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STANDING COMMITTEE ON RURAL DEVELOPMENT
(2008-2009)

FOURTEENTH LOK SABHA

MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMENT)

DEMANDS FOR GRANTS
(2008-2009)

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

FORTY-FOURTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

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Presented to Lok Sabha on 19.12.2008

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LOK SABHA SECRETARIAT
NEW DELHI

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*Vacancy caused due to the resignation given by Shri George Fernandes, MP from the membership of Lok Sabha and accepted by the Hon'ble Speaker *w.e.f.* 11 November, 2008 *vide* Bulletin Part-II, Para No. 6205 dated 11 November, 2008.

$Vacancy caused due to change of nomination of Shri Dharmendra Yadav, MP, Lok Sabha by Hon'ble Speaker from Standing Committee on Rural Development to Committee on Personnel, Public Grievances, Law & Justice *w.e.f.* 5 December, 2008 *vide* Bulletin Part-II Para No. 6267 dated 5 December, 2008.

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2008-2009) having been authorised by the Committee to submit the Report on their behalf, present the Forty-fourth Report on the action taken by the Government on the recommendations contained in the Thirty-fifth Report of the Standing Committee on Rural Development (2007-08) on Demands for Grants (2008-2009) of the Department of Rural Development (Ministry of Rural Development).

2. The Thirty-fifth Report was presented to Lok Sabha on 17 April, 2008. The replies of the Government to all the recommendations contained in the Report were received on 8 August, 2008.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 15 December, 2008.

4. An analysis of the action taken by the Government on the recommendations contained in the Thirty-fifth Report of the Committee is given in Appendix-II.

NEW DELHI;
15 *December,* 2008
24 *Agrahayana,* 1930 *(Saka)*

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

CHAPTER I

REPORT

This Report of the Committee on Rural Development (2008-2009) deals with the action taken by the Government on the recommendations contained in their Thirty-fifth Report on Demands for Grants (2008-2009) of the Department of Rural Development (Ministry of Rural Development) which was presented to Lok Sabha on 17 April, 2008.

2. Action taken replies have been received from the Government in respect of all the 43 recommendations which have been categorised as follows:

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

Para Nos. : 2.4, 2.18, 2.21, 3.30, 3.33, 3.37, 3.54, 3.55, 3.56, 3.57, 3.58, 3.59, 3.61, 3.70, 3.81, 3.93, 3.110, 3.111, 3.118 and 3.119

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

NIL

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

Para Nos.: 2.12, 2.13, 3.11, 3.12, 3.13, 3.14, 3.18, 3.21, 3.28, 3.71, 3.72, 3.82, 3.94, 3.101 and 3.106

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

Para Nos.: 3.29, 3.31, 3.36, 3.39, 3.60, 3.83, 3.84 and 3.95

3. The Committee desire that final replies in respect of the recommendations at Para Nos. 3.29, 3.31, 3.36, 3.39, 3.60, 3.83, 3.84 and 3.95 for which only interim reply has been furnished by the Government should be furnished to the Committee within three months of the presentation of the Report.

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

A. OUTLAY *VIS-À-VIS* REQUIREMENT OF FUNDS

Recommendations (Serial Nos. 2 and 3, Para Nos. 2.12 and 2.13)

5. The Committee had recommended as under:

"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 the 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 the allocation in this regard, which was 60.30 percent 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."

(Recommendation Serial No. 2, Para No. 2.12)

"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."

(Recommendation Serial No. 3, Para No. 2.13)

6. The Department in their Action Taken Replies has stated as under:

"It is true that against the approved allocation of Rs.194933.28 crore for the Eleventh Five Year Plan in respect of the Department of Rural Development, the Budget Estimates (BE) during 2007-08 and 2008-09 has been Rs.59000 crore. However, it may be mentioned that during 2008-09, the outlay at Revised Estimates (RE) stage was stepped upto Rs.28500 crore against the BE of Rs.27500 crore which means an additional outlay of Rs.1000 crore was provided. Further, for PMGSY, Rs. 4500 crore and Rs.7000 crore were provided through the RIDF Window during 2007-08 and 2008-09 respectively. Any additional requirement of funds for rural development programmes especially for NREGS during the year is to be met through the Supplementary Demand for Grants. Thus, by taking into account, the additional allocation of Rs.1000 crore provided in 2007-08 and Rs.11500 crore provided through Roads Infrastructure Development Fund (RIDF) window, the allocation during the first two years may work out close to 20 per cent of Eleventh Plan outlay. Moreover, the capacity of the States to absorb more allocation under the rural development programmes will be built up during the years and it will be possible to absorb higher outlays under different programmes. However, the concerns of the Committee to get higher allocations are noted and the Department would continue its efforts to get enhanced allocation from the Gross Budgetary Support available with the Planning Commission during the remaining three years of the Eleventh Plan. So far as annual increase in outlay during 2005-06 is concerned, it may be mentioned that the National Food for Work Programme (NFFWP) was launched in 2004-05 and the allocation was made through the Revised Estimates. For 2005-06, the allocation under NFFWP of the order of Rs.4500 crore was made for all the 150 districts, therefore, increase in outlay was substantial. Similarly in 2006-07, an allocation of Rs.11300 crore was made for NREGS and represented an increase of more than 30% over the BE of 2005-06 and obviously the increase in outlay was not of the same order during the subsequent years."

(Reply to Recommendation Serial No. 2, Para No. 2.12)

"The Department of Rural Development will continue its efforts to get higher allocations for different programmes especially for poverty alleviation to meet the national goals of inclusive growth and the recommendations of the Hon'ble Committee in this regard will also be brought to the notice of Planning Commission at the time of Annual Plan discussions".

(Reply to Recommendation Serial No. 3, Para No. 2.13)

7. The Committee have persistently been recommending for providing adequate allocation for rural development schemes and in order to discourage demands for increase in outlay at the stage of supplementary Demands for Grants in the various Reports. Even then the Department has not taken the matter vigorously with the Planning commission and Ministry of Finance as indicated in the action taken reply. On the one hand the Committee have been assured of taking up the issue with the Planning Commission, on the other hand the Department has tried to justify the allocation provided for various schemes. Even for the National Rural Employment Guarantee Scheme (NREGS) under which jobs to rural poor have to be provided as a legal right, adequate allocation is not being made and the outlay is being demanded through supplementary Demands for Grants. The Committee disapprove the way the recommendations of the Committee are being addressed by the Department. While reiterating the earlier recommendation, the Committee would like the Department to pursue with the Planning Commission and Ministry of Finance so that adequate allocation is provided in the remaining years of the Eleventh Plan. Besides, as recommended earlier, the issue of increasing capacity building of the States should be pursued with the State Governments/UTs so as to ensure that the allocations made under various rural development schemes are meaningfully utilised.

B. NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (NREGA) SCHEME

(i) Creation of Reserve Fund

Recommendations (Serial Nos. 6 and 29, Para Nos. 3.11 and 3.71)

8. The Committee had recommended as under:

"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 than 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."

(Recommendation Serial No. 6, Para No. 3.11)

"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. 4,000 crore by the Planning Commission/Ministry of Finance."

(Recommendation Serial No. 29, Para No. 3.71)

9. The Department in their Action Taken Reply has stated as under:

"NREGA has been extended to rural areas of all the districts in the country with effect from 1 April, 2008 and SGRY has been fully merged under NREGA from this date. Instructions have been issued to all States that un-utilised funds of SGRY shall be treated as NREGA funds from 1 April, 2008. During 2007-08, States had Rs. 19305.81 crore as available funds under NREGA. Out of this amount, States incurred an expenditure of Rs. 15856.88 crore. Thus, as on 1 April, 2008, the States had a balance of Rs. 3448.92 crores which will be utilized by the States for implementation of the Act during 2008-09. NREGA is demand driven. Central Government is committed to release funds to the States for implementation of the Act. Funds are released to the districts based on demand raised and their past performance. Therefore, in case of additional requirements, funds will be demanded through supplementary grants."

(Reply to Recommendation Serial No. 6, Para No. 3.11)

"The closing balance of SGRY as on 31 March, 2008, that is, for the year 2007-08 is required to be transferred to NREGA account. A proposal for creation of a Reserve Fund of Rs. 5,000 crore for NREGA was taken up with the Ministry of Finance. However, the Ministry of Finance has not agreed to the said proposal."

(Reply to Recommendation Serial No. 29, Para No. 3.71)

10. The Committee note with dismay that one of the important recommendations relating to the creation of Reserve Fund under the National Rural Employment Guarantee Act has not been responded to in the right perspective. The Department in reply to one recommendation has stated that the additional requirement of funds under NREGA would be met through Supplementary Demands for Grants. However, in response to another recommendation relating to starting the reserve fund with the unspent amount lying under SGRY, which has been subsumed with NREGA, the Department has stated that the proposal for creation of reserve fund of Rs. 5,000 crore was taken up with the Ministry of Finance. However, the Ministry of Finance could not agree to the proposal in this regard. The Committee would like to be apprised of the specific reasons for disagreement of the Ministry of Finance. Besides the Committee reiterated their earlier recommendation to provide adequate allocation under NREGA so that there is no need to demand outlay through Supplementary Demands for Grants.

