Scheme of State Institutes of Rural Development (SIRDs) for meeting the additional requirement under the Scheme from the available savings within the Grant. This amount was accordingly re-appropriated and released to the SIRDs in full during the year. An additional amount of Rs. 44 lakhs was also made available through the last batch of Supplementary Demands—2004-2005 for meeting the additional requirement of the establishment expenditure of the Department. This amount has also been utilized in full.

It may, therefore, be observed that the additional funds obtained through Supplementary Grants during the year 2004-2005 were utilized in full and there was no surrender against the Supplementary Grants.

Surrender of funds during 2004-2005

The position regarding surrender of funds during 2004-2005 under the budget grant of the Department of Rural Development is indicated below:

	(Rs. in crore)				
	B.E.	R.E.	Actual Expenditure (provisional)	Amount surrendered as compared to B.E.	Amount surrendered as compared to R.E.
Plan	11437.40	13866.40	13857.77	0.00	8.63
Non-Plan	18.56	19.00	19.00	0.00	0.00

It may be observed, that there was no surrender under Non-Plan. However, under Plan, there was a nominal surrender of Rs. 8.63 crore against the R.E. of Rs. 13866.40 crore (*i.e.* 0.06% of RE). The surrender was mainly under PMGSY where there was a saving of Rs. 7.18 crore out of which Rs. 6.55 crore was under the provision for ADB loans. The non-utilisation of this amount was due to restriction of the first instalment to 50% of the approved value of projects as per the provisions of the guidelines.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 2.33)

While noting that the results of BPL Survey (2002) could not be finalized due to the direction of Hon'ble Supreme Court, the Committee would like to be apprised about the latest position with regard to the hearing on the aforesaid case by Hon'ble Supreme Court. Further the Committee are concerned to note that the exercise of BPL Census, is further being delayed by the State Governments/Union territory Administration. The Committee strongly recommend that pending decision by the Supreme Court, the exercise by States/Union territories should be completed expeditiously and the provisional results should be made available by the Government so that the results could be finalized immediately when the decision in this regard is taken by the Supreme Court.

Reply of the Government

While the Ministry of Rural Development have made all efforts to get the stay granted by the Apex Court vacated, at the same time, the issue was also discussed with representatives of the People's Union for Civil Liberties (PUCL) and the Commissioner of the Supreme Court in a series of meetings. The Govt. has already moved an application before the Supreme Court to review its order dated 5th May, 2003 and this application is likely to be listed very shortly. Simultaneously, the State Governments have been repeatedly asked to complete the entire spade-work and submit the entire data to the Ministry of Rural Development in the software already provided to them. Based on the advice given by the Additional Solicitor General, the Ministry of Rural Development has now requested all the State Governments/Union territory Administrations to finalise the BPL list based on the BPL Census, 2002 immediately. The BPL List of 2002 will be first prepared based on the BPL Census, 2002. In addition, the list will also have at the bottom separately, the details of all those families who were in the

BPL list of 1997 but were getting excluded in the new List based on the BPL Census, 2002. The families in the BPL list will be placed in the order in which they were ranked by the scorecard of the Census, 2002.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 2.41)

The Committee appreciate the initiative of the Government to present gender budgeting by all the Departments of the Union Government and also to make benefit incidence analyses. They also appreciate the initiative taken by the Department of Rural Development to indicate the data with regard to women beneficiaries. Such type of data brings transparency towards the efforts of different Departments for the welfare of women and also help the Government to monitor the implementation of the policies initiated for women welfare.

Reply of the Government

Though the Committee has appreciated the initiative taken by the Ministry of Rural Development with regard to the welfare of women, the Ministry would work further continuously in an effective way.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 2.42)

The Committee note that in the schemes meant for providing wage employment for manual labour work, like SGRY and Food for Work Programme the participation of women, may not be so encouraging. The data with regard to SGRY, as well as the observation of the Committee during the Study-visit to Varanasi and Lucknow in Uttar Pradesh substantiate this point. The Committee find that the Government propose to provide 100 days of wage employment to each family in rural area. To achieve this objective the Government have brought a legislation, 'The National Employment Guarantee Bill, 2004' which is under examination of this Standing Committee. At present National Food for Work Programme is being launched in 150 districts to achieve the said objective. The Committee feel that serious efforts have to be made by taking the suitable action in this regard so as to encourage participation of women under the Employment Guarantee Scheme. The Committee would further like to

hear from the Government their experience under the National Food for Work Programme as well as the efforts envisaged to protect the interests of women at the work fields to enable the Committee to analyse the position and comment further in this regard.

Reply of the Government

It has been found that participation of women in manual labour work under SGRY and NFFWP varies from State to State. The participation of women workers has been found more than 30% of the total employment under the programme in 13 States and UTs while it is less than 20% in nine States/UTs. The SGRY Guidelines have provision for facilities for creches for children coming with working mothers. The NFFWP also has similar provision. The NFFWP was launched in November, 2004 and the percentage of women workers under NFFWP is about 34.25% during the year 2004-05.

The SGRY and NFFWP Guidelines provided that facilities like drinking water, rest sheds for workers and creches for the children coming with working mothers should be made available. Both these programmes ensure equal wages to both men and women workers. The facilities would certainly protect the interest of women workers under the programmes.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.13)

The Committee find from the Budget documents as well as replies furnished by the Department that allocation and utilisation has been indicated state-wise. The Committee note that in view of the existing system of indicating and monitoring data, it is not possible to know the performance of the programme in the selected 150 districts. The Committee would like to recommend that district-wise physical and financial achievement should be indicated against each of the districts so as to know the impact of the programme in each of the districts. Such data will also enable the Government to know the various shortcomings in the programme which will ultimately be taking the shape of a guarantee scheme.

Reply of the Government

The recommendations of the Committee have been noted. District-wise monitoring is currently in vogue. National Food for Work Programme is applicable in 150 districts. Allocations of cash and food grains under the programme are being made district-wise and physical

and financial progress of the programme is also being monitored district-wise. The district-wise progress of the programme is reviewed from time to time.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.15)

The National Rural Employment Guarantee Bill (2004) is being examined by this Committee and all related matters will be analysed and suitably recommended in the report. At this stage, the Committee would like to say that although the Government has started the Food for Work Programme in 150 districts meant to achieve the similar objective as of the said legislation, there is no planning on the part of the Government as to how the Guarantee Scheme will be applicable throughout the country. The Committee are constrained to find that so far no exercise has been made to know about the estimated outlay that will be required to cover the whole country with the said guarantee. The Committee fail to understand how the Government would be achieving the objective of such an ambitious legislation. The Committee strongly recommend that the Government should do the desired home-work so that such a big programme with laudable objectives could be translated into reality.

Reply of the Government

As already submitted earlier, as per Census 2001, the total Rural Population is 74.17 crore while the number of persons in the age group 18—64 is 38.61 crore. If all the adults in rural areas are to be provided employment of 100 days @Rs. 100 per manday, then the total cost will be Rs. 3,86,100 crore. The entitlement under the National Rural Employment Guarantee Bill, 2004 is restricted to rural poor households. Even if the poverty-qualification is relaxed, it is expected that since the wage employment is to be provided only through unskilled manual work, only the poor households will opt for it. Hence, an estimate of BPL families provides a reasonable basis for projecting fund requirements for universal targeting.

The total number of BPL persons in rural areas during 1999-2000 as estimated by Planning Commission is 19.32 crore. As per census 2001, the total Rural Population is 74.17 croe while the number of persons in the age group 18 to 64 is 38.61 crore, making the ratio of persons in the age group 18 to 64 to the total rural population as 0.52. Using this ratio on the number of total BPL persons in the rural areas,

the estimated number of BPL persons in rural areas in the age group 18 to 64 will be 10.04 crore. If all these persons are to provided 100 days of employment @Rs. 100 per manday, then Rs. 1,00,464 crore will be needed.

The general experience has been that all persons do not demand work through wage employment. The requirement of funds if a certain percentage of persons demand work is given in the table below:

Sl.No.	% of the people demanding work	Requirement of funds per year (Rs. in crore)
1.	100	1,00,464
2.	50	50,232
3.	30	30,139.20
4.	20	20,092.80

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.31)

The Committee find that during 10th Plan under Sampoorna Grameen Rozgar Yojana, Planning Commission has allocated for cash component Rs. 18,538 crore lesser than the proposed allocation. Similarly during 2005-2006, the allocation is Rs. 1,428 crore lesser than proposed allocation. Under National Food for Work Programme during 2005-06, the allocation for cash component is Rs. 573 crore higher than the proposed allocation. The Committee further note that SGRY will be applicable in the districts where National Food for Work Programme which eventually will be converted into Guarantee Scheme, is not applicable. In such a situation, the Committee hold the view that till the scope of NFFWP is further extended the majority of the districts will be covered by SGRY. In such a situation the Committee recommend that due priority should be accorded to SGRY. The outlay under National Food for Work Programme should not be provided at the cost of SGRY.

Reply of the Government

It has been submitted earlier that in the BE 2005-2006, allocation under the SGRY for 150 districts where the NFFWP is under

implementation, has been included in the consolidated outlay of Rs. 6000 crore provided under the NFFWP. Since SGRY will continue to be implemented as a separate scheme in 150 districts until the National Rural Employment Guarantee Programme comes into force, this Ministry had requested the Planning Commission to transfer the SGRY allocation for these districts to the SGRY budget head. The Planning Commission agreed to revise budget allocation for NFFWP from Rs. 6000 crore to Rs. 4500 crore while outlay for SGRY will be corresponding enhanced from Rs. 4000 crore to Rs. 5500 crore. In that case, the outlay of SGRY will not be reduced during the current year.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.57)

The Committee also note with concern that marketing of several SHG products including silk sarees has reduced considerably in Uttar Pradesh where the existing marketing organisations ceased to operate. They feel that similar problems might be arising in other States/Union territories from time to time. It is an irony that the SHG members continue to face tremendous problems even now for marketing of their products. As importance of marketing of SHG products cannot be overlooked, the Committee recommend that appropriate action may be taken in this regard and they be apprised accordingly. Further, the Government should also ensure that such problems do not take place in other States and Union territories.

Reply of the Government

The Ministry of Rural Development would be writing to the State Secretary Rural Development, Uttar Pradesh regarding reduction of marketing facilities in Silk Sarees mentioned in the report. The State Government would also be requested to allot stalls to these groups during the 20 Regional SARAS fairs proposed to be organized all over India during 2005-06. The Ministry of Rural Development would also reiterate these guidelines to the States for opening of alternative marketing channels. Special projects under SGSY for creation of infrastructure and support have also been sanctioned to the tune of total Rs. 13593.205 lakhs in the State of Andhra Pradesh (1999-2000), Assam (2002-03), Goa (2003-04), Gujarat (1999-2000), Himachal Pradesh (2001-02), Madhya Pradesh (2001-02 & 2002-03), Orissa (2000-01), Rajasthan (2001-02 & 2003-04), Tamil Nadu (1999-2000), Uttar Pradesh (1999-2000), Uttaranchal (1999-2000), (2 Projects in 2001-02).

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.63)

The Committee find that over the years there has been considerable reduction in rate of interest being charged by commercial Banks from the customers. They further note that whereas people in urban areas are enjoying the benefits of this lower interest rate regime, the poorest of the poor are being deprived of the said benefits. People in urban areas can get loan for buying a car or a house at much less rate than the rate of interest being imposed on the poorest of the poor under the social sector schemes like SGSY. Similar may be the position for loans advanced for housing in rural areas. Not only that, whereas banks get refinance at a much cheaper rate of 5.50 per cent, they charge interest at much higher rate between 8.5 to 9.5 per cent as the Committee noticed during the Study visit to Varanasi and Lucknow.

Besides the Committee found during the said study tour that banks were charging old rate of interest *i.e.* on the loans advanced earlier under SGSY. The benefit of the lower interest regime is not being extended to the old loans sanctioned to SGSY beneficiaries at much higher rates as compared to present day rate of interest.

While noting the data with regard to recovery of loans under SGSY in various States, the Committee feel that the ground reality in this regard may not be so worse as indicated in the data provided by the Department. Another noticeable point is the zero per cent recovery rate in Manipur, Tripura, Dadra and Nagar Haveli, Mizoram, Lakshadweep, Daman and Diu. The Committee feel that there are certain discrepancies in the data furnished by the Department with regard to the recovery rate of SGSY loan. The Committee would like the Department to explain the position in this regard. Besides, they would like to be apprised of the data with regard to the recovery of commercial lending by banks so as to enable them to react further in this regard. On the issue of administrative charges, the Committee feel that 3 per cent charges as indicated by banks during the Study visit are much on higher side.

Recommendation (Para No. 3.64)

In view of the aforesaid scenario, the Committee strongly feel that there is no justification for charging higher rate of interest from the poorest of the poor in rural areas. While noting that the Government has deregulated the interest rate and banks are free to charge rate of interest from customers, the Committee feel that while dealing with the issues related to the poorest of the poor, some sort of regulation is necessary. Besides there is an urgent need to change the mindset of

banks towards lending for social sector. They feel that the mindsets of the banks should be pro-poor. The Committee strongly recommend to the Government to take up the issue raised above on an urgent basis with the Ministry of Finance, Reserve Bank of India and all other concerned. Not only that, the intervention at much higher level in this regard is required. The Committee will also like that their concerns in this regard should be communicated to the Cabinet Secretary so that this issue may get the top most priority. The Committee would also like that the said issue should be taken in consideration for Cooperative as well as Regional Rural Banks also as these banks are also charging high rate of interest on social sector lending like SGSY loans.

