

35

**STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2007-2008)**

FOURTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2008-2009)**

THIRTY-FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2008/Chaitra, 1930 (Saka)

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(2008-2009)

Presented to Lok Sabha on 17.4.2008

Laid in Rajya Sabha on 21.4.2008



LOK SABHA SECRETARIAT
NEW DELHI

April, 2008/Chaitra, 1930 (Saka)

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CONTENTS

		PAGE
COMPOSITION OF THE COMMITTEE		(v)
ABBREVIATIONS		(vii)
INTRODUCTION		(xi)
REPORT		
CHAPTER I	Report	1
CHAPTER II	Overall Assessment of the Demands for Grants (2008-09) of the Department of Rural Development	3
	A. Status of Implementation of Direction 73A ...	3
	B. Overall analysis of Demands for Grants (2008-09)	4
	(i) Unspent balances under various Schemes of the Department of Rural Development	9
	(ii) Uneven expenditure during the year 2007-08	11
CHAPTER III	Scheme-wise analysis of Demands for Grants (2008-09) of the Department of Rural Development	12
	A. National Rural Employment Guarantee Agency (NREGA)	12
	(i) Enhancement in allocation	14
	(ii) Awareness and applicability of the scheme in districts.....	18
	(iii) Registering format for receipt of applications.....	20
	(iv) Wages being paid under NREGA	21
	(v) Wage & Material ratio	24
	(vi) Payment of Unemployment Allowance and maintenance of shelf of projects	25
	(vii) Durability of assets created under NREGA	26
	B. Swaranjayanti Gram Swarozgar Yojana (SGSY).....	27
	(i) Credit Mobilisation	30
	(ii) Financial Inclusion	32
		(i)

	PAGE
C. Sampoorna Grameen Rozgar Yojana (SGRY)	36
Foodgrains as part of wages under SGRY	37
D. Rural Housing (Indira Awaas Yojana)	41
E. Pradhan Mantri Gram Sadak Yojana (PMGSY)	45
(i) Increase in contracting capacity of States	46
(ii) Maintenance of Rural Roads	48
F. Vigilance and Monitoring Committee (V&MC)	50
G. Right to Information (RTI)	53
H. Finalisation of BPL List	54

APPENDICES

I. Statement showing the percentage increase in the outlay earmarked during each of the year as compared to the previous year under various schemes/programmes during the last five years	57
II. Details of the proposed allocation for the Eleventh Plan	59
III. Statement showing the Monthly Expenditure Plan of the Department for 2007-08	61
IV. Statement indicating scheme-wise outlays and expenditure for the year 2006-07, 2007-08 and 2008-09	62
V. Rate of wages paid in different States	63
VI. Statement indicating the credit disbursed under SGSY during the year 2006-07	65
VII. Statement indicating the credit disbursed under SGSY during the year 2007-08	68
VIII. Recommendations made by the Committee in various reports regarding expediting the finalisation of BPL list	71
IX. Minutes of the Ninth sitting of the Committee held on 26 March 2008	79
X. Minutes of the Thirteenth sitting of the Committee held on 10 April 2008	82
XI. Statements of Observations/Recommendations	84

(ii)

COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2007-2008)

Shri Kalyan Singh *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri V. Kishore Chandra S. Deo
4. Shri Sandeep Dikshit
5. Shri George Fernandes
6. Shrimati Kiran Maheshwari*
7. Shri Zora Singh Mann
8. Shri Hannan Mollah
9. Shri D. Narbula
10. Shri A. F. G. Osmani
11. Adv. Renge Patil Tukaram Ganpatrao
12. Shrimati Tejaswini Gowda
13. Shri Neeraj Shekhar[§]
14. Shrimati Jyotirmoyee Sikdar
15. Shri Sita Ram Singh
16. Shri D.C. Srikantappa
17. Shri Bagun Sumbrui
18. Shri Tarit Baran Topdar[#]
19. Shri Chandramani Tripathi
20. Shri Beni Prasad Verma
21. Shri Dharmendra Yadav

Rajya Sabha

22. Shri Balihari Babu
23. Shri Jayantilal Barot**
24. Kumari Nirmala Deshpande
25. Shri Pyarelal Khandelwal
26. Dr. Chandan Mitra
27. Dr. Ram Prakash**
28. Shri P.R. Rajan
29. Shri Bhagwati Singh
30. Ms. Sushila Tiriya
31. Shrimati Kanimozhi@

SECRETARIAT

- | | |
|---------------------------|-----------------------------|
| 1. Shri S.K. Sharma | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | <i>Joint Secretary</i> |
| 3. Shrimati Sudesh Luthra | <i>Director</i> |
| 4. Shri G.C. Prasad | <i>Committee Officer</i> |

*Hon ble Speaker has changed the nomination of Shrimati Kiran Maheshwari, MP (LS) from Standing Committee on Water Resources to Standing Committee on Rural Development *w.e.f.* 30 August, 2007, *vide* Lok Sabha Bulletin Part II, Para No. 4022 dated August 30, 2007.

@Hon ble Chairman, Rajya Sabha nominated Shrimati Kanimozhi, MP, (RS) to Standing Committee on Rural Development *w.e.f.* 15 September, 2007 *vide* Lok Sabha Bulletin Part-II, Para No. 4096 dated 19 September, 2007.

#Hon ble Speaker has changed the nomination of Shri Tarit Baran Topdar, MP (LS) from Standing Committee on Energy to Standing Committee on Rural Development *w.e.f.* 12 December, 2007 as intimated *vide* Lok Sabha Bulletin Part II, Para No. 4366 dated 12 December, 2007.

**Ceased to be member of the Standing Committee on Rural Development consequent upon the retirement from the membership of Rajya Sabha *w.e.f.* 9 April, 2008.

§Hon ble Speaker has nominated Shri Neeraj Shekhar, MP, Lok Sabha to the Standing Committee on Rural Development *w.e.f.* 10 March, 2008. Consequent upon vacancy caused by resignation given by Shri T. Madhusudan Reddy, MP (LS) from the membership of Lok Sabha *w.e.f.* 4 March, 2008.

ABBREVIATIONS

ADB	Asian Development Bank
APL	Above Poverty Line
APO	Assistant Project Officer
ARTS	Advancement of Rural Technology Scheme
BE	Budget Estimates
BLCC	Block Level Coordination Committee for SGSY
BPL	Below Poverty Line
CAPART	Council for Advancement of People's Action and Rural Technology
CCSS	Credit-cum-Subsidy Scheme
CIRDAP	Centre on Integrated Rural Development in Asia and Pacific
CLCC	Centre Level Coordination Committee for SGSY
DG	Director General
DLCC	District Level Coordination Committee
DLM	District Level Monitoring
DRDA	District Rural Development Agency
DWCRA	Development of Women and Children in Rural Areas
EAS	Employment Assurance Scheme
ETC	Extension Training Centre
FAQ	Fair Average Quality
FCI	Food Corporation of India
GDP	Gross Domestic Product
GKY	Ganga Kalyan Yojana
IAY	Indira Awas Yojana
IEC	Information, Education and Communication
IBRD	International Bank for Reconstruction and Development
IRD	Integrated Rural Development Programme
IT	Information Technology
JGSY	Jawahar Gram Samridhi Yojana

JRY	Jawahar Rozgar Yojana
MIS	Management Information Ssystem
MLA	Member of Legislative Assembly
MNP	Minimum Needs Programme
MP	Member of Parliament
MPR	Monthly Progress Report
MWS	Million Wells Scheme
NABARD	National Bank for Agriculture and Rural Development
NC	Not Covered
NCT	National Capital Territory
NFFWP	National Food for Work Programme
NGO	Non-Government Organization
NICD	National Institute of Community Development
NIRD	National Institute of Rural Development
NLM	National Level Monitors
NREGA	National Rural Employment Guarantee Act
NREGS	National Rural Employment Guarantee Scheme
NRRDA	Naitonal Rural Roads Development Agency
NSC	National Standing Committee
NSSO	National Sample Survey Organisation
NYK	Nehru Yuvak Kendra
OB	Organization of Beneficiaries
OM	Office Memorandum
OTC	Organisation of Training Courses/Seminars/Workshops
PADI	People s Action for Development Initiatives
PC	Public Cooperation regarding promotion of Voluntary Action in Rural Development
PDS	Public Distribution Ssystem
PMGY	Prime Minister s Gramodaya Yojana
PMGSY	Pradhan Mantri Gram Sadak Yojana
PUCL	People s Union for Civil Liberties
PURA	Provision of Urban Amentiiies in Rural Areas
PRIs	Panchayati Raj Institutions
RBI	Reserve Bank of India

RBC	Rural Building Centres
RC	Regional Committees of CAPART
RD	Rural Development
RE	Revised Estiamtes
RH	Rural Housing Schemes
RIDF	Roads Infrastructure Development Fund
RSVY	Rashtriya Sam Vikas Yojana
SAY	Samagra Awaas Yojana
SC	Schedule Caste
SDM	Sub-Divisional Magistrate
SHG	Self Help Group
SGRY	Sampoorna Grameen Rozgar Yojana
SGSY	Swarnjayanti Gram Swarozgar Yojana
SIRD	State Institute of Rural Development
SITRA	Supply of Improved Tool Kits to Rural Artisans
SLCC	State Level Coordination Committee
SLSC	State Level Sanctioning Committee
ST	Scheduled Tribe
SVO	Support Voluntary Organisations
TRC	Technology Resource Centre
TRYSEM	Training of Rural Youth for Self-Employment
UB/OB	Unspent Balance/Opening Balance
UC	Utilisation Certificate
UNDP	United Nations Development Programme
UT	Union Territory
ZP	Zilla Parishad

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2007-2008) having been authorized by the Committee to submit the Report on their behalf, present the Thirty-Fifth Report on Demands for Grants (2008-2009) of the Department of Rural Development (Ministry of Rural Development).

2. Demands for Grants have been examined by the Committee under Rule 331E (1) (a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took evidence of the representatives of the Department of Rural Development (Ministry of Rural Development) on 26 March, 2008.

4. The Report was considered and adopted by the Committee at their sitting held on 10 April, 2008.

5. The Committee wish to express their thanks to the officials of the Department of Rural Development (Ministry of Rural Development) for placing before them the requisite material and their considered views in connection with the examination of the subject.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

NEW DELHI;
17 April, 2008
28 Chaitra, 1930 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

REPORT

CHAPTER I

INTRODUCTORY

The basic function of the Ministry of Rural Development is to realise the objectives of alleviating rural poverty and ensuring improved quality of life for the rural population, especially those below the poverty line. These objectives are sought to be achieved through formulating, developing and implementing programmes relating to various spheres of rural life and activities from income generation to environmental replenishment.

1.2 The Ministry consists of the following three Departments:

- (i) Department of Rural Development
- (ii) Department of Land Resources
- (iii) Department of Drinking Water Supply

1.3 The Department of Rural Development implements schemes for generation of self-employment and wage employment, provision of housing to rural poor and the construction of rural roads. Apart from this, the Department provides support services such as assistance for strengthening of DRDA Administration, training & research, human resource development, development of voluntary action etc. for the proper implementation of the programmes. It also undertakes IEC activities to promote awareness about rural development programmes in rural areas.

1.4 The Department implements the following major programmes:

- (i) Swarnjayanti Gram Swarozgar Yojana (SGSY)
- (ii) Sampoorna Gramin Rozgar Yojana (SGRY)
- (iii) National Rural Employment Guarantee Scheme (NREGS)
- (iv) Indira Awaas Yojana (IAY)
- (v) DRDA Administration
- (vi) Pradhan Mantri Gram Sadak Yojana (PMGSY)
- (vii) National Institute of Rural Development (NIRD)

- (viii) Promotion of Voluntary Schemes and Social Action Programme, organisation of beneficiaries, advancement and dissemination of rural technology through Council for Advancement of People s Action and Rural Technology.
- (ix) Provision of Urban Amenities in Rural Areas (PURA)
- (x) Management Support to RD Programmes and strengthening district planning process *i.e.* Training support to rural development functionaries, Information, Education and Communication, Monitoring Mechanism, International Cooperation, Information Technology etc.

1.5 The Department of Rural Development have three autonomous bodies *viz.* Council for Advancement of People s Action and Rural Technology (CAPART), National Institute of Rural Development (NIRD) and National Rural Roads Development Agency (NRRDA).

1.6 The overall Demands for Grants of the Department for BE 2008-09 is for Rs. 51,570.31 crore. However, after deducting the recoveries (Rs. 20,046.25 crore) expected during the year, the net Budget of the Department during BE 2008-09 is Rs. 31,524.06 crore both for Plan and non-Plan.

1.7 The Demands for Grants of the Department have been presented to Parliament under Demand No. 80. The detailed Demands for Grants of the Department were laid in Lok Sabha on 14 March 2008.

1.8 In the present Report, the Committee have restricted their examination only to the major issues concerning the Department and to some of the major Programmes/Schemes that are being implemented in the context of Demands for Grants 2008-2009.

CHAPTER II

OVERALL EVALUATION OF THE DEMANDS FOR GRANTS 2008-2009 OF THE DEPARTMENT OF RURAL DEVELOPMENT

A. Status of the Implementation of the recommendations made by the Committee in their Twenty-ninth Report under direction 73-A of the Directions by the Speaker, Lok Sabha

2.1 As per direction 73-A of the Directions by the Speaker, Lok Sabha, the Minister concerned shall make once in six months, a statement in the House regarding the status of implementation of the recommendations contained in the Reports of the Departmentally Related Standing Committees of Lok Sabha with regard to his Ministry. The Committee had presented the Twenty-ninth Report on Demands for Grants (2007-08) of the Department of Rural Development on 14 May 2007. In view of the aforesaid direction, the statement of the Minister had become due in November 2007. After several reminders, the Minister of Rural Development had made a statement under direction 73-A in respect of the status of implementation of the recommendations contained in Twenty-ninth Report of the Committee in Lok Sabha on 19 March, 2008.

2.2 The details of the Minister's statement under direction 73-A on various reports of the Committee pertaining to the Department of Rural Development are given below:

Report No.	Subject	Date of Presentation of Report in Parliament	Due Date for submission of Minister's statement under direction 73-A	Date of Minister's statement
1	2	3	4	5
3rd	Demands for Grants (2004-2005) of the Department of Rural Development (Ministry of Rural Development)	19 August 2004	18 February 2005	23 May 2006
9th	Demands for Grants (2005-2006) of the Department of Rural Development (Ministry of Rural Development)	20 April 2005	19 October 2005	18 July 2006

1	2	3	4	5
18th	Demands for Grants (2006-2007) of the Department of Rural Development (Ministry of Rural Development)	18 May 2006	17 November 2006	14 May 2007
29th	Demands for Grants (2007-2008) of the Department of Rural Development (Ministry of Rural Development)	14 May 2007	13 November 2007	19 March 2008

2.3 When asked the reasons for the delay in making the statements on the status of implementation of the recommendations contained in the Twenty-ninth Report of the Committee, the Secretary, Department of Rural Development informed that the up-do-date information for the statement was required to be collected from different States involved in the implementation of different programmes/schemes of the Department which took considerable time. Therefore, the statement could not be made during the last inter-Session, 2007 of Parliament, when it was due. However, efforts will be made to lay the statement in time in future.

2.4 The Committee note that direction 73A of the Directions by the Speaker, Lok Sabha is not being followed in the right spirit. This is evident from the considerable delay in making the statement by the Minister on various reports of the Committee. As per the direction, the Minister should make the statement within six months of presentation of the Report to Parliament, which has not been done. The statements have been made after 10 to 21 months of the presentation of the concerned Reports. While the Committee agree that information for furnishing the statement has to be collected from various Departments and States, at the same time they feel that, the period of six months is not a short time and collection of information should be completed within that time period. The Committee desire that, in future, the statement under direction 73A should be made within the prescribed time limit.

B. Overall Analysis of Demands for Grants (2008-2009)

2.5 The total Budget Estimates (2008-09) of the Department of Rural Development is Rs. 31,524.06 crore, out of which Rs. 31,500 crore is allocated for Plan Schemes and Rs. 24.06 crore is allocated for Non-

Plan Schemes. The details of scheme-wise outlays, enhancement/reduction and expenditure in respect of Plan Schemes (2007-2008) and (2008-2009) is as under:

(Rs. in crore)

Sl.No.	Name of the Scheme	Budget Estimates 2007-08	Revised Estimates 2007-08	Expenditure upto January 2008	Unspent Balance	Budget Estimates 2008-09	Enhancement Reduction in allocation over RE 2007-08	%increase/decrease
PLAN SCHEMES								
1.	Swarnjayanti Gram Swarozgar Yojana	1800.00	1800.00	1365.38	434.62	2150.00	350.00	19.44
2.	Sampoorna Gramin Rozgar Yojana (SGRY)							
	(a) Cash component	2600.00	1723.46	1198.84	524.62			
	(b) Food grain component	200.00	2076.54	1376.54	700.00			
3.	National Rural Employment Guarantee Scheme	12000	12000	10508.98	1491.02	16000	4000	33.33
4.	Rural Housing (IAY)	4040.00	4040.00	2853.88	1186.12	5400.00	1360.00	33.66
5.	DRDA Administration Grants to Nation Institute	212.00	212.00	191.46	20.54	250.00	38.00	17.92
6.	Grants to National Institution of Rural Development (NIRD)	10.00	10.00	5.00	5.00	15.00	5.00	50
7.	Assistance to CAPART	60.00	60.00	30.00	30.00	50.00	(-10.00)	(-16.67)
8.	Provision for Urban Amenities in Rural Areas (PURA)	10.00	10.00	0.00	10.00	30.00	20.00	200
9.	Management Support to RD programme & strengthening district planning process	68.00	68.00	43.16	24.84	75.00	7.00	10.29
10.	Pradhan Mantri Gram Sadak Yojana (PMGSY) Rural Roads	6500.00	6500.00	5664.26	835.74	7530.00	1030.00	15.85
	Total	27500	28500	23237.50	5262.50	31500	3000.00	10.53% enhancement over RE (2007-08)
		(17.4% enhancement over RE (2006-07))						

2.6 A statement showing the percentage increase in the outlay earmarked during each of the year as compared to the previous year under various schemes/programmes during the last five years is given at *Appendix-I*.

2.7 The overall enhancement in budget allocation (2008-2009) of the Department of Rural Development is Rs. 3,000 crore which is 10.53 per cent of RE (2007-2008).

2.8 The details of the proposed allocation for the Eleventh Plan is given at *Appendix-II*. It is observed from the statement that the proposed allocation and the approved allocation for the Eleventh Plan has been very contrasting in respect of the following schemes:

(Rs. in crore)				
Sl. No.	Scheme	Proposed allocation for 11th Plan	Approved (Tentative) allocation for 11th Plan	Percentage of the allocation agreed to, as compared to proposed allocation
1.	SGSY	71,123	17,803	25.03
2.	SGRY	7,899	5,600	70.89
3.	NREGA	1,18,678	1,00,000	84.26
4.	IAY	51,226.90	26,882.21	52.47
5.	DRDA	1,437	212	14.75
6.	NIRD	191	105	54.97
7.	CAPART	500	250	50
8.	PURA	5,950	280	4.70
9.	Management Support	2,273.82	550	24.18
10.	PMGSY	69,301	43,251.07	62.41
TOTAL		3,28,579.72	1,94,933.28	59.31

2.9 The analysis of the statement given at Appendix I and the information furnished by the Department with regard to proposed and approved allocation for the Eleventh Plan for different Schemes indicates the following:

- (i) Out of the proposed allocation of Rs. 3,28,579.72 crore, the allocation of Rs. 1,94,933.28 crore *i.e.* 59.31 per cent has been made under different schemes of the Department.

- (ii) During the first two years of Eleventh Plan, Rs. 59,000 crore *i.e.* 30.2 per cent of the total approved outlay of Rs. 1,94,933.28 crores has been allocated. The proportionate allocation during the first two years should have been 40 per cent of the total outlay *i.e.* Rs. 77,973 crore. This means that Rs. 18,973 crore have been allocated lesser during the first two years of Eleventh Plan.
- (iii) The increase in budget allocation as compared to previous years is 60.30 per cent during 2005-06, 31.04 per cent during 2006-2007, 14.46 per cent during 2007-2008. There has been a marginal increase in allocation during 2008-2009 *i.e.* 14.55 per cent when compared to the BE during 2007-2008. However, the aforesaid hike during the year 2008-09 as compared to year 2007-08 RE is just 10.53 per cent.
- (iv) The hike in gross tax revenue collection during the year 2006-07 was 26.39 per cent and during the year 2007-08, 25.12 per cent, whereas as stated at (iii) above, the percentage hike during the year 2008-09 is 14.55 per cent, as compared to BE and just 10.53 per cent as compared to RE.

2.10 The Finance Minister in his speech on Budget (2008-09) has stated that the Gross Domestic Product (GDP) has increased by 7.5 per cent, 9.4 per cent and 9.6 per cent during the last three years relating in an unprecedented average growth rate of 8.8 per cent. Further, in the current year *i.e.* 2008-09 according to the advanced estimates by the Central Statistical Organisation (CSO), the growth rate will be 8.7 per cent.

2.11 The Secretary, during the course of oral evidence, has stated that the target of growth for the Eleventh Plan is 9 per cent and it has been stated that the growth should be inclusive, which means that the socially and economically backward communities should come to the mainstream. The Department of Rural Development have an important role in this regard because it has various welfare schemes, which target poverty.

2.12 The Committee note that out of the proposed allocation of Rs. 3,28,579.72 crore, the approved allocation for the Eleventh Plan is Rs. 1,94,933.28 crore *i.e.* 59.31 per cent. Further during the first two years of the Eleventh Plan *i.e.* 2007-08 and 2008-09, the allocation

provided is not proportionate to the outlay approved for Eleventh Plan. During the first two years of the Eleventh Plan, Rs. 59,000 crore *i.e.* just 30.2 per cent of the total approved outlay of Rs. 1,94,933.28 crore has been allocated, whereas the proportionate allocation during the first two years should have been 40 per cent of the total outlay *i.e.* Rs. 77,973 crore, which means that Rs. 18,973 crore less have been allocated during the first two years of the Eleventh Plan. The Committee also note that the percentage hike in the allocation, as compared to the previous year's allocation, provided to the Department is declining year after year. The increase in allocation in this regard, which was 60.30 per cent during the year 2005-06 has declined to 14.55 per cent during the year 2007-08. The percentage hike during the year 2008-09, as compared to the allocation made at Revised Estimates during the previous year, is just 10.52 per cent. Besides, the hike in the allocation made to the Department is not proportionate to the hike in gross revenue collection over the year. During the year 2007-08, whereas the hike in gross tax revenue collection is 25.12 per cent, the outlay of the Department during the year 2008-09 has just increased by 10.52 per cent.