(ii) Flawed approach towards the scheme and progress with regard to 100 days guaranteed employment

Recommendations (Serial Nos. 7 and 8, Para Nos. 3.12 and 3.13)

11. The Committee had recommended as under:

"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."

(Recommendation Serial No. 7, Para No. 3.12)

"While appreciating the fact that NREGA is a demand-driven scheme and the State Governments are bound to provide employment to a family who demands employment, the Committee feels 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 work. 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."

(Recommendation Serial No. 8, Para No. 3.13)

12. The Department in their Action Taken Replies has stated as under:

"A Job card issued to a household under NREGA is valid for a period of 5 years. Job card is issued to a household if one or more adult members of the household apply for it. Mere issuance of a job card, however, does not entitle the household for employment under the Act. The adult members of the household who volunteer to do un-skilled manual work have to apply for work in writing. A job card holder may exercise his or her right for 100 days of guaranteed employment under NREGA any time during a financial year. Further, while it is mandatory for a job seeker under NREGA to have a job card, it is not mandatory for a job card holder to take up employment under NREGA in a particular financial year. During 2006-07, though 3.78 crore job cards were issued, only 2.12 crore households demanded employment. During 2007-08, 6.47 crore households possessed the job cards whereas only 3.43 crore households had demanded employment. Demand for work under NREGA in a particular area depends on the availability of other employment opportunities in that area. Employment demand is likely to be low in districts that are comparatively more developed with greater opportunities of employment in other avenues both in agricultural and rural non-farm activities."

(Reply to Recommendation Serial No. 7, Para No. 3.12)

"During 2007-08, 6.47 crore households possessed the job cards whereas only 3.43 crore households demanded employment. A total of 3601926 households completed 100 days of employment during the year. In Arunachal Pradesh, 2020 households; in Gujarat 11416 households and in Kerala 59443 households completed 100 days of employment during 2007-08. No household in Manipur, Mizoram and Nagaland, however, completed 100 days of employment in 2007-08. NREGA provides a legal guarantee of wage employment for 100 days in a financial year for doing un-skilled manual work on demand. The workers are free to take up any other employment in addition to the 100 days of guaranteed employment on demand provided under the Act. Pace of implementation of NREGA varies from State to State as it depends on availability of employment in other sectors. Awareness about NREGA amongst rural masses is being created through intensive IEC activities through print, electronic and other media and is a continuous process."

(Reply to Recommendation Serial No. 8, Para No. 3.13)

13. One of the trend noticed from the data provided by the Department with regard to implementation of NREGA since inception has been the huge difference between the number of families to whom job cards have been issued and the number of families who have demanded employment. The Committee had earlier

recommended to analyse the aforesaid data carefully to find out the reasons in this regard. Instead of probing the reasons through survey or State-wise study, the Department in a vague manner has tried to justify this trend. The Committee again emphasize that there may be some pertinent reasons in this regard like preferring works in private employment where the wages may be higher. As such the Department should take urgent steps to analyse this trend so that corrective action can be taken and the guaranteed employment of 100 days provided to a family.

The Committee in the earlier recommendations have also observed that not even a single family could complete 100 days of employment in some of the States. The Department has not bothered to find out the reasons in this regard. The Committee express unhappiness over the way, the Department has addressed the recommendations and would like a categorical response in this regard.

(iii) Involvement of Women

Recommendation (Serial No. 9, Para No. 3.14)

14. The Committee had recommended as under:

"The Committee further note that the overall involvement of women under NREGA is 42 per cent. During the year 2007-08, 56,29,822 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 per cent whereas in West Bengal and Uttar Pradesh only 20 per cent women have been provided employment. In Arunachal Pradesh out of 29,180 households provided employment not even a single woman was involved. The Committee feel that such a trend of high percentage of involvement of woman in some States like Tamil Nadu and very low percentage of involvement in other States like West Bengal and Uttar Pradesh particularly Arunanchal 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."

(Recommendation Serial No. 9, Para No. 3.14)

15. The Department in their Action Taken Replies has stated as under:

> "Schedule II of the NREG Act provides that priority shall be given to women in such a way that at least one-third of the beneficiaries shall be women who have registered and requested for work under the Act. However, from the data provided by the various States it has been found that involvement of women under NREGA at the national level is 42 per cent which is much higher than the minimum percentage prescribed under the Act. However, involvement of women under NREGA varies from State to State. Para 27 & 28 of Schedule II of NREGA provide for worksite facilities including crèche so that conducive atmosphere is created to attract women workers for taking up employment under the Act."

(Reply to Recommendation Serial No. 9, Para No. 3.14)

16. While noting very low percentage of involvement of women under NREGA in some of the States like West Bengal, UP and particularly Arunachal Pradesh where not a single woman opted for employment, the Committee in the earlier Report had strongly recommended to take desired action to ensure that the target of employment of one-third of the women beneficiaries is achieved in all the States. Instead of finding out the reasons for low involvement of women in these States, the Department has tried to justify by quoting the already known National average of involvement of woman *i.e.* 42 per cent. The Committee feel that their recommendation has not been taken in the right perspective and the Department has tried to side track the issue raised in the recommendation. The Committee express their unhappiness and strongly recommend that the Department should take all the initiatives, so that women in each State/district come forward and the target of involvement of at least one-third of women beneficiaries is achieved in each State/district.

(iv) Appropriate publicity for NREGA.

Recommendation (Serial No. 10, Para No. 3.18)

17. The Committee had recommended as under:

> "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."

(Recommendation Serial No. 10, Para No. 3.18)

18. The Department in their Action Taken Replies has stated as under:

"The title of the Act 'National Rural Employment Guarantee Act' itself indicates that it is applicable in rural areas only. In order to generate awareness about the programme, intensive IEC activities have been taken up. These include one day orientation of all *Sarpanches* at the Block level; convening regular Gram Sabhas; use of local vernacular newspaper, radio jingles, TV spots, films and local cultural forums; leaflets, brochures in simple local language; fixing one day as Rozgar Diwas in a fortnight; involvement of NGOs/SHGs for awareness generation; preparation and disbursement of simple primers for workers and Sarpanches. The Government of India has introduced awards to be known as Rozgar Jagrookta Puraskar (Employment awareness awards) to recognize the outstanding contribution by the civil society organisations for promoting effective implementation of NREGA in different States of the country."

(Reply to Recommendation Serial No. 10, Para No. 3.18)

19. The Committee during the study visits to various backward districts of the country have observed that people presume that NREGA is applicable in the entire district irrespective of urban or rural area and as such exhorted the Department to rectify the publicity campaigns through which such confusion has been created.

It is disappointing to note that the Department without checking the language of the publicity campaign has tried to justify that the title of the Act itself indicates that it is applicable in rural areas only. The Committee take strong objection to the way their recommendation has been taken by the Department and emphasize that it should be made absolutely clear in the publicity campaign that this scheme is applicable only in rural areas. The action taken in this regard should be duly communicated to the Committee.

(v) Need for foolproof system of registration of job cards for rooting out corruption in NREGA at ground level.

Recommendation (Serial No. 11, Para No. 3.21)

20. The Committee had recommended as under:

"The Committee note that there is no proper system for acknowledging the receipt of applications from willing job applicants under NREGA. The Departments have stated that there are standardized formats for demanding employment under NREGA and the Gram Rozgar Sevak at Gram Panchyat 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 the provisions of the programme."

(Recommendation Serial No. 11, Para No. 3.21)

21. The Department in their Action Taken Replies has stated as under:

> "Issue of a dated receipt to a job card holder who applies for work under the Act is a statutory obligation on the part of the Gram Panchayat. Every Gram Panchayat is required to employ one dedicated Gram Rozgar Sahayak (GRS). Centre provides financial assistance for deploying a full time dedicated GRS for each Gram Panchayat. GRS is responsible for registration of households, issue of job cards, issue of dated receipt against job application, maintenance of records and documents at the Gram Panchayat level. Format for dated receipt of work application has been prescribed in the revised guidelines issued by the Ministry."

(Reply to Recommendation Serial No. 11, Para No. 3.21)

22. The Committee are aware of the fact that issue of dated receipt to a job cardholder is a statutory obligation on the part of the Gram Panchayat. Even then it is a fact that the Gram Pradhans are not indicating the date of receipt of the application and even receiving application only when the work is available with them as noticed by the Committee during study visit. The Committee understand that the aforesaid tendency on the part of the Gram Pradhan is to show that cent percent applicants are being provided jobs. Even when such a grave irregularity was brought to the knowledge of the Department, no action has been taken/proposed to be taken in this regard. The Committee express their displeasure in this regard and would like to reiterate their earlier recommendation to look into the possibility of entrusting the task of receipt of application to any other Department of the State Governments or active NGOs so as to ensure transparency and proper implementation of NREGA. The Department should also indicate whether the implementation of the recommendation of the Committee would involve any amendment to the Guarantee Act. A categorical response in this regard should be furnished by the Department.