Recommendation (Para No. 3.65)

The Committee further find that besides the higher rate of interest, there are other severe anomalies as the Committee noticed and the banks admitted during the Study visit. The most glaring anomaly noticed is charging of interest on subsidy which is a gross violation of the guidelines. The reaction of the Department stating that the complaints when received are taken up with the concerned bank, smacks of the casual approach of the Department towards such a serious issue. The Committee feel that this is not a normal complaint. Some sort of accountability should be fixed. Stringent and serious efforts are called for on behalf of the Department when such issue specifically by a Parliamentary Committee are brought to the notice of the Department. The Committee would like the Department to explain the position in this regard.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC
dated 25.8.2005, Department of Rural Development]

**Reply of the Government to recommendations
(Para No. 3.63, 3.64 and 3.65)**

The matter on more than one occasion has been raised with the Ministry of Finance at the highest level. In response to Ministry's request, Finance Minister has informed that the matter of pegging the interest rate of SGSY loans within a band of 4-6% had been discussed with NABARD and RBI. They have further informed that interest rate regime has been deregulated and individual banks are free to fix rate of interest depending on the cost of funds and risks involved in such lending. However, the Government, on its part, has been regularly advising the Bank to keep the interest as low as 9% for rural and agricultural loan amounts up to Rs. 50,000. The RBI guidelines also provide that the loans up to Rs. 2,00,000 should not be above

Benchmark Prime Lending Rate. NABARD, however, extends refinance to Banks at the rate of 5.5% for loans up to Rs. 50,000 and 6.25% for loans above Rs. 50,000 under SGSY. However, Ministry of Rural Development reiterates its stand of fixing the interest rate charged on SGSY loans within a band of 4-6%. With regard to the interest rates structure for individual and group loans under SGSY, the Ministry had observed that group loans were attracting higher rates of interest as compared to individual loans which was not only discriminatory but also against the consolidation of group approach of the scheme. This issue was taken up by this Ministry with the Ministry of Finance. Accordingly, RBI has corrected the anomaly by issuing instructions to banks *vide* their letter dated April 13, 2005 that the rate of interest to be charged on Group loans under SGSY may be linked to per capita size of the loans so as to mitigate the burden on the BPL beneficiaries.

The RBI has also directed all the commercial banks to take action on various points identified in the recent meeting of the Central Level Coordination Committee (CLCC) to lower the interest rate on SGSY loans and to ensure smooth, timely and sufficient flow of credit to swarozgaries. The Ministry has been incessantly campaigning for lowering the interest rates charged on loans advanced under Swarnjayanti Gram Swarozgar Yojana (SGSY) at the highest level. The Ministry of Rural Development has been urging the Ministry of Finance to lower the rate of interest on loans extended to swarozgaries within a band of 4 to 6%. So far as recovery position is concerned, a quick study was conducted by the Reserve Bank of India for the year 2003-04 and the study revealed that average recovery percentage is generally good in case of group loans, which stood at 78.17%. Whereas the average recovery percentage in case of individual loans is 50.99%. The Ministry notes the charging of 3% of the total loan as administrative charge and will take up the matter for appropriate action. Ministry has also compiled a list of about 1200 bank branches which have failed to achieve even 25% credit target for Swarnjayanti Gram Swarozgar Yojana (SGSY) lending or have recorded only 0% lending. The matter has been taken up with Finance Minister, Reserve Bank of India, CMDs of commercial banks, National Bank for Agriculture and Rural Development and the concerned State Rural Development secretaries. The Ministry is informing on monthly basis to the Cabinet about all the important policy decisions or other areas of concern. The Ministry is making all out effort to avoid charging of interest on subsidy by banks. To generate awareness Ministry has taken up the issue at larger fora such as Central Level Coordination Committee (CLCC) meetings and the special meeting convened by the RBI on Swarnjayanti Gram Swarozgar Yojana (SGSY). The Ministry

has urged the State Governments and commercial banks to be vigilant to avoid such incidents and has written to them to take appropriate actions in case of erring bank branches. To avoid this situation, the subsidy component in the scheme has been made back ended.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.108)

The Committee further note that Central agencies like NBCC and NHPC have been inducted for construction of roads under PMGSY in Bihar and Tripura. The Committee would like to be apprised whether the induction of Central agencies in said States could help in getting better results. After evaluating the performance of such Central Agencies, the Committee would like that in the under performing States, where there is problem of executing agencies, the possibility of induction of such agencies, should be explored in consultation with State Governments.

Reply of the Government

The Department of Rural Development has been assisting the State Governments and Central Agencies to expedite the work of PMGSY and many training programmes, workshops, reviews and other required interventions have been organized through NRRDA. A former Chief Engineer of Rural Engineering Organisation (REO), Bihar has been engaged as Coordinating Consultant to coordinate the activities of Nominated Executing Agencies (NEAs), State Technical Agencies (STAs) and the State Government in Bihar.

Similarly, Government of Tripura has signed a Memorandum of Understanding (MoU) with NBCC and the Ministry of Rural Development in April 2004 for execution of PMGSY works in West Tripura district by NBCC in accordance with the PMGSY Guidelines in force. Subsequently, NBCC has also been entrusted with the task of execution of PMGSY works in South Tripura district. Efforts to build up capacity in other States, including Hill States and North Eastern States, are continuing. The success of these experiments is being studied for replication.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.109)

The Committee would also like to recommend to put in place a strict monitoring mechanism to ensure the quality of the roads constructed under PMGSY. Besides, they would like to be informed the number of States/Union territories who have put the Core Network reports indicating DRRP Road wise and habitation wise. Road wise and habitation wise network on the website as per the guidelines. Besides the Committee would like that the details of the projects indicating the date of starting the project, estimated outlay, stage of implementation, total road length etc. should also be put on the website for the purpose of bringing transparency in the implementation of the programme.

Reply of the Government

Under the PMGSY Scheme, a 3-tier Quality Control System has already been operationalised.

For effective monitoring of the PMGSY, the On-line Management, Monitoring and Accounting System (OMMAS) has been laid down as the chief mechanism for monitoring the Programme. The URL is www.pmgsonline.nic.in. The officials of the Implementing States (*i.e.* the Executive Engineer/Head of the PIU) are required to furnish, 'On-line', all relevant information, in respect of every road work including the details of the contractor, in the relevant module of the On-line Management, Monitoring and Accounting System. They are responsible for ensuring placement of all Master data including the Rural Roads Plan in the database and for regular updating of data relating to the progress of road works, record of Quality control tests as well as the payments made. The web site provides National Reports on the following items relating to PMGSY Habitation Coverage.

- Sanctioned Projects
- Pending Proposals
- Completion of Packages
- Physical and Financial Projects Summary
- Physical Progress of Works
- Financial Progress of Works
- Financial Progress as per Accounts Module
- State Profile
- National Projects Summary

These can be drilled down to State Reports as well as *District Reports*. In regard to *Quality Monitoring*, details of inspection of roads (district wise) are also available. In addition, details about Tendering are also available. However, due to poor internet connectivity in some States, there are data gaps and the web site also indicates these data gaps in the States.

All States, except Bihar and Tripura, have entered data on DRRP/ Core Network on the website. Verification of these data is done by the States.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.110)

The Committee further find that in Bihar so far District Road Plans have not been prepared. They would like to know the reasons for delay in preparing DRPs, specifically when the Central Agency has been inducted as the executing agency in that State.

Reply of the Government

Preparation of DRRP and Core Network is the responsibility of the State Governments and has to be done as per guidelines circulated to all States in 2001.

Central Road Research Institute (CRRI) had prepared Core Network on behalf of the State Government. Since DRRP is a prerequisite for preparation of Core Network, it has been decided that Central Agencies would prepare DRRP based on data from State Government, and the Core Network prepared by CRRI would be taken as final only after it is checked against the DRRP and found accurate.

The Nominated Executing Agencies (NEAs) have been given CDs containing the scanned images of the Core Network maps of each block in the districts under their jurisdiction prepared by CRRI for the State Governments. The NEAs in consultation with the officers of Rural Engineering Organisation (REO), Bihar will carry out the verification and finalize the data with correction, where necessary, for finalizing the DRRP and Core Network.

In recent interaction with Government of Bihar, it was observed that about 70% of the master data has been entered in OMMAS module by the Government of Bihar. Now correction to the master data, based

on verification, will be entered by the NEAs in the respective districts and Government of Bihar will arrange to provide all additional data regarding habitation/villages to respective NEAs, without any loss of time.

It is expected that DRRP and Core Network for Bihar would be compiled by the NEAs with the assistance of CRRI by September 2005.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.114)

The Committee note the reply of the Government that Rs. 4 crore to Rs. 5 crore per cluster is estimated to be required for development of a PURA cluster. They also note that since 2003-04, Rs. 20 crore have been allocated under PURA. They, therefore conclude that with these funds only 4 PURA clusters can be taken up for development. For the development of one PURA cluster in 7 selected States at least Rs. 35 crore will be required. With the present level of allocation under the Scheme, the Government may take another two years to start a single PURA cluster each in all these States. They also apprehend that with the present pace of implementation, the complete development of pilot PURA clusters may not end before 2008-09 as the development of cluster will take about 3 years time. This might delay the framing of the guidelines and the launching of PURA in the Country as a whole. They, therefore, recommend that the Department should approach Planning Commission/Ministry of Finance for adequate outlay for pilot projects. The Department should also ensure that pilot projects are taken up expeditiously so that the ambitious programme could be launched Nation-wide.

Reply of the Government

The Ministry of Rural Development is the nodal Ministry for formulation, implementation and monitoring of the scheme Provision of Urban Amenities in Rural Areas (PURA). As per the decisions taken in consultation with the Planning Commission, initially a pilot phase of the scheme has been launched in the selected clusters of the seven States of Andhra Pradesh, Assam, Bihar, Maharashtra, Orissa, Rajasthan and Uttar Pradesh for providing physical connectivity in the selected clusters. The pilot phase of the scheme has been launched to field test the design concept of PURA so that based on the experience gained out of the pilot phase, the final design and detailed guidelines of the

Scheme can be worked out. The budget allocation for PURA during the current year is of Rs. 10 crore. If need for additional funds arises, it will sought at RE stage. During the year 2004-05 all the seven States have been provided funds for initiating the work of providing physical connectivity and States have already started implementing the scheme to develop the selected cluster. The Ministry is taking steps to expedite the implementation of the pilot phase.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.127)

The Committee note that during 2004-2005, Rs. 26.49 crore could be spent up to January 2005 out of total allocation of Rs. 33.40 crore earmarked under plan budget for the training. They find that nearly Rs. 7 crore of the plan funds remained unspent for training during 2004-2005 up to the month of January. The Committee further note that even for training schemes there is rush of funds in the last two months of the financial year. The Committee urge the Department to properly plan ahead so that the pace of expenditure for training is evenly spread throughout year during 2005-2006.

Reply of the Government

Noted for future compliance. As recommended, during the year 2005-2006, it is proposed to evenly spread through the year the pace of expenditure against the allocation of Rs. 34.00 crore

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.128)

The Committee note that out of 28 SIRDs the Central share for recurring expenditure of Rs. 9.07 crore has been provided to 23 SIRDs so far. They, therefore, conclude that 5 SIRDs have not been provided with the funds for recurring expenditure this year. The Committee would like to know the name of the States to which SIRD allocation has not been made. They would also like to be apprised of the reasons for which the said 5 SIRDs have been deprived of the Central funds. As training is an important input for the success of rural development programmes, all SIRDs should received the funds in time and it should be ensured that the scarce resources are spent in a proper manner. The Committee further note that in 24 States, 88 ETCs have been

established and are functioning. ETCs have not been constituted in Goa, Sikkim, Tripura and Uttaranchal. The Committee would like to recommend for the early constitution of ETCs in said States. Besides the Committee would like to be informed about the number of ETCs in each State so as to have a better idea of the functioning of ETCs and recommend further in this regard. The Committee would also like to recommend for early construction of SIRDs in Chhattisgarh and Uttaranchal.

Reply of the Government

The Scheme for strengthening of State Institutes of Rural Development and Extension Training Centre is a demand-driven Scheme. No SIRD-wise allocation is made under the scheme. However, the Central funds for recurring expenditure are released after receipt of specific proposals from SIRDs. The SIRDs, which have not been provided with the Central share of recurring expenditure during the year (upto January, 2005), is Gujarat, Jharkhand, Uttar Pradesh, Madhya Pradesh and Jammu & Kashmir. Subsequently, the Central share of recurring expenditure to SIRD, Madhya Pradesh was released in March, 2005. Thus, only four SIRDs in the State of Gujarat, Jharkhand, Uttar Pradesh and Jammu & Kashmir were not provided with the Central funds for recurring expenditure as these SIRDs did not send any proposal during the year 2004-2005.