2.13 The Committee, further, find that the Gross Domestic Product (GDP) has increased during the last three years and the average growth is 8.8 per cent. The estimates of the growth rate during the current year, 2008-09, are 8.7 per cent. The Committee conclude from the aforesaid analysis that adequate allocation is not being made under the various schemes of the Department of Rural Development. The scheme-wise analysis has been done in the subsequent paras of the Report. As agreed to by the Secretary, during the course of oral evidence, the schemes of the Department of Rural Development have a major role in the upliftment of socially and economically backward classes of the country by providing drinking water, housing, employment etc. to the poor persons, particularly, socially and economically backward classes. Besides, the schemes of the Department have tremendous impact on increasing capacity building, improving rural infrastructure, encouraging group activity etc. In view of this, the Committee strongly recommend to the Department to provide the allocation commensurate with the requirements under different schemes as proposed by the Department with a view to achieve inclusive growth so that the benefits of the growing economy are shared by the poorest of the poor in the country.

(i) Unspent balances under various Schemes of the Department of Rural Development

2.14 The following information regarding unspent balances (as on 31.12.2007) under some of the major rural development schemes has been furnished in the Outcome Budget.

	(Rupees in crore)
(i) SGSY	718.26
(ii) SGRY	623.40
(iii) IAY	1761.12
(iv) NREGA	5976.26
(v) PMGSY	2296.39
(vi) CAPART	12.29
(vii) NIRD	0.34
(viii) SIRD	42.72
Total unspent balances:	11430.78

2.15 As regards State-wise position, the unspent balances are maximum in Bihar *i.e.* Rs. 1692.34 crore followed by West Bengal (Rs. 1095.97 crore), Uttar Pradesh (Rs. 1093.23 crore) and Andhra Pradesh (Rs. 1037.44 crore). Under NREGA, maximum unspent balances are in Madhya Pradesh *i.e.* Rs. 850.13 crore followed by West Bengal (Rs. 701.07 crore), Bihar (Rs. 558.88 crore), Andhra Pradesh (Rs. 618.25 crore) and Uttar Pradesh (Rs. 590.92 crore).

2.16 When enquired as to why such huge unspent balances under various major schemes are lying with the Department, the Secretary, Department of Rural Development during the course of oral evidence stated that as on 1 April 2007, the opening balance was Rs. 6,725 crore. After taking into account the Central release, the total fund is Rs. 27,209 crore, out of which Rs. 16,000 crore have been spent. The unspent balances that is quoted as on 31 December, 2007 are 41 per cent. This is not much. Because, on analysing the unspent balances, it is found that half of it is on NREGA on which work is expected to pick-up in December. 20 per cent is on PMGSY on which a number of road works are under progress on which a lot of liquidity is needed. If seen from this point of view, it is not a huge unspent balance. It may be seen that the unspent balance is on NREGA that is spread

over 330 districts. The average unspent balance per district comes to around Rs. 15 to Rs. 16 crore. Some districts further allocate some amount of the fund to the Gram Panchayats, so that work begins immediately. So, if Rs. 11,000 crore is taken as a whole, it appears as a big amount. But when it is observed that it is spread over so many districts and half of it is on account of NREGA, most of the works are going to start or catch the momentum in the last quarter, it is not so bad.

2.17 A statement showing the Monthly Expenditure Plan of the Department for 2007-08 is given at **Appendix-III** and a statement indicating scheme-wise outlays and expenditure for the years 2006-07, 2007-08 and 2008-09 is given at **Appendix-IV**.

2.18 The Committee have repeatedly been expressing concern over huge unspent balances under various schemes of the Department. As per the information provided by the Department, Rs. 11,430.78 crore is lying unspent under different schemes as on 31 December 2007, which if compared to allocation made to the Department in the year 2007-08 comes to approximately 40 per cent of the outlay. The Committee understand that unspent balances are the accumulated unspent amount with various implementing agencies under different schemes. The argument advanced by the Secretary, during the course of oral evidence, is that half of the unspent balances are under National Rural Employment Guarantee Act (NREGA). The unspent amount under NREGA has further been justified by the Department by stating that if the overall unspent amount is spread over 330 districts, it comes to Rs. 15-16 crores per district. The Committee wish to emphasise that even Rs. 15-16 crores lying as unspent amount with each district is not a small amount. Besides, unspent balances are also lying with the other schemes of the Department. As regards the State-wise position of total unspent balances they are maximum in Bihar followed by West Bengal, Uttar Pradesh and Andhra Pradesh. Under National Rural Employment Guarantee Act, the maximum unspent balances are with Madhya Pradesh followed by West Bengal, Bihar, Andhra Pradesh and Uttar Pradesh. The Committee while expressing serious concern over the trend of huge unspent balances would like to strongly recommend the Government to analyse the position State-wise and take the corrective action accordingly. Besides, focused attention need to be given to the backward States like Uttar Pradesh, Bihar, Madhya Pradesh where the huge unspent balances are a recurring feature. The Committee may also be kept apprised of the follow-up action taken in this regard.

(ii) Uneven expenditure during the year 2007-08

2.19 As per the Monthly Expenditure Plan 2007-08 furnished in the Detailed Demands for Grants (2007-08) by the Ministry given at *Appendix-III*, about 14,053.04 crore (excluding NREGA) should have been spent by 31 January, 2008. However, after deducting the NREGA expenditure for the same period as given at *Appendix-IV*, the expenditure as on 31 January, 2008 is only Rs. 12,728.52 crore implying a shortfall of Rs. 1,324.52 crore (9.4 per cent).

2.20 When asked about the reasons for the shortfall in expenditure, the Secretary, Department of Rural Development stated that the Monthly Expenditure Plan for 2007-2008 was prepared at the time of finalization of B.E. 2007-2008 and this was an estimation of monthly expenditure based on the trend of expenditure in the previous years. However, the actual release of funds to the implementing agencies are made on the basis of proposals received from them. The funds under various programmes of the Department of Rural Development are released in two instalments. First instalment is generally released to all the DRDAs/States in the 1st and 2nd quarter of the financial year and the 2nd instalment is released in the 3rd and 4th quarter only on utilisation of 60 per cent of available funds and on receipt of Audited Statement of Expenditure of previous year. As the releases are totally dependent on the proposals received from the implementing agencies and fulfilment of desired conditions for release of 2nd instalment, the monthly expenditure targets could not be fully met.

2.21 The Committee note that the monthly expenditure plan (2007-08) of the Department has not been followed. As per the monthly expenditure plan, as on January 2008, the expenditure on various schemes excluding NREGA should have been 14,053.04 crore while it is only 12,728.52 crore, thus implying a shortfall of 9.2 per cent. The Department have also tried to justify the under expenditure by stating that the actual releases to the implementing agencies are dependent on the proposals received from them. The Committee feel that there is an urgent need for strengthening the expenditure monitoring machinery with the latest technology so that the expenditure progress reports and the proposals are received from the implementing agencies in time. While it might be true that the actual releases to the implementing agencies are dependent on the proposals received by them, the Department should try to stick to the monthly expenditure plan in order to avoid huge expenditure at the fag end of the financial year.

CHAPTER III

SCHEME-WISE ANALYSIS OF DEMANDS FOR GRANTS (2008-09) OF THE DEPARTMENT OF RURAL DEVELOPMENT

The Committee in this Chapter have analysed the Demands for Grants and performance of some of the major Central Sector and Centrally Sponsored Schemes of the Department of Rural Development as indicated under:

- (i) Swarnjayanti Gram Swarozgar Yojana (SGSY)
- (ii) Sampoorna Gramin Rozgar Yojana (SGRY)
- (iii) National Rural Employment Guarantee Scheme (NREGS)
- (iv) Indira Awaas Yojana (IAY)
- (v) Pradhan Mantri Gram Sadak Yojana (PMGSY)

A. National Rural Employment Guarantee Act (NREGA)

3.2 The objective of the NREGA is to provide enhanced livelihood security to the households in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to any household whose adult members are willing to do unskilled manual work. The Act has come into force in 200 notified districts of the country with effect from 2 February, 2006 and additional 130 districts were covered from 2007-08. The Sampoorna Gramin Rozgar Yojana (SGRY) has been subsumed into NREGA in these 330 districts. In the Outcome Budget, it has been stated that all the remaining districts of the country will also be brought in the ambit of the Act with effect from April, 2008. The statutory commitment to cover all the districts of the country within five years of the implementation of the Act, has thus been fulfilled.

3.3 The NREGA is a demand-based programme, hence, requirement of funds and employment generation will depend on demand for work. The financial outlay (B.E.) under NREGA for 2008-2009 is Rs. 16,000.00 crore.

3.4 Since the demand for employment generation is based upon opening works, there has been a major emphasis on preparing a shelf of projects at the village level to be kept ready in advance with a

view to ensuring greater transparency in wage employment. Instructions have been issued to States to make arrangements for payment of workers through Banks and Post Office accounts.

Major Initiatives

3.5 For better and effective implementation of the NREGA, major initiatives that have been taken or proposed to be taken up are as follows:

- (i) Evaluation studies have been undertaken by the Ministry through independent research institutions from the very inception of the programme in all the major States so that mid course correction could be effected. These studies have been undertaken on different aspects of the programme from field level fidelity to process and legal provisions, establishment of management systems and processes and impact on migration, wages and productivity. All these studies have shown that NREGA has been able to make positive dent in overall quality of life of the rural poor. There has been significant increase of persondays generation, SC/ST share and also women workforce participation ratio per district as compared to erstwhile wage employment programmes. Systematic and process level shortcomings have also been pointed out. It has been shared with respective States for remedial action.
- (ii) Posting of dedicated key functionaries like Gram Rozgar Sewaks at Gram Panchayat, Programme Officers at block level and technical persons have been given high priority.
- (iii) Greater transparency in wage disbursement has been introduced by payment through Bank/post offices by opening of savings bank account: Andhra Pradesh, Karnataka and Jharkhand have started disbursing through Bank/post offices. This will be extended to all the States in due course.
- (iv) Creation of Assets: Amendment to Schedule I, Para I now permits provision of irrigation facility, horticulture plantation and land development facilities on land owned by households belonging to SC and ST or to BPL families or to beneficiaries of land reforms or to the beneficiaries of IAY .

- (v) Action has been taken to fully operationalise comprehensive MIS developed for online monitoring and management, data transparency and free public access to all information on NREGA.
- (vi) Knowledge Network: Nreganet is the knowledge sharing initiative introduced by the Ministry to help in lateral transfer of local solutions.
- (vii) Strengthening Monitoring through institutional appraisals: Institutional appraisal is being encouraged through quarterly district appraisals by empaneled institutions. Key parameters will be reviewed to ensure regular, recurrent monitoring of the field process and follow up on issues highlighted in previous visits.
- (viii) Greater focus on capacity building of community for Social Audit, training of Vigilance and Monitoring Committees (V&MC) for effective vigilance and accountability.

(ii) Enhancement in allocation

3.6 The following information with regard to the status of implementation of NREGA have been given in Outcome Budget:

S.No.		2006-2007	2007-2008 (as on 31 December 2007)
1	2	3	4
1.	Total allocation	Rs. 11,300 crore (For 200 districts)	Rs. 12,000 crore (for 330 districts) during 2007-08 Rs. 16000 crore (for about 600 districts) during 2008-2009
2.	Job Cards issued	3.78 crore	5.98 crore
3.	Employment Demanded by Households	2.12 crore	2.61 crore
4.	Enhancement in number of districts		130 districts (35 per cent) during 2007- 2008 and about 270 districts (81.81 per cent) during 2008-2009
5.	Percentage enhancement in allocation		6.1 per cent hike over 2006-2007 allocation in 2007-08 and 33.33 per cent hike over 2007-08 allocation in 2008-09
6.	Employment provided to households	2.10 crore	2.57 crore

1	2	3	4
7.	Mandays (in crore)		
	SC	22.95 (25.35 per cent)	23.29 (27.23 per cent)
	ST	32.98 (36.44 per cent)	26.56 (31.06 per cent)
	Women	36.79 (40.65 per cent)	37.72 (44.11 per cent)
	Others	34.56 (38.18 per cent)	35.67 (41.71 per cent)
	TOTAL (In crore)	90.50	85.51
7.	Total available fund (including opening balance for current year)	Rs. 12073.55 crore	15082.03 crore
8.	Expenditure	8823.35 crore	9105.74 crore
9.	Unspent balance	3250.20 crore (26.92 per cent)	5976.29 crore (39.62 per cent)
10.	Works in progress	4.48 lakhs	8.60 lakhs
	Works completed	3.87 lakhs	3.72 lakhs
	Total Works Taken-up	8.35 lakhs	12.31 lakhs

3.7 As per the written replies furnished by the Department, the allocation for SGRY during 2007-2008 is Rs. 3,800 crore including the cash and food component. With effect from 1 April, 2008, the districts covered under SGRY will be subsumed into NREGA.

3.8 As per the written replies furnished by the Department, the amount proposed by the Department and amount agreed to by the Planning Commission, since its inception is as under:

Year	Amount proposed by the Department	Amount agreed to by the Planning Commission
2006-07	18169.00	11300.00
2007-08	14463.00	12000.00
2008-09	20000.00	16000.00

3.9 When asked that, while the hike in the number of districts proposed to be covered has been 81.81 per cent during 2008-2009,

why the enhancement during 2008-2009 has been only 33.33 per cent, the Department in their written replies have stated that:

It has been rightly pointed out that there is an enhancement of only Rs. 4,000 crore in the allocation of NREGA for the year 2008-2009 over the last year. The Ministry under its Annual Plan proposal for 2008-09 had projected the requirement of Rs. 20,000 crore since all the remaining districts with rural areas will come under the ambit of NREGA *w.e.f.* 1 April, 2008. This projection was based on an estimate of employment demand of 4 crore rural households. Out of this projected requirement, an amount of Rs. 16,000 crore has been provided at the BE stage. Since, NREGA provides legal guarantee of wage employment of 100 days to every rural household on demand and thus is demand driven programme, additional requirement would be raised through Supplementary Demand for Grants .

3.10 The Department have informed that the funds that could not be released by the Ministry to the districts under NREGA in a particular year have to be transferred in the National Fund under the public account to give it non-lapsable character. While emphasizing the need for having some reserve in the National Employment Guarantee Fund, the Secretary during the course of oral evidence submitted as under:

At present, we do not have any reserve or any buffer in this National Employment Guarantee Fund which has been created under the Act. We feel that at least Rs. 4,000 crore buffer should be there for a programme which is going to run in 600 districts where there may be a drought, where there may be certain exigencies, etc. To smoothen out, we need something like Rs. 4,000 crore buffer in the reserve under the National Employment Guarantee Programme. This is the second point.

3.11 The Committee note that NREGA is proposed to be covered in all the 600 districts with effect from 1 April, 2008, thus raising the number of districts covered from 330 to about 600. Although the number of districts covered under NREGA during the year 2008-09 would be almost double that of districts covered during the previous year, the allocation has been enhanced by only Rs. 4,000 crore *i.e.* 33.33 per cent. Further, the Committee find that SGRY, which was being implemented in the districts not covered under NREGA during the year 2007-08 would be subsumed in NREGA. If the allocation made under NREGA and SGRY taken together during the year

2007-08 is taken into consideration, the total amount for that year comes to Rs. 15,800 crore. Thus, the net addition under the Employment Guarantee Scheme during 2008-09 would be of Rs. 200 crore only. Further, the Secretary during the course of oral evidence has also emphasized on the creation of some sort of reserve fund under the National Employment Guarantee Programme. The Committee fully agree with the need for a Reserve Fund so that the additional allocation can be made immediately to the districts affected by the natural calamities like drought, flood or due to certain exigencies. The Department, in this regard, had projected the requirement of Rs. 20,000 crore during the year 2008-09, based on an estimate of employment demand of 4 crore rural households, which is quite justified. The Committee do not understand how the Department are going to meet the financial requirements if all the anticipated number of 4 crore rural households demand work for the minimum period of 100 days as stipulated in the Act. In view of this, the Committee strongly recommend that Rs. 20,000 crore should be provided under NREGA during the year 2008-09 so that the Department do not have to depend on the Supplementary Demands for Grants for implementing such a vital programme. Besides, an appropriate amount for having a Reserve Fund, as explained above, should also be allocated in addition to Rs. 20,000 crore as requested for by the Department. The concerns of the Committee in this regard should be conveyed to the Ministry of Finance/Planning Commission.

3.12 The Committee find from the data made available by the Department that during the year 2007-08, 5.98 crore job cards were issued. Out of these, employment was demanded by 2.61 crore households and employment provided was to 2.57 crore households. The Committee note that although there is not much difference between the number of families who demanded employment and those who were provided employment, there is a huge difference between the families who have been issued job cards and families provided employment. In this regard, further analysis of the data indicates that during the year 2006-07, 3.78 crore job cards were issued and 2.12 crore families demanded employment. During the year 2007-08, while the number of job cards issued has increased considerably to 5.98 crore, there is not much enhancement in the number of families, who have demanded employment. This trend needs to be analysed carefully by the Department and the required steps taken accordingly. The Committee would like to have the reaction of the Department in this regard.

3.13 While appreciating the fact that NREGA is a demand-driven scheme and the State Government is bound to provide employment to a family who demands employment, the Committee feel that there may be compelling reasons as to why people are not demanding work even when the job cards have been issued. One of the basic reasons in this regard may be people preferring for wage employment elsewhere, where the wages may be much more. The Department have to analyse the reasons State-wise for families not demanding work after getting the job cards ready. The Committee may be kept apprised about this. The Committee further note that during the year 2007-08 out of 2.57 crore households who have been provided employment under NREGA, 9,55,025 families could complete 100 days of employment. In five States *viz.* Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura, no family could complete 100 days of employment. In the progressive State like Kerala where wage rate is Rs. 125 per day, only 959 labourers could complete 100 days of employment. In Gujarat 1104 persons could complete 100 days of works. The Committee feel that the aforesaid data should be carefully analysed to know the State specific reasons for not demanding/ providing 100 days of employment under NREGA in various States. The Committee may also be kept apprised about the concrete action taken in this regard.

3.14 The Committee further note that the overall involvement of women under NREGA is 42 percent. During the year 2007-08, 5629822 women were provided employment under NREGA. The Secretary has informed that in Tamil Nadu the percentage of involvement of women is much higher *i.e.* 82 percent whereas in West Bengal and Uttar Pradesh only 20 per cent women have been provided employment. In Arunachal Pradesh out of 29180 households provided employment not even a single woman was involved. The Committee feel that such a trend of high percentage of involvement of women in some States like Tamil Nadu and very low percentage of involvement in other States like West Bengal and Uttar Pradesh particularly Arunachal Pradesh where not a single woman has opted for employment, should be studied and the reasons for low participation of women in some of the States probed. The desired action should be taken accordingly, so that the target of involvement of at least one-third of the women beneficiaries is achieved in all the States.

(ii) Awareness and applicability of the scheme in districts

3.15 The Department have informed that NREGA is applicable in the rural areas as defined in Section 2 (o) of the Act which states

rural areas means any area in State except those areas covered by any urban local body or a Cantonment Board established or constituted under any law for the time being in force . When a district is notified to be covered under the Act, NREGA becomes applicable to its entire rural area covering all Panchayats, Blocks etc.

3.16 The Committee during the study-visits to various backward districts of the country have noticed that people are not aware that NREGA is applicable only in rural areas. They presume that the scheme is applicable in the entire district, irrespective of urban or rural area. Even the advertisements in the print and electronic media give the impression that NREGA is applicable in all parts of the country. Proper publicity in this regard is also not given.

3.17 When asked what measures are being taken by the Department to remove the aforesaid confusion, the Department have stated that the observations have been noted . When a district is notified to be covered under NREGA, the Act becomes applicable to its entire rural area covering all Panchayats, Blocks etc. Notification dated 28 September, 2007 notifying the names of the districts to be covered under NREGA *w.e.f.* 1 April, 2008 clearly stipulates this aspect. However, it would further be brought to the notice of the public through IEC campaign.

3.18 The Committee note that NREGA is applicable only in the rural areas of the country. However, general public are not aware of this aspect. Even the advertisements in the electronic and print media do not mention this and give the impression that NREGA is applicable in the whole district, irrespective of urban or rural area. Rural Areas have been defined under Section 2(o) of the aforesaid Act as rural areas in any State except those covered by any urban local body or a Cantonment Board established or constituted under any law for the time being in force. There is a massive campaign by the Department that NREGA is going to cover the entire country *w.e.f.* 1 April, 2008. However, the advertisements are creating more confusion than dispensing information. The expectations of the people coming across such advertisements might rise and they would be disappointed when they come to know that the scheme is not applicable in their area. The Committee even during their study visits to various backward districts of the country has come across such complaints. The Committee desire that proper publicity in this regard be given to remove confusion among the people about the applicability of the scheme.

(iii) Registering format for receipt of applications

3.19 The Committee during study-visit to various backward districts of the country noticed that, there was no proper system of acknowledging receipt of applications from willing job applicants. People complained that the Gram Pradhan/Officers only received applications when work was available with them. If no work was available, the applicants were turned away. In most of the cases, the Gram Pradhan/Officers did not even indicate the date of receipt on the applications. The applicants did not know in which format they should apply and to whom they should apply. They did not even know that the Gram Pradhan or the concerned Officer was even required to acknowledge their application.

3.20 When asked what concrete measures have been devised by the Department to ensure that applicants are not turned away and they get proper receipt of their applications, the Department have furnished that Ministry of Rural Development have standardized the formats for application for employment from registered job card holders and issuance of dated receipts which are being incorporated in the revised operational guidelines for NREGA. Further, the Ministry are closely monitoring deployment of key personnel in the States particularly Gram Rozgar Sevak at Gram Panchayat level who is responsible for receiving applications and issue of dated receipts. Full operationalization of MIS for NREGA will capture this aspect. The awareness among the villagers is also being created through intensive IEC activities involving civil societies.

3.21 The Committee note that there is no proper system for acknowledging the receipt of applications from willing job applicants under NREGA. The Department have stated that there are standardized formats for demanding employment under NREGA and the Gram Rozgar Sevak at Gram Panchayat level is responsible for receiving applications and issue of dated receipts. However, the ground reality is quite different. As reported to the Committee during their study visits to various backward districts of the country, some of the Gram Pradhans and the concerned officers were receiving applications only when work was available with them. If no work was available, the applicants were turned away. Even if the applications were received, the Gram Pradhan or the officers were not indicating the date of receipt on the applications. Most of the applicants in the rural areas are illiterate unskilled labourers who are not aware of the prescribed format. They are even not aware as to whom they should apply. The Committee express their

apprehension that such an attitude on the part of Gram Pradhans or Officers suppresses the demand for employment which is not in the spirit of NREGA. People cannot be denied the right to work under NREGA. Neither can any constraint of resources be cited by the Government as an excuse for not providing work under NREGA. The Committee feel that the existing system of acknowledging applications is not foolproof. The Department should devise machinery that ensures transparency and roots out corruption in the receipt of applications. The Department should look into the possibility of entrusting the task of receipt of applications also to any other Department of the State Government or active NGOs of the area who can forward the applications to the concerned Gram Panchayat or Officers. Besides, massive publicity should be given to spread awareness among people about the provisions of the programme.

(iv) Wages being paid under NREGA

3.22 Section (6) of the National Rural Employment Guarantee Act, 2005 provides as following:

6. (1) Notwithstanding anything contained in the Minimum Wages Act, 1948, the Central Government may, by notification, specify the wage rate for the purposes of this Act:

Provided that different rates of wages may be specified for different areas:

Provided further that the wage rate specified from time to time under any such notification shall not be at a rate less than sixty rupees per day.