(vi) Pursuing hiking of wage rates in different States with low wages for making NREGA viable

Recommendation (Serial Nos. 12, Para No. 3.28)

23. The Committee had recommended as under:

> "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 year 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 the 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."

(Recommendation Serial No. 12, Para No. 3.28)

24. The Department in their Action Taken Replies has stated as under:

> "Section 6(2) of the NREGA provides that 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. Central Government has so far not fixed wages under the Act in respect of any of the States. Therefore, wages are being paid under NREGA in accordance with the minimum wage fixed by the State Governments under section 3 of the Minimum Wages Act, 1948 for agricultural labour.

Wage rate fixed by the State Government of Gujarat under the provisions of this Act is Rs. 50 per day at present. Enhancement of the wage rate is under consideration of the State Government. The Ministry does not support the recommendation of the Committee regarding pursuing the State Government for enhancing the wage rate as fixation of wages under Minimum Wages Act 1984 is the prerogative of the concerned State."

(Reply to Recommendation Serial No. 12, Para No. 3.28)

25. On the issue of persuading State Governments with lower wage rates for its upward revision, the Committee find from the action taken reply that the Department is not inclined to support the recommendation of the Committee on the pretext that fixation of wages is the prerogative of the respective State Government. The Committee feel that there is no bar as such nor any hindrance for the Ministry to persuade State Governments to enhance their wage rate. In view of the foregoing, the Committee reiterate that the Department should persuade the State Governments to enhance the wage rate if it is in the interest of viability of NREGA scheme in the State.

C. SWARANJAYANTI GRAM SWAROZGAR YOJANA (SGSY)

Creation of National Marketing Agency

Recommendation (Serial Nos. 23 & 24, Para Nos. 3.57 and 3.58)

26. The Committee had recommended as under:

"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 the 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."

(Recommendation Serial No. 23, Para No. 3.57)

"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 district in a time bound manner."

(Recommendation Serial No. 24, Para No. 3.58)

27. The Department in their Action Taken Replies has stated as under:

"After submission of the report by the Sixth Central Pay Commission, Ministry of Finance has returned the proposal for creation of National Rural Products Marketing Agency (NRPMA) back to the Ministry for revising the pay scales of the posts to be created in NRPMA. The proposal has been re-submitted to Ministry of Finance for their approval."

(Reply to Recommendation Serial No. 23, Paragraph No. 3.57)

"To make uniformity in the marketing centers created in the States by the Ministry, it has been decided to evolve a standard design and a sustainable business model for ownership, maintenance, operation of such marketing complexes safeguarding therein the interest/stake of the targeted rural BPL SHG beneficiaries. Ministry is in the process of identifying a Consultant to devise the model. The proposals received from the State Governments and which are likely to be received will be considered for sanction based on the model devised."

(Reply to Recommendation Serial No 24, Paragraph No. 3.58)

28. The Committee find that the proposal for creation of National Rural Products Marketing Agency (NRPMA) was submitted by the Department of Rural Development to the Ministry of Finance for approval. However, the Ministry of Finance has returned the same to the Department for revision of pay scales for different posts to be created under the proposed NRPMA consequent upon submission of Report of the Sixth Central Pay Commission. As regards the creation of permanent marketing infrastructure facilities in different States, the Ministry is in the process of identifying a consultant to devise the model, based on which the proposals received from the States would be sanctioned. In view of the foregoing, the Committee recommend that the matter should be expedited so that proper marketing facilities are provided for the products of SHGs under SGSY.

D. Part payment of wages in the form of foodgrains

Recommendation (Serial No. 30, Para No. 3.72)

29. The Committee had recommended as under:

"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 per cent 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 per cent and the remaining portion might be given in kind as foodgrains. However, the norm of minimum 5 Kg of foodgrains and minimum of 25 per cent 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."

(Recommendation Serial No. 30, Para No. 3.72)

30. The Department in their Action Taken Reply has stated as under:

"Experience in the implementation of SGRY shows that, it is difficult to ensure timely supply of foodgrains for timely payment of wages for various logistic reasons. In accordance with the provisions of the NREGA, the workers are entitled to be paid on a weekly basis, and in any case within a fortnight of the date on which work was done. In the event of any delay in wage payments, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1935. The cost of compensation is to be borne by the State Government".

(Reply to Recommendation Serial No. 30, Paragraph No. 3.72)

31. The Committee had earlier recommended to provide foodgrains as part of the wages under NREGA on the lines of the practice being followed under SGRY particularly when the specific provision in this regard has been made under the Guarantee Act itself. The Department instead of taking action in this regard has conveyed the practical difficulties being faced under SGRY. It has been stated that it was difficult to ensure timely supply of foodgrains or timely payment of wages due to various logistic reasons. The Committee disapprove the way such an important recommendation has been treated by the Department. The Department either should have taken the remedial actions with regard to practical difficulties being faced under SGRY or a review in this regard should have been made before making the specific provision under NREGA. In view of this, the Committee would like to reiterate the earlier recommendation to implement the specific provision made in this regard for payment of part wages by way of foodgrains particularly in the circumstances when there is unprecedented hike in the prices of foodgrains and the poor are the worst affected. Concrete action taken in this regard should be communicated to the Committee.

E. RURAL HOUSING (INDIRA AWAAS YOJANA)

Recommendation (Serial No. 32, Para No. 3.82)

32. The Committee had recommended as under:

> "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 & 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 2007-08 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 & the targets fixed under Bharat Nirman are achieved."

(Recommendation Serial No. 32, Para No. 3.82)

33. The Department in their Action Taken Replies have stated as under:

> "In the Eleventh Plan proposal, 30 lakh houses were proposed to be constructed every year, the remaining shortage being met in the Twelfth Plan period. The Draft 11th Plan proposed construction of 159.5 lakh houses during the Eleventh Plan period which are to cover poorest among the BPL families. Considering that 21.27 lakh houses were targeted for construction during 2007-08, the remaining 138.23 lakh houses are required to be constructed during the remaining four years of Eleventh Plan period @34.56 lakh houses every year. With enhanced unit assistance the central funds of Rs. 31695.89 crore required for construction of 138.23 lakh houses in the next four years of the Eleventh Plan period. In addition, about Rs. 30.00 crore would be required for other smaller schemes such as Innovative Stream of Rural Housing and Habitat Development and Rural Building Centre, IEC, administrative expenditure, etc. After adding this amount, the total Central share required for construction of

138.23 lakh houses would be Rs. 31695.89 crore for the next four years and Rs. 7923.97 crore for the year 2008-09. However, the funds provided for the year 2008-09 is Rs. 5645.77 crore.

Recommendation has been forwarded to Ministry of Finance and Planning Commission to take necessary action."

(Reply to Recommendation Serial No. 32, Paragraph No. 3.82)

34. The Committee note from the action taken reply furnished by the Department that about 138.23 lakh houses are to be constructed during the remaining 4 years of the Eleventh Plan at the rate of about 34.56 lakh houses per year. The total Central share required for construction of 138.23 lakh houses would be Rs. 31,695.89 crore for the next four years and Rs. 7,293.97 crore for the year 2008-09 for construction of 34.56 lakh houses. However the funds provided for the year 2008-09 are only Rs. 5,645.77 crore which means that Rs. 1648.2 crore less have been provided. The Department in the action taken reply has further stated that the recommendation of the Committee for enhancement of allocation under IAY has been forwarded to the Ministry of Finance for necessary action. The Committee observe that the Department has not clarified as to how they would meet the shortage of funds to construct the targeted number of houses especially when they have been provided only Rs. 5,645.77 crore against the demand of Rs. 7,923.97 crore to build 34.56 lakh houses during 2008-09. The Committee note that the demand for houses is increasing year after year and despite this fact, the Department is not getting enhanced allocation under IAY even when the cost per unit assistance under IAY has been increased by the Government. The Committee once again recommend the Department to pursue vigorously with the Ministry of Finance/ Planning Commission for getting the enhanced allocation under IAY to meet the housing shortage in the rural areas. The concern expressed by the Committee in this regard should be communicated to the Ministry of Finance/Planning Commission.

F. PRADHAN MANTRI GRAM SADAK YOJANA (PMGSY)

(i) Mismatch between physical and financial achievement

Recommendation (Serial No. 36, Para No. 3.94)

35. The Committee had recommended as under:

"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."