In Uttaranchal, 5 ETCs are functioning at Rudrapur, Hawalbagh, Haldwani, Haridwar and Pauri Garhwal. No proposals for establishing ETCs from the States of Goa, Sikkim and Tripura have been received by the Ministry. A statement showing number of ETCs functioning in the States is added at **Appendix-VI**.

The construction of SIRD building in Chhattisgarh has already been completed. The construction of SIRD building in Uttaranchal is in progress.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.129)

The Committee further find that SIRDs/ETCs have so far conducted only 1,719 training programmes out of the target of 5,899 training programmes during 2004-2005. They also find that only 66,002 participants have so far taken training against a target of 1,74,390. They, therefore, conclude that the training activity by SIRDs/ETCs are

not up to the mark during the said year. The Committee observe that since the training is the basic input for the effective implementation of rural development schemes, there is an urgent need to give more stress in this regard. The Committee strongly recommend to the Department to analyse the position of training programme more critically in each State and it should be ensured that the targets are fully achieved in a particular year. The Committee would also like to be kept informed about the reasons for shortfall in targets State-wise alongwith the corrective action initiated by the Department.

Reply of the Government

According to the latest progress reports received from SIRDs for 2004-2005, the SIRDs have conducted 2858 training programmes against the target of 2675 and the number of participants were 1,71,688 against the target of 1,53,805.

As per the latest progress reports received from 47 ETCs, they have conducted 1105 training programmes against the target of 3224 and number of participants were 39,124 against the target of 1,17,147. The ETCs who have not sent their reports have been reminded to furnish the latest progress report.

In the XIX and XX National Colloquium of State Secretaries incharge of Rural Development and Panchayati Raj and Heads of the State Institutes of Rural Development held at Mysore and Shimla in months of February and June, 2005, the training programmes of SIRDs and ETCs have been reviewed in detail. Apart from increasing the number of training programmes, the SIRDs have been requested to function as Centre of Excellence in specific areas to improve the quality of training. The SIRDs have also been advised to exercise more effective functional and administrative control over the ETCs to enhance their performance.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.139)

The Committee find that CAPART has been constituted with the laudable objectives which include training of voluntary organizations, reduction of rural poverty, selection and encouragement of innovative technologies and their dissemination, providing the minimum need in respect of safe drinking water and sanitation. The Committee would like to be apprised how far CAPART could achieve the aforesaid

objectives to enable the Committee to analyse the performance of CAPART.

Reply of the Government

The programmes of CAPART are focused on mobilization and empowerment of women, SCs, STs and disadvantaged sections of the society. Thrust is given to the infrastructure development, common property resources for the benefit of the community, imparting of skills and promotion of value addition activities to generate additional income for the poor families through the voluntary organizations.

During the year 2004-2005, 634 projects involving an amount of Rs. 38.40 crores were sanctioned to 550 NGOs. Apart from that, over 95 workshops/training programmes were organized to benefit over 2900 NGOs all over the country in various capacity building programmes.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.140)

From the detailed expenditure position during 2004-2005, the Committee understand that the main expenditure was on account of Public Cooperation Scheme, Advancement of Rural Technology Scheme as well as Administration. The Committee would like to be apprised of the achievement of CAPART under the aforesaid schemes to analyse the position of expenditure and comment further in this regard. On account of expenditure on administration, the Committee would also like to be apprised of the details of organization structure of CAPART for which an amount of Rs. 6.33 crore was spent during 2004-2005. In other sectors the Committee find that the level of expenditure is marginal. The Committee would like a detailed note indicating how the meagre outlay would enable CAPART to achieve the desired results in the different schemes.

Reply of the Government

CAPART with its mandate to promote voluntary action and propagate appropriate technologies for the benefit of rural masses entertains viable project proposals from the eligible voluntary organizations working in different rural areas of the country. The project proposals posed by the voluntary organizations are sanctioned to them under various rural development schemes to be implemented in participatory and consultative manner.

During the year 2004-05, CAPART has sanctioned 203 projects under Public Cooperation to 268 NGOs, involving an amount of Rs. 12.99 crore. Similarly, under Advancement of Rural Technology Scheme, 293 projects were sanctioned to 185 NGOs involving an amount of Rs. 11.80 crore.

The actual physical achievements under the projects will be evaluated after these are completed because at present the projects are at various stages of implementation. Since an area approach is followed in most of the projects, any developmental activity or infrastructure creation benefits the whole area.

The expenditure under administration is mainly on the pay and allowances to the officers and members of staff and as such the question of achievement under this head does not arise.

CAPART under its mandate promotes Voluntary Action and propagates appropriate technologies for the benefit of rural masses. It has been contributing to the rural development and poverty alleviation process through the work of VOs at the grassroot level and supporting Governments' efforts. One of the important objectives of CAPART is to act the role of a catalyst and facilitate the creation of innovative and replicable models, which can attract the attention of other institutions including DRDAs and State Governments who may then multiply the same. Therefore, even with the meagre resources, the objectives and mandate of CAPART can be fulfilled to a great extent.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.141)

The Committee find that one of the main activities of CAPART is to provide training to voluntary organization. The Committee would like to be apprised of the number of voluntary organizations who could be imparted training so far. Besides they would also like to be apprised of the details of the curriculum for training.

Reply of the Government

During the year 2004-05, over 95 workshops/trainings on various programmes were organized in which over 2900 voluntary organizations participated and benefited. The main topics/curriculum taught in these trainings/workshops were project formulation technique, PRA exercises, social mobilization process, latest food processing technologies,

cultivation of herbal medicines, organic farming, watershed development etc.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Recommendation (Para No. 3.142)

The Committee note that during 2004-05, out of 659 NGOs, 22 NGOs were blacklisted. The Committee would like to be apprised of the mechanism to ensure that once an NGO is blacklisted it cannot be registered again and get any grant from CAPART. The Committee would also like that stringent monitoring mechanism is required to monitor the activities of NGOs.

Reply of the Government

Blacklisted NGO's particulars are entered into the database and also put on the website of CAPART and further funding of such NGOs are stopped as long as these are on the blacklist. The blacklisting orders are also circulated to other funding Departments/Agencies. Photographs of the members of Executive Committees of the NGOs are made mandatory in order to avoid funding to the NGOs run by proxy/non-existent NGOs.

First timer Voluntary Organizations are asked to produce original bank/post office pass books and registration certificates before the release of funds to respective VOs to avoid funding to the NGOs who have submitted fabricated and forged documents.

CAPART has instituted a three-tier monitoring system in the form of Pre-funding Appraisal, Mid-term Appraisal and Post-evaluation to safeguard against fake and non-credible NGOs. Money for the sanctioned projects is released in instalments only after monitoring and not in one go.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

CHAPTER III

RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (Para No. 2.5)

While recommending for higher outlay, the Committee strongly feel that whatever allocation is agreed to at Budget Estimates stage should not further be reduced at Revised Estimates stage as has been done during 9th Plan, since, even the slightest reduction of outlay means depriving the lakhs of poor of the little hope that is intended by such schemes of the Union Government.

Reply of the Government

During the first four years of the 10th Five Year Plan the Ministry has been able to get enhanced outlays during the Revised Estimates as indicated below:

Year	(Rs. in crore)	
	BE	RE
2002-03	13670.00	18376.00
2003-04	14070.00	19200.00
2004-05	16246.00	18216.40
2005-06	24480.00	—

Keeping in view the recommendations of the Committee, the Ministry will continue its efforts to get enhanced allocations at RE stage.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC
dated 25.8.2005, Department of Rural Development]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Para No. 2.6)

One of the biggest concerns expressed by the Committee almost every year is underutilization of resources. The aforesaid data of under spending *i.e.* Rs. 337.43 crore as compared to Revised Estimates during 9th Plan indicate the shortfall in releases by the Union Government to States/Union territory Administrations. The picture of under-spending is more clear when we analyse the under-spending by way of huge opening balances with different State Governments, the analysis of which has been done in the subsequent part of the Report. Even if actual releases are taken into consideration, the Committee feel that the amount of Rs. 337.43 crore is a big amount in the resources starved economy of the country. In view of the aforesaid position the Committee hold the strong view that not even a single paise of the allocated amount should remain as unutilized. The Committee strongly call for more effective steps on the part of the Government in this regard.

Reply of the Government

The Ministry of Rural Development shares the concern expressed by the Committee with regard to considerable unspent balances and unutilized outlays under various programmes of the Ministry. It may, however, be mentioned that there are certain practical difficulties in fully utilizing the outlays as the programmes of the Ministry of Rural Development are implemented at the village level and it involves multiple agencies. It takes time for the flow of information on the actual utilization of funds, which is required to claim the release of next instalment. In addition to above, there are certain other factors such as a limited time available for the implementation of programmes in some States, natural calamities like drought, floods etc. and elections of various legislative and Panchayati Raj Institutions (PRIs) etc. These factors adversely affect the pace of implementation of rural development programmes. Further, the Ministry has to follow a strict financial discipline in order to ensure that the funds released under various programmes are utilized for the purpose for which it has been released.

For this purpose a comprehensive monitoring mechanism has been put in place by the Ministry. The funds are released to the Programme Implementing Agencies only on production of proper audit reports/ utilization certificates by the programme implementing agencies. As an effort to further strengthen the monitoring mechanism State Level and District Level Vigilance & Monitoring Committees have been constituted with the elected representative of the people. At the district level, these Vigilance & Monitoring Committees are headed by the members of the Parliament. It is hoped that with the new approach, an improvement in the utilization of funds under rural development programmes will be achieved.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 7 of Chapter I of the Report)

Recommendation (Para No. 2.16)

Further, while noting that although the Ministry of Finance has agreed to provide additional allocation at Supplementary Grants stage, the Committee feel that sanction of grants at Supplementary Grants stage always leads to uncertainty. In view of this, they would like that adequate outlay commensurating the targets should be provided at Budget Estimates stage for the schemes.

Reply of the Government

The plan outlay of the Ministry of Rural Development including in the Department of Rural Development, Department of Land Resources, and Department of Drinking Water Supply for the year 2005-06 is Rs. 24,480 crore which is higher than the revised estimates for the year 2004-05 which was Rs. 18,216.40 crore. The appropriate monitoring mechanism would help in achieving the objectives proposed during the current year. The additional resources would be met out through dovetailing the funds.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 10 of Chapter I of the Report)

Recommendation (Para No. 2.27)

The Committee strongly feel that there is an urgent need to improve the quality of implementation and enhance the efficiency and accountability of the monitoring mechanism as stressed by Finance Minister in his speech while presenting the Budget for the year 2005-06. They also note from the information furnished by the Department that different types of monitoring mechanism like concurrent evaluation, different types of Vigilance and Monitoring Committees, Area Officers Schemes etc. are in place. The Committee further find that during 10th Plan, independent and in-depth evaluation studies were conducted for all the major schemes of the Department. The Committee would like to be apprised of the details scheme-wise, of the major findings and corrective action taken thereon by the Department so as to enable them to analyse the usefulness of the system and comment further in this regard. The Committee would also like to be informed about the way these studies could provide an input for further improvement in the schemes of the Department.

Reply of the Government

The Ministry of Rural Development has already mentioned about the comprehensive mechanism of Monitoring and Implementation of various Rural Development Programmes including proper utilisation of funds and measurement of outcomes. The Evaluation Studies and Impact Assessment Studies conducted by the Ministry through independent Research Organisation have greatly helped in designing/ restructuring the Rural Development Programmes and to take adequate corrective major policy decision.

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[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see paragraph No. 13 of Chapter I of the Report)

Recommendation (Para No. 2.28)

The Committee further note that the Ministry has introduced a system of District and State level Vigilance and Monitoring Committees. These Committees are to be constituted by the Union Ministry of Rural Development. From the information provided by the Department it seems that such Committees could be an effective monitoring mechanism only in few States. Not only that, there is confusion on the issue of constitution of such Committees. Different data regarding the constitution of Committees were indicated in the written note as well as during the course of oral evidence as indicated in the preceding para of the report. The Committee are constrained to note that if this is the state of affairs of the Committees that were to be constituted by the Union Government, the status of other Committees being constituted by State Governments can be well imagined. The Committee would like the Department of furnish a detailed note indicating the action taken by them for early constitution of such Committees besides it should be ensured that such Committee are constituted in all States and districts without any further delay. Further no State or Union territory should be allowed to be exempted from constituting the said Vigilance and Monitoring Committees. Not only that there is an urgent need to monitor that the sittings of such Committees are held periodically as per guidelines so as to prove an effective mechanism for effective implementation of various schemes of the Department for which crores of Rupees are being spent annually.