(2) Until such time as a wage rate is fixed by the Central Government in respect of any area in a State, the minimum wage fixed by the State Government under section 3 of the Minimum Wages Act, 1948 for agricultural labourers, shall be considered as the wage rate applicable to that area.

3.23 The Department have informed that the Central Government have so far not fixed wages under NREGA in respect of any of the States. Therefore, wages are being paid under Act as per the provisions of Section 6(2) of the Act.

3.24 Further the Department have informed that under NREGA, wages can be paid either on task rate basis or time rate basis. Under

the system of task rate basis, the out turn of a worker is measured and wages are paid to the workers in accordance with the out turn norms fixed by the State Governments. Topography of the area happens to be a key factor in this fixation. Thus, formulating schedule of rates is the responsibility of the States. However, the directives have been issued in this regard to the States clarifying that Schedule of Rates (SoRs) of various executing agencies for similar nature of activities and out puts in the same area must be same. States have also been asked to get these SoRs notified by the competent authority of the State as SoRs would have horizontal application across the Departments/ agencies. The Ministry are commissioning a professional study on the issue of Schedule of Rates in order to arrive at a fair and reasonable system of assessment of works under NREGA taking into account diverse factors such as age sex health profile of workers, type of work and geomorphological conditions that affects productivity of the worker.

3.25 When asked about the number of States, which have undertaken the time and motion study for measurement of work, the Department have informed that so far six States *viz.* Andhra Pradesh, Tamil Nadu, Bihar, Gujarat, Orissa and West Bengal have done time and motion study.

3.26 As regards the rate of wages paid in different States, the Department have furnished the information which has been given at *Appendix-V*. It can be seen from the Appendix that there is large scale disparity in the wages being paid in different States. The lowest wage is being paid in Gujarat *i.e.* Rs. 50 and the maximum in the State of Kerala at the rate of Rs. 125 per day. The Secretary, during the course of oral evidence, has informed that after the implementation of NREGA, some of the States have revised minimum wages. In Uttar Pradesh, the minimum wage has been revised to Rs. 100, in West Bengal the wage has been revised from Rs. 64 to 70 and in Bihar Rs. 68 to Rs. 77. The Committee during the study visits have noticed that in some of the States, wages were being paid both on the basis of task rate and time rate basis.

3.27 When asked whether the wages can be paid both at piece rate and time rate at the same place of work, the Department have informed that wages can be paid either on time rate basis or piece rate basis for a given work. It cannot be paid on both bases for the same work and workers working on one work cannot be paid on the basis of different systems. Further, the Committee during the study visits to various backward districts have also found that at some places

where wages are being paid on the time rate basis, labourers are getting lesser than the minimum wage.

3.28 The sub-Committees of the Standing Committee on Rural Development have undertaken study visits to various backward districts in the States of Assam, West Bengal, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Karnataka, Rajasthan, Gujarat, Maharashtra, Bihar, Jharkhand and Orissa during the years 2006, 2007 and 2008. During the aforesaid study visits, the Committee have noted various discrepancies with regard to the system of wages under NREGA. There is a large-scale disparity in the rate of wages being paid in various States, which is reflected in the information furnished by the Department. The lowest wage is being paid in the State of Gujarat at the rate of Rs. 50 per day and maximum wage in Kerala at the rate of Rs. 125 per day. The Committee appreciate the fact that with the implementation of NREGA, some of the States have revised the minimum wages. It is a matter of concern that a progressive State like Gujarat has not so far revised the minimum wage rate, which is being paid at the lowest rate of Rs. 50 per day. The Committee feel that the low rate of wages may be the main reason for labourers preferring to work in private works where the wage rate may be much higher. Perhaps this may be the main reason for the difference between the job cards issued and employment provided. While acknowledging the fact that the minimum wages are fixed by the various State Governments under the Minimum Wages Act, 1948 for agricultural labourers, which are at present applicable in the case of NREGA, the Committee would like to recommend that the State Governments which are paying very low wages, particularly, Gujarat, which has the lowest wage rate of Rs. 50 should be persuaded to increase the wage rate.

3.29 The Committee, further note that as per the Schedule I, wages under NREGA can be paid either on the basis of a person working for 7 hours or on the quantity of work according to the Schedule of rates fixed by the State Government for different types of work every year in consultation with the State Council. The Committee during the study visits have noted that at some of the places both the criteria i.e. time rate and task rate are being followed. Further, the labourers are getting lesser than minimum wages where the task rate criteria is being adopted. The Committee would like that the Department should undertake an independent study to find out the problems being faced in different States particularly with regard to payment of wages. Besides, the discrepancies noted by the sub-Committees of the Committee as pointed out above should be

taken up with the concerned State Governments and the Committee apprised about the action taken in this regard.

3.30 The Committee appreciate the steps taken by the Department for payment of wages either through Banks or Post Offices. The Committee are happy to note that in the States of Andhra Pradesh, Jharkhand, Karnataka, Bihar, Kerala, Tamil Nadu, West Bengal and Madhya Pradesh wages are being paid either through Bank or Post Offices. This system is more transparent and less prone to corruption. The Committee desire that similar steps be taken-up in other States for payment of wages through Post Offices or Banks. However, the Department should take up the matter with Banks and Post Offices for ensuring that wages are paid on weekly basis as provided in the Act.

3.31 The Committee find that the Ministry are commissioning a professional study on the issue of Schedule of Rates in order to arrive at a fair and reasonable system of assessment of works under NREGA taking into account diverse factors such as age, sex, health profile of workers, type of work and geomorphological conditions that affects the productivity of the worker. The aforesaid study should be commissioned expeditiously. The various discrepancies as noted during the study visits undertaken by the sub-Committees, the details of which are given above should be considered carefully and included in the terms and reference of the aforesaid study. The Committee further find that six States viz. Andhra Pradesh, Tamil Nadu, Bihar, Gujarat, Orissa and West Bengal have already undertaken time and motion studies. The outcome of these studies should be analysed carefully so as to arrive at a scientific system for calculation of wages. The Committee may also be apprised of the action taken in this regard.

(v) Wage & Material Ratio

3.32 The Committee during their study visit to various backward districts of the country there was strong demand for revisiting the 60:40 wage and material component under NREGA. In this concern, the Department have clarified that the aim of NREGA is to provide for enhancement of livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed employment to every household in a financial year for doing unskilled manual work on demand. Besides providing employment, the act is also aimed at creating durable assets to strengthen the livelihood resource base of the rural poor. The works permissible under the Act

are labour intensive and at the same time address causes of chronic poverty like drought, deforestation, soil erosion etc. so that the process of employment generation is on a sustainable basis. Therefore, in order to achieve the objectives of the Act, it has been provided in para 9 of the Schedule I of the Act that the cost of material component of projects including the wages of the skilled and semi-skilled workers taken up under the Scheme shall not exceed 40% of the total project costs.

3.33 The representatives of the Department during the course of evidence stated that the 60:40 wages & material ratio has to be maintained at district level and not at individual level. The Committee are of the view that the people at the ground level may not be aware of the aforesaid provision. In view of this, the Committee recommend that the implementing agencies at the district level and Panchayati Raj institutions involved in the implementation of works should be properly informed about this provision.

(vi) Payment of Unemployment Allowance and maintenance of shelf of projects

3.34 The Act provides a legal guarantee to provide employment for at least 100 days to all the persons demanding work within 15 days. However, during 2006-2007 employment was demanded by 2.12 crore households but employment was provided to only 2.10 crore households while during 2007-08(as on 31.12.07) employment was demanded by 2.61 crore households but was provided to only 2.57 households.

3.35 When asked whether unemployment allowance was paid to the 0.02 Crore households who had demanded work but could not be provided work during 2006-2007, the Department have stated that there is always a gap between the number of households demanded employment and number of households provided employment. Unemployment allowance becomes payable in case a job seeker is not provided employment within 15 days of receipt of his application seeking employment or from the date on which the employment has been sought in case of an advance application, whichever is later. Government of Madhya Pradesh has reported to have paid a total of Rs. 475386 to 1574 applicants as unemployment allowance in Barwani district. Unemployment allowance has also been paid in Bolangir district (Mirdhapalli Gram Panchayat in Bolangir block) and Navrangpur district (Block Tentulikhunti) of Orissa. The State Government is also in the process of paying unemployment allowance in Kalahandi district of Orissa in Gopinathpur Gram Panchayat of Rampur block and Giginda Gram Panchayat in Narala block. Unemployment allowance to 63 numbers of job seekers of Khundiaguda village under Tentulikhunti G.P under Tentulikhunti block of Nawarangpur distt.

has been paid. Payment of unemployment allowance has not been reported by any other State

3.36 The Committee find that as per the reports available with the Department, unemployment allowance has been provided to 1574 applicants by the Government of Madhya Pradesh. Besides, the Government of Orissa has also paid unemployment allowance in various districts. While appreciating the fact that some of the State Governments have provided unemployment allowance to the labourers, who could not be provided employment within 15 days of the application, the Committee would like to be apprised about the specific reasons for such State Governments for not being able to provide employment on demand so as to take corrective measures in this regard.

3.37 The Committee feel that one of the reasons for inability to provide employment to the applicants in the aforesaid cases may be due to the non-availability of works in that area. The Committee note that the major works being undertaken under NREGA are the works related to water conservation and road works. Such type of works requires huge area to dig the earth and prepare for the water conservation and ponds etc. Such works may not be available in all areas, keeping in view the topography of that particular area. Besides, after deepening of few water bodies and construction of kutchra roadwork the saturation point may be reached in that area. Further, the Committee have their apprehension that these works may not provide 100 days of employment to a family in a year. The Committee feel that the Department have to give a re-look at the list of works and take decision on allowing certain other works which at present are not permissible under NREGA. Besides, some sort of flexibility should be provided to the State Governments to identify works, keeping in view the geographical conditions of that area. In this regard, the Committee would also like to recommend that the State Governments should be ready with Scheme Bank so that work are always available when the demand for employment comes.

(vii) Durability of assets created under NREGA

3.38 The NREGA aims at creating durable assets while strengthening the livelihood resource base of the rural poor and in that context the Act permits up to 40 per cent of the total cost as material component. Monitoring at the level of Gram Sabha and Panchayat has been provided to ensure creation of good quality assets. Targets have also been prescribed at different levels for inspection of works. Technical staff including engineers as well as other concerned line departments and agencies is also involved while executing works and the local conditions of the area are kept in view and works designed accordingly to ensure creation of durable assets. Physical

improvement envisaged (land/water conservation etc.) has been quantified. Technical expertise in designing works and supervising has been made available at the Block and sub Block levels. States have also deployed additional technical personnel, using professional institutions, creating a panel of experts.

3.39 The Committee further find that the main works being undertaken under NREGA are water conservation works like construction and deepening of ponds and kutchra road works. In the States like Bihar, such works are washed away every year due to frequent floods. While appreciating the fact that the main objective of NREGA is to provide employment, the Committee feel that there is an urgent need to ensure that the assets created under the Act are durable. The Government have to think over this aspect. The works being done under NREGA can be dovetailed with some other schemes for instance, kutchra road works being undertaken under NREGA can be dovetailed with Central/State Schemes for making it durable. In this regard, the sub-Committee of the Committee during the study visits have found that there was resistance from the officials in this regard. The Committee, however, feel that there is an urgent need to evolve some sort of mechanism whereby the works created under NREGA are of quality and durable. As such, the matter regarding dovetailing of NREGA works with other Central/State works should be considered in consultation with the State Governments. The Committee should be apprised about any concrete action taken in this regard. The Department should take action on the suggested lines and inform the Committee accordingly.

B. Swaranjayanti Gram Swarozgar Yojana (SGSY)

3.40 The Swaranjayanti Gram Swarozgar Yojana (SGSY) is a major self-employment programme for the rural poor under implementation since 1 April, 1999. The SGSY is a holistic programme covering all aspects of self-employment such as organization of the poor into Self Help Groups (SHG), training, credit, technology infrastructure and marketing. The basic objective of the scheme is to provide assistance to the rural poor through Bank credit and Government subsidy to acquire an income-generating asset.

3.41 Assistance to individual Swarozgaris or Self Help Groups is given in the form of subsidy by the Government and credit by the Banks. Subsidy under the SGSY is uniform at 30 per cent of the project cost, subject to a maximum of Rs. 7,500.00. In respect of SCs/STs and disabled persons, the subsidy is 50 per cent of the project cost, subject to a maximum of Rs. 10,000. For groups of Swarozgaris (SHGs), the subsidy is 50 per cent of the cost of scheme, subject to per capita subsidy of Rs. 10,000 or Rs. 1.25 lakhs, whichever is less. There is no monetary limit on subsidy for irrigation projects. Subsidy is back-ended.

3.42 The following information has been provided in the various Budget documents furnished by the Department:

(Rupees in lakhs)

Year	Opening balance	Central allocation	State allocation	Total allocation	Central releases	State releases	Misc. receipts	Total funds available	Utilisation	%age of utilisation	Total credit target disbursed	%age of credit disbursed
2006-07	26297.06	110000	36600	146600	104016.38	33890.75	8251.20	172455.39	142419.57	82.58	229121.43	79.86
2007-08	29450.72	170224.00	56658	226882.00	121210.06	27586.10	5142.95	183389.83	102735.10	56.02	110535.82	38.53

(Rs. in crores)

Particulars	2005-06		2006-07		2007-08		2008-09 (Provisional)	
	Target	Achievement	Target	Achievement	Target	Achievement (up to Jan, 2008)	Target	
1. No. of SHGs to be assisted	52876	87348 (165.19%)	77018	137931 (179.09%)	115500	75640 (65.49%)	138169	
2. No. of SHGs Swarozgaris to be assisted (Assuming 10 members per Group)	528757	873485 (165.20%)	770175	1472066 (191.13%)	1155000	756399 (65.49%)	1381689	
3. Total number of individual Swarozgaris to be assisted	330473	277631 (84.01%)	320906	219860 (68.51%)	481250	377388* (78.42%)	380980	
4. Total number of Swarozgaris to be assisted	859230	1151116 (133.97%)	1091081	1691926 (155.07%)	1636250	1133787 (69.29%)	1762670	

*including special projects

3.43 When asked about the reasons for underspending of Rs. 300.35 crore *i.e.* 17.42 per cent of the total outlay during the year 2006-07 and the reasons for utilizing only 56.02 per cent of the total outlay during the year 2007-08, the Department have informed that the performance of the scheme varies from State to State. Further, when asked about the mismatch between the physical and financial achievement during the aforesaid year 2006-07 whereby 155.07 per cent of the physical targets could be achieved with 82.58 per cent of the allocation, the Department have informed that the physical targets are fixed on the basis of total available subsidy and the stipulated subsidy amount as per SGSY guidelines. The mismatch between physical achievement and the financial resources utilised is due to under-financing by the Banking sector due to which the per capita subsidy flow to Swarozgaris is less than the stipulated amount.

(i) Credit Mobilisation

3.44 The statements indicating the credit disbursed under SGSY during the years 2006-07 and 2007-08 are given at *Appendix-VI & VII* respectively. As per the information furnished by the Department regarding State-wise performance of various Banks on credit disbursement, out of total credit target of Rs. 3,74,355.30 lakh, only Rs. 1,87,503.61 lakh could be achieved during the year 2007-08, which constitutes approximately 50 percent of the targets set under SGSY. During the year 2006-07, the credit achievement was 79.86 per cent.

3.45 It could be seen from the Appendix VI that the credit disbursed in 8 States/UTs *viz.* Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, A&N Islands, D&N Haveli and Lakshadweep during the year 2006-07 is below 40 per cent. In A&N Islands and Daman & Diu, the achievement is nil. During the year 2007-08, the credit disbursement in 14 States/UTs *viz.* Arunachal Pradesh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, West Bengal, A & N Islands, Daman & Diu, D&N Haveli, Lakshadweep and Pondichery is even less than 25%. In Nagaland, Manipur, A&N Islands, Daman & Diu, D&N Haveli, the achievement is nil.

3.46 The reasons for non-achievement of credit targets, as furnished by the Department, are as under:

- (a) Inadequate physical outreach of Banks (30,000 Commercial Bank Branches in 6 lakh villages). There are about 375 under Banked districts in the country;
- (b) Lack of motivation among Bankers.

- (c) Cumbersome Banking procedures and formats;
- (d) Submission of inadequately documented and unviable projects to Banks;
- (e) Shortage of well trained and dedicated staff in DRDAs. (about 40% vacant posts in DRDAs);
- (f) Lack of coordination by DRDAs and blocks with Bankers at block and district levels; and
- (g) Inadequate capacity building and training of SHG members leading to low creditworthiness in front of Bankers.

3.47 The Ministry have created marketing infrastructure at Pragati Maidan, Rajiv Gandhi Handicrafts Bhavan and Dilli Hatt at Pitam Pura in Delhi in order to assist the BPL Swarozgaris to showcase and market their products. The Department have informed that the marketing efforts would be strengthened further. Efforts are being made by the Department to universalize Self Help Groups Movement by covering at least one member of each rural poor family. SHG movement is further being strengthened by federating the groups at the village, block, district, State and National Levels.

3.48 Regarding the creation of marketing infrastructure, the Committee in their Twenty-ninth Report had observed that:

All State Headquarters should have one dedicated marketing complex for rural products particularly for artisans which can be extended to cover all the districts in a time bound manner. The Committee find that at the National level, there is no agency that can exclusively handle the marketing aspects of the rural products in a systematic and sustainable basis connecting all Self help Groups with domestic and international markets. It is a task that is not being addressed institutionally by the Department at present. There is an urgent need for creating a dedicated National Marketing Agency for providing professional marketing support to products of Self Help Groups and act as a facilitator. The Committee recommend to the Government to consider setting up of the aforesaid National Marketing Agency .

3.49 The Department in the action taken reply have submitted as under:

Permanent marketing infrastructure facilities are already sanctioned for 10 States as Special Projects under SGSY. The proposals from four more States are under consideration for the

sanction of permanent marketing infrastructure. The Hon ble Minister (RD) has requested the remaining 19 States/UTs where such facilities are not available to provide land free of cost and send proposals for financial assistance for creating permanent marketing infrastructure. The proposal to set up a new National Rural Products Marketing Agency has been sent to the Ministry of Finance for approval.

3.50 The rapid growth momentum in the Indian economy has created several high rise sectors like textile, construction, retail, hospitality, automobile and ancillaries etc. wherein there is a huge demand for labour specially at the lower end of skill base. BPL rural youth are unable to capture these opportunities since they are not having the requisite minimal skills. Keeping in view this objective, a special pilot project titled Placement Based Skill Development was initiated in the year 2005 and based on the encouraging results of the pilot project, the Ministry of Rural Development are currently implementing 9 placement based skill development projects with a total cost of Rs. 115 crore covering 2.33 lakh beneficiaries across the country. Under this scheme so far 21,800 beneficiaries have been trained and 16,400 have been provided placement. It is proposed to give further thrust to the skill development of BPL youths enabling them to earn decent livelihood.

3.51 The Finance Minister in his speech on Budget (2008-09) has stated that the Life Insurance Corporation of India (LIC) runs the Janashree Bima Yojana and offers life and permanent disability cover to people in 44 categories. One of the categories is Self Help Groups (SHGs), but only 35,000 SHGs have been covered so far. The Finance Minister has stressed to give special attention to SHGs considering the fact that there are over 30 lakh SHGs credit-linked to Banks. LIC has been asked to rapidly scale up the scheme and cover all women SHGs that are credit-linked to Banks. Since one-half of the premium is subsidized through the Social Security Fund, the Finance Minister has proposed to contribute Rs. 500 crore to the corpus of the fund with the assurance that annual contributions will be made as the scheme is scaled up.

(ii) Financial Inclusion

3.52 The Finance Minister in his speech on Budget (2008-09) has stated that he propose to accept two recommendations of the Committee of Financial Inclusion as given under:

- (i) to advise Commercial Banks, including RRBs, to add at least 250 rural households accounts every year at each of their rural and semi-urban Branches; and

- (ii) to allow individuals such as retired Bank officers, ex-servicemen etc. to be appointed as business facilitator or business correspondent or credit counsellor.

3.53 The Finance Minister has further stated that Banks will be encouraged to embrace the concept of Total Financial Inclusion. The Government will request all scheduled Commercial Banks to follow the example set by some public sector Banks and meet the entire credit requirements of Self Help Groups members, namely, (a) income generation activities, (b) social needs like housing, education, marriage etc. and (c) debt swapping.

3.54 The Committee are perturbed to note that only fifty per cent of the credit targets under SGSY have been achieved during the year 2007-08. During the year 2006-07, 79.86 per cent of the targets for credit disbursement could be achieved. Further during the year 2007-08, as on January 2008, the credit disbursement in 14 States/UTs *viz.* Arunachal Pradesh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, West Bengal, A&N Islands, Daman & Diu, D&N haveli, Lakshadweep and Pondichery was less than even 25 per cent. In Nagaland, Manipur, A&N Islands, Daman & Diu, D&N Haveli, the achievement was 'nil'. During the year 2006-07, the credit disbursement in nine States/UTs *viz.* Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, A&N Islands, Daman & Diu, D&N Haveli and Lakshadweep was below 40 per cent. In two Union Territories *viz.* A&N Islands and Daman & Diu, the achievement was 'nil'.

The Department have requested the Ministry of Finance and the Reserve Bank of India to take immediate remedial action to improve the flow of credit under SGSY. The Ministry of Finance have also taken up the matter of slow progress of Banks in achieving the credit targets under SGSY with the Chairman and Managing Directors of all Commercial Banks. The Department have also fixed quarterly targets for all the States who are further required to fix quarterly targets for the Banks, which are being monitored regularly. Besides, the Ministry of Finance have also advised the State Governments to monitor and review the performance of the Bank Branches more closely in the meetings of State level Bankers Committee. Despite all these efforts, the improvement in the flow of credit under SGSY has been very slow. The Committee find that the shortfall in the achievement of credit targets under SGSY are attributed to many reasons which include lack of sufficient Bank Branches and manpower in rural areas and the improper attitude of Bank officials working in the rural areas.

The Committee feel that there is an urgent need for the expansion of rural Branch network of Commercial and rural Banks. There is also a need to enhance the staff strength of rural Bank Branches, especially those with professional and technical skills, who can take up project appraisal and provide technical guidance to the beneficiaries under SGSY very effectively. There is also a need for proper training of Bank officials posted in the rural areas to change their mindset towards illiterate rural people. The Banking procedures and formats also need to be simplified for the convenience of the people. The Committee desire that their concerns be communicated to the Ministry of Finance and the Reserve Bank of India for taking immediate remedial action.

3.55 The Committee also feel that the credit disbursement rate is also affected due to the lack of coordination by DRDAs and blocks with Bankers at block and district level. There is an urgent need to have some sort of coordinating mechanism in this regard. The Committee recommend the Department to take the issue with DRDAs and Bankers. The Committee may also be kept apprised about the concrete action taken in this regard.