(Recommendation Serial No. 36, Para No. 3.94)

36. The Department in their Action Taken Replies has stated as under:

"Under PMGSY, project proposals are cleared in batches at any given point of time. The works are in different stages of execution. Also all States do not come for project approval of the same phase at the same point of time. The completed length of the road is reported when work in all the layers is completed and connectivity to habitation is reported when the entire length of the road leading to eligible habitation is completed. During the last two years, in order to meet the enhanced requirements of Bharat Nirman, project proposals for 1,43,534 Km for Rs. 42,242 crores have been cleared. The larger expenditure with reference to the physical progress indicates that very large number of works is in progress and are at different stages. The Physical & Financial Progress of phase V, VI & VII as on March, 2008 is as below:

	%Length Completed	%Expenditure incurred to value cleared
Phase V	49.53	51.43
Phase VI	26.88	24.95
Phase VII	0.07	12.08

(Reply to Recommendation Serial No. 36, Paragraph No. 3.94)

37. The Committee find from the action taken reply furnished by the Department that the implementation of PMGSY in the Phase V, VI and VII of the programme is very slow. The Committee in their earlier recommendation have expressed serious concern over the mismatch between the physical and financial achievements

indicated by the Department. The Department in its justification has stated that under PMGSY, project proposals are cleared in batches at any given point of time. The works are in different stages of execution. Also all States do not come for project approval of the same phase at the same point of time. The completed length of the road is reported when work in all the layers is completed and connectivity to habitation is reported when the entire length of the road leading to eligible habitation is completed. The Committee feel that the procedure adopted for clearing projects and reporting of completed works is very confusing and misleading due to which there appears to be a mismatch between the physical and financial achievements during the given period of time. The Committee are aware that PMGSY road works should be completed and reported within a maximum period of 18 months from the date of award of road contract. Thus the Department should maintain a separate phase-wise data with regard to unfinished road works that could not be completed within the stipulated period of 18 months from the date of award of the actual contract, so as to get the true picture of the pace of implementation of PMGSY. The desired information should be furnished to the Committee within three months of the presentation of the Report.

(ii) The post-contractual period maintenance of PMGSY roads

Recommendation (Serial No. 38, Para No. 3.101)

38. The Committee had recommended as under:

"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 the 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 into 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."

(Recommendation Serial No. 38, Paragraph No. 3.101)

39. The Department in their Action Taken Replies has stated as under:

"All PMGSY roads are now covered with 5 years maintenance contract to be entered into along with the construction contract with the same contractor. State Governments have been advised to put proper institutional arrangements and place adequate funds for maintenance of rural roads including PMGSY roads. State Governments have also been requested to take advantage of 12th Finance Commission grant."

(Reply to Recommendation Serial No. 38, Paragraph No. 3.101)

40. The Committee recall that provision of separate allocation for post contractual maintenance of PMGSY roads has been one of the repeated recommendations of the Committee. In the action taken reply the Committee find that the Department has not replied to the recommendation in categorical terms and left the responsibility for maintenance of PMGSY roads after the completion of the contractual period on the State Governments by operationalising institutional arrangements with the help of Twelfth Finance Commission Grants.

The Committee do not appreciate the stand taken by the Department and reiterate their recommendation that a separate allocation be made for post contractual maintenance of PMGSY roads as financial health of all the State Governments is not strong enough to shoulder this responsibility.

G. VIGILANCE AND MONITORING COMMITTEE (V&MC)

Recommendation (Serial No. 39, Para No. 3.106)

41. The Committee had recommended as under:

"The Committee note that the objective of constituting the Vigilance and Monitoring Committees (V&MC) 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 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 visits to the districts to know the functioning of the Vigilance and Monitoring Committees."

(Recommendation Serial No. 39, Para No. 3.106)

42. The Department in their Action Taken Replies has stated as under:

"For effective Monitoring of the implementation of the programmes of the Ministry, Vigilance and Monitoring Committees at State/UT and District level have been constituted for each State/UT/District. The major objective of Vigilance and Monitoring Committees includes providing of a crucial role to the Members of Parliament and elected representatives of the people in State Legislatures and the Panchayati Raj Institutions for the implementation of the Rural Development programmes and to put in place a mechanism to monitor the execution of the programmes, so that the fruits of the programme may flow to the rural poor in full measure. It is envisaged that these committees would keep a close watch over the implementation as per the programme guidelines.

During the year 2007-08 as per updated reports/records available, 35 State level V&MC have been conducted in 23 States/UTs and 888 District level V&MC meetings have taken place in 561 Districts respectively. 39 districts have not conducted even a single meeting.

Meetings of the Vigilance and Monitoring Committees at State and District level are to be held at every quarter. In spite of the guidelines, the meetings are not being held regularly. The Ministry has asked the Member Secretary for clarifications and also organizing the meeting at the earliest. In addition, the Minister of Rural Development has sent a letter on February, 2008 to the Chief Ministers of States, who have not held State Level V&MC meetings during 2007-08 to organize these meetings as early as possible. Last year as well, the Union Minister had written to the Chief Ministers concerned in this regard. Minister has again written to all the Chief Ministers about the observation and feelings of the Members of the Standing Committee.

In order to streamline holding District Level V&MCs meetings, the Ministry had also imposed a condition on 10 August 2006 that the 2nd instalment of the funds for the programmes would be released only after getting confirmation of holding of at least one V&MC 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 to waive 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. Further, the Ministry also issued a circular on 23 January 2007 for holding Special Meetings in case regular District Level V&MC meetings are not being held or are frequently being postponed due to various factors.

In September, 2007, Hon'ble Union Minister of Rural Development while having interactive sessions with the Members of Parliament from various States, emphasized the need to hold regular meetings of the V&MCs at State as well as District level in terms of stipulations in the guidelines. The Minister has again written to the Chief Ministers of the States to hold four meetings of the V&MC during 2008-09."

(Reply to Recommendation Serial No. 39, Paragraph No. 3.106)

43. While expressing concerns over the way the Vigilance and Monitoring Committees are functioning in various States/districts, the Committee had raised a series of issues and made certain recommendations as given under:—

(i) The action taken against the Member-Secretary of 127 districts who could not conduct even a single V&MC meeting should be communicated;

(ii) The role and powers of the Members of Parliament and other functionaries of the V&MC may be clearly defined in the guidelines;

(iii) Minutes of V&MC meeting held at State/district level should be duly signed by the Member of Parliament who is the Chairman/co-Chairman and should be sent to the Union Ministry of Rural Development on a regular basis;

(iv) Union Ministry of Rural Development should monitor the action taken on the decisions taken during the meeting;

(v) A mechanism in the Ministry should be evolved whereby the officials of the Ministry should also pay random visits to the districts to know the functioning of V&MCs.

Action taken reply does not address the aforesaid issues. The Committee desire a categorical response on each of the issues raised above.

H. EXPEDITIOUS FINALISATION OF BPL LIST

Recommendation (Serial Nos. 42 and 43, Para Nos. 3.118 and 3.119)

44. The Committee had recommended as under:

"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 Finalization of 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."

(Recommendation Serial No.42, Para No. 3.118)

"The Committee further note that BPL Census is conducted in the beginning of a Five Year Plan. The BPL Census 2002 was conducted to finalize 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."

(Recommendation Serial No. 43, Para No. 3.119)

45. The Department in their Action Taken Replies has stated as under:—

"The Department has been regularly taking up the matter with all the States at different levels emphasizing the urgency to finalise the BPL list based on BPL Census 2002. The Hon'ble Minister of Rural Development has also taken up the matter with the Chief Ministers of the respective States. Now the Government of Haryana and Dadra & Nagar Haveli have also furnished the BPL list. In case of Bihar, the State Government has determined the cut off score as 13. The total number of BPL households worked out on this basis exceeds substantially over the prescribed limit. The matter is being pursued with the remaining States and UTs to get the BPL list finalized at the earliest."

(Reply to Recommendation Serial No. 42, Para No. 3.118)

"The observation of the Committee to expedite the setting up of an Expert Group by the Planning Commission to suggest the suitable methodology for the next BPL Census is noted and the matter has already been taken up with the Planning Commission. The Ministry has assured all possible assistance to the Planning Commission to get this exercise completed."

(Reply to Recommendation Serial No. 43, Para No. 3.119)

46. The Committee note the efforts made by the Department for expediting the BPL List based on BPL Census 2002. The Department has informed that the Hon'ble Minister of Rural Development has taken up the matter with the defaulting States for expediting the BPL List. Subsequently, few States/UTs *viz*. Haryana, Bihar and Dadra & Nagar Haveli have finalised the BPL List. Besides, the Department has also taken up the issue of setting up of an Expert Group for suggesting a suitable methodology for the next BPL Census with the Planning Commission. With these measures, the Committee expect that the BPL list would be finalised at the earliest in the remaining States/UTs and also the new methodology suggested by the Expert Group of the Planning Commission would further help in identifying genuine BPL families.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1, Para No. 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 the 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 the 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.