Reply of the Government

The State Government and District Authorities have been requested to hold meetings of the Vigilance and Monitoring Committees regularly. They have also been reminded to send information about the meetings of the Vigilance and Monitoring Committees held. The State Governments and District Authorities are sending the information to the Ministry.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 16 of Chapter I of the Report)

Recommendation (Para No. 2.29)

The Committee would further like to be apprised about the corrective action taken on the findings of the area officers under the

monitoring system of the Ministry of Rural Development. The Committee would also like to be apprised about the number of States/districts covered by the said scheme during the last three years so as to enable them to analyse the usefulness of this system and comment further in this regard. The Committee would also like to recommend that there should be an in built mechanism in each of the schemes for regular monitoring/evaluation. Not only that, there should be specific allocation of outlay for the purpose. Besides, the Committee find that there is no system of fixing accountability. They feel that there should be well defined system of fixing accountability and some sort of action against the defaulter officers/agencies involved in the implementation of the schemes/programme to serve as a deterrent for others. Further there is a need to have a more transparent system for implementation of various schemes so that the public may be well informed about the spending under various schemes. Such a system will automatically put a pressure on the implementing authorities to perform better and deliver results. Gram Sabha in this regard can be the best forum in rural areas. There is an urgent need to strengthen the Gram Sabhas so that they can function as an institution of social audit. The Committee would like the Department to take urgent action in this regard and inform the Committee accordingly.

Reply of the Government

Under the Area Officers Schemes of the Ministry, 26 districts of 14 States were visited during 2002-03, 13 districts of 8 States were visited during 2003-04 and 58 districts of 20 States were visited by the Area Officers during 2004-05. It is further mentioned that the guidelines of the Rural Development Programmes has specifically emphasized the involvement of Gram Sabha in planning, formulation of Need Based Shelf of Projects, proper implementation of Rural Development Programmes with transparency through display of signboard of each project giving financial details and project period. Besides the Gram Sabhas are required to have social audit of all the projects implemented/executed by them.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see paragraph No. 19 of Chapter I of the Report)

Recommendation (Para No. 2.34)

The Committee are further unhappy to note the decision of the Government according to which the number of BPL persons estimated should not exceed those of identified as per 1999-2000 survey. The Committee feel that such an arbitrarily limit of BPL persons to be identified will do a great injustice to the genuine BPL persons who could be debarred from certain benefits. Not only that, it would be a major factor for providing unreasonable authority to the agencies involved thereby inviting corruption and malpractices. The Committee strongly recommend not to fix any such limitations. They would also like that their concerns in this regard should also be brought before the Planning Commission and matter should be reviewed afresh.

Reply of the Government

It is clarified that the States have been asked to identify the number of BPL families in accordance with the adjusted share as worked out by the Planning Commission after detailed discussions with them. The number of BPL families based on the adjusted share is very close to the poverty estimates of 1993. This means that the State Governments are having more flexibility in identifying the total number of BPL families. The cap on the total number of BPL families to be identified has been prescribed with the view that the resources for the programmes are limited, therefore, it becomes necessary to ensure that only the actually deserving poor people get the benefits. Further, the methodology followed for BPL Census, 2002 is based on 13 scorable socio-economic indicators, which are more transparent. The list of BPL families prepared on the basis of these scorable parameters is required to be discussed and approved by the Gram Sabha before it is submitted to the Block Level/District Level Authorities. In order to check the corrupt practices in preparation of BPL list, the Ministry has already issued the detailed guidelines to the State Governments to display these lists at the prominent places of the villages so that everybody is in a position to check his position in the BPL lists.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 22 of Chapter I of the Report)

Recommendation (Para No. 2.36)

The Committee find that there is an urgent need to implement all the schemes of the Department directly by the Panchayati Raj Institutions in the true spirit of the mandate of the Constitution as per article 243G of the Constitution. Besides the funds for all the schemes should be released directly to Panchayats in the specific accounts for the purpose. Such a system will not only empower Panchayats but also improve the implementation of the Programmes. The common Implementing Agency and the funds transfer agency would further simplify the procedure and avoid delay in transfer of funds. The Committee in their earlier reports had also been drawing the attention of the Government in this regard. While reiterating their earlier stand in this regard, the Committee would like that earnest action in this regard should be taken.

Reply of the Government

It is clarified that the States have been asked to identify the number of BPL families in accordance with the Adjusted Share as worked out by the Planning Commission after detailed discussions with them. The number of BPL families based on the Adjusted Share is very close to the poverty estimates of 1993. This means that the State Governments are having more flexibility in identifying the total number of BPL families. The cap on the total number of BPL families to be identified has been prescribed with the view that the resources for the programmes are limited, therefore, it becomes necessary to ensure that only the actually deserving poor people get the benefits. Further, the methodology followed for BPL Census, 2002 is based on 13 scorable socio-economic indicators, which are more transparent. The list of BPL families prepared on the basis of these scorable parameters is required to be discussed and approved by the Gram Sabha before it is submitted to the Block Level/District Level Authorities. In order to check the corrupt practices in preparation of BPL list, the Ministry has already issued the detailed guidelines to the State Governments to display these lists at the prominent places of the village so that everybody is in a position to check his position in the BPL lists.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see paragraph No. 25 of Chapter I of the Report)

Recommendation (Para No. 2.46)

The Committee note from the data provided by the Department that spending position under different schemes in North Eastern Region has improved. But under spending still persists. The Committee would like to take up the issue of under spending with North-Eastern States so as to improve the position further.

Reply of the Government

As a practice, an on going procedure is followed by the concerned programme divisions of the Department of Rural Development releasing funds for its various schemes as a measure to take up the issue of under spending by monitoring its utilization position on monthly and quarterly basis through MPRs and QPRs and also while considering release proposals of Second Installments funds are released on the basis of 60 per cent utilization of the available funds and funds are further deducted in case of late receipt of proposals from the State Government.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see Paragraph No. 28 of Chapter I of the Report)

Recommendation (Para No. 3.12)

The Committee find from the information and clarification provided by the Department that at present National Food for Work Programme along with Sampoorna Grameen Rozgar Yojana (SGRY) is being implemented in 150 selected districts. In the remaining district Sampoorna Grameen Rozgar Yojana is being implemented. When the National Employment Guarantee Act will be applicable, these two programmes will be merged together and shall be known by the name of the Act. While noting the aforesaid scheme of things, the Committee are at a loss to understand the plethora of schemes with the some objective. Not only that it is not clear where the National Employment Scheme will be applicable, indicating clearly whether it is the replacement of Food for Work Programme. The Committee strongly recommend that SGRY and Food for Work Programme should be merged together in the 150 districts selected so far which will pave the way for 100 days guarantee. The merged scheme should be known as National Employment Guarantee Scheme which will ultimately be proposed to take the shape of legal guarantee after the aforesaid enactment.

Reply of the Government

For the present, SGRY and NFFWP should be run as separate programmes because NFFWP is confined to only 150 districts in the country due to different programme objectives and implementation modalities. SGRY is a broad-based wage employment programme implemented entirely through PRIs and forms main resource base of the PRIs for need-based infrastructure in villages. While the need for generation of additional wage employment is paramount, the local need-based infrastructure such as primary schools, health centres, sanitation, etc. in villages is a preferred choice of the village community and it would not be desirable to deny PRIs resources altogether for such purposes. Under NFFWP, which is being implemented by District collector, resources should be chanelised into some focus areas like water conservation and drought proofing which is the principal problem in some States and a major cause of backwardness of certain regions. When the National Employment Guarantee Bill is passed and becomes operational as a law, merger of SGRY and NFFWP in those districts can be considered making adequate provision for need-based village infrastructure.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* Paragraph No. 34 of Chapter I of the Report)

Recommendation (Para No. 3.14)

The Committee further fail to understand the difference between the most backward districts selected by the Department for the purpose of National Food for Work Programme with those of 170 most backward districts mentioned by the Finance Minister in his Budget speech. The Committee would like the Department to analyse the position in this regard and furnish explanation to the Committee. The Committee would also like to strongly recommend that while selecting the districts for National Food for Work Programme, it should be strictly ensured that parameters for selection of districts are such that first of all the most backward districts in a State get the due priority in the Programme.

Reply of the Government

The districts under National Food for Work Programme were selected on the basis of exercise undertaken by the Planning Commission based on three para-meters namely—SC/ST population, inverse of agricultural productivity and agricultural wage. The districts

mentioned by the Finance Minister is a later exercise by the Planning Commission based on different para-meters.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* Paragraph No. 37 of Chapter I of the Report)

Recommendation (Para No. 3.32)

The Committee further find that with regard to the payment for foodgrains component under SGRY as well as NFFWP, there is utter confusion. They note that as per the recent decision, the payment for foodgrains component will directly be managed by the Ministry of Finance. As per the data reported by the Secretary during evidence Rs. 15,000 crore is the outstanding payment to Food Corporation of India. The Committee also note that during 2005-2006, no allocation has been indicated against the proposed allocation of Rs. 27,375.87 crore under SGRY and Rs. 2,313 crore under NFFWP for foodgrains component. In such a scenario the Committee fail to understand how the Government will fulfil the commitment of providing adequate allocation under the wage employment programme of the Department. The Committee feel that the specific allocation and outstanding due to Food Corporation of India should invariably be indicated in the Budget documents irrespective of the fact whether payment is made by the Ministry of Rural Development or Ministry of Finance to the Food Corporation of India or to the Department of Food and Public Distribution (Ministry of Consumer Affairs, Food & Public Distribution) so as to know about the clear picture of the allocation. The Committee would like to be clearly informed how the Government propose to arrange for the outlay for the employment guarantee for which ambitious commitments have been made in the National Common Minimum Programme as well as in the Budget announcements.

Reply of the Government

Under the proposed National Rural Employment Guarantee Scheme, the foodgrains are not essential to be given as part of the wages.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* Paragraph No. 40 of Chapter I of the Report)

Recommendation (Para No. 3.33)

The Committee are disappointed to note the implementation of SGRY in some of the States particularly Union territories. The Committee are further constrained to note the reply of the Department stating that Union territories have never utilized their allocated resources to the fullest extent under SGRY and as such no district under Food for Work Programme was included for Union territories. The Committee strongly recommend to analyse the reasons for poor performance in each of the States as indicated in the preceding para of the report and take the corrective action immediately. The Committee may also be kept informed about this. The Committee are unable to understand poor performance of SGRY in Union territories which are directly under the administrative control of the Union Government. They would like the explanation of the Department in this regard.

Reply of the Government

The Union territories are getting resources under various schemes and due to their small size, the demand for wage employment is less.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see Paragraph No. 43 of Chapter I of the Report)

Recommendation (Para No. 3.35)

The Committee further note that during 2005-2006, Rs. 360 crore out of overall savings has been allocated additionally for Tsunami affected States. The Committee strongly recommend to monitor the utilization position in the said district/States regularly so that the benefits reach to the targeted persons.

Reply of the Government

Additional grants provided under SGRY for Tsunami affected States is being monitored along with funds provided under normal SGRY because it would be difficult for the implementing agencies to keep separate accounts for the grants under the same programme.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see Paragraph No. 49 of Chapter I of the Report)

Recommendation (Para No. 3.50)

The Committee are concerned to note a reduction of four per cent outlay under SGSY in 2005-2006 as compared to previous year allocation at BE stage. They also note that during 10th plan the Department has been allocated less than half of what was proposed under SGSY. Similarly during 2005-2006, the Department has got less than 75 per cent of the proposed outlay in this regard. A little over Rs. 10,068 crore credit mobilization only has so far been achieved by States and Union Territories against the target of Rs. 2,508 crore during the previous year. Further alarming is the fact that none of the States except Himachal Pradesh and Rajasthan could distribute more than 50 per cent of the credit available during 2004-2005. The Committee, therefore, conclude that the Department has to blame itself for the reduction of outlay of the scheme in the current year. They note the assurance of the Planning Commission to restore the Central outlay of SGSY at the level of the previous year *i.e.* Rs. 1,000 crore. They also note the reports of the Area Officers regarding the reasons for poor performance of the scheme. In this scenario the Committee urge the Government to take corrective measures for satisfactory implementation of the scheme and then approach the Planning Commission by which the commission could be convinced for higher allocation under the scheme.

Reply of the Government

The Planning Commission has approved an outlay of Rs. 1,000 crore for SGSY during 2005-06 which is same as the outlay for the financial year 2004-05.

Realising the fact that in no single year the targeted volume of credit has been fully mobilised, the Department has taken various initiatives in this regard. Problems of credit flow to swarozgaries are regularly discussed at various fora including meetings of Central Level Coordination Committee (CLCC), Performance Review Committee, RBI's Monitoring Cell for PMRY & SGSY, Project Directors Conferences etc. The issue was also discussed in the meeting of the Central Level Coordination Committee (CLCC) held on 7th February, 2005, where the Committee, *inter-alia*, recommended that:

- (i) the State Governments to regularly hold meetings of the SGSY Implementation and Coordination Committees at State, District and Block levels and to ensure participation of the other concerned departments and Bankers.

- (ii) RBI should expedite decision for opening new bank branching in unbanked areas.
- (iii) all loan applications pending at the close of the year should be brought forward to the next year and decided upon.
- (iv) the Committee advised the banks to take steps to achieve the desired credit subsidy ratio.

Taking cognizance of the fact that the promotional agencies like non-government organizations/SHPs play a greater role in formation and capacity building of groups, State Governments have been advised to ensure greater involvement of such institutions. Bank branches not achieving even 25 per cent of their credit mobilization targets are being systematically identified and reported to the Chief Executives of the concerned banks for timely remedial measures.