3.56 While analyzing the data furnished by the Department with regard to credit disbursement during the year 2007-08, the Committee note that there is gross mis-match between physical and financial achievement. During 2006-07, 155.07 per cent of the physical targets could be achieved with 82.58 per cent of the utilization of the outlay. The Department have informed that the main reason for the aforesaid mis-match is due to under-financing by the Banking sector due to which the per capita subsidy flow to Swarozgaris is less than the stipulated amount. The Committee find that under financing of the Swarozgaris render various economic activities being undertaken by SHGs as non-viable and lead to use of subsidy for non-economic purposes. The Committee recommend that the Department should take up the matter urgently with the Banks and take the concrete action in this regard. The Committee may also be kept apprised in this regard.

3.57 The Committee note that the Ministry have created marketing infrastructure at Pragati Maidan, Rajiv Gandhi Handicrafts Bhavan and Dilli Hatt at Pitam Pura in Delhi in order to assist the BPL Swarozgaris to showcase and market their products. While examining the Demands for Grants of the previous year, the Committee in the 29th Report on Demands for Grants 2007-08 had recommended for creation of a dedicated National Marketing Agency

for providing professional marketing support to the products of Self Help Groups and act as a facilitator. In this regard, the Department have sent the proposal to the Ministry of Finance for approval. The Committee had desired the Department to pursue further with the Ministry of Finance so that the dedicated National Marketing Agency is set up expeditiously.

3.58 The Department in the action taken reply on the aforesaid recommendation have stated that the permanent marketing infrastructure facilities had been sanctioned for 10 States as Special Projects under SGSY. Besides the proposals from four more States are under consideration for sanction of permanent marketing infrastructure. The Department have also informed that the Hon'ble Minister had requested the remaining 19 States/UTs where such facilities are not available to provide land free of cost and send proposals for financial assistance for creation of permanent marketing infrastructure. The Committee would like the Department to pursue further with the State Governments so that the marketing infrastructure is set up expeditiously in all the State headquarters, which can further be extended to cover all the districts in a time-bound manner.

3.59 The Committee appreciate the laudable initiative taken by the Department for launching a pilot project *viz.* 'Placement Based Skill Development' whereby beneficiaries are provided training in the skills required in the various high rise sectors with the rapid growth momentum in the Indian Economy. After the skill development of the trainee, he is also provided placement. The results of the pilot projects had been encouraging and the Ministry are currently implementing 9 placement based skill development projects with a total cost of Rs. 115 crore covering 2.33 lakh beneficiaries across the country. The Committee further note that so far 21,800 beneficiaries have been trained and 16,400 have also been provided placement. The Committee while noting the high rate of placement of the skilled persons would like to recommend to extend the scheme country-wide so that the BPL youths could be provided training in various skills which can enable them to earn a decent livelihood.

3.60 The Committee further note that so far overall 35,000 Self Help Groups have been covered under the Janashree Bima Yojana of LIC. The Finance Minister in his speech on Budget 2008-09 has proposed to contribute Rs. 500 crore to the corpus of the fund with the assurance that annual contributions will be made as the scheme is scaled up. The Finance Minister has also stressed to

give special attention to Self-Help Groups considering the fact that there are over 30 lakh Self-Help Groups credit linked to Banks. The Committee would like to be informed about the number of Self-Help Groups under SGSY who have so far been under the aforesaid Bima Yojana and the roadmap to cover all the Self-Help Groups by the aforesaid insurance scheme. The Committee further note that there is an urgent need to find out and resolve the problems being faced by the poor in getting the claims from insurance companies particularly those who have been provided insurance cover under Janashree Bima Yojana. In this regard, the Committee desire that the Department should review the position in regard to settlement of claims of the Self-Help Groups who have been provided insurance under the aforesaid Bima Yojana so as to understand the actual position and comment further in this regard.

3.61 The Finance Minister in his Budget Speech has indicated that Banks would be encouraged to embrace the concept of total financial inclusion and the Government would request all scheduled Commercial Banks to follow the example set by public sector Banks and meet the entire credit requirements of Self-Help Groups members, namely, (a) income generation activities, (b) social needs like housing, education, marriage etc., and (c) debt swapping. The Committee find that SGSY is being implemented through Banks. Besides under NREGA also the Banks have been involved in the disbursement of wages to labourers. In addition, Post Offices have also been involved for the purpose of disbursement of wages to labourers under NREGA. There is an urgent need to encourage Banks/Post Offices for total financial inclusion in the areas where they are involved in the aforesaid Schemes. Besides as stated by the Finance Minister the Commercial Banks need to be persuaded to fulfil the social commitment and play a pro-active role not only by meeting the credit requirement of Self-Help Groups but also by providing forward and backward linkages and taking care of their social needs. Such pro-active measures would not only help the poorest of the poor but also would result in good recovery rate of the loans advanced by Banks under SGSY and other schemes.

C. Sampoorna Gramin Rozgar Yojana (SGRY)

3.62 The creation of employment opportunities and food security has been an important objective of the development planning in India. The relatively higher growth of population and labour force has led to an increase in the volume of unemployment and under-employment from one plan period to another. The reason for increase in the volume

of unemployment may be attributed to relatively less growth of employment opportunities especially in the unorganized sector. In order to bridge this gap, the Government of India aim at providing employment opportunities in the unorganized sector through wage and self-employment with a focus on reducing unemployment and under-employment and providing food security against hunger in the rural areas.

3.63 With the above objective to provide additional wage employment, infrastructure development and food security in the rural areas, the Hon ble Prime Minister announced on 15 August 2001, launching of the Sampoorna Grameen Rozgar Yoajana (SGRY) with an annual outlay of Rs. 10,000 crores. Accordingly, the Ministry of Rural Development reviewed the hitherto on-going schemes (the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY) and merged them with the Sampoorna Grameen Rozgar Yoajana (SGRY) *w.e.f.* 25 September, 2001. However, erstwhile programmes were continued under the umbrella of SGRY for administrative convenience till 2001-02. The new scheme (SGRY) became fully operational from 2002-03.

3.64 With the launch of NREGA, SGRY programme in 200 districts has been subsumed in NREGA from 2006-07 in the first phase. An additional 130 districts have been subsumed in NREGA in the second phase of expansion of NREGA in 2007-08 and the programme in the remaining districts will be subsumed in NREGA with effect from 1 April, 2008.

(i) Foodgrains as part of wages under SGRY

3.65 Distribution of foodgrains as part of wages under the SGRY was based on the principle of protecting the real wages of the workers besides improving the nutritional standards of the families of the rural poor. Foodgrains are to be given as part of wages under the SGRY to the rural poor at the rate of 5 Kg per manday. Should a State Government wish to give more than 5 Kg of foodgrains per manday, it might do so within the existing State allocation (subject to a minimum of 25% of the wages to be paid in cash). The State Governments and UT Administrations were free to calculate the cost of foodgrains paid as part of wages, at a uniform rate which might be either BPL rate or APL rate or anywhere between the two. The workers were paid the balance of wages in cash, so that they were assured of the notified Minimum Wages.

3.66 In the event of non-availability/inadequate availability of foodgrains, wages in kind might be less than 5 kg of foodgrains per manday and the remaining portion might be given in cash. In the reverse case of less availability of cash, the wages in cash might be less than 25% and the remaining portion might be given in kind as foodgrains. However, the norm of minimum 5 kg of foodgrains and minimum of 25% wages in cash is to be maintained as far as possible. No additional allocation of cash in lieu of foodgrains was to be made by the Central Government.

3.67 The physical and financial performance of SGRY during 2006-07 and 2007-08 are as under:

2006-07	Mandays generated (in crores)			Financial Achievement (Rs. in crore)		
	Target	Achievement	Percentage	Target	Achievement	% achievement
Cash Component	50.13	42.41	84.60	3000	3466.99	115.57
Foodgrain Component					1368.37	
2007-08	Target	Achievement	Percentage	Target	Achievements	% achievements
Cash Component	24.59	11.75	49.78	1723.46	1198.84	69.56
Foodgrain Component (up to Dec., 07)				2076.54	1376.54	66.29

3.68 When asked why there has been a shortfall in the achievement of targeted mandays of employment during 2006-2007 and 2007-2008, the Department have stated that SGRY programme is self-targeting in nature. As such no specific target under SGRY can be fixed. However, a tentative national target for generation of employment under SGRY is calculated based on presumption of labour cost of Rs. 60 while material cost of Rs. 40 for per manday. These targets are only indicative in nature and not very specific targets. There are several factors which affect employment (mandays) generation under the programme such as minimum wage rate fixed by the States, material cost, availability of labour intensive works, favourable climate for doing SGRY works, etc. Further, the employment generation under the programme is also affected through prevailing market wage rates.

3.69 When asked about the fate of the works being undertaken under SGRY after 1 April, 2008 when SGRY would be subsumed into NREGA, the Department have submitted that the Ministry of Rural Development have issued instructions on 13 March, 2008 which stipulates as under:

- (i) The SGRY account will be closed on 31 March, 2008. There would be a budget head only for the Employment Guarantee Scheme (EGS);
- (ii) The unspent amount under SGRY as on 31 March 2008 will be transferred to Employment Guarantee Scheme (EGS) account;
- (iii) All SGRY projects will be closed on 31 March 2008 and no work would be carried out by following the SGRY processes. There would be no extension of time under SGRY for completion of these works beyond 31 March 2008. Closure means the measurement is complete on as is where is basis on the cut-off date and physical and financial assessment of the work completed and the value of work done be made. On this basis, payments are to be made and works treated as closed;
- (iv) Any expenditure incurred from SGRY fund after 31 March 2008 shall be on the State account;
- (v) Full details at the time of the closure of the project should be brought on the record and must be sent to the MoRD;
- (vi) Those incomplete works which are permissible under NREGA can be taken as new projects under NREGA, after following due process of selection of works as laid down in NREGA. No expenditure is permissible on such works which were sanctioned prior to 31 March 2008 but have not yet commenced;
- (vii) Fresh sanctions for taking of completion of incomplete permissible works as new projects in NREGA shall be subject to permissibility of the project under NREGA and further subject to other terms and conditions;
- (viii) Each district will have to certify for all such incomplete SGRY works which are permissible under NREGA that;
- (ix) The expenditure already incurred is properly accounted;
- (x) Work was actually sanctioned within the authorized allocation of the district;

- (xi) For works, which are not permissible under NREGA, State may fund this from other available resources of States and Central Government programmes; and
- (xii) States will bear the entire cost of such SGRY works, which were sanctioned after 31 March 2008, as these are specifically prohibited.

3.70 The Committee note that while 84.60 per cent of the physical targets under SGRY were achieved during the year 2006-07, only 47.78 per cent targets were achieved during the year 2007-08. Similarly, the financial achievement during 2006-07 and 2007-08 was 115.57 per cent and 66.29 per cent respectively. The Department have indicated that SGRY is a self targeting programme as such targets are only indicative and not specific. The Committee note that SGRY would be subsumed into NREGA with effect from 1 April 2008. As regards the committed liability with regard to the ongoing works under SGRY, the Department have informed that the works permissible under NREGA can be taken up as new projects. As regards the projects which are not permissible under NREGA, the State Governments may fund such programmes from other available sources of State and Central Government programmes. Further, if State Governments sanction any work under SGRY beyond 31 March, 2008, they would bear the entire cost of the works. While noting the aforesaid arrangement with regard to the committed liability under SGRY, the Committee recommend that the Department should monitor the implementation of the ongoing projects closely so that the money spent on these projects, particularly the projects which are not admissible under NREGA is not wasted.

3.71 The Committee in an earlier para of the Report have observed that Rs. 623.40 crore are lying unspent under SGRY in various States. Since the SGRY has been subsumed with NREGA *w.e.f.* 1 April, 2008, the arrangement made by the Department with regard to unspent balances is that the amount of Rs. 623.40 crore would be transferred to Employment Guarantee Scheme Account. As stated in the earlier para of the Report, the Secretary during the course of oral evidence has emphasized on creation of a Reserve Fund of Rs. 4,000 crore under the NREGA, so that additional allocation can be made immediately to the districts affected by the natural calamities like drought, floods or due to certain exigencies. The Committee recommend that the Reserve fund can initially be started with Rs. 623.40 crore, the amount lying as unspent under SGRY, pending the proposed additional allocation of Rs. 4000 crore by the Planning Commission/Ministry of Finance.

3.72 The Committee further note that under SGRY foodgrains are to be given as part of wages at the rate of 5 kg per manday. Should a State Government wish to give more than 5 Kg of foodgrains per manday, it might do so within the existing State allocation (subject to a minimum of 25% of the wages being paid in cash). In the event of non-availability/inadequate availability of foodgrains, wages in kind might be less than 5 kg of foodgrains per manday and the remaining portion might be given in cash. In the reverse case of less availability of cash, the wages in cash might be less than 25% and the remaining portion might be given in kind as foodgrains. However, the norm of minimum 5 kg of foodgrains and minimum of 25% wages in cash is to be maintained as far as possible. The Ministry of Rural Development release funds for the foodgrains directly to the FCI at the economic cost and FCI is required to send bills which are being reimbursed by the Ministry of Rural Development. Now, SGRY has been subsumed with NREGA. Further, as per Schedule II of NREGA, the wages may be paid either wholly in cash or in kind, provided that at least one-fourth of the wages shall be in cash only. The Committee find that no State is paying wages in the form of foodgrains. With the recent unprecedented hike in the prices of foodgrains, the poorest of the poor are the worst affected. SGRY was providing some sort of food security to the poor. Since no State Government is actually paying wages in kind, inspite of there being a provision under NREGA to pay wages in kind, the Committee feel that the Government have to think of making some sort of provision on the lines of SGRY so that some kind of food security can be ensured under NREGA.

D. Rural Housing (Indira Awaas Yojana)

3.73 Housing has now been accepted as a basic human right all over the world. India with its huge houseless population needs to make special efforts to eradicate shelterlessness. Since its inception, Indira Awaas Yojana has been successful in addressing this basic need of the poor. Now, with the economic progress and growth, it is the Government's responsibility to ensure that the benefit of growth reaches to the weaker sections. Enhancing and extending IAY is one area where the Government are keen to put in resources as other parameters of Human Development such as education, health and economic opportunities are bound to improve if a person is assured of dignified and well sheltered living.

3.74 The Indira Awaas Yojana is a Centrally Sponsored ongoing programme being implemented throughout the country except Delhi

and Chandigarh under which financial assistance is provided to shelterless rural BPL households for construction of their dwelling units. The funds are shared by the Centre and the States in the ratio of 75:25. However, in the case of Union Territories, 100 per cent assistance is provided by the Centre.

3.75 In order to impart transparency in the selection process, all the State Governments have been advised to prepare Permanent IAY waitlists based on the results of the BPL Census 2002. Such a list is also to be displayed at a prominent place in every Gram Panchayat.

3.76 The progress under the scheme is monitored both online, through data entered by the DRDAs every month and also through monthly progress reports received as hard copies from the State Governments.

3.77 The Finance Minister during the 2008-09 Budget Speech on 29 February, 2008, announced in the Parliament have proposed enhancement in the subsidy per unit in respect of new IAY houses sanctioned after April 1, 2008, from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly/difficult areas. It has been announced that the subsidy for upgradation of houses will be increased from Rs. 12,500 to Rs. 15,000. The Secretary during the course of oral evidence has informed that the Cabinet have approved the aforesaid proposal. Further, recognizing the need of a beneficiary for additional funds to complete the house, it has been announced that the public sector Banks will be advised to include IAY houses under the differential rate of interest (DRI) scheme for lending up to Rs. 20,000 per unit at an interest rate of 4 per cent.

3.78 The Department have informed that a draft National Rural Housing and Habitat Policy has been recently formulated and circulated to all the stakeholders for their comments.

3.79 As per the Annual Report 2007-08 of the Ministry of Rural Development, the physical and financial performance of IAY during 2006-07 and 2007-08 are as under:

Physical Performance		
	2006-2007	2007-2008
Physical Target for the year	15.33 lakh houses	21.27 lakh houses
Houses Constructed	14.98 lakh houses	10.92 lakh houses
Houses under Construction	6.85 lakh houses	8.47 lakh houses
Percentage of Physical Achievement	97.71%	51.36%

Financial Performance

	2006-2007	2007-2008
Central Budget for IAY	Rs. 2920.00 crore	Rs. 4040.00 crore
Central Releases	Rs. 2907.53 crore	Rs. 2966.84 crore
Total Available Funds (including OB & State share)	Rs. 5037.89 crore	Rs. 5528.92 crore
Utilisation of Funds	Rs. 4253.42 crore	Rs. 3223.15 crore
Percentage of Utilisation	84.43%	58.30%

3.80 During the course of oral evidence the Secretary, Department of Rural Development, further submitted as they had asked the Planning Commission for Rs. 8,000 crore under IAY against which they were allocated only Rs. 5,400 crore. Meanwhile, they had placed before the Finance Minister the concerns of the Committee regarding the enhancement of funds under IAY. This year the Finance Minister in his Budget speech has enhanced the unit cost per house from Rs. 25,000 to Rs. 35,000 for normal areas and from Rs. 27,500 to Rs. 38,000 for hilly areas. The Cabinet has also approved this. Because of this enhancement, they had to reduce the targets. The Ministry of Rural Development have asked the Cabinet for Rs. 350 crore in order to meet the targets for 2007-08, which is 21.27 lakh households.

3.81 The Committee have presented 22nd Report on the subject 'Rural Housing' to Parliament on 3 August, 2006. The Committee had recommended in the aforesaid Report (Refer Para 2.14) that while formulating the Policy, the Department should ensure that the role of the Government is not limited to grant of schemes and the Policy addresses the needs and aspirations of all sections of the society in rural areas in the country. The various areas which need to be addressed in the Policy have been examined in detail in the aforesaid Report. The Department during the course of examination of Demands for Grants have informed that 'The National Rural Housing and Habitat Policy' has been recently formulated and circulated to all the stakeholders for their comments. The Committee would like to be apprised whether the various areas recommended by the Committee to be incorporated in the Policy in their earlier Report have been taken care of by the Department. The information recommendation-wise may be furnished for the information of the Committee.

3.82 The Committee appreciate that with the continuous pursuance of the issue by this Committee, the Government have finally increased the per unit assistance under IAY from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly and difficult areas. Besides, the subsidy for upgradation of houses has been increased from Rs. 12,500 to Rs. 15,000. The Committee further find that the allocation under Indira Awaas Yojana has been increased from Rs. 4,040 crore during 2007-2008 to Rs. 5,400 crore during 2008-09. The Secretary during the course of oral evidence has, however, expressed concern that the Government have to reduce targets under IAY due to non-provision of allocation commensurate with the per unit enhancement of the subsidy. The Department had proposed Rs. 8,000 crore for the year 2008-09. The Committee strongly recommend that sufficient allocation should be provided under Indira Awaas Yojana so that the physical targets are not reduced and the targets fixed under Bharat Nirman are achieved.

3.83 The Committee further note that Finance Minister in his Budget speech on Budget (2008-09) has announced that the public sector Banks will be advised to include IAY houses under the Differential Rate of Interest (DRI) Scheme for lending up to Rs. 20,000 per unit at an interest rate of 4 per cent. The Committee would like to be apprised about the status of the implementation in this regard. The Committee would also like to recommend that the Department should take up the matter with the Reserve Bank/ Ministry of Finance and the Commercial Banks, seeking their cooperation in lending up to Rs. 20,000 per unit at the Differential Rate of Interest (DRI). The Committee would also like the Department to clarify how the Government propose to bear the subsidy on the rate of interest in this regard.

3.84 The Committee in the report on the subject 'Rural Housing' had recommended either to extend the activities of National Housing Bank in the rural sector or to set up a separate National Housing Bank for the rural areas. In this context, the Finance Minister in his Budget Speech (2008-09) has stated that it is proposed to create a fund of Rs. 1,200 crore in NHB to enhance its refinancing operations in the rural housing sector. The Committee appreciate that their recommendations have been agreed to by the Government. The Committee hope and trust that with the setting up of a corpus of Rs. 1200 crore in NHB, the lending for rural housing sector would get a focused attention.

E. Pradhan Mantri Gram Sadak Yojana (PMGSY)

3.85 Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched on 25 December 2000 as a fully funded Centrally Sponsored Scheme to provide all weather road connectivity in rural areas of the country. The programme envisages connecting all habitations with a population of 500 persons and above in the plain areas and 250 persons and above in hill States, the tribal and the desert areas.

3.86 About 1.79 lakh unconnected habitations are eligible for coverage under the programme. This involves the construction of about 3.71 lakh kilometer of roads for new connectivity and 3.68 lakh kilometer under upgradation. The total requirement of funds was initially estimated at Rs. 60,000 crore. Based on the Core Network survey conducted after launching the programme the cost of programme has been revised to Rs. 1,32,000 crore.

3.87 The physical and financial achievements under various phases of the programme are given as under:

Plan	Phase	No. of road works cleared	Value (Rs. in crores)	No. of roads completed	Expenditure reported by States (Rs. in crore)	% achievement**	
						Physical Achievement	Financial Achievement
10th	Phase I	13192	2547.63	12751	2409.73	96.66	94.30
	Phase II	10963	5163.88	10212	4717.38	93.15	93.72
	Phase III	8757	6086.67	7682	5037.24	87.72	88.50
	Phase IV	7163	5550.12	5361	4012.76	74.84	84.67
	Phase V	9931	11351.92	3126	4822.30	31.48	97.89
	Phase VI	11506	16961.29	3263	3466.69	28.36	91.20
	Phase VII	7338	10255.41	119	577.88	0.02	0.06
	Phase VIII & IX	2950	3386.90	0	38.25	00	00
	ADB/WB	6549	7579.72	3033	3474.82	46.31	80.62

Bharat Nirman

3.88 The President of India, in his address to Parliament on 25 February, 2005, announced a major business plan for rebuilding rural India called Bharat Nirman. The Finance Minister, in his Budget Speech of 28 February, 2005, identified rural roads as one of the six

components of Bharat Nirman and has set a goal to provide connectivity to all habitations with a population of 1000 persons and above (500 persons and above in the case of hilly or tribal areas) with an all-weather road by 2009. A total of 66,802 habitations are proposed to be provided new connectivity under Bharat Nirman. This would involve construction of 1,46,185 Kms of rural roads. In addition to new connectivity, Bharat Nirman envisages upgradation/renewal of 1,94,130 kms of existing rural roads. This comprises 60 per cent upgradation and 40 per cent renewal of surface coat. So far up to December 2007, 17,319 habitations have been connected by constructing 51,441.82 km rural roads. In addition, 66,263.26 km. existing rural roads have been upgraded. Projects for connecting 21038 habitations are in different stages of implementation.