Reply of the Government

Suggestion has been noted for compliance.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 4, Para No. 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 the 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 emphasis 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 that the Government should 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.

Reply of the Government

As per the available progress reports from the State Governments and Union Territory Administration for the year 2007-08, the utilization of funds under NREGA is Rs. 15856.89 crore against the available fund of Rs. 19305.81 crore which is 82.14%. Under SGRY the utilization is Rs. 2235.73 crore against the available funds of Rs. 2748.31 crore which is 81.35%. Under SGSY the utilization is Rs. 1951.19 crore against the available fund of Rs. 2427.64, which is 80.37%. Under Indira Awaas Yojana, the utilization is reported to Rs. 5458.01 crore against the available funds of Rs. 6526.20 crore which is 83.63% and under Pradhan Mantri Gram Sadak Yojana the utilization is Rs. 10632.67 crore against the available funds of Rs. 12140.00 crore which is 87.58%. Total unspent amount under these schemes is Rs. 7013.47 crore, which is 16.25% of the available funds during 2007-08.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 5, Para No. 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 Rs. 14,053.04 crore while it is only Rs. 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.

Reply of the Government

The Ministry of Rural Development has developed a comprehensive system of monitoring the expenditure incurred under each of the programmes through Periodical Progress Reports, Performance Review Committee meetings, Area Officer's Scheme, Vigilance and Monitoring Committees at the State/District Level, with greater involvement of Members of Parliament, District Level monitoring and National Level Monitors. The Ministry has also emphasized the State Government to furnish the monthly and quarterly progress reports through on-line system, so that it may not take time to receive the latest position of utilization of funds. The Ministry is also receiving monthly reports in hard and soft form through State Nodal Officers to minimize the time lag.

Besides, the State Governments have also been advised to adopt a five-pronged strategy consisting of (i) creation of awareness, (ii) transparency, (iii) People's participation, (iv) accountability, social audit, and (v) strict vigilance and monitoring at all levels. These measures are quite helpful to adhere to the norms of monthly expenditure under rural development schemes.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 14, Para No. 3.30)

The Committee appreciates 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.

Reply of the Government

All States/Union Territories have been requested to pay wages to the NREGA workers through their accounts in Post Offices/Banks. So far 2,28,96,158 accounts of NREGA workers in Post Offices/Banks have been opened in 21 States. Remaining States are also taking necessary action in this regard.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 16, Para No. 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.

Reply of the Government

In the Operational Guidelines prepared and revised by the Ministry from time to time, it has been clearly stated that the ratio of wage costs to material costs should be no less than the minimum norm of 60:40 stipulated in the Act and should be applied preferably at the Gram Panchayat, Block and District levels. Copies of the guidelines have been provided to States for distribution to all the implementing agencies since the launch of the Act. These have also been put on the website *www. nrega.nic.in.*

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 18, Para No. 3.37)

The Committee feel that one of the reasons for the 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 kutcha 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 works are always available when the demand for employment comes.

Reply of the Government

Section 16(3) & (4) of NREGA states that every Gram Panchayat shall prepare a development plan and maintain a shelf of works and forward it to the Programme officer for scrutiny and preliminary approval prior to the commencement of the year in which it is proposed. Development plan is an Annual Work Plan that should comprise a shelf of projects for each village with administrative and technical approvals so that works can be started as soon as there is a demand for work. As regards the permissible activities of works, para 1(iv) of Schedule I of the Act has been amended to allow provision of irrigation facility, horticulture plantation and land development facilities on land owned by households belonging to the Scheduled Castes and Scheduled Tribes or to Below Poverty Line families or to beneficiaries of land reforms or to the beneficiaries under Indira Awas Yojana of the Government of India. Para 1(ix) of Schedule I of NREGA contains a provision for any other work which may be notified by the Central Government in consultation with the State Govt. Any proposal of a State Govt. for taking up work which does not fall in the category of permissible works as given in Schedule I may be examined by the Central Govt. on merits and work may be notified as a permissible activity in that particular area. Operational guidelines of NREGA provide for preparation of a District Perspective Plan (DPP). The DPP is intended to facilitate advance planning and to provide a development perspective for the district. The aim is to identify the types of NREGS works that should be encouraged in the district and the potential linkages between these works and long-term employment generation and sustained development.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 20, Para No. 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 percent. 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 percent. 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.

Reply of the Government

SGSY is a credit-linked programme where credit is the key element and subsidy is only a minor enabling component. The major part of the investment consists of bank credit from financial institutions comprising commercial banks, co-operative banks and regional rural banks. The credit targets under SGSY have never been achieved by the banks since inception of the programme (1.4.1999). The credit disbursal against the credit targets under SGSY in the last three years is as under:—

Financial year	Credit Targets (Rs. in crores)	Credit Disbursal (Rs. in crores)	%of credit disbursal
2005-06	2515.65	1823.16	72.47
2006-07	2869.12	2291.21	79.86
2007-08	3743.55	2752.87	73.54

During 2007-08, the credit disbursement was less than 25% in six States/ UTs *viz*. Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and West Bengal whereas the achievement was 'Nil' in A&N Islands, Daman & Diu and Dadra & Nagar Haveli. During 2006-07, the credit disbursement was below 40% in the States/UTs of

Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, West Bengal, D&N Haveli and Lakshadweep.

There is inadequate physical outreach of banks in rural areas. Ministry of Rural Development has been regularly monitoring credit mobilization under SGSY through meetings of Performance Review Committee (PRC), Central Level Coordination Committee (CLCC) and meetings of the Nodal Officers. The 11th meeting of Central Level Coordination Committee (CLCC) was held on 8th February, 2008 attended by State Secretaries of Rural Development, senior officers from Ministry of Finance, RBI, NABARD, senior representatives of Public Sector Banks. The meeting, *inter-alia*, discussed the issues of unbanked blocks in the country, disbursement of credit and sanctioning of pending loan applications, poor performance of bank branches in credit delivery, and high interest rates charged by the banks under SGSY.

As a follow up of the meeting, Ministry of Rural Development has written to Banking Division, Ministry of Finance to take up issues related to credit that require immediate remedial action on the part of Ministry of Finance such as Credit mobilization, poor performance of branches in credit delivery, pendency of loan applications, issues regarding high interest rates and inadequate physical outreach of banking system. Minister of Rural Development had also requested Finance Minister to personally intervene in the case of non-achievement of credit targets by banks, high interest rates being charged by different bank branches, inadequate physical outreach of banking system in rural areas. Ministry of Finance has informed that most of the banks including SBI, Central Bank of India, PNB etc. have responded in the matter stating that a nodal officer has been appointed to monitor the progress of SGSY programme. A high level Committee on "Credit related issues under SGSY" has been constituted under the chairmanship of Dr. R. Radhakrishna, Professor, Centre for Economic and Social Studies, Hyderabad to examine the constraints in the adequate flow of credit to Self Help Groups of SGSY and to suggest measures and strategy for effective credit linkage to Self Help Groups. Senior officers from Ministry of Finance, RBI, NABARD, SBI, National Institute of Rural Development and selected State Secretaries of Rural Development are the members of the Committee.

The observation of the Standing Committee has been communicated to RBI and Ministry of Finance for taking appropriate action.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 21, Para No. 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 that the Department should take the issue with DRDAs and Bankers. The Committee may also be kept apprised about the concrete action taken in this regard.

Reply of the Government

SGSY is implemented by District Rural Development Agencies (DRDAs) through the Panchayat Samitis and with the active involvement of other Panchayati Raj Institutions, the banks, the line departments and the NGOs. A close coordination mechanism between different agencies responsible for implementation of SGSY has been evolved by forming Block Level, District Level, State Level and Central Level SGSY Committees. The State Level Bankers Committee (SLBC) has the mandate to approve the bank credit plan and review the credit trend in the State. Considering the significance of these committees, all the State Governments are instructed to conduct meetings of these committees as per the schedule prescribed in the SGSY guidelines for effective implementation of the scheme.

The observation of the Standing Committee has been communicated to all the State Governments, Ministry of Finance and RBI for taking appropriate action.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 22, Para No. 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 percent of the physical targets could be achieved with 82.58% 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 Swarozgaries 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.

Reply of the Government

As per information available with the Ministry during 2006-07, 155.07 percent of the physical target was achieved with 82.58% utilization of total funds available and during 2007-08, 125.22 percent of the physical target was achieved with 80.37% utilization of the total funds available. The issue of mis-match between physical and financial achievements was taken up in the PRC meetings held on 17-18 January, 2008 and 13-14 April, 2008 with the State representatives and the Bank officials present in the meetings and were instructed to take immediate action in this regard.

The observation of the Standing Committee has been communicated to Ministry of Finance, State Governments and RBI, for taking appropriate action.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 23, Para No. 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 the 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.