To ensure effective implementation of the programme, State Governments have been advised to hold SGSY Committee meetings regularly at Block, District and State levels as per prescribed frequency under SGSY guidelines.

As a result of various steps taken by the Ministry, credit mobilization has substantially increased from Rs. 1302.96 crore in 2003-2004 to Rs. 1640.11 crore in 2004-2005 (as per the latest reports available from the States/Union Territories), an increase of about 26 per cent, as can be seen from the statement given below:

Credit mobilised under SGSY during 2003-04 and 2004-05

		(Rs. in lakh)	
Sl.No.	State/Union Territory	2003-2004	2004-05
1	2	3	4
1.	Andhra Pradesh	9013.19	9547.27
2.	Arunachal Pradesh	141.47	199.12
3.	Assam	4597.57	6108.08
4.	Bihar	18640.61	21519.77
5.	Chhattisgarh	3907.32	4582.55
6.	Goa	62.02	92.94
7.	Gujarat	3283.58	4171.79

1	2	3	4
8.	Haryana	2471.49	2884.44
9.	Himachal Pradesh	1837.69	2306.97
10.	Jammu & Kashmir	1956.54	2338.65
11.	Jharkhand	6230.35	5022.35
12.	Karnataka	6505.04	7560.16
13.	Kerala	2516.90	3046.22
14.	Madhya Pradesh	9828.74	1116.53
15.	Maharashtra	9948.66	11058.06
16.	Manipur	0.00	0.00
17.	Meghalaya	247.54	209.38
18.	Mizoram	82.06	73.72
19.	Nagaland	211.26	8.48
20.	Orissa	7789.65	9750.10
21.	Punjab	1426.12	1215.98
22.	Rajasthan	7965.36	10245.10
23.	Sikkim	197.48	143.67
24.	Tamil Nadu	4131.44	6867.23
25.	Tripura	1762.08	1511.08
26.	Uttar Pradesh	20396.07	36963.40
27.	Uttaranchal	1549.44	2006.85
28.	West Bengal	3487.58	3338.98
29.	A&N Islands	0.00	0.20
30.	Daman & Diu	0.00	0.00
31.	D&N Haveli	12.50	0.00
32.	Lakshadweep	6.30	1.30
33.	Pondicherry	89.74	120.46
Total		130295.79	164010.82

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see Paragraph No. 52 of Chapter I of the Report)

Recommendation (Para No. 3.56)

The Committee observe that due care has not so far been taken by the Government either to arrange for proper certification or for marketing of SHG products. The Committee note the reply of the Department that some initiatives by only two States *viz.* Madhya Pradesh and Maharashtra have been taken to facilitate quality certification of various SHG products. They feel that these efforts are not enough. The laboratory at Wardha cannot cater tot he need of all SHGs for the country. The Committee, therefore, recommend that the Government should help to establish at least one laboratory in each region of the country that too only for certification of SHG products, which can be replicated for establishment of such centers in all States and Union territories in a time bound manner later.

Reply of the Government

The quality of products produced by SGSY beneficiaries is absolutely important to ensure sustained marketing. Therefore, care is being taken that products which come under the category of certification by various agencies *i.e.* ISI, Agmark, FPO license should be certified accordingly. DRDAs have been directed to facilitate process by organizing trainings to create awareness among the Swarozgaries and ensure effective liaison with concerned agencies to ensure certification of products. Guidelines to utilize amount of Rs. 5 lakh earmarked for each DRDA would be reiterated to all States for its effective implementation.

In Andhra Pradesh SGSY products have been identified for sale through 1,100 APNA Bazar outlets. Similarly in *Maharashtra* DRDAs have funded for strengthening of infrastructure by constructing/ upgrading market-sheds at Taluka Headquarters/ places of weekly bazaars, Gram Panchayats etc. Retail outlets for display and sale of SGSY products have been established in cities like Pune (Savitri), Nagpur (Samruddi) etc. Brand names have been given to SHG products *i.e.* Sindhu in Sindhudurg District, Sewagram Nisarg in Wardha DRDA Pune has started a marketing outlet "Savitri" to provide urban markets for the SGSY products.

In Orissa, ORMAs have been created as an autonomous body under Panchayati Raj Department with an objective to remove all the critical gaps experienced in marketing and research of products produced by Swarozgaries under SGSY. The SGSY products are channeled through long-term marketing tie up with buyers. These products are also sold through institutions selling, fairs and exhibition.

Marketing initiatives have also been undertaken in Madhya Pradesh and agro-based non timber forest produce and dairy products have been selected for production/processing and marketing by the State Government, developing a “Vindhya Valley” brand for all food products with a focus on purity.

In West Bengal Swayambhan is marketing outlet established in Hooghly district. Besides serving as a marketing outlet for display and sale of various products manufactured by SHGs, the outlet plays facilitation role to act as a platform to share the experience of the group members, assess market demands and production needs besides to design development and improvement of products. A similar marketing outlet by the name of “Prayas” has already been established at Mahali.

RUDA—Rural non-farm Development Agency has been set up by the Government of Rajasthan to promote rural non-farm sector. RUDA collaborates with NPRI, Technical & Research Institute, Design Institute, private entrepreneurs, including exports, domestic and International Promotional Trade Agencies.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 55 of Chapter I of the Report)

Recommendation (Para No. 3.69)

The Committee are unhappy to note the performance of SGSY special projects. They find that Rs. 8.26 crore during 2003-2004 and Rs. 94.53 crore so far during 2004-2005 have remained unspent. Not only that, the Government have involved in the implementation Nehru Yuvak Kendras which are under the administrative control of the Ministry of Youth Affairs and Sports even though DRDAs/Zilla Parishads continue to implement rural development schemes in all districts of the country. As admitted by the Government, the progress of the projects being implemented by NYKs was very slow but the pace is improving now. The Committee fail to understand as to why the NYKs were involved in the implementation of SGSY project specifically when DRDAs/Zilla Parishads have been established and are functioning in most of the districts of the country to monitor the implementation of schemes of the Ministry. The Committee in this regard would like the Department to furnish the reasons for involving

NYKs in the implementation of SGSY special projects. Besides they would like to be apprised of about the details of such projects indicating the financial and physical performance of these projects which are being taken up by NYKs so as to enable the Committee to ensure the reasons for their involvements and comment further in this regard.

Reply of the Government

Regarding the Committee's observations on the performance of SGSY Special projects and the unspent balances during the year 2003-04 and 2004-05, the position is clarified as follows:

The Ministry of Rural development has received proposals from several States under Special Project Component Swarna Jayanti Gram Swarozgar Yojana (SRGSY) for approval during the last two years. The proposals received under SGSY special projects are first desk scrutinized to see whether the minimum requirements of guidelines such as forwarding of projects by the State Governments, commitment of the State Government for meeting 25 per cent State share, Bank's commitment, if credit is involved, focus on the Below Poverty Line (BPL) population, constituency and viability of the concept etc. are being met by the proposals. If the project proposals do not fulfill the above requirements, they are returned to the concerned State Governments. There is a two level system of approval of the project proposals. They are first screened by the Project Screening Committee (PSC) headed by the Joint Secretary (SGSY) and then approved by the Project Approval Committee (PAC) headed by Secretary (RD) with Adviser (Planning Commission), Additional Secretary & Financial Advisor, Ministry of Rural Development as members. The approval of the proposals is a continuous process. Since during the years 2003-04 and 2004-05, many proposals did not fulfill the prescribed requirements and thus could not get the approval of Project Approval Committee, the amount remained unspent during the years.

In reply to the observation of the Committee regarding the implementation of special projects by Nehru Yuva Kendras, it is stated that NYKs is an autonomous body under the administrative control of Ministry of Youth Affairs & Sports and they are engaged in the Poverty Alleviation Programmes with active involvement of Youth Clubs. They are also involved in other activities like Health, Education, Environment etc.

NYKs is the largest rural youth network in the country. The basic objective is to bring the rural youth into the mainstream of development

as partner of development. NYKs has formed more than two lakh youth clubs at village panchayat level in as many as 500 districts of India and has a youth volunteers force of over eight million.

The Youth Clubs/Mahila Mandals formed by NYKs are involve din various developmental activities at voluntarily basis. They have the experience of working in rural areas and pioneers in SHG movement also. The youth clubs/mahila mandals are forming Self Help Groups and collaborating with PRIs/DRDAs and local bodies at local level for eradication of poverty.

Since our projects involve ground level mobilization and interaction with the beneficiaries and NYKs have strengthened on that account, NYKs were involved. NYKs have sanctioned four projects which were to be implemented in following 14 districts:

Sl.No.	Name of the District	State
1.	Sarguja	Chhattisgarh
2.	Kalahandi	Orissa
3.	Gwalior	M.P.
4.	Jagatsinghpur (Cuttack)	Orissa
5.	Gumla	Jharkhand
6.	Vaishali	Bihar
7.	Kamrup	Assam
8.	Nalbari	Assam
9.	Bhopal	M.P.
10.	Sihore	M.P.
11.	Dewas	M.P.
12.	Hamirpur	U.P.
13.	Chamoli	Uttaranchal
14.	Nellore	A.P.

In these districts, the projects are implemented as per the norms of SGSY guidelines. District Collector is the Chairman of District Advisory Committee of Rural Youth Initiative (DACRYI) Committee formed for SGSY scheme by NYKs, ADC, Project Director DRDA, Lead

Bank Manager, representative of NABARD and representative of other developmental department and public representatives are also the member of DACRYI to guide, help and for monitoring of SGSY projects which are being run through NYKs.

Statements showing the financial and physical performance of the projects implemented by the NYKs are enclosed at Appendix I to IV.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 58 of Chapter I of the Report)

Recommendation (Para No. 3.76)

The Committee find from the data indicated above that there is an increase of 11 percent in the outlay provided during BE 2005-2006, but if compared to RE, there is further reduction of outlay. As clarified by the Department, even if it is accepted that Rs. 400 crore special assistance is provided to Bihar for construction of 2.15 lakh additional houses damaged by floods is included in the outlay, the outlay provided during 2005-2006 is inadequate keeping in view the data of shelterlessness in the country. As per Government's own data 14.84 million is the housing shortage. Not only that shortage of around 10 lakh houses is added to it annually. The Committee find that shelter is basic necessity of life and there is an urgent need to tackle the issue on war footing.

Reply of the Government

The Government is making all efforts to end shelterlessness in rural areas as soon as possible. With a total outlay of Rs. 2,775 crore during the current financial year 2005-2006, about 14.55 lakh houses are likely to be constructed.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 61 of Chapter I of the Report)

Recommendation (Para No. 3.78)

The Committee further note that the Government have started implementing several sub schemes hurriedly which have now been merged with IAY from this year. They are astonished to find that the Government have not been able to monitor the physical progress of the sub-schemes except IAY, after these are merged with IAY. The plea taken by the Department that these sub-schemes are demand-driven and hence unmonitorable is unacceptable to the Committee. When scarce resources are being provided, it should be spent judiciously and the target and achievements should be monitored accordingly. Therefore, the Committee would like that the infrastructure created under all sub-schemes of rural housing should be monitored even after these are merged with IAY and should be reflected in the various Budget documents.

Reply of the Government

Each project sanctioned under Innovative Stream of rural Housing and Habitat Development is being monitored and further instalment of funds in respect of ongoing projects are released only after examining the financial and physical progress/achievements.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 61 of Chapter I of the Report)

Recommendation (Para No. 3.79)

The Committee note that nearly 15 million families were houseless in the rural areas as per 2001 Census. In addition, about 10 lakh houses are being added to the existing shelterlessness. The Committee also find that various parallel rural housing schemes are being implemented by the respective State Governments. The States of Kerala, Tamil Nadu and Gujarat are dovetailing funds with IAY. The Committee feel that there is an urgent need for dovetailing the rural housing schemes with IAY in the remaining States. The dovetailing of State Sector Schemes would not only help in avoiding the problem of coordination but would also help in having accurate data about the level of shelterlessness in a particular State. The Committee would like that said issue should be taken up and discussed at the various conference/workshops and through various review meetings conducted

by the Ministry in which representatives of State Governments participate. The Committee should also be apprised about the deliberations and outcome of such discussions.

Reply of the Government

The information has been called for from all State Governments to know as to which of the State Governments are implementing parallel rural housing schemes.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 61 of Chapter I of the Report)

Recommendation (Para No. 3.80)

The Committee are concerned to note that several IAY houses have been constructed without basic necessities, like proper ventilation, provision for windows, drinking water, toilets etc. as found by them during their Study visit. They feel that without the provision for basic necessities the condition of poor people living in IAY houses can not be improved. They, therefore, recommend that it should be ensured to provide basic necessities in IAY houses so that poor people can live with dignity.

Reply of the Government

Construction of sanitary latrine and smokeless chulha is an integral part of IAY houses. However, in case of default by any beneficiary, an amount of Rs. 600 and Rs. 100 respectively is deducted from the Central financial assistance. As regards provision of ventilation, it is stated that the construction of IAY houses is done by the beneficiary himself according to his choice.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 61 of Chapter I of the Report)

Recommendation (Para No. 3.105)

While recommending for higher outlay, the Committee feel that there is an urgent need to take stringent steps for the better and effective implementation of the programme. As stated above, the performance of the projects taken under I to IV phases of PMGSY is not satisfactory in some of the States. The problems as stated by the Department are manifold like institutional problems, and procedural delays etc. The Committee would like that the State—specific problems in the under performing States should be analysed critically and the corrective action taken thereon. The Committee may also be apprised in this regard.