(i) Increase in contracting capacity of States

3.89 The following information has been provided in the Outcome Budget:

2006-07		2007-08 (Dec, 07)	
Outlay	5,475.62 crore	Outlay	11,000 crore
Target	7,575 habitations	Target	14,015 habitations
Achievements	10,892 habitations	Achievements	5,989 habitations
Roadlength (Target)	27,250 kms	Roadlength (Target)	55,020 kms
Achievement	30,710 kms	Achievement	22,237 kms

3.90 When asked whether the Department can achieve the targets set for 2007-08 before 31 March, 2008, the Department have stated that the road construction consists of different layers, the last one being the bituminous surfacing. As has been seen in the past, after the rainy season works really picks up from January onwards and the achievement during last quarter are substantial. Also the bituminous surfacing can be done once the minimum temperature rises above 1000 C and the adverse conditions like fog, rain is not there. In most part of the country this minimum temperature rises above 1000 C after middle of February only. The completion of road length is reported only after the top bituminous layer is also completed. In case of habitations, once the road reaches the target habitation then only connectivity is reported as complete. As such, it is anticipated that pace of completion during the working season would increase substantially and the outcome targets for the year 2007-08 are expected to be achieved.

3.91 When enquired as to what concrete measures are being taken to enhance the contracting capacity of States like Bihar, which are facing severe shortage of contracting capacity to undertake PMGSY roads, the Department in the written replies have stated that all efforts have been made by the Ministry to enhance the contracting capacity in the States for executing PMGSY projects. Central Agencies have been engaged for implementing the programme in Bihar, Jharkhand and Tripura. Standard Bidding Document has been amended in order to attract large pool of contractors for PMGSY projects. As per the amendment made, package sizes from Rs. 50 lakh Rs. 2 crore & Rs. 2 crore Rs. 10 crore have been allowed with differential qualification criteria to enable more contractors to participate. Flexibility has been given to States to float packages above Rs. 10 crore to induce participation by big contractors and Joint ventures between big and small contractors has been permitted.

3.92 Rural Road Projects are also being implemented with the assistance of ADB/World Bank in Jharkhand, Rajasthan, Uttar Pradesh, Himachal Pradesh, Madhya Pradesh, Assam, Chhattisgarh, Orissa and West Bengal. These States have been advised to avail the facility of duty exemption available under ADB/WB assisted projects for enhancing the contracting capacity. These facilities would also be available for Bihar, Arunachal Pradesh, Mizoram, Uttarakhand and Jammu & Kashmir, where World Bank assisted projects are to be taken up. Finance Ministry have also been requested to extend the duty concession facilities available under World Bank/ADB assisted projects to all the States/UTs for PMGSY projects.

3.93 The Committee note that 'rural roads' is one of the six components of Bharat Nirman. The focus of Bharat Nirman is to provide connectivity to all habitations with a population of 1000 persons and above in normal areas and 500 persons and above in hilly or tribal areas. Bharat Nirman envisages to provide new connectivity to 66,802 habitations involving the construction of 1,46,185 Kilometers of rural roads by the year 2009. In addition to new connectivity, Bharat Nirman envisages upgradation/renewal of 1,94,130 Kilometers of existing rural roads which comprises 60 per cent upgradation and 40 per cent renewal of surface coat. The Committee are perturbed to note that out of the total 66,802 habitations targeted for providing connectivity, only 17,319 habitations have been provided connectivity till date which means that only 25 per cent of the targets fixed for Bharat Nirman have been achieved. The targets under Bharat Nirman have to be achieved before March 2009. The Committee do not understand how at this pace the Department are going to achieve

the targets before March, 2009. The Committee would like to be apprised about the reasons for the very slow progress on Bharat Nirman and how the targets set under Bharat Nirman would be achieved.

3.94 The Committee note from the replies furnished by the Department that the physical achievements under Phase V, VI and VII of PMGSY is even below 35 per cent while the financial achievement during Phase V and Phase VI has been 97.89 per cent and 91.20 per cent respectively. The Committee fail to understand as to how the physical achievement has been very poor while the financial achievement during the same period has been very good. There is a mismatch between the physical and financial achievement projected by the Department. The Committee would like a clarification from the Department in this regard.

3.95 The Committee note the several measures being taken to increase the contracting capacity in various States which include relaxing the terms and conditions in the standard bidding document and inducing joint ventures between big and small contractors. The Committee also note that for mobilizing resources, assistance from World Bank has been taken for rural road projects in Jharkhand, Rajasthan, Himachal Pradesh and Uttar Pradesh and from Asian Development Bank (ADB) for rural road works in Assam, Chhattisgarh Madhya Pradesh, Orissa and West Bengal. The Committee further note that duty exemptions on construction machineries are available under World Bank and ADB assisted rural road projects. These duty exemptions have effectively helped the States in building up 'Contractor's capacity', which have subsequently helped in scaling up the physical and financial progress under rural roads component of Bharat Nirman in the States where World Bank and ADB assisted projects are being implemented. The Committee feel that there is a need to extend the facility of duty exemptions available under World Bank and ADB assisted rural road projects to the entire rural road projects taken up under Bharat Nirman. This would boost the contracting capacity in the deficient States and help in achieving the targets under PMGSY. The Committee would like the Department to take the desired action in this regard and inform the Committee accordingly.

(ii) Maintenance of Rural Roads

3.96 In the Annual Report (2007-08) of the Ministry, it has been mentioned that all PMGSY roads are covered by five year maintenance

contracts, to be entered into along with the construction contract, with the same contractor, in accordance with the Standard Bidding Document. Maintenance funds to service the contract is to be budgeted by the State Government and placed at the disposal of the SRRDA in a separate Maintenance Account.

3.97 Since rural Through Routes/Main Rural Links carry comparatively larger traffic and keeping them in good condition is particularly important, these Routes (whether upgraded under PMGSY or subject to maintenance contract as an associated. Through Route of a PMGSY link route) on expiry of five year post-construction maintenance are to be placed under Zonal maintenance contracts. The State Government will make the necessary budget provision and place the funds to service the zonal maintenance contracts at the disposal of the SRRDA in the Maintenance Account.

3.98 State Governments will take steps to build up capacity in the District Panchayats and shall endeavour to devolve the funds and functionaries onto these Panchayats in order to enable them to manage maintenance contracts for rural roads.

3.99 Till such time as District Panchayats takeover maintenance functions, the Programme Implementation will continue to be responsible for the administration of post-construction and zonal maintenance contracts of PMGSY roads.

3.100 The Committee in their 29th Report have made the following observations:

the Committee find that for adequate maintenance of PMGSY roads after the contract, adequate funding and capacity building of State level agencies is required. The Committee would like that the Department should take the decision expeditiously to transfer the roads constructed under PMGSY to State Rural Road Development agencies after the contractual period of five years is over so that the roads constructed after spending crores of money are not damaged after a certain period of time. Besides taking decision to transfer the PMGSY roads to State Rural Road Development agencies, the Union Government has to take decision to partially fund these agencies so that PMGSY roads are maintained properly.

3.101 The Committee note that all PMGSY roads are covered by five year maintenance contracts. However, the Committee are more concerned about the maintenance of PMGSY roads after the

completion of five years of the contractual period. The Committee note that in the absence of a mechanism for maintenance of PMGSY roads after the completion of the contractual period, the PMGSY roads are getting into bad shape. There is a provision that the State Governments are required to make the necessary budget provision and place the funds to service the zonal maintenance contracts at the disposal of the State Rural Roads Development Agencies in the Maintenance Account. Further, State Governments are required to take steps to build up capacity in the District Panchayats and endeavor to devolve the funds and functionaries onto these Panchayats in order to enable them to manage maintenance contracts for rural roads. The Committee however have their apprehensions as to how this is going to be achieved especially when the State Governments and the District Panchayats are often short of funds and most States and District Panchayats are lacking in building their contracting capacity demand. In this regard, the Committee would like to recommend that there should be financial allocation from the Union Government for the maintenance of roads after the contractual period of five years is over, so that the huge outlay spent on the construction of road under PMGSY is not wasted due to the lack of maintenance. Besides, there is an urgent need to closely monitor the maintenance of PMGSY roads during the period of contract.

F. Vigilance and Monitoring Committees (V&MCs)

3.102 With a view to revitalizing the role and functions of the Vigilance & Monitoring Committees for making them important instruments of effective monitoring of the implementation of the programmes of the Ministry, these Committees at State/Union Territory and district levels were reconstituted for each State/UT and district. Detailed guidelines containing the composition, role and functions of these reconstituted Committees as well as instructions for conducting Meetings have been issued to all concerned. It has been stipulated that the meetings of these Committees may be held on a quarterly basis. Elected representatives *i.e.* Members of Parliament have been assigned a central role in the reconstituted V&M Committees.

3.103 The Vigilance and Monitoring Committees are constituted with a view to fulfill the objective of ensuring quality expenditure, particularly, in the context of large public funds being spent under all the programmes of the Ministry of Rural Development. The major objective of the reconstitution of Vigilance & Monitoring Committees include providing a crucial role for the Members of Parliament and

elected representatives of the people in State Legislatures and Panchayati Raj Institutions in the implementation of the Rural Development programmes and to put in place a mechanism to monitor the execution of the Schemes, in the most effective manner and within the given time frame, as a result of which, the public funds are put to optimal use and the Programme benefit may flow to the rural poor in full measure. These Committees also keep a close watch over the implementation of the programmes as per the prescribed guidelines.

3.104 When asked whether the meetings of the Vigilance and Monitoring Committees at the State and district level are being held every quarter, the Department in written replies have furnished that as per revised guidelines issued by the Ministry of Rural Development in 2005, the meetings of the State and District level Vigilance & Monitoring Committee (SL-V&MCs and DL-V&MCs) should be held on quarterly basis. However, as per information made available to this Ministry, in most of the cases, these meetings are not being held on quarterly basis. During the year 2006-2007, in 25 States/UTs. 36 SL-V&MCs and in 529 districts 818 DL-V&MCs meetings were held. During the current year up to 15 March, 2008, as per information available, 30 SL-V&MCs and 674 DL-V&MCs have been held in 22 States/UTs and 482 districts respectively.

3.105 As per the replies furnished by the Department, in 127 districts not even a single District V&MC has been held. Only in one district *i.e.* Nandubar district of Maharashtra, the V&MC meeting has been held as per norms. Further, in 127 districts, and in the States of Gujarat, Haryana Himachal Pradesh, J&K, Meghalaya, Mizoram, Orissa and Tripura not even a single V&MC meeting has been held. When asked about the measures being taken by the Department to ensure the District Level Vigilance and Monitoring Committee meetings are held regularly, the Department in their written replies have furnished that in order to streamline DL-V&MC meetings, the Ministry had also imposed a condition on 10 August, 2006 that the 2nd instalment for the programme would be released only after getting confirmation of holding of at least one meeting. There has been considerable progress. However, few districts still did not conduct at least one meeting in spite of this condition. The Ministry had waived this condition in some cases keeping in view that on account of non-holding of meetings, the beneficiaries should not be penalized or denied funds for no fault of theirs. Further, the Ministry also issued a circular on 23 January, 2007 for holding Special Meetings. In case regular DL-V&MC meetings are not being held or frequently postponed due to various factors, the Member Secretary of the Committee would

convene a Special Meeting during the second quarter of the year, if meeting of the first quarter had not been held and this Special meeting will not be cancelled/postponed on account of any reason and senior most Member who is present in the meeting, will chair this Special Meeting. Instructions have also been issued that District Collector/ District Magistrate will only be the Member Secretary of this Committee otherwise special permission given by the Ministry and he will also not depute any one else in his place to attend these meetings.

3.106 The Committee note that the objective of constituting the Vigilance and Monitoring Committees (V&MCs) is to maintain effective monitoring and execution of various schemes and to ensure quality expenditure so that the benefit of various schemes reaches the poor in full measure. However, the Committee are concerned with the way the V&MCs are functioning. Shockingly, only one district in the country has held the V&MC meeting as per the norm of holding of one meeting every quarter. Further, in 127 districts, and in the States of Gujarat, Haryana, Himachal Pradesh, J&K, Meghalaya, Mizoram, Orissa and Tripura not even a single V&MC meeting has been held. In order to streamline the District level V&MC, the Department had imposed the condition that the second instalment would be released only after getting confirmation of holding at least one meeting at State and district level. The Utilisation Certificates were also modified to this effect. However, even after this relaxation, most of the district level V&MCs could not hold the meeting. The Committee note that in order to avoid penalizing the beneficiaries for no fault of theirs, funds were released to the implementing agencies in these States or districts.

The Committee further note that the elected representatives have been assigned a central role in the V&MCs. All Members of Parliament are either Chairman or Co-Chairman of the District level V&MCs and an officer not below the rank of District Collector is the Member-Secretary to the V&MC who is accountable for holding the V&MCs at regular intervals. However, the Committee feel that the role and powers of the Members of Parliament have not been clearly defined in the constitution of V&MCs. Further, the Committee have not been informed whether any action has been taken against the Member-Secretary of the 127 districts who could not conduct even a single V&MC meeting particularly when they have been made accountable for not holding V&MC meetings regularly. The Committee recommend that the role and powers of the Members of Parliament and other functionaries of the V&MCs may be clearly defined in guidelines so that they can discharge their duties

effectively. The Committee would further like to recommend that the minutes of the V&MC meetings held at State/District level and duly signed by the Member of Parliament, who is the Chairman/Co-Chairman should be sent to the Union Ministry of Rural Development on a regular basis. Besides, the Union Ministry of Rural Development should monitor the action taken on the decision taken during the meeting. A mechanism in the Ministry should be evolved whereby the officials of the Ministry should also pay random visit to the districts to know the functioning of the district.

G. Right to Information

3.107 As per the written replies furnished by the Ministry, they have made the necessary arrangements under the landmark Act to provide the information on demand. The website of the Ministry provides detailed information about the Ministry and its various programmes. The information on the website includes Schemes guidelines, fund allocation and sanctions under various programmes, their physical and financial progress, tenders invited, various circulars, emails of DRDAs, States Secretaries of Rural Development, links to important websites etc.

3.108 The website of the Ministry is updated on a regular basis everyday. The periodicity of updation depends on the nature of information, *e.g.* entries under RD News are updated everyday and under Circulars, as and when issued.

3.109 During the field visits of the Committee to various backward districts of the country, people had complained that information was not divulged to them even after invoking the Right to Information Act. In fact, most of the people were not aware of this right. The printed job cards divulged very little information. The job cards did not even indicate the name and designation of officers, their responsibilities etc. whom people should approach in the event of any difficulty.

3.110 The Committee appreciate the efforts of the Department for disclosing as much information as possible on their website. However, the Committee are more concerned about the various tools being provided to the public to lodge complaint through these user-friendly websites. The Committee observe that although all important activities and programmes of the Ministry are provided on the website, they are of very little use to the rural public who are generally innocent and illiterate and not aware as to how to lodge the complaint. The Committee recommend that the vital information about the right of the people under the RTI Act and the name, designation, telephone number, responsibilities etc. of various

functionaries responsible for the execution of the rural development schemes should also be indicated in brief on the Job Card.

3.111 The Committee in their earlier reports had also recommended for issue of unique complaint number for each scheme so that complainants can lodge their complaints on the official website. Besides, such complaints should be disposed of in a time-bound manner and the complainants as informed accordingly. In this regard while reiterating their earlier recommendation, the Committee desire that the website of the Department being maintained for various schemes should have a feature whereby the public can lodge a complaint and get a complaint number. Further there should be a provision to know the status of the complaint on the website.

H. Finalisation of BPL List

3.112 The Ministry of Rural Development conduct a Below Poverty Line (BPL) Census through the State Governments and UT Administrations in the beginning of the Five Year Plan. The first such BPL Census was conducted for the 8th Five Year Plan in 1992. For the Ninth Five Year Plan, the BPL Census 1997 was conducted. The objective of the BPL Census is to identify the rural households living Below the Poverty Line who could be assisted under various programmes of the Ministry.

3.113 When asked whether the BPL Census for the Eleventh Plan has been finalised, the Department have stated that the results of BPL Census 2002 conducted for the Tenth Five Year Plan could not be finalized in time because the Supreme Court had passed a stay order which was vacated on 14 February, 2006. Now it has been decided that Planning Commission will set up an Expert Group to recommend the methodology for the next BPL Census to be conducted for the Eleventh Plan. The Eleventh Five Year Plan Document approved by the National Development Council on 19 December, 2007 includes the above provision of setting up of Expert Group by the Planning Commission.

3.114 Regarding the methodology adopted to determine the BPL Status, the Department in written replies have stated that in India, the estimation of poverty is done by the Planning Commission based on quinquennial expenditure surveys conducted by the National Sample Survey Organisation (NSSO). The Planning Commission has defined poverty in terms of per capita monthly expenditure corresponding to per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas. The poverty line defined in this way covers the expenditure on food and non-food items (such as fuel, clothing, housing, health, education, etc.).

3.115 The Ministry of Rural Development provides financial and technical assistance to the States/UTs for conducting the BPL Census in the rural areas to identify the BPL households who could be assisted under various schemes of the Ministry. The last BPL Census 2002 conducted for the Tenth Five Year Plan was based on the methodology of Score Based Ranking of rural households which was recommended by the Expert Group using the 13 socio-economic parameters. The States/UTs were advised to identify the number of rural households which may be equal to the poverty estimates of 1999-2000 or Adjusted Share computed by the Planning Commission, whichever is higher and additional 10 per cent flexibility was allowed to account for the transient poor. The States/UTs were allowed the flexibility to decide cut off score accordingly which could be uniform for the State as a whole or may vary from district to district depending upon the local factors.

3.116 The guidelines of BPL Census 2002 makes it mandatory to get the approval of Gram Sabhas before finalizing the BPL List. The Department in the written replies have stated that 21 States and UTs reported to have finalized the BPL list after getting it approved by the Gram Sabhas. The States like Bihar, Haryana, J&K, Kerala, Manipur, Meghalaya, Orissa, Sikkim, Tripura, Dadra & Nagar Haveli, Lakshdweep and Puducherry have yet not finalized the BPL list after getting it approved by the Gram Sabhas.

3.117 When enquired whether the BPL Census 2002 would be applicable for the Eleventh Five Year Plan or a fresh BPL Census carried out since one year of Eleventh Plan has already elapsed, the Department have stated that the results of BPL Census 2002 were delayed because of the stay order passed by the Supreme Court on 5 May, 2003 while hearing the Writ Petition of 196/2001 in the matter of PUCL Vs Union of India. The stay was vacated on 14 February, 2006 thereafter, the States had to go through the entire process of getting the BPL list approved by the Gram Sabhas and completion of two-stage appeal process etc. A number of States had reported the receipt of a large number of appeals and the disposal of such appeals took considerable time. Moreover, on the directions of the Hon ble Supreme Court, a provision was also made to allow new names to be added and ineligible names deleted from the BPL list on a continuous basis during the period to which the list applies. With this provision, the BPL list may not become obsolete. However, in the normal course, fresh BPL Census is conducted generally in the beginning of a Five Year Plan. Because the results of BPL Census 2002 were delayed which in turn resulted delay in conducting fresh BPL Census for the Eleventh Five Year Plan, now a decision has already been taken that the Planning Commission will set an Expert Group to recommend a more suitable methodology to conduct the next BPL Census to identify BPL households.

3.118 The Committee are concerned to note that the BPL List based on 2002 Census has been delayed for a long time. The Committee in their earlier reports have been repeatedly emphasizing for speedy finalisation of the BPL List. However, as on date, only 21 States and Union Territories have reported to have finalized the BPL List after getting it approved by the Gram Sabhas, which is mandatory as per guidelines of BPL Census, 2002. The States like Bihar, Haryana, J&K, Kerala, Manipur, Meghalaya, Orissa, Sikkim, Tripura, Dadra & Nagar Haveli, Lakshadweep and Puducherry are yet to get the mandatory approval from the Gram Sabhas. The Committee again emphasize for early finalization of BPL results based on BPL Census, 2002, so that the benefits under different schemes reach to the targeted persons.

3.119 The Committee further note that BPL Census is conducted in the beginning of a Five Year Plan. The BPL Census, 2002 was conducted to finalise the BPL List for the Tenth Five Year Plan. Even when the Tenth Plan is over and one year of the Eleventh Plan has already passed, BPL list is yet to be finalized in many States. The Committee also note that a decision has been taken by the Planning Commission to set up an Expert Group to recommend a more suitable methodology to conduct the next BPL Census to identify the BPL households. The Committee note that huge amount of funds are being allocated by the Central Government through various welfare schemes meant for the poorest of the poor. The intended beneficiaries for the schemes are selected on the basis of the BPL List. Unless the BPL List is updated periodically, the benefits intended under various schemes cannot reach the genuine beneficiaries. The Committee strongly recommend that the Expert Group to suggest suitable methodology to conduct the next BPL Census should be set up expeditiously. The recommendations made by the Committee in various reports as given in *Appendix-VIII* should be taken into consideration while finalizing methodology.

NEW DELHI;
17 April, 2008

28 Chaitra, 1930 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

APPENDIX I

STATEMENT SHOWING PERCENTAGE INCREASE IN VARIOUS SCHEMES/PROGRAMMES DURING 5 YEARS

(Rs. in crores)

Sl.No.	Name of the Scheme	2003-2004		2004-2005		2005-2006		2006-2007		2007-2008		2008-2009	
		Outlay	Outlay	% increase over 2003-2004	Outlay	% increase over 2004-2005	Outlay	% increase over 2005-2006	Outlay	% increase over 2006-2007	Outlay	% increase over 2007-2008	
1	2	3	4	5	6	7	8	9	10	11	12	13	
CENTRAL PLAN SCHEMES													
1.	Swamajayanti Gram Swarozgar Yojana	800.00	1000.00	25.00	960.00	-4.00	1200.00	25.00	1800.00	50.00	2150.00	19.44	
2.	Sampoorna Gramin Rozgar Yojana (SGRY)*	4900.00	5100.001	4.08	4000.00	-21.57	3000.00	-25.00	2800.00	-6.67	0.00	0.00	
3.	National Food For Work Programme	0.00	0.00	0.00	6000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.	National Rural Employment Guarantee Scheme	0.00	0.00	0.00	0.00	0.00	1130.00	0.00	12000.00	0.00	16000.00	33.33	
5.	Rural Housing (Indira Awaas Yojana)	1900.00	2500.00	31.58	2775.00	11.00	2920.00	5.23	4040.00	38.36	5400.00	33.66	
6.	DRDA Administrations	220.00	230.00	4.55	220.00	-4.35	220.00	0.00	212.00	-3.64	250.00	17.92	

1	2	3	4	5	6	7	8	9	10	11	12	13
7.	Pradhan Mantri Gram Sadak Yojana Rural Roads	2325.00	2468.00	6.15	4235.00	71.07	5225.62	23.39	6500.00	24.39	7530.00	15.85
8.	National Institute of Rural Development (NIRD)	6.00	9.00	50.00	10.00	11.11	12.00	20.00	10.00	-16.66	15.00	50.00
9.	Council for Advancement of People s Action & Rural Technology (CAPART)	50.00	65.00	30.00	70.00	7.69	70.00	0.00	60.00	14.29	50.00	-16.66
10.	PURA	0.00	1.00	0.00	10.00	900.00	10.00	0.00	10.00	0.00	30.00	200.00
11.	Management support to RD programmes and strengthening district planning process**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68.00	0.00	75.00	10.29
	(a) Training Scheme	39.00	24.40	-37.44	24.00	-1.64	30.00	25.00	0.00	-100.00	0.00	0.00
	(b) Information, Education & Communication	10.00	20.00	100.00	15.00	-25.00	18.00	20.00	0.00	-100.00	0.00	0.00
	(c) Monitoring Mechanism	20.00	20.00	0.00	15.00	-25.00	20.00	33.33	0.00	-100.00	0.00	0.00
	Total Rural Development	10270.00	11437.40	11.37	18334.00	60.30	24025.62	31.04	27500.00	14.46	31500.00	14.55

*The entire SGRY will be subsumed with NREGA *w.e.f.* 1.4.2008.