Reply of the Government

After submission of the report by the Sixth Central Pay Commission, Ministry of Finance has returned the proposal for creation of National Rural Products Marketing Agency (NRPMA) back to the

Ministry for revising the pay scales of the posts to be created in NRPMA. The proposal has been re-submitted to Ministry of Finance for their approval.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

(please see paragraph No. 28 of Chapter-I of the Report)

Recommendation (Serial No. 24, Para No. 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 district in a time bound manner.

Reply of the Government

To make uniformity in the marketing centers created in the States by the Ministry, it has been decided to evolve a standard design and a sustainable business model for ownership, maintenance, operation of such marketing complexes safeguarding therein the interest/stake of the targeted rural BPL SHG beneficiaries. Ministry is in the process of identifying a Consultant to devise the model. The proposals received from the State Governments and which are likely to be received will be considered for sanction based on the model devised.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 25, Para No. 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.

Reply of the Government

12 Placement based Skill Development Projects with country-wide coverage have so far been sanctioned by the Ministry of Rural Development. These projects together have a total cost Rs. 149 crore and target for coverage of about 2.80 lakh rural beneficiaries. Over 36,000 candidates have been trained and more than 27,000 candidates provided placements through these projects so far.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 27, Para No. 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, marriages 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 fulfill 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 a good recovery rate of the loans advanced by Banks under SGSY and other schemes.

Reply of the Government

SGSY is a credit-linked programme where credit is the key element and subsidy is only a minor enabling component. The major part of the investment consists of bank credit from financial institutions comprising commercial banks, co-operative banks and regional rural banks. The Ministry has been regularly monitoring credit mobilization under SGSY through meetings of Performance Review Committee (PRC), Central Level Coordination Committee and meetings of the Nodal Officers. Minister of Rural Development had also requested Finance Minister to personally intervene in cases of non-achievement of credit targets by banks, high interest rates being charged by different bank branches, inadequate physical outreach of banking system in rural areas. Ministry of Finance has informed that most of banks have appointed Nodal Officers to monitor the progress of SGSY programme. The State Governments, Ministry of Finance and RBI have been communicated to take appropriate action.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 2, Para No. 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 works 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.

Reply of the Government

The financial and physical progress reported for 2007-08 have undergone a change. As per latest reported figures from States, 96.4% of allocated funds were released and 56% of indicative target of mandays generation achieved. With the launch of NREGA, the SGRY programme has been subsumed in NREGA in different phases. The NREGA is operational in the entire country with effect from 1st April, 2008. The Ministry of Rural Development has issued instructions from time to time for completion of SGRY works through specified process. However, to take stock of current situation of completion of SGRY works which remained incomplete on the cut off dates, this Ministry has requested the States/UTs to provide requisite information.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 29, Para No. 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.

Reply of the Government

The closing balance of SGRY as on 31.3.2008, that is, for the year 2007-08 is required to be transferred to NREGA account. A proposal for creation of a Reserve Fund of Rs. 5000 crore for NREGA was taken up with the Ministry of Finance. However, the Ministry of Finance has not agreed to the said proposal.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 31, Para No. 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 Paragraph 2.14) that while formulating the Policy, the Department should ensure that the role of the Government is not limited to grant of schemes & the Policy addresses the needs & 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 & Habitat Policy' has been recently formulated & 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.

Reply of the Government

In 22nd Report to Parliament on the subject 'Rural Housing, Committee had recommended that role of Government should be expanded to all sections of the society; issue of infrastructure development in rural areas be addressed by integrating Housing with habitat development; allocation to rural housing be stepped up; access to finance through lending or otherwise etc. be improved.

All these suggestions/recommendations of the Committee have been incorporated in the draft of the 'National Rural Habitat Policy'.

[O. M. No. H – 11020/5/2008 – GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendations (Serial No. 35, Para No. 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.

Reply of the Government

A total of 66,802 habitations was proposed to be covered under rural roads component of Bharat Nirman by 2009. Subsequently, based on ground verification by States, 62,957 habitations were found eligible to be connected under the programme, out of which 3421 habitations have been connected under other schemes. Thus, the revised target is to connect 59,536 habitations. It is targeted to construct 1,46,185 Km rural roads and upgrade 194130 Km of existing rural roads under rural roads component of Bharat Nirman. Upto end of March, 2008, 20871 habitations have been connected under Bharat Nirman which constitutes nearly 35% of the targets. The reasons for the slow progress are : (i) Availability of land, (ii) Clearance from Forest Department, (iii) Severe climatic condition in hill States, (iv) Inadequate capacity of PIU, & executing agencies, (v) Shortage of contracting capacity, (vi) Escalation in cost of basic materials *vis-a-vis* fixed price contracts.

A number of measures have been taken to enhance the absorption capacity of various States and speed up implementation of the programme. Some of the measures taken are:—

(a) States with large new connectivity backlog (e.g. Assam, Jharkhand, Uttaranchal, Bihar & West Bengal) have been advised to deploy adequate number of dedicated PIUs. Central Agencies have been deployed in States with weak institutional capacity (Bihar, Tripura & Jharkhand). Support has been provided to States for outsourcing project preparation and construction supervision. Standard Bidding Document has been amended to provide flexibility in package sizes, joint ventures, reduction in upfront security deposit, performance incentive for timely completion. Onsite training has been arranged to contractors, engineers and workmen for faster project execution and quality assurance.

(b) Ensuring timely availability of land:-

The PMGSY Programme Guidelines envisage 'transact walk' involving major stakeholders for selection of proper road alignment and also for developing community ownership so that affected private landholders are motivated to donate land for the project voluntarily. States in densely populated areas may use good offices of Gram Panchayats and local revenue functionaries to advise people to donate their lands,

In order to ensure that forest clearance is available by the time projects are ready for execution, States have been advised to initiate pro-active upfront action for seeking forest clearances as soon as survey commences for preparation of Detailed Project Reports (DPRs).

(c) Availability of construction material and royalty charges:—

There is a shortage of stone aggregates in some areas of Bihar, Assam, Tripura, West Bengal and Orissa. States may augment supplies through better utilization of existing sources and tapping of new sources; procedures for issue of permit may be simplified and streamlined to ensure timely and adequate availability, rationalization of high royalty charges (Assam, Maharashtra, Chhattisgarh, Haryana and Orissa).

The above measures have started yielding results. The expenditure during the year 2004-05 was Rs. 3077.45 crore which has risen by more than 300% to Rs. 10, 618.69 crore during 2007-08. With this trend of increase in the absorption capacity States, it is expected that Bharat Nirman targets would be achieved by March, 2010.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 38, Para No. 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 the 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 into 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.

Reply of the Government

All PMGSY roads are now covered with 5 years maintenance contract to be entered into along with the construction contract with the same contractor. State Governments have been advised to put proper institutional arrangements and place adequate funds for maintenance of rural roads including PMGSY roads. State Governments have also been requested to take advantage of 12th Finance Commission grant.

[O. M. No. H – 11020/5/2008 – GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 40, Para No. 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 the various functionaries responsible for the execution of the rural development schemes should also be indicated in brief on the Job Card.

Reply of the Government

Mechanism for grievance redressal has been laid down in chapter 11 of the revised Operational Guidelines of NREGA. Copies of these guidelines are available with all the implementing agencies and have also been put on the NREGA website. It has been clearly stated in para 11.7(ii) that appeal against the Gram Panchayat will be to the Programme Officer(PO), against the PO will be to the District Programme Coordinator(DPC) and against DPC to an appropriate authority designated by the State Government. Name and address of the petitioner, nature and date of the petition are to be entered in a register which is to be uploaded on to the Internet on a weekly basis. The petitioner is given a receipt with number and date to enable him to follow up his complaint from the office of PO and also over the Internet using the receipt number.

As regards indication of the name, designation and responsibilities of various functionaries responsible for the execution of NREGA on the Job Card, format of the Job Card has been provided in the Guidelines. It has been clearly indicated that no photograph, name or details of any person other than that of the registered adult members of the household to whom that Job Card belongs shall be affixed or recorded in the Job Card. The Ministry has also issued a Notification No. J-11013/1/2008-NREGA dated 2.4.2008 in this regard.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 41, Para No. 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 are 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.

Reply of the Government

Feedback option is there on the Rural portal through which a citizen can give his feedback on site. The moderator of site sends the feedback to the concerned division for appropriate action. For NREGA, there is separate public grievance redressal system also in addition to feedback option.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

CHAPTER III

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

-NIL-

CHAPTER IV

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

Recommendation (Serial No. 2, Para No. 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 the 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 the allocation in this regard, which was 60.30 percent 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.