Reply of the Government

The Department has analysed the issues in the under-performing States and a critical note is enclosed at **Appendix-V**.

The maintenance provisions are strictly adhered to from Phase III (2003-04) onwards since they are governed by contracts enforceable in a Court of Law. The Department regularly reviews the status of maintenance budgeting and funding during Empowered Committee meetings, Regional Review meetings etc. Fresh proposals for road works are approved only after requisite provisions for maintenance are made by the State Government concerned.

While considering the project proposals of States, the Department invariably examines the percentage of funds allocated for upgradation works to ensure that the guidelines in this regard are strictly adhered to.

The works of Phase I and phase II were awarded with a 5 year defect-free guarantee from the contractors. The 5 years maintenance clause has been included in the Contracts from Phase III onwards. The Phase III works would be completed by 2004-05 or later and, therefore, provision for contract maintenance would be made in the budget of the States from the year 2005-06 onwards. Expenditure on maintenance during 2005-06 will be available in 2006-07.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see paragraph No. 70 of Chapter I of the Report)

Recommendation (Para No. 3.106)

The Committee further note that the guidelines of the Yojana provide for the maintenance of roads. The roads constructed under PMGSY will be maintained by the Project Implementing Units and after that the maintenance will be taken over by the PRI designated for the purpose. The State authorities are also required to furnish an undertaking that they would remit to the identified PRI from the State Government funds, the requisite cost of maintenance. The Committee find that although an elaborate system has been indicated in the guidelines for the maintenance of roads constructed under PMGSY there is an urgent need that these provisions are strictly adhered to by the State Governments. The Committee would like the Department to take the desired steps in this regard and apprise them accordingly.

Reply of the Government

The Department has analysed the issues in the under-performing States and a critical note is enclosed at **Appendix-V**.

The maintenance provisions are strictly adhered to from Phase III (2003-04) onwards since they are governed by contracts enforceable in a Court of Law. The Department regularly reviews the status of maintenance budgeting and funding during Empowered Committee meetings, Regional Review meetings etc. Fresh proposals for road works are approved only after requisite provisions for maintenance are made by the State Government concerned.

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The works of Phase I and Phase II were awarded with a 5 year defect—free guarantee from the contractors. The 5 years maintenance clause has been included in the Contracts from Phase III onwards. The Phase III works would be completed by 2004-05 or later and, therefore, provision for contract maintenance would be made in the budget of the States from the year 2005-06 onwards. Expenditure on maintenance during 2005-06 will be available in 2006-07.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC,
dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please see paragraph No. 70 of Chapter I of the Report)

Reply of the Government

The Department of Rural Development has been assisting the State Governments and Central Agencies to expedite the work of PMGSY and many training programmes, workshops, reviews and other required interventions have been organized through NRRDA. A former Chief Engineer of Rural Engineering Organisation (REO), Bihar has been engaged as Coordinating Consultant to coordinate the activities of Nominated Executive Agencies (NEAs), State Technical Agencies (STAs) and the State Government in Bihar.

Similarly Government of Tripura has signed a Memorandum of Understanding (MoU) with NBCC and the Ministry of Rural Development in April 2004 for execution of PMGSY works in West Tripura district by NBCC in accordance with the PMGSY Guidelines in force. Subsequently, NBCC has also been entrusted with the task of execution of PMGSY works in South Tripura district. Efforts to build up capacity in other States, including Hill States and North Eastern States, are continuing. The success of these experiments is being studied for replication.

[Ministry of Rural Development, O.M. No. H.11020/3/2005-GC, dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 70 of Chapter I of the Report)

Recommendation (Para No. 3.107)

The Committee note that PMGSY was envisaged with a laudable objective of providing connectivity to not connected habitations. The guidelines of the Yojana provides for upgradation of roads up to 20 per cent of the State's allocation where unconnected habitations still exist. The Committee also note that although it has been indicated in the guidelines that upgradation is not central to the Programme, there is a need to monitor and ensure that the main emphasis of Yojana is to provide new connectivity so that the main objective of starting the Yojana is not sidelined. The Committee therefore like the Department to strictly monitor the position in this regard. Besides the Committee would like to be apprised to the data indicating the per cent allocation and expenditure made on new connectivity as well as on maintenance scheme-wise, year-wise and State and Union territory wise.

Reply of the Government

The Department has analysed the issues in the under-performing States and a critical note is enclosed at **Appendix-V**.

The maintenance provisions are strictly adhered to from Phase III (2003-04) onwards since they are governed by contracts enforceable in a Court of Law. The Department regularly reviews the status of maintenance budgeting and funding during Empowered Committee meetings, Regional Review meetings etc. Fresh proposals for road works are approved only after requisite provisions for maintenance are made by the State Government concerned.

While considering the project proposals of States, the Department invariably examines the percentage of funds allocated for upgradation works to ensure that the guidelines in this regard are strictly adhered to.

The works of Phase I and Phase II were awarded with a 5 year defect—free guarantee from the contractors. The 5 years maintenance clause has been included in the Contracts from Phase III onwards. The Phase III works would be completed by 2004-05 or later and, therefore, provision for contract maintenance would be made in the budget of the States from the year 2005-06 onwards. Expenditure on maintenance during 2005-06 will be available in 2006-07.

[Ministry of Rural Development, O.M. No. H.11020/3/2005-GC,
dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 73 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Para No. 2.47)

On the issue of revision of norms for Centre *vis-a-vis* State's allocation, the Committee find that the matter of revision of Centre, State allocation from 75 : 25 to 90 : 10 is being taken up with the Planning Commission. The Committee would like to know the final decision when taken in this respect.

Reply of the Government

The matter has been taken up with the Planning Commission and still under its consideration.

[Ministry of Rural Development, O.M. No. H.11020/3/2005-GC,
dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 31 of Chapter I of the Report)

Recommendation (Para No. 3.34)

The Committee are further constrained to note that out of 12 States to whom foodgrains were released under Special Component of SGRY, only 4 States have submitted the progress reports. Further the data submitted by the Department in case of these States is also not clear. Foodgrains authorized indicated is for the year 2004-2005, whereas the utilization data is cumulative data including utilization for the year 2004-2005. Thus the performance cannot be evaluated. The Committee would like that the data for each year under specific item should be made individually so as to enable the Committee to come to some meaningful conclusion. The Committee strongly recommend that proper monitoring of data should be done for the outlay earmarked under Special Component of SGRY so as to ensure that the meagre resources earmarked for calamity affected areas reach the intended calamity stricken beneficiaries. The Committee would like the Department to collect the utilization data from such States/District and submit before the Committee along with the position of mandays created.

Reply of the Government

All the State Governments concerned have been requested to indicate utilization of quantity of foodgrains and mandays generated with the resources given under the Special Component of SGRY. The Committee will be informed after collecting information from the States in this regard.

[Ministry of Rural Development, O.M. No. H.11020/3/2005-GC, dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 46 of Chapter I of the Report)

Recommendation (Para No. 3.77)

The Committee further note that ambitious targets of constructing 60 lakh houses in four years (2005-2006 to 2008-2009) have been set up under 'Bharat Nirman'. They feel that without adequate funding, targets will remain only dreams. To translate such ambitious programmes in to reality, the Committee strongly recommend that adequate outlay should be provided. Ministry of Finance/Planning Commission should be approached for adequate funding. The Committee would like to be apprised of their reaction. With regard to special allocation of Rs. 400 crore as provided to Bihar for construction of 2.15 lakh additional houses damaged by floods, the Committee would like to be apprised of the physical achievement in this regard.

Reply of the Government

The Planning Commission has been approached to provide adequate funds under IAY for construction of 15 lakh houses annually under 'Bharat Nirman' Programme. As regards special allocation of Rs. 400 crore to Bihar, the State Government has been asked to furnish physical achievements in this regard.

[Ministry of Rural Development, O.M. No. H.11020/3/2005-GC, dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 64 of Chapter I of the Report)

Recommendation (Para No. 3.103)

The Committee note that a laudable programme was launched by the Government on 25 December, 2000 with the objective to provide road connectivity, through good all weather roads to all unconnected rural habitations with a population of 1000 or more by 2003 and those habitations having population of more than 500 persons by the year 2007. As per the revised estimates under 'Bharat Nirman' the habitations having population of 1000 (or 500 in hilly, tribal areas) are now proposed to be covered by 2009. The earlier estimates of outlay required were for Rs. 60,000 crore. As per Economic Survey, now the said projections have increased to Rs. 1,33,000 crore. Further if the objective set under 'Bharat Nirman' i.e. to upgrade and renew a portion of the Core Net Work is included, as per the Government's estimates, an outlay of Rs. 48,000 crore will be required during next four years which implies an annual allocation of Rs. 9,600 crore against the current budget of Rs. 4,235 during 2005-06.

Reply of the Government

At present, the PMGSY programme is being funded from (a) Accruals from the cess on High Speed Diesel (HSD) and (b) Borrowings from the World Bank and Asian Development Bank (ADB).

For the year 2005-06, the Department had projected a requirement of Rs. 7,240 crore, including Rs. 1,250 crore for World Bank/ADB projects. This projection was based on the likely accruals from Diesel cess and likely flow for World Bank/ADB funding.

For Bharat Nirman, fund requirement is estimated at Rs. 48,000 crore over the next five year period (tills 2009). The bulk of funding will be required for 19 States comprising the 10 Core States (Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal), the 7 NE States and 2 Hill States. In the meeting of the National Committee on Rural Infrastructure held on 16th May, 2005 under the Chairmanship of the Hon'ble Prime Minister, it was concluded that after taking into account likely availability of funding through Cess on High Speed Diesel at the current rates and after factoring in three ADB loans and two World Bank credits, there is a net gap of Rs. 17,835 crore upto 2009-2010. The Committee has desired that the Ministry of Finance and Planning Commission locate the funds necessary to meet the gap in consultation with the Ministry. Discussions have taken place on 8th June 2005 and final response of the Finance Ministry and Planning Commission is awaited.

Separately Department of Economic Affairs has been requested that the ADB's Rural Roads Sector Projects (RRSP)-III loan of US \$ 350 million due in 2007 be clubbed with the RRSP-II for US \$ 400 million currently under negotiation, to make loan size a more goal-oriented size of US\$ 750 million.

Ministry of Finance has also been requested to ask the World Bank to start discussion on a second loan and to increase the loan size from the current \$570m to \$750m.

Amendment to Central Road Fund Act is required to enable States to leverage their cess allocation to raise funds to meet their requirement of modernizing and augmenting the rural roads network and to repay the loan. Further action will be taken after the final decision of the Rural Infrastructure Committee.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005 Department of Rural Development]

Comments of the Committee

(Please see paragraph No. 67 of Chapter I of the Report)

Recommendation (Para No. 3.104)

The Committee find from what has been stated above, that the targets of connectivity cannot be achieved with present level of allocation. They also find that due to spillover of targets, the estimates of required outlay have considerably increased. The present estimates of requirement of Rs. 48,000 crore for four years may further enhance, if the set targets are not achieved as per the revised date of coverage of habitation population of 1000 i.e. by the year 2009. Thus the Committee conclude that inadequate financial resources is the biggest concern. For augmenting resources for the programme, the Committee suggest the following:

- (i) the projections made by the Department during 2005-06 do not correspond to the annual requirement of outlay to achieve the objective of Bharat Nirman. The Department in fact got Rs. 595 crore more than the projected outlay during 2005-2006. The projections made by the Department should commensurate to the overall projections of the Government;
- (ii) there is enough scope to tap external funding from ADB/ World Bank. More efforts need to be made to explore the potential for augmenting available resources with external funding;

- (iii) The Committee in their earlier report (refer paragraph No. 3.126 of 3rd Report—14th Lok Sabha) had expressed their concern over not allocating funds on account of increase in diesel cess. As reported by the Department, the arrears amounting to Rs. 2,500 crore on account of additional cess imposed since 2003-2004 have not been allocated to the Department. Besides, during the current year i.e. 2005-2006 although there is a proposal to increase the cess on petrol and diesel by 50 paise per litre, the additional resources are proposed to be exclusively earmarked for the National Highways. Keeping in view the escalation in cost of construction roads due to spillover of the targets as stated above, at least 50 percent of the additional resources to be procured by the additional cess should be made available for PMGSY;
- (iv) As replied by the Department a proposal has been moved to amend the Central Road Fund Act to enable cess funds to be used for repaying loans taken for constructing and upgrading rural roads to facilitate leverage of the cess in the domestic capital market. The Committee strongly recommend to the Government to finalise the aforesaid proposal which may enable the Government to leverage long term funds from the domestic capital market.

Reply of the Government

At present, the PMGSY programme is being funded from (a) Accruals from the cess on High Speed Diesel (HSD) and (b) Borrowings from the World Bank and Asian Development Bank (ADB).