**The Training scheme (SIRD/ETC, IT, IC), IEC & Monitoring Mechanism has since been merged under Management support to RD programmes and strengthening district planning process from 2007-2008.

APPENDIX II
DEPARTMENT OF RURAL DEVELOPMENT
DETAILS OF THE PROPOSED ALLOCATION FOR THE ELEVENTH PLAN

(Rs. in crores)

Sl.No.	Name of the Schemes	Proposed Outlays for 11th Plan	11th Plan Outlays (Tentative)	2007-2008		2008-2009	
				B.E.	R.E.	Actual exp. upto 19.3.2008	B.E.
1	2	3	4	5	6	7	8
1.	Swamajayanti Gram Sworozgar Yojana	71123.00	17803.00	1800.00	1800.00	1563.75	2150.00
2.	Sampoorna Gramin Rozgar Yojana*	7899.00	5600.00	2800.00	3800.00	2814.30	
3.	National Rural Employment Guarantee Scheme	118678.00	100000.00	12000.00	12000.00	12425.49	16000.00
4.	Rural Housing Indira Awaas Yojana	51226.90	26882.21	4040.00	4040.00	3677.00	5400.00
5.	DRDA Administration	1437.00	212.00	212.00	212.00	211.88	250.00
6.	N.I.R.D.	191.00	105.00	10.00	10.00	10.00	15.00
7.	Assistance to C.A.P.A.R.T.	500.00	250.00	60.00	60.00	54.00	50.00
8.	PURA	5950.00	280.00	10.00	10.00	0.00	30.00

1	2	3	4	5	6	7	8
9.	Management Support to RD Programme & Strengthening district Planning Process	2273.82	550.00	68.00	68.00	55.48	75.00
10.	Pradhan Mantri Gram Sadak Yojana	69301.00	43251.07	6500.00	6500.00	5808.12	7530.00
	Total Rural Development	328579.72**	194933.28	27500.00	28500.00	26620.02	31500.00

*The entire SGRY will be subsumed with the NREGA w.e.f. 1.4.2008.

**Excludes Rs. 68730.72 crore proposed for the scheme of National Social Assistance Programme (NSAP).

APPENDIX III

DEPARTMENT OF RURAL DEVELOPMENT STATEMENT SHOWING THE MONTHLY EXPENDITURE PLAN FOR 2007-2008

(In crore of Rupees)

Month	Plan	Non-Plan	Total	Cumulative Total
April	5005.34	1.98	5007.32	5007.32
May	2385.24	5.57	2390.81	7398.13
June	1424.14	1.05	1425.19	8823.32
July	803.12	1.05	804.17	9627.49
August	809.28	1.05	810.33	10437.82
September	1228.97	1.05	1230.02	11667.84
October	267.12	1.32	268.44	11936.28
November	440.84	1.06	441.90	12378.34
December	864.57	5.59	870.16	13248.34
January	803.64	1.06	804.70	14053.04
February	584.22	1.06	585.28	14638.32
March	883.52	1.02	884.54	15522.86
Total (excluding NREGA)	15500.00	22.86	15522.86	
NREGA*	12000.00	0.00	12000.00	27522.86
Total	27500.00	22.86	27522.86	

*Monthly targets cannot be specified for National Rural Employment Guarantee Act (NREGA) as the programme is demand driven.

APPENDIX IV

FINANCIAL REQUIREMENTS

STATEMENT INDICATING SCHEME-WISE OUTLAYS AND EXPENDITURE FOR THE YEAR 2006-07

S. No	Name of the Scheme	Budget Estimates 2006-2007	Revised Estimates 2006-2007	Actual Expenditure 2006-2007	Budget Estimates 2007-2008	Revised Estimates 2007-2008	Expenditure upto January, 2008	Budget Estimates 2008-2009
	PLAN SCHEMES							
1.	Swarnjayanti Gram Swarozgar Yojana	1200.00	1200.00	1194.48	1800.00	1800.00	1365.38	2150.00
2.	Sampoorna Gramin Rozgar Yojana*(SGRY)							
	(a) Cash Component	3000.00	3000.00	3466.99	2600.00	1723.46	1198.84	
	(b) Foodgrain Component	0.00	0.00	1368.37	200.00	2076.54	1376.54	
3.	National Rural Employment Guarantee Scheme	11300.00	11300.00	8694.25	12000.00	12000.00	10508.98	16000.00
4.	Rural Housing (IAY)	2920.00	2920.00	2910.84	4040.00	4040.00	2853.88	5400.00
5.	DRDA Administration	220.00	220.00	240.00	212.00	212.00	191.46	250.00
6.	Grants to National Institute of Rural Development (NIRD)	12.00	6.83	6.83	10.00	10.00	5.00	15.00
7.	Assistance to CAPART	70.00	70.00	35.00	60.00	60.00	30.00	50.00
8.	Provision for Urban Amenities in Rural Areas (PURA)	10.00	10.00	10.00	10.00	10.00	0.00	30.00
9.	Management Support to RD programme & strengthening district planning process	68.00	73.17	75.24	68.00	68.00	43.16	75.00
10.	Pradhan Mantri Gram Sadak Yojana (PMGSY) Rural Roads	5225.62	5475.62	6273.62	6500.00	6500.00	5664.26	7530.00
	TOTAL - PLAN	24025.62	24275.62	24275.62	27500.00	28500.00	23237.50	31500.00

TOTAL EXPENDITURE

(As on 31 January, 2008, excluding NREGA) (Rs. 23237.50 Rs. 10508.98)

12728.52

*The entire SGRY will be subsumed with the NREGA w.e.f. 1.4.2008.

APPENDIX V

RATE OF WAGES PAID IN DIFFERENT STATES

Sl.No.	Name of State/ District	2007-08 Prevailing Wage rate under NREGA (Rs./Day)
1	2	3
1.	Assam	Rs. 66.00
2.	Andhra Pradesh	Rs. 80
3.	Arunachal Pradesh	Area-I Rs. 65 Area-II Rs. 67
4.	Bihar	Rs. 77.00
5.	Gujarat	Rs. 50
6.	Haryana	Rs. 99.21
7.	Himachal Pradesh	Rs. 75.00
8.	Jammu and Kashmir	Rs. 70.00
9.	Karnataka	Rs. 74.00
10.	Kerala	Rs. 125
11.	Madhya Pradesh	Rs. 67.00
12.	Maharashtra	Rs. 72, Rs. 70, Rs. 68 & Rs. 66 respectively for Zone I, II, III, IV
13.	Manipur	Rs. 81.40 for Hill & Valley
14.	Meghalaya	Rs. 70.00
15.	Mizoram	Rs. 91.00
16.	Nagaland	Rs. 100.00
17.	Orissa	Rs. 70.00

1	2	3
18.	Punjab	
	Hoshiarpur	Rs. 95.00
	Jalandhar	Rs. 93
	Nawansahr	Rs. 94.91
	Amritsar	Rs. 95.00
19.	Rajasthan	Rs. 100.00
20.	Sikkim	Rs. 85.00
21.	Tamil Nadu	Rs. 80.00
22.	Tripura	Rs. 60.00
23.	Uttar Pradesh	Rs. 100.00
24.	West Bengal	Rs. 70.00
25.	Chhattisgarh	Rs. 66.70
26.	Jharkhand	Rs. 85.40
27.	Uttaranchal	Rs. 73.00

APPENDIX VI

STATEMENT INDICATING THE CREDIT DISBURSED UNDER SGSY DURING 2006-07

(Rs. in lakhs)

Sl.No.	States/U.T.	Till Month	Opening Balance As on 1.4.2006	Central Allocation	State Allocation	Total Allocation	Central Releases	State Releases	Misc. Receipts	Total Funds Available	Utilisation	%age of Utilisation	Total Credit Target	Total Credit Disbursed	Total Credit Disbursed (in % age)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	Andhra Pradesh	3	599.88	5885.70	1961.90	7847.60	5885.67	2567.52	474.69	9527.76	9010.51	94.57	14905.21	47173.34	316.49
2.	Arunachal Pradesh	3	147.83	282.45	94.15	376.60	125.36	94.64	9.89	377.72	215.00	56.92	797.49	173.92	21.81
3.	Assam	3	1225.69	7339.07	2446.36	9785.43	7217.03	1499.05	3257.25	13199.02	9156.20	69.37	20722.10	8852.49	42.72
4.	Bihar	3	11735.47	13998.30	4666.11	18664.41	11613.93	3600.00	310.64	27260.04	15523.33	56.95	35461.96	17823.58	50.26
5.	Chhattisgarh	3	418.26	3109.61	1036.54	4146.15	3093.97	1033.80	147.90	4693.93	4677.29	99.65	7872.46	7149.58	90.82
6.	Goa	3	9.29	50.00	16.67	66.67	50.00	8.33	2.44	70.06	61.50	87.78	120.01	103.33	86.10
7.	Gujarat	3	92.51	2216.70	738.90	2955.60	2208.34	731.63	18.18	3050.66	2846.60	93.31	8000.00	4863.48	60.79
8.	Haryana	3	29.45	1304.92	434.97	1739.89	1304.92	434.98	124.88	1894.23	1857.92	98.08	3300.82	3829.74	116.02
9.	Himachal Pradesh	3	120.94	548.73	182.91	731.64	517.66	107.51	121.98	868.09	630.01	72.57	1390.10	1625.66	116.95
10.	Jammu and Kashmir	3	200.93	679.13	226.38	905.51	591.21	318.61	9.08	1119.83	864.95	77.24	1720.44	2247.03	130.61

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
11.	Jharkhand	3	1480.83	5278.02	1759.34	7037.36	4736.81	1284.52	123.73	7625.89	6037.02	79.16	13365.79	6613.37	49.48
12.	Karnataka	3	1082.96	4445.01	1481.67	5926.68	4185.34	1301.30	20.47	6590.07	5723.25	86.85	11255.54	8499.59	75.51
13.	Kerala	3	104.25	1995.54	665.18	2660.72	1985.02	664.93	8.90	2763.10	3717.76	98.36	5050.31	3929.92	77.82
14.	Madhya Pradesh	3	600.87	6664.05	2221.35	8885.40	6566.78	2183.69	518.69	9870.03	9316.78	94.39	20000.00	14973.87	74.87
15.	Maharashtra	3	651.88	8784.83	2928.28	11713.11	8740.87	2914.47	957.34	13264.56	12608.68	95.06	22249.46	14442.78	64.91
16.	Manipur	3	111.30	492.01	164.00	656.01	184.35	123.00	14.22	432.87	218.57	50.49	1389.19	289.25	20.82
17.	Meghalaya	3	142.38	551.23	183.74	734.97	308.92	51.08	21.87	524.25	366.38	69.89	1556.41	165.39	10.63
18.	Mizoram	3	6.06	127.56	42.52	170.08	125.14	30.11	254.55	415.96	139.56	33.55	360.16	66.85	18.56
19.	Nagaland	3	26.71	378.12	126.04	504.16	234.97	80.00	0.73	342.41	272.37	79.54	1067.62	74.40	6.97
20.	Orissa	3	442.30	6729.73	2243.24	8972.97	6724.76	2259.92	104.54	8646.92	8611.11	99.59	17048.50	14006.77	82.16
21.	Punjab	3	8.55	635.23	211.74	846.97	633.02	205.18	37.91	884.46	1103.27	124.74	1604.16	2485.71	154.95
22.	Rajasthan	3	1708.83	3375.71	1125.24	4500.95	3222.55	1086.47	82.76	6100.61	4825.90	79.11	8546.71	12560.49	146.96
23.	Sikkim	3	26.42	141.22	47.07	188.29	141.22	60.00	12.45	240.09	211.35	88.03	398.75	165.15	41.42
24.	Tamil Nadu	3	277.11	5204.41	1734.80	6939.21	5204.41	1734.80	337.79	7554.11	7342.13	97.19	13179.47	8911.07	67.61
25.	Tripura	3	88.10	838.34	296.11	1184.45	1137.37	296.12	12.87	1534.46	1205.83	78.58	2508.26	1555.54	62.02

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
26.	Uttar Pradesh	3	3244.57	20152.62	6717.54	26870.16	19901.38	6648.32	866.94	30661.21	26142.53	85.26	51052.43	41121.15	80.55
27.	Uttaranchal	3	52.43	1061.01	353.67	1414.68	1061.01	353.68	56.15	1523.27	1399.53	91.88	2682.95	2005.84	74.76
28.	West Bengal	3	2295.58	7480.75	2493.58	9974.33	6201.87	2167.09	336.74	11001.28	9165.29	83.31	18946.01	3161.11	16.68
29.	A&N Islands	3	64.52	25.00		25.00	0.00		0.18	64.70	6.10	9.43	45.00	0.00	0.00
30.	Daman & Diu	3	90.14	25.00		25.00	0.00		1.58	91.72	0.50	0.55	45.00	0.00	0.00
31.	D& N Haveli	3	1.05	25.00		25.00	12.50		0.08	13.63	3.09	22.67	45.00	4.34	9.64
32.	Lakshadweep	2	44.94	25.00		25.00	0.00		1.56	46.50	5.07	10.90	45.00	8.90	19.78
33.	Pondicherry	3	49.83	100.00		100.00	100.00	50.00	2.12	201.95	154.19	76.35	180.00	237.79	132.11
	Total		26297.06	110000.00	36600.00	146600.00	104016.38	33890.75	8251.20	172455.39	142419.57	82.58	286912.31	229121.43	79.86
	Other Schemes						15430.00								
	Grand Total						119446.38								

APPENDIX VII

STATEMENT INDICATING THE CREDIT DISBURSED UNDER SGSY DURING 2007-08

(Rs. in lakhs)

Sl.No.	States/U.T.	Till Month	Opening Balance As on 1.4.2007	4	5	6	7	8	9	10	11	12	13	14	15	16
				Central Allocation	State Allocation	Total Allocation	Central Releases	State Releases	Misc. Receipts	Total Funds Available	Utilisation of Funds	% of Utilisation	Total Credit Target	Total Credit Disbursed	Total Credit Disbursed	(in % age) Credit Disbursed
1.	Andhra Pradesh	11	524.46	8980.19	2993.40	11973.59	8691.14	1798.41	28.83	11042.84	5510.03	49.90	14905.21	11907.97	79.89	
2.	Arumachal Pradesh	10	144.33	498.44	166.15	664.59	221.48	0.00	9.36	375.17	15.25	4.06	797.49	6.52	0.82	
3.	Assam	12	685.76	12951.32	4317.11	17268.43	6475.66	2670.00	3249.88	13081.30	10457.63	79.94	20722.10	5870.82	28.33	
4.	Bihar	11	13908.61	21363.17	7121.06	28484.23	783.57	1507.91	72.16	16272.25	7318.49	44.98	35461.96	10364.19	29.23	
5.	Chhattisgarh	12	184.82	4744.20	1581.40	6325.60	4221.15	975.80	160.46	5542.23	3686.77	66.52	7872.46	4558.39	57.90	
6.	Goa	12	7.88	75.00	25.00	100.00	37.51	17.40	1.98	64.77	37.41	57.76	120.01	65.59	54.65	
7.	Gujarat	12	262.23	3380.31	1126.77	4507.08	3026.49	575.38	5.50	3869.60	2130.75	55.06	8000.00	2738.28	34.20	
8.	Haryana	12	39.61	1988.70	662.90	2651.60	1988.71	331.45	56.93	2416.70	1196.53	49.51	3300.82	1459.95	444.23	
9.	Himachal Pradesh	12	202.39	837.51	279.17	1116.68	616.28	234.48	54.89	1108.04	486.87	43.94	1390.10	1292.25	92.96	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
10.	Jammu and Kashmir	5	186.54	1036.54	435.51	1382.05	610.00	39.48	2.98	839.00	17.09	2.04	1720.44	1054.37	61.28
11.	Jharkhand	9	937.08	8054.92	2684.97	10739.89	5059.14	1326.62	34.26	7357.10	2809.56	38.19	13365.79	2667.05	19.88
12.	Karnataka	12	1386.67	6781.32	2260.44	9041.76	5664.03	1222.04	89.47	8362.21	4912.64	58.75	11255.54	4423.80	39.30
13.	Kerala	12	45.77	3042.76	1014.25	4057.01	3022.70	507.12	25.82	3801.41	1930.19	53.60	5050.31	2238.17	44.32
14.	Madhya Pradesh	12	561.70	10167.06	3389.02	13556.08	8387.48	2539.47	284.96	11773.61	6714.72	57.03	20000.00	8495.27	42.48
15.	Maharashtra	12	750.47	13405.01	4468.34	17873.35	12556.03	2306.96	510.22	16123.68	8066.32	50.03	22249.46	6679.95	30.02
16.	Manipur	8	89.37	868.24	289.41	1157.65	69.29	4.83	1.26	164.75	79.27	48.12	1389.19	0.00	0.00
17.	Meghalaya	10	128.14	972.76	324.25	1297.01	433.34	97.83	1.68	660.99	224.54	33.97	1556.41	73.99	4.76
18.	Mizoram	12	13.62	225.10	75.03	300.13	218.01	37.71	0.19	269.53	121.40	45.04	360.16	15.45	4.29
19.	Nagaland	11	31.12	667.26	222.42	889.68	278.69	16.74	2.27	328.82	148.42	45.14	1067.62	0.00	0.00
20.	Orissa	12	35.81	10271.49	3423.83	13695.32	6740.14	1708.30	54.39	8538.64	4694.56	54.98	17048.50	5685.60	32.23
21.	Punjab	12	64.53	966.49	322.16	1288.65	922.89	218.46	21.69	1227.57	675.60	55.04	1604.16	1417.53	88.37
22.	Rajasthan	12	1565.60	5149.28	1716.43	6865.71	4584.85	865.52	24.05	7040.02	3235.79	45.96	8546.71	5963.70	69.78
23.	Sikkim	12	22.77	249.22	83.07	332.29	124.61	28.00	4.62	180.00	143.38	79.66	398.75	82.43	20.67
24.	Tamil Nadu	12	188.04	7940.46	2646.82	10587.28	7940.45	1832.80	111.71	10073.00	7310.93	72.56	13179.47	4640.62	35.21

APPENDIX VIII

STATEMENT INDICATING OBSERVATIONS/RECOMMENDATIONS MADE BY THE COMMITTEE REGARDING EXPEDITING THE FINALISATION OF BPL LIST

Report No.	Para No.	Subject	Recommendation
1	2	3	4
9	2.34	Demands for Grants (2005-2006) of the Department of Rural Development (Ministry of Rural Development)	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 arbitrary 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 concern in this regard should also be brought before the Planning Commission and matter should be review afersh.
17	22	Action Taken Report on 9th Report of the Committee pertaining to Demands for Grants (2005-2006)	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

1	2	3	4
		of the Department of Rural Development (Ministry of Rural Development)	<p>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 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.</p>
22	2.81	Report of the Committee on the subject Rural Housing	<p>The Committee would in this regard like to draw the attention of the Department on various recommendations made in report on Demands for Grants for the year</p>

2006-07 of the Department of Rural Development. The Committee had appreciated the initiative taken by the Department to instruct the State Governments to prepare the waitlist of Indira Awaas Yojana as per the rank of BPL list and display it at the prominent places. Further, while examining the Demands for Grants (2006-07) of the Department of Land Resources, the Committee had recommended to explore the possibility of using wastelands for setting up agricultural universities and for constructing houses under Government schemes for the landless persons in consultations.

2.82

The Committee are at a loss to understand how the houses as per the priority list of BPL persons could be provided in case the beneficiary does not have land. In view of his scenario, the Committee are of the opinion that there is an urgent need to explore the possibility of providing land to landless persons for construction of a shelter. The Committee feel that most of the land in rural areas might be belonging to Gram Panchayat/State Governments and as such the possibility of providing land to BPL persons for the purpose of housing may be examined. Besides, the aforesaid recommendation of the Committee with regard to using

wasteland may also be examined in consultation with the State Government, the Department of Land Resources and the Ministry of Panchayati Raj and viable solution in this regard should be arrived at. Further, as regards acquisition of private land, the Committee would like to recommend to the Government to explore the possibility of inviting private sector in the field of rural housing with the condition that a certain percentage of houses are mandatorily provided for the BPL category of persons.

2.83

Besides, the Committee note that Land Acquisition Act while addresses to various issues related to acquisition of land for public purpose is an old Act of 1894. The Committee have repeatedly been recommending to amend the aforesaid legislation in their respective reports. The Committee reiterate their earlier recommendation to expedite the amendment of the aforesaid legislation so that the process of acquisition of land may become easier and it may facilitate land being made available by various State Governments for construction of houses for BPL persons. With the aforesaid initiatives State Governments should also be persuaded to have the land Banks from where land

agencies involved in identification of BPL persons leading to corruption and malpractice and as such the genuine poorest of the poor would be debarred from the intended benefits from the various schemes/programmes. The Committee deplore the way the Department is trying to justify such limitations even when the Committee has repeatedly been expressing strong concern over it. Besides, the Committee fail to understand how the Department can convince the Planning Commission or other authorities concerned on the matter when it itself supports the aforesaid cap on BPL families. The Committee while reiterating their earlier recommendation would like the Department to convey the concerns of the Committee to the Cabinet Secretariat with the strongest feelings, the concerns have been expressed so that such limitations are not imposed while finalizing the BPL data for Eleventh Plan.

29	2.19	<p>Demands for Grants (2007-2008) of the Department of Rural Development (Ministry of Rural Development)</p> <p>The Committee find that the BPL list so far has been approved only in six States by the Gram Sabhas viz. Arunachal Pradesh, Madhya Pradesh, Jharkhand, Chhattisgarh, Uttar Pradesh and Uttarakhand. In other</p>
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States, the process of getting the mandatory approval from Gram Sabhas is still going on. In some States like Gujarat, Haryana, Bihar, Rajasthan, large number of objections were filed with the appellate authorities to resolve the objections filed by people in connection with the BPL list while means that there would be further delay in finalisation of BPL list. On the part of the Ministry, they have reportedly discussed the issue in every Performance Review Committee (PRC) besides taking up the matter with the Chief Secretaries of the defaulting States. The Committee further note that a lost of efforts are being made by the Department to put pressure on the State Governments to finalize the BPL list. The issue has been discussed to each Performance Review Committee meeting held during the current year. The matter was particularly discussed in the meeting held on 20-21 December, 2006. States have also been informed that release of funds can be tied up with finalisation of BPL list. A meeting of the Performance Review Committee is scheduled to be held in April, 2007 where the issue would be discussed with the State Secretaries and the timeframe finalised.