Reply of the Government

It is true that against the approved allocation of Rs. 194933.28 crore for the Eleventh Five Year Plan in respect of the Department of Rural Development, the Budget Estimates (BE) during 2007-08 and 2008-09 has been Rs. 59000 crore. However, it may be mentioned that during 2008-09, the outlay at Revised Estimates (RE) stage was stepped upto Rs. 28500 crore against the BE of Rs. 27500 crore which means an additional outlay of Rs. 1000 crore was provided. Further, for PMGSY, Rs. 4500 crore and Rs. 7000 crore were provided through the RIDF

Window during 2007-08 and 2008-09 respectively. Any additional requirement of funds for rural development programmes especially for NREGS during the year is to be met through the Supplementary Demand for Grants. Thus, by taking into account, the additional allocation of Rs. 1000 crore provided in 2007-08 and Rs. 11500 crore provided through Roads Infrastructure Development Fund (RIDF) window, the allocation during the first two years may work out close to 20 per cent of Eleventh Plan outlay. Moreover, the capacity of the States to absorb more allocation under the rural development programmes will be built up during the years and it will be possible to absorb higher outlays under different programmes. However, the concerns of the Committee to get higher allocations are noted and the Department would continue its efforts to get enhanced allocation from the Gross Budgetary Support available with the Planning Commission during the remaining three years of the Eleventh Plan. So far as annual increase in outlay during 2005-06 is concerned, it may be mentioned that the National Food for Work Programme (NFFWP) was launched in 2004-05 and the allocation was made through the Revised Estimates. For 2005-06, the allocation under NFFWP of the order of Rs. 4500 crore was made for all the 150 districts, therefore, increase in outlay was substantial. Similarly in 2006-07, an allocation of Rs. 11300 crore was made for NREGS and represented an increase of more than 30% over the BE of 2005-06 and obviously the increase in outlay was not of the same order during the subsequent years.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 3, Para No. 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.

Reply of the Government

The Department of Rural Development will continue its efforts to get higher allocations for different programmes especially for poverty alleviation to meet the national goals of inclusive growth and the recommendations of the Hon'ble Committee in this regard will also be brought to the notice of Planning Commission at the time of Annual Plan discussions.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 6, Para No. 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 than 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.

Reply of the Government

NREGA has been extended to rural areas of all the districts in the country with effect from 1 April 2008 and SGRY has been fully merged under NREGA from this date. Instructions have been issued to all States that un-utilised funds of SGRY shall be treated as NREGA funds from 1 April 2008. During 2007-08, States had Rs. 19305.81 crore as available funds under NREGA. Out of this amount, States incurred an expenditure of Rs. 15856.88 crore. Thus, as on 1 April 2008, the States had a balance of Rs. 3448.92 crores which will be utilized by the States for implementation of the Act during 2008-09. NREGA is demand driven. Central Government is committed to release funds to the States for implementation of the Act. Funds are released to the districts based on demand raised and their past performance. Therefore, in case of additional requirements, funds will be demanded through supplementary grants.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 7, Para No. 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.

Reply of the Government

A Job card issued to a household under NREGA is valid for a period of 5 years. Job card is issued to a household if one or more adult members of the household apply for it. Mere issuance of a job card, however, does not entitle the household for employment under the Act. The adult members of the household who volunteer to do un-skilled manual work have to apply for work in writing. A job card holder may exercise his or her right for 100 days of guaranteed employment under NREGA any time during a financial year. Further, while it is mandatory for a job seeker under NREGA to have a job card, it is not mandatory for a job card holder to take up employment under NREGA in a particular financial year. During 2006-07, though 3.78 crore job cards were issued, only 2.12 crore households demanded employment. During 2007-08, 6.47 crore households possessed the job cards whereas only 3.43 crore households had demanded employment. Demand for work under NREGA in a particular area depends on the availability of other employment opportunities in that area. Employment demand is likely to be low in districts that are comparatively more developed with greater opportunities of employment in other avenues both in agricultural and rural non-farm activities.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

(Recommendation Serial No. 8, Para No. 3.13)

While appreciating the fact that NREGA is a demand-driven scheme and the State Governments are bound to provide employment to a family who demands employment, the Committee feels 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 work. 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.

Reply of the Government

During 2007-08, 6.47 crore households possessed the job cards whereas only 3.43 crore households demanded employment. A total of 3601926 households completed 100 days of employment during the year. In Arunachal Pradesh, 2020 households; in Gujarat 11416 households and in Kerala 59443 households completed 100 days of employment during 2007-08. No household in Manipur, Mizoram and Nagaland, however, completed 100 days of employment in 2007-08. NREGA provides a legal guarantee of wage employment for 100 days in a financial year for doing un-skilled manual work on demand. The workers are free to take up any other employment in addition to the 100 days of guaranteed employment on demand provided under the Act. Pace of implementation of NREGA varies from State to State as it depends on availability of employment in other sectors. Awareness about NREGA amongst rural masses is being created through intensive

IEC activities through print, electronic and other media and is a continuous process.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 9, Para No. 3.14)

The Committee further note that the overall involvement of women under NREGA is 42 per cent. During the year 2007-08, 56,29,822 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 29,180 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 women 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.

Reply of the Government

Schedule II of the NREG Act provides that priority shall be given to women in such a way that at least one-third of the beneficiaries shall be women who have registered and requested for work under the Act. However, from the data provided by the various States it has been found that involvement of women under NREGA at the national level is 42 per cent which is much higher than the minimum percentage prescribed under the Act. However, involvement of women under NREGA varies from State to State. Para 27 & 28 of Schedule II of NREGA provide for worksite facilities including crèche so that conducive atmosphere is created to attract women workers for taking up employment under the Act.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

(Please see Paragraph No. 16 of Chapter-I of the Report)

Recommendation (Serial No. 10, Para No. 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.

Reply of the Government

The title of the Act 'National Rural Employment Guarantee Act' itself indicates that it is applicable in rural areas only. In order to generate awareness about the programme, intensive IEC activities have been taken up. These include one day orientation of all Sarpanches at the Block level; convening regular Gram Sabhas; use of local vernacular newspaper, radio jingles, TV spots, films and local cultural forums; leaflets, brochures in simple local language; fixing one day as Rozgar Diwas in a fortnight; involvement of NGOs/SHGs for awareness generation; preparation and disbursement of simple primers for workers and Sarpanches. The Government of India has introduced awards to be known as Rozgar Jagrookta Puraskar (Employment awareness awards) to recognize the outstanding contribution by the civil society organisations for promoting effective implementation of NREGA in different States of the country.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

(Please *see* Paragraph No. 19 of Chapter-I of the Report)

Recommendation (Serial No. 11, Para No. 3.21)

The Committee note that there is no proper system for acknowledging the receipt of applications from willing job applicants under NREGA. The Departments have stated that there are standardized formats for demanding employment under NREGA and the Gram Rozgar Sevak at Gram Panchyat 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 the provisions of the programme.

Reply of the Government

Issue of a dated receipt to a job card holder who applies for work under the Act is a statutory obligation on the part of the Gram Panchayat. Every Gram Panchayat is required to employ one dedicated Gram Rozgar Sahayak (GRS). Centre provides financial assistance for deploying a full time dedicated GRS for each Gram Panchayat. GRS is responsible for registration of households, issue of job cards, issue of dated receipt against job application, maintenance of records and documents at the Gram Panchayat level. Format for dated receipt of work application has been prescribed in the revised guidelines issued by the Ministry.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 12, Para No. 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 year 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 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 the 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.

Reply of the Government

Section 6(2) of the NREGA provides that 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. Central Government has so far not fixed wages under the Act in respect of any of the States. Therefore, wages are being paid under NREGA in accordance with the minimum wage fixed by the State Governments under section 3 of the *Minimum Wages Act, 1948* for agricultural labour.

Wage rate fixed by the State Government of Gujarat under the provisions of this Act is Rs. 50 per day at present. Enhancement of the wage rate is under consideration of the State Government. The Ministry does not support the recommendation of the Committee regarding pursuing the State Government for enhancing the wage rate as fixation of wages under *Minimum Wages Act, 1984* is the prerogative of the concerned State.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

(Please *see* Paragraph No. 25 of Chapter-I of the Report)

Recommendation (Serial No. 30, Para No. 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 per cent 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 per cent and the remaining portion might be given in kind as foodgrains. However, the norm of minimum 5 Kg of foodgrains and minimum of 25 per cent 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.

Reply of the Government

Experience in the implementation of SGRY shows that, it is difficult to ensure timely supply of foodgrains for timely payment of wages for various logistic reasons. In accordance with the provisions of the NREGA, the workers are entitled to be paid on a weekly basis, and in any case within a fortnight of the date on which work was done. In the event of any delay in wage payments, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1935. The cost of compensation is to be borne by the State Government.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 32, Para No. 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 2007-08 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.