For the year 2005-06, the Department had projected a requirement of Rs. 7,240 crore, including Rs. 1,250 crore for World Bank/ADB projects. This projection was based on the likely accruals from Diesel cess and likely flow for World Bank/ADB funding.

For Bharat Nirman, fund requirement is estimated at Rs. 48,000 crore over the next five year period (tills 2009). The bulk of funding will be required for 19 States comprising the 10 Core States (Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal), the 7 NE States and 2 Hill States. In the meeting of the National Committee on Rural Infrastructure held on 16th May, 2005 under the Chairmanship of the hon'ble Prime Minister, it was concluded that after taking into account likely availability of funding through Cess on High Speed

Diesel at the current rates and after factoring in three ADB loans and two World Bank credits, there is a net gap of Rs. 17,835 crore upto 2009-2010. The Committee has desired that the Ministry of Finance and Planning Commission locate the funds necessary to meet the gap in consultation with the Ministry. Discussions have taken place on 8th June 2005 and final response of the Finance Ministry and Planning Commission is awaited.

Separately Department of Economic Affairs has been requested that the ADB's Rural Roads Sector Projects (RRSP)-III loan of US \$350 million due in 2007 be clubbed with the RRSP-II for US \$400 million currently under negotiation, to make loan size a more goal-oriented size of US\$ 750 million.

Ministry of Finance has also been requested to ask the World Bank to start discussion on a second loan and to increase the loan size from the current \$570m to \$750m.

Amendment to Central Road Fund Act is required to enable States to leverage their cess allocation to raise funds to meet their requirement of modernizing and augmenting the rural roads network and to repay the loan. Further action will be taken after the final decision of the Rural Infrastructure Committee.

[Ministry of Rural Development O.M. No. H.11020/3/2005-GC dated 25.8.2005, Department of Rural Development]

Comments of the Committee

(Please *see* paragraph No. 67 of Chapter I of the Report)

NEW DELHI;
12 December, 2005
21 Agrahayana, 1927 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

APPENDIX I

STATEMENT SHOWING FINANCIAL AND PHYSICAL PERFORMANCE OF NYKs: 152(1)

FORMAT-1

Format for Special Project under SGSY NYKs-152(I)

Physical & Financial Progress for the Quarter ending March, 2005

Form at 1.1 : Project Profile

1. Name of the State	NYKs	
2. Name of Project	A Rural Youth Initiative	
3. Date of Sanction	31.3.2000	
4. Date of Completion	Continue	
5. No. of districts covered	4	
6. Approved Cost of the project		15 crore
(i) Central Share		15 crore
(ii) State Share		Nil
(iii) Bank loan		5 crore
(iv) Total project cost		20 crore
(v) Average per beneficiary cost		50,000
7.1 Physical Target (Activity wise)		Units
(i) Formation of SHG		400 SHG
(ii) Capacity Building		4000 SHG Members
(iii) Skill Training		4000 SHG Members
7.2 If irrigation project, size of command area (in hectare)		—

7.3	No. of SHGs proposed	400 SHG
7.4	No. of Swarozgaries	4000
	Total	4000
	SC	1513
	ST	1234
	Women	2466
	Disabled	3
7.5	Average per capita annual income of Swarozgaries after completion of project	30,000 Rs.

1.2 Financial Performance

Sl. No.	Name of District	Total Available Funds				Total Expenditure				Amount of Credit mobilised					
		Central	State	Bank Loan	Misc. Receipts	Total	Exp. upto last Quarter	During the Quarter	Total	%Exp. to total available funds	Credit target	Upto last quarter	During the quarter	Total	% to total targeted loan of project
1.	Cuttack														
2.	Sarguja		750 crore			750 crore	2,20,46,016	—	2,20,46,016	5,29,53,984	5 crore	—	—	—	—
3.	Kalahandi														
4.	Gwalior														

FORMAT-2

Format for Special Project under SGSY

Infrastructure Project

Financial and Physical Progress upto Quarter 2005

Format 2.1 : Project Profile (Rs. in lakh)

State	NYKs
Name of Project	A Rural Youth Initiative
Year of launching	31.3.2000
Approved Cost of the project	15 crore
(i) Central Share	15 crore

(ii) State Share	Nil
(iii) Total project cost	15 crore
Activities proposed	
(i) Formation of SHG	400 SHG
(ii) Capacity Building	4000 SHG Members
(iii) Skill Training	4000 SHG Members

N.B.: for Item No. 6 please use rows as per the number of activities.

Format 1.3 Physical Performances—District-wise/Activity-wise

Sl. No.	Name of District	No. of SHG formed					Individual Swarozgaries Assisted					No. of assets created	
		No. of SHG formed	No. of SHG Assisted	SC	ST	Women Disabled	Total	Total	SC	ST	Women Disabled	Name	No.
1.	Cuttack	100	100			83	100	1366	290	10	838		
2.	Sarguja	100	100			52	100	1110	380	646	578		
3.	Kalahandi	100	100			76	100	1186	260	410	814	3	
4.	Gwalior	100	100			16	—	100	972	543	168	236	
	Total	400	400			227	400	4634	1513	1234	2466	3	

Format 2.2 Financial Performance—State level position

Total funds received	7.50 crore
(i) Central release	7.50 crore
(ii) State release	—
(iii) Misc. receipts	—
(iv) Total	7.50 crore
Total Expenditure	2,20,46,016
(i) Exp. during the month	—
(ii) Exp. upto the month	2,20,46,016
%exp. Total available fund	5,29,53,984

APPENDIX II

STATEMENT SHOWING FINANCIAL AND PHYSICAL PERFORMANCE OF NYKs: 153(2)

FORMAT-1

Format for Special Project under SGSY NYKs-153(2)

Physical & Financial Progress for the Quarter ending March, 2005

Format 1.1 : Project Profile

1.	Name of the State	NYKs	
2.	Name of Project	A Rural Youth Initiative	
3.	Date of Sanction	31.3.2000	
4.	Date of Completion	Continue	
5.	No. of districts covered	4	
6.	Approved Cost of the project		13.38 crore
	(i) Central Share		13.38 crore
	(ii) State Share		Nil
	(iii) Bank loan		5 crore
	(iv) Total project cost		18.38 crore
	(v) Average per beneficiary cost		46,000
7.1	Physical Target (Activity-wise)		Units
	(i) Formation of SHG		400 SHG
	(ii) Capacity Building		4000 SHG Members
	(iii) Skill Training		4000 SHG Members
7.2	If irrigation project, size of command area (in hectare)		—
7.3	No. of SHGs proposed		400 SHG

(ii) State Share	Nil
(iii) Total project cost	13.38 crore
Activities proposed	
(i) Formation of SHG	400 SHG
(ii) Capacity Building	4000 SHG Members
(iii) Skill Training	4000 SHG Members

N.B.: for Item No. 6 please use rows as per the number of activities.

Format 1.3 Physical Performances—District-wise/Activity-wise

Sl. No.	Name of District	No. of SHG formed					Individual Swarozgaries Assisted					No. of assets created	
		No. of SHG formed	No. of SHG Assisted	SC	ST	Women Disabled	Total	Total	SC	ST	Women Disabled	Name	No.
1.	Vaishali	100	100			8	100	831	404	—	196	10	
2.	Kamrup	100	100			67	100	1408	310	819	984	—	
3.	Nalbari	101	100			67	101	1000	236	10	585	10	
4.	Gumla	100	100			67	—	100	1104	5	229	695	15
Total		401	400			209	401	4343	955	1048	2460	35	

Format 2.2 Financial Performance—State level position

Total funds received	6.69 crore
(i) Central release	6.69 crore
(ii) State release	—
(iii) Misc. receipts	—
(iv) Total	6.69 crore
Total Expenditure	1,95,99,001
(i) Exp. during the month	—
(ii) Exp. upto the month	1,95,99,001
%exp. Total available fund	4,73,00,999

APPENDIX III

STATEMENT SHOWING FINANCIAL AND PHYSICAL PERFORMANCE OF NYKs: 154(3)

FORMAT-1

Format for Special Project under SGSY NYKs-154(3)

Physical & Financial Progress for the Quarter ending March, 2005

Form at 1.1 : Project Profile

1.	Name of the State	NYKs	
2.	Name of Project	A rural Youth Initiative	
3.	Date of Sanction	2002	
4.	Date of Completion	Continue	
5.	No. of districts covered	3	
6.	Approved Cost of the project		10.66 crore
	(i) Central Share		10.66 crore
	(ii) State Share		Nil
	(iii) Bank loan		3.75 crore
	(iv) Total project cost		14.41 crore
	(v) Average per beneficiary cost		42,000
7.1	Physical Target (Activity wise)		Units
	(i) Formation of SHG		300 SHG
	(ii) Capacity Building		300 SHG
	(iii) Skill Training		300 SHG Members
7.2	If irrigation project, size of command area (in hectare)		—
7.3	No. of SHGs proposed		400 SHG

7.4	No. of Swarozgaries	3000
	Total	3000
	SC	1091
	ST	480
	Women	1204
	Disabled	37
7.5	Average per capital annual income of Swarozgaries after completion of project	Rs. 30,000

1.2 Financial Performance

Sl. No.	Name of District	Total Available Funds				Total Expenditure				Amount of Credit mobilized					
		Central	State	Bank Loan	Misc. Receipts	Total	Exp. upto last Quarter	During the Quarter	Total	%Exp. to total available funds	Credit target	Upto last quarter	During the quarter	Total	% to total targeted loan of project
1.	Bhopal														
2.	Sehore		4.264 crore			4.264 crore	89,48,397	—	89,48,397	3,36,91,703	7.50 crore	—	—	—	—
3.	Dewas														

FORMAT-2

Format for Special Project under SGSY NYKs Project-153(2)

Infrastructure Projects

Financial and Physical Progress upto Quarter 2005

Format 2.1 : Project Profile (Rs. in lakh)

State	NYKs
Name of Project	A Rural Youth Initiative
Year of launching	2002
No. of districts covered	3
Approved Cost of the project	10.66 crore
(i) Central Share	10.66 crore
(ii) State Share	Nil

(iii) Total project cost	10.66 crore
Activities proposed	
(i) Formation of SHG	300 SHG
(ii) Capacity Building	3000 SHG Members
(iii) Skill Training	3000 SHG Members

N.B.: for item no. 6 please use rows as per the number of activities.

Format 1.3 Physical Performances-District-wise/Activity-wise

Sl. No.	Name of District	No. of SHG formed					Individual Swarozgaries Assisted					No. of assets created	
		No. of SHG formed	No. of SHG Assisted	SC	ST	Women Disabled	Total	Total	SC	ST	Women Disabled	Name	No
1.	Bhopal	100	100			25	100	602	256	9	250	7	
2.	Sehore	100	100			39	100	1067	432	88	547	—	
3.	Dewas	100	100			29	100	1077	403	383	407	30	
	Total	300	300			93	300	2746	480	480	1204	37	

Format 2.2 Financial Performance—State level position

Total funds received	4,26,40,000
(i) Central release	4,26,40,000
(ii) State release	—
(iii) Misc. receipts	—
(iv) Total	4,26,40,000
Total Expenditure	89,48,397
(i) Exp. during the month	—
(ii) Exp. upto the month	89,48,397
%exp. Total available fund	3,36,91,703

APPENDIX IV

STATEMENT SHOWING FINANCIAL AND PHYSICAL PERFORMANCE OF NYKs: 155(4)

FORMAT-1

Format for Special Project under SGSY NYKs-155(4)

Physical & Financial Progress for the Quarter ending March, 2005

Form at 1.1 : Project Profile

1.	Name of the State	NYKs
2.	Name of Project	A Rural Youth Initiative
3.	Date of Sanction	2002
4.	Date of Completion	Continue
5.	No. of districts covered	3
6.	Approved Cost of the project	15.00 crore
	(i) Central Share	10.66 crore
	(ii) State Share	Nil
	(iii) Bank loan	3.75 crore
	(iv) Total project cost	15 crore
	(v) Average per beneficiary cost	42,000
7.1	Physical Target (Activity-wise)	Units
	(i) Formation of SHG	300 SHG
	(ii) Capacity Building	3000 Members
	(iii) Skill Training	3000 Members
7.2	If irrigation project, size of command area (in hectare)	—
7.3	No. of SHGs proposed	300 SHG

7.4	No. of Swarozgaries	3000
	Total	3000
	SC	949
	ST	435
	Women	923
	Disabled	16
7.5	Average per capital annual income of Swarozgaries after completion of project	Rs. 30,000

1.2 Financial Performance

Sl. No.	Name of District	Total Available Funds				Total Expenditure				Amount of Credit mobilized					
		Central	State	Bank Loan	Misc. Receipts	Total	Exp. upto last Quarter	During the Quarter	Total	%Exp. to total available funds	Credit target	Upto last quarter	During the quarter	Total	% to total targeted loan of project
1.	Nellore														
2.	Chamoli		4.264 crore			4.264 crore	1,37,46,233	—	2,88,93,767	2,88,93,767	3.75 crore	—	—	—	—
3.	Hamirpur														

FORMAT-2

Format for Special Project under SGSY NYKs Project-153(2)

Infrastructure Projects

Financial and Physical Progress upto Quarter 2005

Format 2.1 : Project Profile		(Rs. in lakh)
1	2	3
State	NYKs	
Name of Project	A Rural Youth Initiative	
Year of launching	2002	
No. of districts covered	3	
Approved Cost of the project		15 crore
(i) Central Share		10.66 crore

1	2	3
(ii) State Share		Nil
(iii) Total project cost		15 crore
Activities proposed		
(i) Formation of SHG		300 SHG
(ii) Capacity Building		3000 Members
(iii) Skill Training		3000 Members

N.B.: for item no. 6 please use rows as per the number of activities.