2.20

The Committee find that crores of rupees are being allocated by the Union Government through various welfare schemes meant for the poorest of the poor. Unless, the BPL list is finalised, the benefit envisaged under these schemes can not reach to the intended beneficiaries. In spite of best efforts made by the Department, the results are not forthcoming and the fate of the genuine poor is hanging and thus they are being deprived of the benefits of the various developmental schemes. The Committee strongly recommend to the Department to take up this matter at the highest level. The State Governments should be taken up this matter at the highest level. The State Governments should be strictly told to finalise the BPL lists without further delay through meetings with State Secretaries/Chief Secretaries/Ministers of State Governments etc. Besides, the matter needs to fix a deadline. The Committee strongly recommend the Department to take all the desired steps so that the BPL list is finalised and displayed at Gram Panchayat Headquarters so that every household knows its status in the survey list and feels secured that he would get the benefits envisaged under the various programmes.

APPENDIX IX

COMMITTEE ON RURAL DEVELOPMENT (2007-2008)

MINUTES OF THE NINTH SITTING OF THE COMMITTEE HELD ON WEDNESDAY, THE 26 MARCH, 2008

The Committee sat from 1100 hrs. to 1330 hrs. in Committee Room G-074, Ground Floor, Parliament Library Building (PLB), New Delhi.

PRESENT

Shri Kalyan Singh *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri V. Kishore Chandra S. Deo
4. Shri Sandeep Dikshit
5. Shri Hannan Mollah
6. Shri A.F.G. Osmani
7. Shrimati Jyotirmoyee Sikdar
8. Shri Sita Ram Singh
9. Shri Bagun Sumbrui
10. Shri Tarit Baran Topdar
11. Shri Chandramani Tripathi
12. Shri Beni Prasad Verma

Rajya Sabha

13. Shri Balihari Babu
14. Shri Jayantilal Barot
15. Kumari Nirmala Deshpande
16. Shri Pyarelal Khandelwal
17. Dr. Ram Prakash
18. Shri P.R. Rajan
19. Ms. Sushila Tiriya

SECRETARIAT

- | | |
|--------------------------|-----------------------------|
| 1. Shri S.K. Sharma | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | <i>Joint Secretary</i> |
| 3. Shrimati Veena Sharma | <i>Director</i> |
| 4. Shri A.K. Shah | <i>Deputy Secretary-II</i> |
| 5. Shri Hoti Lal | <i>Deputy Secretary-II</i> |

**Representatives of the Department of Rural Development
(Ministry of Rural Development)**

1. Dr. Rita Sharma, Secretary
2. Shri Atul Chaturvedi, Special Secretary & FA
3. Shri S. Maria Desalphine, DG, CAPART
4. Shri S.C. Gautam, Chief Economic Adviser
5. Shri J.K. Mohapatra, Joint Secretary
6. Shri Amar Singh, Joint Secretary
7. Smt. Amita Sharma, Joint Secretary
8. Smt. Neelam Sawhney, Joint Secretary
9. Shri Dharmendra Singh Gangwar, Joint Secretary
10. Shri Aditya Prakash, Adviser

2. At the outset, the Chairman welcomed the members to the sitting of the Committee convened for taking oral evidence of the representatives of Department of Rural Development (Ministry of Rural Development) on Demands for Grants (2008-2009).

*[The representatives of the Department of Rural Development
(Ministry of Rural Development) were then called in]*

3. The Committee then took oral evidence of the representatives of the Department of Rural Development (Ministry of Rural Development) on Demands for Grants (2008-2009). The Secretary, Department of Rural Development briefed the Committee on the implementation of the major rural development schemes *viz.* National Rural Employment Guarantee Act (NREGA), Swarnajayanti Gram Swarozgar Yojana (SGSY), Indira Awaas Yojana (IAY) and Pradhan Mantri Gram Sadak Yojana (PMGSY). The Secretary, Department of Rural Development clarified the reasons for the huge unspent balance lying with the Department. He then stated that there was need for enhancement of funds under NREGA and IAY due to the enhancement

of the administrative costs and revision of wage-material component etc. under NREGA and due to the enhancement of per unit cost under IAY.

4. Thereafter, the members raised concerns on the issues concerning NREGA like launching a massive awareness campaign, revision of minimum wages, creation of durable assets, computerization, identification and maintaining a shelf of projects etc. Besides, the members also expressed their concern over the poor performance of Banks in credit mobilisation and increase in rejection rate of loan applications under SGSY, non completion of targets fixed for Bharat Nirman under PMGSY, and failure in holding of Vigilance and Monitoring Committee (V&MC) meetings at regular intervals by the States and Districts.

5. The Secretary, Department of Rural Development, responded to the queries raised by the members. The Chairman, then asked the Secretary to furnish written information on the queries raised by the members replies to which were not readily available during the sitting.

6. A verbatim record of the proceeding has been kept.

*The Committee then adjourned for lunch to
meet again at 1500 hrs.*

APPENDIX X

COMMITTEE ON RURAL DEVELOPMENT (2007-2008)

MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE HELD ON THURSDAY, THE 10 APRIL, 2008

The Committee sat from 1100 hrs. to 1330 hrs. in Committee Room No. D, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri V. Kishore Chandra S. Deo
4. Shri Sandeep Dikshit
5. Shri Hannan Mollah
6. Shri D. Narbula
7. Shri A.F.G. Osmani
8. Adv. Renge Patil Tukaram Ganpatrao
9. Shrimati Jyotirmoyee Sikdar
10. Shri Bagun Sumbrui
11. Shri Tarit Baran Topdar
12. Shri Chandramani Tripathi
13. Shri Beni Prasad Verma

Rajya Sabha

14. Shri Balihari Babu
15. Kumari Nirmala Deshpande
16. Shri Pyarelal Khandelwal
17. Dr. Chandan Mitra
18. Shri P.R. Rajan

SECRETARIAT

- | | |
|---------------------------|----------------------------------|
| 1. Shri S.K. Sharma | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | <i>Joint Secretary</i> |
| 3. Shrimati Sudesh Luthra | <i>Director</i> |
| 4. Shri A.K.Shah | <i>Deputy Secretary Grade-II</i> |
| 5. Shri Hoti Lal | <i>Deputy Secretary Grade-II</i> |

2. At the outset, the Hon ble Chairman welcomed the members to the sitting of the Committee. The Chairman then considered and adopted the draft Report on Demands for Grants (2008-09) of the Department of Rural Development (Ministry of Rural Development) with slight modifications.

3. Thereafter, the Committee took up for consideration the draft Report on Demands for Grants (2008-09) of the Department of Land Resources (Ministry of Rural Development) and adopted the report with slight modifications.

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

The Committee then adjourned to meet after lunch at 1400 hrs.

APPENDIX XI

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

Sl.No.	Para No.	Recommendations/Observations
1	2	3
1.	2.4	<p>The Committee note that direction 73A of the Directions by the Speaker, Lok Sabha is not being followed in the right spirit. This is evident from the considerable delay in making the statement by the Minister on various reports of the Committee. As per the direction, the Minister should make the statement within six months of presentation of the Report to Parliament, which has not been done. The statements have been made after 10 to 21 months of the presentation of the concerned Reports. While the Committee agree that information for furnishing the statement has to be collected from various Departments and States, at the same time they feel that, the period of six months is not a short time and collection of information should be completed within that time period. The Committee desire that, in future, the statement under direction 73A should be made within the prescribed time limit.</p>
2.	2.12	<p>The Committee note that out of the proposed allocation of Rs. 3,28,579.72 crore, the approved allocation for the Eleventh Plan is Rs. 1,94,933.28 crore <i>i.e.</i> 59.31 per cent. Further during the first two years of the Eleventh Plan <i>i.e.</i> 2007-08 and 2008-09, the allocation provided is not proportionate to the outlay approved for Eleventh Plan. During the first two years of the Eleventh Plan, Rs. 59,000 crore <i>i.e.</i> just 30.2 per cent</p>

of the total approved outlay of Rs. 1,94,933.28 crore has been allocated, whereas the proportionate allocation during the first two years should have been 40 per cent of the total outlay *i.e.* Rs. 77,973 crore, which means that Rs. 18,973 crore less have been allocated during the first two years of the Eleventh Plan. The Committee also note that the percentage hike in the allocation, as compared to the previous year s allocation, provided to the Department is declining year after year. The increase in allocation in this regard, which was 60.30 per cent during the year 2005-06 has declined to 14.55 per cent during the year 2007-08. The percentage hike during the year 2008-09, as compared to the allocation made at Revised Estimates during the previous year, is just 10.52 per cent. Besides, the hike in the allocation made to the Department is not proportionate to the hike in gross revenue collection over the year. During the year 2007-08, whereas the hike in gross tax revenue collection is 25.12 per cent, the outlay of the Department during the year 2008-09 has just increased by 10.52 per cent.

3.

2.13

The Committee, further, find that the Gross Domestic Product (GDP) has increased during the last three years and the average growth is 8.8 per cent. The estimates of the growth rate during the current year, 2008-09, are 8.7 per cent. The Committee conclude from the aforesaid analysis that adequate allocation is not being made under the various schemes of the Department of Rural Development. The scheme-wise analysis has been done in the subsequent paras of the Report. As agreed to by the Secretary, during the course of

oral evidence, the schemes of the Department of Rural Development have a major role in the upliftment of socially and economically backward classes of the country by providing drinking water, housing, employment etc. to the poor persons, particularly, socially and economically backward classes. Besides, the schemes of the Department have tremendous impact on increasing capacity building, improving rural infrastructure, encouraging group activity etc. In view of this, the Committee strongly recommend to the Department to provide the allocation commensurate with the requirements under different schemes as proposed by the Department with a view to achieve inclusive growth so that the benefits of the growing economy are shared by the poorest of the poor in the country.

4. 2.18

The Committee have repeatedly been expressing concern over huge unspent balances under various schemes of the Department. As per the information provided by the Department, Rs. 11,430.78 crore is lying unspent under different schemes as on 31 December 2007, which if compared to allocation made to the Department in the year 2007-08 comes to approximately 40 per cent of the outlay. The Committee understand that unspent balances are the accumulated unspent amount with various implementing agencies under different schemes. The argument advanced by the Secretary, during the course of oral evidence, is that half of the unspent balances are under National Rural Employment Guarantee Act (NREGA). The unspent amount under NREGA has further been justified by the Department by stating

that if the overall unspent amount is spread over 330 districts, it comes to Rs. 15-16 crores per district. The Committee wish to emphasise that even Rs. 15-16 crores lying as unspent amount with each district is not a small amount. Besides, unspent balances are also lying with the other schemes of the Department. As regards the State-wise position of total unspent balances they are maximum in Bihar followed by West Bengal, Uttar Pradesh and Andhra Pradesh. Under National Rural Employment Guarantee Act, the maximum unspent balances are with Madhya Pradesh followed by West Bengal, Bihar, Andhra Pradesh and Uttar Pradesh. The Committee while expressing serious concern over the trend of huge unspent balances would like to strongly recommend the Government to analyse the position State-wise and take the corrective action accordingly. Besides, focused attention need to be given to the backward States like Uttar Pradesh, Bihar, Madhya Pradesh where the huge unspent balances is a recurring feature. The Committee may also be kept apprised of the follow-up action taken in this regard.

5.

2.21

The Committee note that the monthly expenditure plan (2007-08) of the Department has not been followed. As per the monthly expenditure plan, as on January 2008, the expenditure on various schemes excluding NREGA should have been 14,053.04 crore while it is only 12,728.52 crore, thus implying a shortfall of 9.2 per cent. The Department have also tried to justify the under expenditure by stating that the actual releases to the implementing agencies are dependent on the proposals received from them. The

Committee feel that there is an urgent need for strengthening the expenditure monitoring machinery with the latest technology so that the expenditure progress reports and the proposals are received from the implementing agencies in time. While it might be true that the actual releases to the implementing agencies are dependent on the proposals received by them, the Department should try to stick to the monthly expenditure plan in order to avoid huge expenditure at the fag end of the financial year.

6.

3.11

The Committee note that NREGA is proposed to be covered in all the 600 districts with effect from 1 April, 2008, thus raising the number of districts covered from 330 to about 600. Although the number of districts covered under NREGA during the year 2008-09 would be almost double that of districts covered during the previous year, the allocation has been enhanced by only Rs. 4,000 crore *i.e.* 33.33 per cent. Further, the Committee find that SGRY, which was being implemented in the districts not covered under NREGA during the year 2007-08 would be subsumed in NREGA. If the allocation made under NREGA and SGRY taken together during the year 2007-08 is taken into consideration, the total amount for that year comes to Rs. 15,800 crore. Thus, the net addition under the Employment Guarantee Scheme during 2008-09 would be of Rs. 200 crore only. Further, the Secretary during the course of oral evidence has also emphasized on the creation of some sort of reserve fund under the National Employment Guarantee Programme. The Committee fully agree with the need for a Reserve Fund so that

the additional allocation can be made immediately to the districts affected by the natural calamities like drought, flood or due to certain exigencies. The Department, in this regard, had projected the requirement of Rs. 20,000 crore during the year 2008-09, based on an estimate of employment demand of 4 crore rural households, which is quite justified. The Committee do not understand how the Department are going to meet the financial requirements if all the anticipated number of 4 crore rural households demand work for the minimum period of 100 days as stipulated in the Act. In view of this, the Committee strongly recommend that Rs. 20,000 crore should be provided under NREGA during the year 2008-09 so that the Department do not have to depend on the Supplementary Demands for Grants for implementing such a vital programme. Besides, an appropriate amount for having a Reserve Fund, as explained above, should also be allocated in addition to Rs. 20,000 crore as requested for by the Department. The concerns of the Committee in this regard should be conveyed to the Ministry of Finance/Planning Commission.

7.

3.12

The Committee find from the data made available by the Department that during the year 2007-08, 5.98 crore job cards were issued. Out of these, employment was demanded by 2.61 crore households and employment provided was to 2.57 crore households. The Committee note that although there is not much difference between the numbers of families who demanded employment and those who were provided employment, there is a huge difference between the families who have been issued job cards and families provided

employment. In this regard, further analysis of the data indicates that during the year 2006-07, 3.78 crore job cards were issued and 2.12 crore families demanded employment. During the year 2007-08, while the number of job cards issued has increased considerably to 5.98 crore, there is not much enhancement in the number of families, who have demanded employment. This trend needs to be analysed carefully by the Department and the required steps taken accordingly. The Committee would like to have the reaction of the Department in this regard.

8.

3.13

While appreciating the fact that NREGA is a demand-driven scheme and the State Government is bound to provide employment to a family who demands employment, the Committee feel that there may be compelling reasons as to why people are not demanding work even when the job cards have been issued. One of the basic reasons in this regard may be people preferring for wage employment elsewhere, where the wages may be much more. The Department have to analyse the reasons State-wise for families not demanding work after getting the job cards ready. The Committee may be kept apprised about this. The Committee further note that during the year 2007-08 out of 2.57 crore households who have been provided employment under NREGA, 9,55,025 families could complete 100 days of employment. In five States *viz.* Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura, no family could complete 100 days of employment. In the progressive State like Kerala where wage rate is Rs. 125 per day, only 959 labourers could complete 100 days

1

2

3

of employment. In Gujarat 1104 persons could complete 100 days of works. The Committee feel that the aforesaid data should be carefully analysed to know the State specific reasons for not demanding/ providing 100 days of employment under NREGA in various States. The Committee may also be kept apprised about the concrete action taken in this regard.

9.

3.14

The Committee further note that the overall involvement of women under NREGA is 42 percent. During the year 2007-08, 5629822 women were provided employment under NREGA. The Secretary has informed that in Tamil Nadu the percentage of involvement of women is much higher *i.e.* 82 percent whereas in West Bengal and Uttar Pradesh only 20 per cent women have been provided employment. In Arunachal Pradesh out of 29180 households provided employment not even a single woman was involved. The Committee feel that such a trend of high percentage of involvement of women in some States like Tamil Nadu and very low percentage of involvement in other States like West Bengal and Uttar Pradesh particularly Arunachal Pradesh where not a single woman has opted for employment, should be studied and the reasons for low participation of women in some of the States probed. The desired action should be taken accordingly, so that the target of involvement of at least one-third of the women beneficiaries is achieved in all the States.

10.

3.18

The Committee note that NREGA is applicable only in the rural areas of the country. However, general public are not aware of this aspect. Even the

advertisements in the electronic and print media do not mention this and give the impression that NREGA is applicable in the whole district, irrespective of urban or rural area. Rural Areas have been defined under Section 2(o) of the aforesaid Act as rural areas in any State except those covered by any urban local body or a Cantonment Board established or constituted under any law for the time being in force. There is a massive campaign by the Department that NREGA is going to cover the entire country *w.e.f.* 1 April, 2008. However, the advertisements are creating more confusion than dispensing information. The expectations of the people coming across such advertisements might rise and they would be disappointed when they come to know that the scheme is not applicable in their area. The Committee even during their study visits to various backward districts of the country has come across such complaints. The Committee desire that proper publicity in this regard be given to remove confusion among the people about the applicability of the scheme.

11. 3.21 The Committee note that there is no proper system for acknowledging receipt of applications from willing job applicants under NREGA. The Department have stated that there are standardized formats for demanding employment under NREGA and the Gram Rozgar Sevak at Gram Panchayat level is responsible for receiving applications and issue of dated receipts. However, the ground reality is quite different. As reported to the Committee during their study visits to various backward districts of the country, some of the Gram Pradhans and the concerned

officers were receiving applications only when work was available with them. If no work was available, the applicants were turned away. Even if the applications were received, the Gram Pradhan or the officers were not indicating the date of receipt on the applications. Most of the applicants in the rural areas are illiterate unskilled labourers who are not aware of the prescribed format. They are even not aware as to whom they should apply. The Committee express their apprehension that such an attitude on the part of Gram Pradhans or Officers suppresses the demand for employment which is not in the spirit of NREGA. People cannot be denied the right to work under NREGA. Neither can any constraint of resources be cited by the Government as an excuse for not providing work under NREGA. The Committee feel that the existing system of acknowledging applications is not foolproof. The Department should devise machinery that ensures transparency and roots out corruption in the receipt of applications. The Department should look into the possibility of entrusting the task of receipt of applications also to any other Department of the State Government or active NGOs of the area who can forward the applications to the concerned Gram Panchayat or officers. Besides, massive publicity should be given to spread awareness among people about the provisions of the programme.

12.

3.28

The sub-Committees of the Standing Committee on Rural Development have undertaken study visits to various backward districts in the States of Assam, West Bengal, Uttar Pradesh,

Madhya Pradesh, Andhra Pradesh, Karnataka, Rajasthan, Gujarat, Maharashtra, Bihar, Jharkhand and Orissa during the years 2006, 2007 and 2008. During the aforesaid study visits, the Committee have noted various discrepancies with regard to the system of wages under NREGA. There is a large-scale disparity in the rate of wages being paid in various States, which is reflected in the information furnished by the Department. The lowest wage is being paid in the State of Gujarat at the rate of Rs. 50 per day and maximum wage in Kerala at the rate of Rs. 125 per day. The Committee appreciate the fact that with the implementation of NREGA, some of the States have revised the minimum wages. It is a matter of concern that a progressive State like Gujarat has not so far revised the minimum wage rate, which is being paid at the lowest rate of Rs. 50 per day. The Committee feel that the low rate of wages may be the main reason for labourers preferring to work in private works where the wage rate may be much higher. Perhaps this may be the main reason for the difference between the job cards issued and employment provided. While acknowledging the fact that the minimum wages are fixed by the various State Governments under the Minimum Wages Act, 1948 for agricultural labourers, which are at present applicable in the case of NREGA, the Committee would like to recommend that the State Governments which are paying very low wages, particularly, Gujarat, which has the lowest wage rate of Rs. 50 should be persuaded to increase the wage rate.

The Committee, further note that as per the Schedule I, wages under NREGA can be

paid either on the basis of a person working for 7 hours or on the quantity of work according to the Schedule of rates fixed by the State Government for different types of work every year in consultation with the State Council. The Committee during the study visits have noted that at some of the places both the criteria i.e. time rate and task rate are being followed. Further, the labourers are getting lesser than minimum wages where the task rate criteria is being adopted. The Committee would like that the Department should undertake an independent study to find out the problems being faced in different States particularly with regard to payment of wages. Besides, the discrepancies noted by the sub-Committees of the Committee as pointed out above should be taken up with the concerned State Governments and the Committee apprised about the action taken in this regard.

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3.30

The Committee appreciate the steps taken by the Department for payment of wages either through Banks or Post Offices. The Committee are happy to note that in the States of Andhra Pradesh, Jharkhand, Karnataka, Bihar, Kerala, Tamil Nadu, West Bengal and Madhya Pradesh wages are being paid either through Bank or Post Offices. This system is more transparent and less prone to corruption. The Committee desire that similar steps be taken up in other States for payment of wages through Post Offices or Banks. However, the Department should take up the matter with Banks and Post Offices for ensuring that wages are paid on weekly basis as provided in the Act.

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15.	3.31	<p>The Committee find that the Ministry are commissioning a professional study on the issue of Schedule of Rates in order to arrive at a fair and reasonable system of assessment of works under NREGA taking into account diverse factors such as age, sex, health profile of workers, type of work and geomorphological conditions that affects the productivity of the worker. The aforesaid study should be commissioned expeditiously. The various discrepancies as noted during the study visits undertaken by the sub-Committees, the details of which are given above should be considered carefully and included in the terms and reference of the aforesaid study. The Committee further find that six States viz. Andhra Pradesh, Tamil Nadu, Bihar, Gujarat, Orissa and West Bengal have already undertaken time and motion studies. The outcome of these studies should be analysed carefully so as to arrive at a scientific system for calculation of wages. The Committee may also be apprised of the action taken in this regard.</p>
16.	3.33	<p>The representatives of the Department during the course of evidence stated that the 60:40 wages and material ratio has to be maintained at district level and not at individual level. The Committee are of the view that the people at the ground level may not be aware of the aforesaid provision. In view of this, the Committee recommend that the implementing agencies at the district level and Panchayati Raj institutions involved in the implementation of works should be properly informed about this provision.</p>
17.	3.36	<p>The Committee find that as per the reports available with the Department,</p>

unemployment allowance has been provided to 1574 applicants by the Government of Madhya Pradesh. Besides, the Government of Orissa has also paid unemployment allowance in various districts. While appreciating the fact that some of the State Governments have provided unemployment allowance to the labourers, who could not be provided employment within 15 days of the application, the Committee would like to be apprised about the specific reasons for such State Governments for not being able to provide employment on demand so as to take corrective measures in this regard.

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The Committee feel that one of the reasons for inability to provide employment to the applicants in the aforesaid cases may be due to the non-availability of works in that area. The Committee note that the major works being undertaken under NREGA are the works related to water conservation and road works. Such type of works requires huge area to dig the earth and prepare for the water conservation and ponds etc. Such works may not be available in all areas, keeping in view the topography of that particular area. Besides, after deepening of few water bodies and construction of kutchra roadwork the saturation point may be reached in that area. Further, the Committee have their apprehension that these works may not provide 100 days of employment to a family in a year. The Committee feel that the Department have to give a re-look at the list of works and take decision on allowing certain other works which at present are not permissible under NREGA. Besides, some sort of flexibility should be provided to the State

Governments to identify works, keeping in view the geographical conditions of that area. In this regard, the Committee would also like to recommend that the State Governments should be ready with Scheme Bank so that work are always available when the demand for employment comes.

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The Committee further find that the main works being undertaken under NREGA are water conservation works like construction and deepening of ponds and kutchra road works. In the States like Bihar, such works are washed away every year due to frequent floods. While appreciating the fact that the main objective of NREGA is to provide employment, the Committee feel that there is an urgent need to ensure that the assets created under the Act are durable. The Government have to think over this aspect. The works being done under NREGA can be dovetailed with some other schemes for instance, kutchra road works being undertaken under NREGA can be dovetailed with Central/State Schemes for making it durable. In this regard, the sub-Committee of the Committee during the study visits have found that there was resistance from the officials in this regard. The Committee, however, feel that there is an urgent need to evolve some sort of mechanism whereby the works created under NREGA are of quality and durable. As such, the matter regarding dovetailing of NREGA works with other Central/State works should be considered in consultation with the State Governments. The Committee should be apprised about any concrete action taken in this regard. The Department should take action on the suggested lines and inform the Committee accordingly.

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20.	3.54	<p>The Committee are perturbed to note that only fifty per cent of the credit targets under SGSY have been achieved during the year 2007-08. During the year 2006-07, 79.86 per cent of the targets for credit disbursement could be achieved. Further during the year 2007-08, as on January 2008, the credit disbursement in 14 States/UTs viz. Arunachal Pradesh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, West Bengal, A & N Islands, Daman & Diu, D&N Haveli, Lakshadweep and Pondichery was less than even 25 per cent. In Nagaland, Manipur, A&N Islands, Daman & Diu, D&N Haveli, the achievement was nil . During the year 2006-07, the credit disbursement in nine States/UTs viz. Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, A&N Islands, Daman & Diu, D&N Haveli and Lakshadweep was below 40 per cent. In two Union Territories viz. A&N Islands and Daman & Diu, the achievement was nil .</p> <p>The Department have requested the Ministry of Finance and the Reserve Bank of India to take immediate remedial action to improve the flow of credit under SGSY. The Ministry of Finance have also taken up the matter of slow progress of Banks in achieving the credit targets under SGSY with the Chairman and Managing Directors of all Commercial Banks. The Department have also fixed quarterly targets for all the States who are further required to fix quarterly targets for the Banks, which are being monitored regularly. Besides, the Ministry of Finance have also advised the State Governments to monitor and review the performance of the Bank Branches more</p>

closely in the meetings of State level Bankers Committee. Despite all these efforts, the improvement in the flow of credit under SGSY has been very slow. The Committee find that the shortfall in the achievement of credit targets under SGSY are attributed to many reasons which include lack of sufficient Bank Branches and manpower in rural areas and the improper attitude of Bank officials working in the rural areas.

The Committee feel that there is an urgent need for the expansion of rural Branch network of Commercial and rural Banks. There is also a need to enhance the staff strength of rural Bank Branches, especially those with professional and technical skills, who can take up project appraisal and provide technical guidance to the beneficiaries under SGSY very effectively. There is also a need for proper training of Bank officials posted in the rural areas to change their mindset towards illiterate rural people. The Banking procedures and formats also need to be simplified for the convenience of the people. The Committee desire that their concerns be communicated to the Ministry of Finance and the Reserve Bank of India for taking immediate remedial action.

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3.55

The Committee also feel that the credit disbursement rate is also affected due to the lack of coordination by DRDAs and blocks with Bankers at block and district level. There is an urgent need to have some sort of coordinating mechanism in this regard. The Committee recommend the Department to take the issue with DRDAs and Bankers. The Committee may also be

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		kept apprised about the concrete action taken in this regard.
22.	3.56	While analyzing the data furnished by the Department with regard to credit disbursement during the year 2007-08, the Committee note that there is gross mis-match between physical and financial achievement. During 2006-2007, 155.07 per cent of the physical targets could be achieved with 82.58 per cent of the utilization of the outlay. The Department have informed that the main reason for the aforesaid mis-match is due to under-financing by the Banking sector due to which the per capita subsidy flow to Swarozgaris is less than the stipulated amount. The Committee find that under financing of the Swarozgaris render various economic activities being undertaken by SHGs as non-viable and lead to use of subsidy for non-economic purposes. The Committee recommend that the Department should take up the matter urgently with the Banks and take the concrete action in this regard. The Committee may also be kept apprised in this regard.
23.	3.57	The Committee note that the Ministry have created marketing infrastructure at Pragati Maidan, Rajiv Gandhi Handicrafts Bhavan and Dilli Hatt at Pitam Pura in Delhi in order to assist the BPL Swarozgaris to showcase and market their products. While examining the Demands for Grants of the previous year, the Committee in the 29th Report on Demands for Grants 2007-08 had recommended for creation of a dedicated National Marketing Agency for providing professional marketing support to the products of Self Help Groups and act as a

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		<p>facilitator. In this regard, the Department have sent the proposal to the Ministry of Finance for approval. The Committee had desired the Department to pursue further with the Ministry of Finance so that the dedicated National Marketing Agency is set up expeditiously.</p>
24.	3.58	<p>The Department in the action taken reply on the aforesaid recommendation have stated that the permanent marketing infrastructure facilities had been sanctioned for 10 States as Special Projects under SGSY. Besides the proposals from four more States are under consideration for sanction of permanent marketing infrastructure. The Department have also informed that the Hon ble Minister had requested the remaining 19 States/UTs where such facilities are not available to provide land free of cost and send proposals for financial assistance for creation of permanent marketing infrastructure. The Committee would like the Department to pursue further with the State Governments so that the marketing infrastructure is set up expeditiously in all the State headquarters, which can further be extended to cover all the districts in a time-bound manner.</p>
25.	3.59	<p>The Committee appreciate the laudable initiative taken by the Department for launching a pilot project <i>viz.</i> Placement Based Skill Development whereby beneficiaries are provided training in the skills required in the various high rise sectors with the rapid growth momentum in the Indian Economy. After the skill development of the trainee, he is also provided placement. The results of the pilot projects had been encouraging and the</p>

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Ministry are currently implementing 9 placement based skill development projects with a total cost of Rs. 115 crore covering 2.33 lakh beneficiaries across the country. The Committee further note that so far 21,800 beneficiaries have been trained and 16,400 have also been provided placement. The Committee while noting the high rate of placement of the skilled persons would like to recommend to extend the scheme country-wide so that the BPL youths could be provided training in various skills which can enable them to earn a decent livelihood.

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3.60

The Committee further note that so far overall 35,000 Self Help Groups have been covered under the Janashree Bima Yojana of LIC. The Finance Minister in his speech on Budget 2008-09 has proposed to contribute Rs. 500 crore to the corpus of the fund with the assurance that annual contributions will be made as the scheme is scaled up. The Finance Minister has also stressed to give special attention to Self Help Groups considering the fact that there are over 30 lakh Self Help Groups credit linked to Banks. The Committee would like to be informed about the number of Self Help Groups under SGSY who have so far been under the aforesaid Bima Yojana and the roadmap to cover all the Self Help Groups by the aforesaid insurance scheme. The Committee further note that there is an urgent need to find out and resolve the problems being faced by the poor in getting the claims from insurance companies particularly those who have been provided insurance cover under Janashree Bima Yojana. In this regard, the Committee desire that the Department should review the position in regard to settlement of claims

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		<p>of the Self Help Groups who have been provided insurance under the aforesaid Bima Yojana so as to understand the actual position and comment further in this regard.</p>
27.	3.61	<p>The Finance Minister in his Budget Speech has indicated that Banks would be encouraged to embrace the concept of total financial inclusion and the Government would request all scheduled Commercial Banks to follow the example set by public sector Banks and meet the entire credit requirements of Self Help Groups members, namely, (a) income generation activities, (b) social needs like housing, education, marriage etc. and (c) debt swapping. The Committee find that SGSY is being implemented through Banks. Besides under NREGA also the Banks have been involved in the disbursement of wages to labourers. In addition, Post Offices have also been involved for the purpose of disbursement of wages to labourers under NREGA. There is an urgent need to encourage Banks/Post Offices for total financial inclusion in the areas where they are involved in the aforesaid Schemes. Besides as stated by the Finance Minister the Commercial Banks need to be persuaded to fulfil the social commitment and play a pro-active role not only by meeting the credit requirement of Self Help Groups but also by providing forward and backward linkages and taking care of their social needs. Such pro-active measures would not only help the poorest of the poor but also would result in good recovery rate of the loans advanced by Banks under SGSY and other schemes.</p>
28.	3.70	<p>The Committee note that while 84.60 per cent of the physical targets under SGRY</p>

were achieved during the year 2006-07, only 47.78 per cent targets were achieved during the year 2007-08. Similarly, the financial achievement during 2006-07 and 2007-08 was 115.57 per cent and 66.29 per cent respectively. The Department have indicated that SGRY is a self targeting programme as such targets are only indicative and not specific. The Committee note that SGRY would be subsumed into NREGA with effect from 1 April 2008. As regards the committed liability with regard to the ongoing works under SGRY, the Department have informed that the works permissible under NREGA can be taken up as new projects. As regards the projects which are not permissible under NREGA, the State Governments may fund such programmes from other available sources of State and Central Government programmes. Further, if State Governments sanction any work under SGRY beyond 31 March, 2008, they would bear the entire cost of the works. While noting the aforesaid arrangement with regard to the committed liability under SGRY, the Committee recommend that the Department should monitor the implementation of the ongoing projects closely so that the money spent on these projects, particularly the projects which are not admissible under NREGA is not wasted.

29.

3.71

The Committee in an earlier para of the Report have observed that Rs. 623.40 crore are lying unspent under SGRY in various States. Since the SGRY has been subsumed with NREGA *w.e.f.* 1 April, 2008, the arrangement made by the Department with regard to unspent balances is that the amount of Rs. 623.40 crore would be

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transferred to Employment Guarantee Scheme Account. As stated in the earlier para of the Report, the Secretary during the course of oral evidence has emphasized on creation of a Reserve Fund of Rs. 4,000 crore under the NREGA, so that additional allocation can be made immediately to the districts affected by the natural calamities like drought, floods or due to certain exigencies. The Committee recommend that the Reserve fund can initially be started with Rs. 623.40 crore, the amount lying as unspent under SGRY, pending the proposed additional allocation of Rs. 4000 crore by the Planning Commission/Ministry of Finance.

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3.72

The Committee further note that under SGRY foodgrains are to be given as part of wages at the rate of 5 kg per manday. Should a State Government wish to give more than 5 kg of foodgrains per manday, it might do so within the existing State allocation (subject to a minimum of 25% of the wages being paid in cash). In the event of non-availability/inadequate availability of foodgrains, wages in kind might be less than 5 kg of foodgrains per manday and the remaining portion might be given in cash. In the reverse case of less availability of cash, the wages in cash might be less than 25% and the remaining portion might be given in kind as foodgrains. However, the norm of minimum 5 kg of foodgrains and minimum of 25% wages in cash is to be maintained as far as possible. The Ministry of Rural Development release funds for the foodgrains directly to the FCI at the economic cost and FCI is required to send bills which are being reimbursed by the Ministry of Rural Development.

Now, SGRY has been subsumed with NREGA. Further, as per Schedule II of NREGA, the wages may be paid either wholly in cash or in kind, provided that at least one-fourth of the wages shall be in cash only. The Committee find that no State is paying wages in the form of foodgrains. With the recent unprecedented hike in the prices of foodgrains, the poorest of the poor are the worst affected. SGRY was providing some sort of food security to the poor. Since no State Government is actually paying wages in kind, inspite of there being a provision under NREGA to pay wages in kind, the Committee feel that the Government have to think of making some sort of provision on the lines of SGRY so that some kind of food security can be ensured under NREGA.

31.

3.81

The Committee have presented 22nd Report on the subject Rural Housing to Parliament on 3 August, 2006. The Committee had recommended in the aforesaid Report (Refer Para 2.14) that while formulating the Policy, the Department should ensure that the role of the Government is not limited to grant of schemes and the Policy addresses the needs and aspirations of all sections of the society in rural areas in the country. The various areas which need to be addressed in the Policy have been examined in detail in the aforesaid Report. The Department during the course of examination of Demands for Grants have informed that The National Rural Housing and Habitat Policy has been recently formulated and circulated to all the stakeholders for their comments. The Committee would like to be apprised whether the various areas recommended by

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		the Committee to be incorporated in the Policy in their earlier Report have been taken care of by the Department. The information recommendation-wise may be furnished for the information of the Committee.
32.	3.82	The Committee appreciate that with the continuous pursuance of the issue by this Committee, the Government have finally increased the per unit assistance under IAY from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly and difficult areas. Besides, the subsidy for upgradation of houses has been increased from Rs. 12,500 to Rs. 15,000. The Committee further find that the allocation under Indira Awaas Yojana has been increased from Rs. 4,040 crore during 2007-2008 to Rs. 5,400 crore during 2008-09. The Secretary during the course of oral evidence has, however, expressed concern that the Government have to reduce targets under IAY due to non-provision of allocation commensurate with the per unit enhancement of the subsidy. The Department had proposed Rs. 8,000 crore for the year 2008-09. The Committee strongly recommend that sufficient allocation should be provided under Indira Awaas Yojana so that the physical targets are not reduced and the targets fixed under Bharat Nirman are achieved.
33.	3.83	The Committee further note that Finance Minister in his Budget speech on Budget (2008-09) has announced that the public sector Banks will be advised to include IAY houses under the Differential Rate of Interest (DRI) Scheme for lending up to Rs. 20,000 per unit at an interest rate of 4 per

cent. The Committee would like to be apprised about the status of the implementation in this regard. The Committee would also like to recommend that the Department should take up the matter with the Reserve Bank/Ministry of Finance and the Commercial Banks, seeking their cooperation in lending up to Rs. 20,000 per unit at the Differential Rate of Interest (DRI). The Committee would also like the Department to clarify how the Government propose to bear the subsidy on the rate of interest in this regard.

34. 3.84

The Committee in the report on the subject Rural Housing had recommended either to extend the activities of National Housing Bank in the rural sector or to set up a separate National Housing Bank for the rural areas. In this context, the Finance Minister in his Budget Speech (2008-09) has stated that it is proposed to create a fund of Rs. 1,200 crore in NHB to enhance its refinancing operations in the rural housing sector. The Committee appreciate that their recommendations have been agreed to by the Government. The Committee hope and trust that with the setting up of a corpus of Rs. 1200 crore in NHB, the lending for rural housing sector would get a focused attention.

35. 3.93

The Committee note that rural roads is one of the six components of Bharat Nirman. The focus of Bharat Nirman is to provide connectivity to all habitations with a population of 1000 persons and above in normal areas and 500 persons and above in hilly or tribal areas. Bharat Nirman envisages to provide new connectivity to 66,802 habitations involving the construction

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of 1,46,185 Kilometres of rural roads by the year 2009. In addition to new connectivity, Bharat Nirman envisages upgradation/ renewal of 1,94,130 Kilometres of existing rural roads which comprises 60 per cent upgradation and 40 per cent renewal of surface coat. The Committee are perturbed to note that out of the total 66,802 habitations targeted for providing connectivity, only 17,319 habitations have been provided connectivity till date which means that only 25 per cent of the targets fixed for Bharat Nirman have been achieved. The targets under Bharat Nirman have to be achieved before March 2009. The Committee do not understand how at this pace the Department are going to achieve the targets before March 2009. The Committee would like to be apprised about the reasons for the very slow progress on Bharat Nirman and how the targets set under Bharat Nirman would be achieved.

36.

3.94

The Committee note from the replies furnished by the Department that the physical achievements under Phase V, VI and VII of PMGSY is even below 35 per cent while the financial achievement during Phase V and Phase VI has been 97.89 per cent and 91.20 per cent respectively. The Committee fail to understand as to how the physical achievement has been very poor while the financial achievement during the same period has been very good. There is a mismatch between the physical and financial achievement projected by the Department. The Committee would like a clarification from the Department in this regard.

37.

3.95

The Committee note the several measures being taken to increase the contracting

capacity in various States which include relaxing the terms and conditions in the standard bidding document and inducing joint ventures between big and small contractors. The Committee also note that for mobilizing resources, assistance from World Bank has been taken for rural road projects in Jharkhand, Rajasthan, Himachal Pradesh and Uttar Pradesh and from Asian Development Bank (ADB) for rural road works in Assam, Chhattisgarh Madhya Pradesh, Orissa and West Bengal. The Committee further note that duty exemptions on construction machineries are available under World Bank and ADB assisted rural road projects. These duty exemptions have effectively helped the States in building up Contractor s capacity , which have subsequently helped in scaling up the physical and financial progress under rural roads component of Bharat Nirman in the States where World Bank and ADB assisted projects are being implemented. The Committee feel that there is a need to extend the facility of duty exemptions available under World Bank and ADB assisted rural road projects to the entire rural road projects taken up under Bharat Nirman. This would boost the contracting capacity in the deficient States and help in achieving the targets under PMGSY. The Committee would like the Department to take the desired action in this regard and inform the Committee accordingly.

38.

3.101

The Committee note that all PMGSY roads are covered by five year maintenance contracts. However, the Committee are more concerned about the maintenance of PMGSY roads after the completion of five

years of the contractual period. The Committee note that in the absence of a mechanism for maintenance of PMGSY roads after the completion of the contractual period, the PMGSY roads are getting into bad shape. There is a provision that the State Governments are required to make the necessary budget provision and place the funds to service the zonal maintenance contracts at the disposal of the State Rural Roads Development Agencies in the Maintenance Account. Further, State Governments are required to take steps to build up capacity in the District Panchayats and endeavour to devolve the funds and functionaries onto these Panchayats in order to enable them to manage maintenance contracts for rural roads. The Committee however have their apprehensions as to how this is going to be achieved especially when the State Governments and the District Panchayats are often short of funds and most States and District Panchayats are lacking in building their contracting capacity demand. In this regard, the Committee would like to recommend that there should be financial allocation from the Union Government for the maintenance of roads after the contractual period of five years is over, so that the huge outlay spent on the construction of road under PMGSY is not wasted due to the lack of maintenance. Besides, there is an urgent need to closely monitor the maintenance of PMGSY roads during the period of contract.

39. 3.106 The Committee note that the objective of constituting the Vigilance and Monitoring Committees (V&MCs) is to maintain effective monitoring and execution of various schemes and to ensure quality

expenditure so that the benefit of various schemes reaches the poor in full measure. However, the Committee are concerned with the way the V&MCs are functioning. Shockingly, only one district in the country has held the V&MC meeting as per the norm of holding of one meeting every quarter. Further, in 127 districts, and in the States of Gujarat, Haryana, Himachal Pradesh, J&K, Meghalaya, Mizoram, Orissa and Tripura not even a single V&MC meeting has been held. In order to streamline the District level V&MC, the Department had imposed the condition that the second instalment would be released only after getting confirmation of holding at least one meeting at State and district level. The Utilisation Certificates were also modified to this effect. However, even after this relaxation, most of the district level V&MCs could not hold the meeting. The Committee note that in order to avoid penalizing the beneficiaries for no fault of theirs, funds were released to the implementing agencies in these States or districts.

The Committee further note that the elected representatives have been assigned a central role in the V&MCs. All Members of Parliament are either Chairman or co-Chairman of the District level V&MCs and an officer not below the rank of District Collector is the Member-Secretary to the V&MC who is accountable for holding the V&MCs at regular intervals. However, the Committee feel that the role and powers of the Members of Parliament have not been clearly defined in the constitution of V&MCs. Further, the Committee have not been informed whether any action has been

taken against the Member-Secretary of the 127 districts who could not conduct even a single V&MC meeting particularly when they have been made accountable for not holding V&MC meetings regularly. The Committee recommend that the role and powers of the Members of Parliament and other functionaries of the V&MCs may be clearly defined in guidelines so that they can discharge their duties effectively. The Committee would further like to recommend that the minutes of the V&MC meetings held at State/District level and duly signed by the Member of Parliament, who is the Chairman/Co-Chairman should be sent to the Union Ministry of Rural Development on a regular basis. Besides, the Union Ministry of Rural Development should monitor the action taken on the decision taken during the meeting. A mechanism in the Ministry should be evolved whereby the officials of the Ministry should also pay random visit to the districts to know the functioning of the district.

40.

3.110

The Committee appreciate the efforts of the Department for disclosing as much information as possible on their website. However, the Committee are more concerned about the various tools being provided to the public to lodge complaint through these user-friendly websites. The Committee observe that although all important activities and programmes of the Ministry are provided on the website, they are of very little use to the rural public who are generally innocent and illiterate and not aware as to how to lodge the complaint. The Committee recommend that the vital information about the right of the

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		people under the RTI Act and the name, designation, telephone number, responsibilities etc. of various functionaries responsible for the execution of the rural development schemes should also be indicated in brief on the Job Card.
41.	3.111	The Committee in their earlier reports had also recommended for issue of unique complaint number for each scheme so that complainants can lodge their complaints on the official website. Besides, such complaints should be disposed of in a time-bound manner and the complainants as informed accordingly. In this regard while reiterating their earlier recommendation, the Committee desire that the website of the Department being maintained for various schemes should have a feature whereby the public can lodge a complaint and get a complaint number. Further there should be a provision to know the status of the complaint on the website.
42.	3.118	The Committee are concerned to note that the BPL List based on 2002 Census has been delayed for a long time. The Committee in their earlier reports have been repeatedly emphasizing for speedy finalisation of the BPL List. However, as on date, only 21 States and Union Territories have reported to have finalized the BPL List after getting it approved by the Gram Sabhas, which is mandatory as per guidelines of BPL Census, 2002. The States like Bihar, Haryana, J&K, Kerala, Manipur, Meghalaya, Orissa, Sikkim, Tripura, Dadra & Nagar Haveli, Lakshadweep and Puducherry are yet to get the mandatory approval from the Gram Sabhas. The Committee again emphasize for

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		early finalization of BPL results based on BPL Census, 2002, so that the benefits under different schemes reach to the targeted persons.
43.	3.119	<p>The Committee further note that BPL Census is conducted in the beginning of a Five Year Plan. The BPL Census, 2002 was conducted to finalise the BPL List for the Tenth Five Year Plan. Even when the Tenth Plan is over and one year of the Eleventh Plan has already passed, BPL list is yet to be finalized in many States. The Committee also note that a decision has been taken by the Planning Commission to set up an Expert Group to recommend a more suitable methodology to conduct the next BPL Census to identify the BPL households. The Committee note that huge amount of funds are being allocated by the Central Government through various welfare schemes meant for the poorest of the poor. The intended beneficiaries for the schemes are selected on the basis of the BPL List. Unless the BPL List is updated periodically, the benefits intended under various schemes cannot reach the genuine beneficiaries. The Committee strongly recommend that the Expert Group to suggest suitable methodology to conduct the next BPL Census should be set up expeditiously. The recommendations made by the Committee in various reports as given in <i>Appendix-VIII</i> should be taken into consideration while finalizing methodology.</p>