Format 1.3 Physical Performances—District-wise/Activity-wise

Sl. No.	Name of District	No. of SHG formed						Individual Swarozgaries Assisted				No. of assets created	
		No. of SHG formed	No. of SHG Assisted	SC	ST	Women Disabled	Total	Total	SC	ST	Women Disabled	Name	No
1.	Bhopal	100	100			25	100	602	256	9	250	7	
2.	Sehore	100	100			39	100	1067	432	88	547	—	
3.	Dewas	100	100			29	100	1077	403	383	407	30	
	Total	300	300			93	300	2746	480	480	1204	37	

Format 2.2 Financial Performance—State level position

Total funds received	4,26,40,000
(i) Central release	4,26,40,000
(ii) State release	—
(iii) Misc. receipts	—
(iv) Total	4,26,40,000
Total Expenditure	1,37,46,233
(i) Exp. during the month	—
(ii) Exp. upto the month	1,37,46,233
% exp. Total available fund	2,88,93,767

APPENDIX V

NOTE ON UNDER-PERFORMING STATES IN RESPECT OF PMGSY

The progress of implementation of PMGSY in Phase I (2000-2001) got delayed as this was the first year of the programme and funds were released on the basis of line estimates but since clearance was given on the basis of line estimates, it took time to prepare DPRs. In Phase-II, pace of implementation picked up significantly in January-March 2001. In Phase-III, the States were advised to furnish DPRs before placing proposals before the Empowered Committee. Consequently, clearances were accorded, in many cases, at the fag end of 2003-2004. Tendering and awarding was held up, in many cases, due to General Elections and the enforcement of the Model Code of conduct. In the case of Phase-IV (2004-2005), the proposals were cleared mostly during the year 2004-05.

The progress in the following nine States is less than satisfactory:

Progress of works under PMGSY (% of No. of Road Works completed)

State	Phase		
	I	II	III
Bihar	61%	35%	0%
Goa	100%	0%	0%
Jammu & Kashmir	92%	9%	0%
Kerala	91%	80%	0%
Manipur	61%	13%	0%
Meghalaya	100%	44%	0%
Sikkim	100%	53%	0%
Tripura	100%	11%	0%
Uttaranchal	96%	47%	0%

In respect of Bihar, the progress of Phase I (2000-01) and Phase II (2001-03) had been extremely slow and only about 61% works have been completed in Phase I and about 35% works have been completed in Phase II so far. The SRRDA is not properly functional, in terms of posting of senior full time staff like CEO, Financial Controller and Empowered Officer. In view of slow progress of works under PMGSY, mainly due to inadequacy of State executing agency, it was decided to have tie-up with Central Executing Agencies and after detailed discussions with the Central PSUs and in consultation with the State Government, tripartite Agreements were executed by Central PSUs (NHPC, NBCC, NPCC and IRCON), the State Government and the Ministry of Rural Development in August, 2004 for execution of works, whereby 33 of the 37 districts of the State have been assigned to these Agencies. The remaining 4 districts have been assigned to CPWD. These Agencies have mobilised and have commenced the implementation process.

In respect of Goa, the progress of Phase II (2000-01) onwards had been extremely slow mainly due to non-availability of land as No Objection Certificate (NOC) from private owners is reported to be very difficult. It has been reported by the State Government that initially roads were proposed based on the assurance given by the Village Panchayat that NOC from the land owners would be made available. Subsequently, it has been reported that the name of the owners of the land shown in the land records are mostly of the ancestors and it is difficult to obtain NOCs from the present occupants of the land.

In respect of Jammu and Kashmir, the works of Phase I (2000-01) and Phase II (2001-03) have not been completed so far and in Phase I, 92% works have been completed but in Phase II even 10% of the works could not be completed. The works of Phase I and Phase II were being executed by the Rural Development Department and adequate institutional arrangements were not in place. Now, the State has strengthened the institutional arrangements and placed the SRRDA with the Public Works Department. For Phase III (2003-04), the clearance for works was given in June 2004 but the works could not be grounded as tendering process was stayed by the Hon'ble High Court of Jammu & Kashmir. The stay has been got vacated and tendering process was started afresh and most of the works have now been reported to have been allotted. The staff of the executing agency and contractors require rigorous training, for which, the State Government has been advised to forward proposals for funding through NRRDA.

In the case of Kerala, Phase III was cleared in 2003 and in last 2 years, no work out of 53 road works of 99.07 km length has been completed. Clearance for Phase-IV (2004-05) was accorded during December, 2004 but tendering is yet to be completed. The problems in Kerala have been partly due to weak institutional capacity (lack of Executive Engineers at the PIU level) as well as in part due to difficulty in obtaining land. Even officers of AE and JE level are not available for the programme. Supporting staff has also not been provided to the Cells. The State Government has been advised to take urgent steps to strengthen the institutional capacity. It has been reported that PIUs and Blocks have been strengthened with Technical officers—one Executive Engineer each has been posted in 14 districts and vacancies of Assistant Executive Engineers in DRDAs and Assistant Engineers in Blocks have been filled up.

In respect of Manipur, the implementation of the programme has been extremely slow and only 61% works have been completed in Phase I (2000-01) and 13% of works have been completed in Phase II (2001-03). The State Government has been advised to use the unspent balance under Phase I along with interest accrued to complete Phase II works. Though the State has created the SRRDA, dedicated technical officers of the rank of SE or CE are not available within the SRRDA to perform its functions. After repeated interventions by the Ministry, 6 PIUs have been constituted in 9 Districts recently. In absence of the supervising officers, the quality of works and contract management is way below expectations and for requisite training of its engineers and contractor's engineers the State Government has been requested to depute them for training to be funded through NRRDA.

In respect of Meghalaya, the progress of works of Phase II (2001-03) is extremely slow and only 44% works have been completed so far even after the lapse of three years. This was due to the fact that the Contract Management Systems are still not in place and liquidated damages for delay are not being systematically levied against the contractors and payments to contractors for work done are also delayed. The staff of the executing agency and contractors need rigorous training. The State Government has been advised to get them trained with funding through NRRDA.

In respect of Sikkim, the progress of works in Phase II (2001-03) is very slow as only 33% of works have been completed even after the lapse of three years. In Phase III (2003-04), though the clearance was accorded in September, 2003, the works could commence only in the month of February, 2004 as a lot of time was taken because of

delay in payment of compensation for land. Though the institutional capacity in the State has been enhanced through the SRRDA and outsourcing some of the activities to a Consultant, the staff of the executing agency and Contractors still require rigorous training, which may be funded through NRRDA.

In respect of Tripura, the institutional arrangements are extremely weak due to which there has been no progress in Phase-II of the programme. Having regard to the capacity constraints, the work of two districts has been given by the State Government to NBCC and combined proposals for Phase III, IV and V in respect of West Tripura district have recently been cleared for Rs. 39.59 crore. The State Government has been requested to explore the possibility of deploying Central Agencies in the other two districts also to expedite the progress.

In respect of Uttaranchal, progress of works is slow and the programme in the State has suffered since the very beginning of implementation, due to inadequate planning and implementation arrangements. The progress of Phase II has been extremely slow and only about 40% works have been completed, even after the lapse of three years. The clearance for Phase III proposals was given by the Ministry in the month of June 2004, but the works have not been grounded so far and there is no progress in this Phase except for bridge works, because of delay in obtaining forest clearance. Though the State has now created the SRRDA and has placed some officers in the Agency, this needs further strengthening as at present very few of the officers are dedicated whole time for the programme and without them the institutional arrangements may not yield desired results.

APPENDIX VI

NAME AND PLACE WHERE THE EXTENSION TRAINING CENTRES (ETCs) ARE FUNCTIONING

State	Places where the ETCs are functioning
1	2
Andhra Pradesh	Srikalahasti, Warangal, Bapatala (Guntur), Samalkota (East Godavari and Rajendranagar (Hyderabad))-5
Arunachal Pradesh	Pasighat-1
Assam	Jorhat, Joysagar, Kahikuchi and Hailakandi-4
Bihar	Gaya, Saharsa and Muzaffarpur-3
Chhattisgarh	Chandkuri (Raipur)-1
Gujarat	Junagarh, Disa and Navasari-3
Haryana	Nilokheri-1
Himachal Pradesh	Mashobra-1
Jammu & Kashmir	R.S. Pura (Jammu) and Budgam (Srinagar)-2
Jharkhand	Jasidih (Santhal Pargana) and Hazaribagh-2
Karnataka	Gulbarga, Sirsi, Mysore, Gowripet (Kolar) and Mandya-5
Kerala	Kottarakara, Mannuthy (Thrissur) and Taliparamba (Kannur)-3
Madhya Pradesh	Ujjain, Bhopal, Multai, Jabalpur, Indore, Nowgaon (Chattarpur) and Gwalior-7
Maharashtra	Parbhani, Jalna, Buldana, Kosbad Hill (Thane), Gargoti (Kohlapur), K. Bamda (Kolhapur), Manjri Farm (Pune) and Amaravati-8
Meghalaya	Nongsder-1
Mizoram	Pukpui-1

1	2
Nagaland	Tuensang and Phek-2
Orissa	Bhubaneswar, Keonjhar and Bhawanipatna-3
Punjab	Batala and Nabha-2
Rajasthan	Dungarpur, Ajmer and Mandore-3
Tamil Nadu	T. Kullupatty, S.V. Nagaram, Bhavani Sagar, Pattukkottai and Krishnagiri-5
Uttaranchal	Rudrapur, Hawalbhag, Haldwani, Haridwar and Pauri Garhwal-5
Uttar Pradesh	Lucknow, Bakewar, Baraut, Bichpuri, Chirgaon, Dhorigat, Bulandshahar, Faizabad, Kalakankar, Mainpuri, Lakhaoti, Chargaon, Raibareilly, Ghazipur, Badaun and Afim Ki Kothi-16
West Bengal	Cooch Bihar, Burdwan, Digha and Raiganj-4
Total	88

APPENDIX VII

COMMITTEE ON RURAL DEVELOPMENT (2005-2006)

EXTRACTS OF MINUTES OF THE NINTH SITTING OF THE COMMITTEE HELD ON MONDAY, THE 12TH DECEMBER, 2005

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room 'E', Basement, Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Hannan Mollah
3. Shri Dawa Narbula
4. Shri Prabodh Panda
5. Shri Nikhilananda Sar
6. Shri Bagun Sumbrai

Rajya Sabha

7. Kumari Nirmala Deshpande
8. Prof. Alka Balram Kshatriya
9. Shri Penumalli Madhu
10. Dr. Chandan Mitra
11. Dr. Gyan Prakash Pilia
12. Prof. R.B.S. Varma

SECRETARIAT

1. Shrimati Sudesh Luthra — *Deputy Secretary*
2. Shri A.K. Shah — *Under Secretary*

2. At the outset, the Chairman, welcomed the members to the sitting of the Committee.

3. The Committee, thereafter, took up for consideration Memorandum No. 5 alongwith draft Action Taken Report on Ninth Report of the Committee, on Demands for Grants (2005-2006) of the Department of Rural Development (Ministry of Rural Development). The Committee after deliberations adopted the said Action Taken Report with slight modifications.

4. The Committee then authorised the Chairman to finalise the aforesaid draft Action Taken Reports on the basis of factual verification from the concerned Ministry/Department and present the same to both the Houses of Parliament.

The Committee then adjourned.

***Relevant portions of the minutes are not related to the subject have been kept separately.

APPENDIX VIII

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE NINTH REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (FOURTEENTH LOK SABHA)

I.	Total number of recommendations	53
II.	Recommendations that have been accepted by the Government: Para Nos. 2.4, 2.15, 2.19, 2.33, 2.41, 2.42, 3.13, 3.15, 3.31, 3.57, 3.63, 3.64, 3.65, 3.108, 3.109, 3.110, 3.114, 3.127, 3.128, 3.129, 3.139, 3.140, 3.141 and 3.142	24
	Percentage to the total recommendations	(45.28%)
III.	Recommendation which the Committee do not desire to pursue in view of the Government's replies: Para No. 2.5	1
	Percentage to the total recommendations	(1.89%)
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee: Para Nos. 2.6, 2.16, 2.27, 2.28, 2.29, 2.34, 2.36, 2.46, 3.12, 3.14, 3.32, 3.33, 3.35, 3.50, 3.56, 3.69, 3.76, 3.78, 3.79, 3.80, 3.105, 3.106 and 3.107	23
	Percentage to the total recommendations	(43.40%)
V.	Recommendations in respect of which final replies of the Government are still awaited: Para Nos. 2.47, 3.34, 3.77, 3.103 and 3.104	5
	Percentage to the total recommendations	(9.43%)