Reply of the Government

In the Eleventh Plan proposal, 30 lakh houses were proposed to be constructed every year, the remaining shortage being met in the Twelfth Plan period. The Draft 11th Plan proposed construction of 159.5 lakh houses during the Eleventh Plan period which are to cover poorest among the BPL families. Considering that 21.27 lakh houses were targeted for construction during 2007-08, the remaining 138.23 lakh houses are required to be constructed during the remaining four years of Eleventh Plan period @34.56 lakh houses every year. With enhanced unit assistance the central funds of Rs. 31695.89 crore required for construction of 138.23 lakh houses in the next four years of the Eleventh Plan period. In addition, about Rs. 30.00 crore would be required for other smaller schemes such as Innovative Stream of Rural Housing and Habitat Development and Rural Building Centre, IEC, administrative expenditure, etc. After adding this amount, the total Central share required for construction of 138.23 lakh houses would be Rs. 31695.89 crore for the next four years and Rs. 7923.97 crore for the year 2008-09. However, the funds provided for the year 2008-09 is Rs. 5645.77 crore.

Recommendation has been forwarded to Ministry of Finance and Planning Commission to take necessary action.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 36, Para No. 3.94)

"The Committee note from the replies furnished by the Department that the physical achievements under Phases 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."

Reply of the Government

"Under PMGSY, project proposals are cleared in batches at any given point of time. The works are in different stages of execution. Also all States do not come for project approval of the same phase at the same point of time. The completed length of the road is reported when work in all the layers is completed and connectivity to habitation is reported when the entire length of the road leading to eligible habitation is completed. During the last two years, in order to meet the enhanced requirements of Bharat Nirman, project proposals for 1,43,534 Km for Rs. 42,242 crores have been cleared. The larger expenditure with reference to the physical progress indicates that very large number of works is in progress and are at different stages. The Physical & Financial Progress of phases V, VI & VII as on March, 2008 is as below:

	%Length Completed	%Expenditure incurred to value cleared
Phase V	49.53	51.43
Phase VI	26.88	24.95
Phase VII	0.07	12.08

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 39, Para No. 3.106)

The Committee note that the objective of constituting the Vigilance and Monitoring Committees (V&MC) 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, Orisa 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 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 visits to the districts to know the functioning of the Vigilance and Monitoring Committees.

Reply of the Government

For effective Monitoring of the implementation of the programmes of the Ministry, Vigilance and Monitoring Committees at State/UT and District level have been constituted for each State/UT/District. The major objective of Vigilance and Monitoring Committees includes providing of a crucial role to the Members of Parliament and elected representatives of the people in State Legislatures and the Panchayati Raj Institutions for the implementation of the Rural Development programmes and to put in place a mechanism to monitor the execution of the programmes, so that the fruits of the programme may flow to the rural poor in full measure. It is envisaged that these committees would keep a close watch over the implementation as per the programme guidelines.

During the year 2007-08 as per updated reports/records available, 35 State level V&MC have been conducted in 23 States/UTs and 888 District level V&MC meetings have taken place in 561 Districts respectively. 39 districts have not conducted even a single meeting.

Meetings of the Vigilance and Monitoring Committees at State and District level are to be held at every quarter. In spite of the guidelines, the meetings are not being held regularly. The Ministry has asked the Member Secretary for clarifications and also organizing the meeting at the earliest. In addition, the Minister of Rural Development has sent a letter on February, 2008 to the Chief Ministers of States, who have not held State Level V&MC meetings during 2007-08 to organize these meetings as early as possible. Last year as well, the Union Minister had written to the Chief Ministers concerned in this regard. Minister has again written to all the Chief Ministers about the observation and feelings of the Members of the Standing Committee.

In order to streamline holding District Level V&MCs meetings, the Ministry had also imposed a condition on 10 August 2006 that the 2nd instalment of the funds for the programmes would be released only after getting confirmation of holding of at least one V&MC 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 to waive 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. Further, the Ministry also issued a circular on 23 January 2007 for holding Special Meetings in case regular District Level V&MC meetings are not being held or are frequently being postponed due to various factors.

In September, 2007, Hon'ble Union Minister of Rural Development while having interactive sessions with the Members of Parliament from various States, emphasized the need to hold regular meetings of the V&MCs at State as well as District level in terms of stipulations in the guidelines. The Minister has again written to the Chief Ministers of the States to hold four meetings of the V&MC during 2008-09.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 42, Para No. 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 Finalization of 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.

Reply of the Government

The Department has been regularly taking up the matter with all the States at different levels emphasizing the urgency to finalise the BPL list based on BPL Census 2002. The Hon'ble Minister of Rural Development has also taken up the matter with the Chief Ministers of the respective States. Now the Government of Haryana and Dadra & Nagar Haveli have also furnished the BPL list. In case of Bihar, the State Government has determined the cut off score as 13. The total number of BPL households worked out on this basis exceeds substantially over the prescribed limit. The matter is being pursued with the remaining States and UTs to get the BPL list finalized at the earliest.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No. 43, Para No. 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 finalize 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.

Reply of the Government

The observation of the Committee to expedite the setting up of an Expert Group by the Planning Commission to suggest the suitable methodology for the next BPL Census is noted and the matter has already been taken up with the Planning Commission. The Ministry has assured all possible assistance to the Planning Commission to get this exercise completed.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Comments of the Committee

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

CHAPTER V

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

Recommendation (Serial No. 13, Para No. 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.

Reply of the Government

Wages can either be paid on time rate basis or task rate basis. Both the criteria cannot be applied simultaneously. Under NREGA, wages are being paid on task rate basis. The out turn of a worker is measured and wages are paid in accordance with the Schedule of Rates fixed by the States. With a view to study the diversifications in the SoRs of different States, Ministry has commissioned V.V. Giri National Labour Institute to conduct a National level study. The Institute is likely to give its report in three months time.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 15, Para No. 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 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 scientific system for calculation of wages. The Committee may also be apprised of the action taken in this regard.

Reply of the Government

With a view to study the diversifications in the SoRs of different States, Ministry has commissioned V.V. Giri National Labour Institute to conduct a National level study. The Institute is likely to give its report in three months time.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 17, Para No. 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.

Reply of the Government

Information is being collected from the concerned State Governments.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 19, Para No. 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 kutcha 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, kutcha 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 dovetailing kutcha roads being constructed under NREGA with PMGSY for making the roads durable. The Committee, however, feel that there is an urgent need to evolve some sort of mechanism whereby the works created under NREGA can be made 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.

Reply of the Government

A Task Force has been constituted in the Ministry to examine the issue of convergence of NREGA with other Schemes.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 26, Para No. 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 desires 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.

Reply of the Government

On the basis of information available with the Ministry, 28.35 lakh Self Help Groups have been formed since inception (1.4.1999) under SGSY programme. There is a provision of Group Insurance Scheme for the SGSY beneficiaries under the SGSY guidelines.

The issues raised by the Standing Committee regarding coverage of SHGs under Bima Yojana; roadmap to cover all SHGs under Bima Yojana and the latest status of settlement of claims of the Self Help Groups who have been provided insurance under the insurance cover have been noted and the same have been communicated to all the States for taking necessary action. The information on the above mentioned issues will be provided as soon as it is received from the States.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 33, Para No. 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.

Reply of the Government

Ministry of financial services have already written to Reserve Bank of India to include IAY houses under the differential rate of interest (DRI) scheme for lending upto Rs. 20,000 per unit at interest rate of 4%.

As far as the issue of bearing subsidy expenditure is concerned, recommendation has been forwarded to Ministry of Finance for comments.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 34, Para No. 3.84)

The Committee in their 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 & 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.

Reply of the Government

The comments have been forwarded to Ministry of Finance.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

Recommendation (Serial No. 37, Para No. 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.

Reply of Government

The recommendations of the Committee has been forwarded to Ministry of Finance for consideration.

[O. M. No. H—11020/5/2008—GC (P)
Dated: 8 August, 2008,
Department of Rural Development
(Ministry of Rural Development)]

NEW DELHI;
15 *December,* 2008
24 *Agrahayana,* 1930 *(Saka)*

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

APPENDIX I

COMMITTEE ON RURAL DEVELOPMENT
(2008-2009)

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE
HELD ON MONDAY, THE 15 DECEMBER, 2008

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri Sandeep Dikshit
4. Shri Hannan Mollah
5. Shri D. Narbula
6. Shrimati Jyotirmoyee Sikdar

Rajya Sabha

7. Shri Balihari Babu
8. Smt. T. Ratna Bai
9. Shri Prabhat Jha
10. Dr. Chandan Mitra
11. Shri P.R. Rajan
12. Ms. Sushila Tiriya

SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shrimati Sudesh Luthra — *Director*
3. Shri A.K. Shah — *Deputy Secretary II*
4. Shri Vinod Gupta — *Under Secretary*

2. At the outset, the Hon'ble Chairman welcomed the members to the sitting of the Committee convened for consideration and adoption of three draft action taken reports on Demands for Grants (2008-2009) of the Department of Land Resources, Drinking Water Supply and Rural Development of the Ministry of Rural Development.

3. The Committee, thereafter, took up for consideration the Memorandum Nos. 2, 3 and 4 regarding draft reports on action taken by the Government on recommendations/observations contained in Thirty sixth, Thirty-seventh and Thirty-fifth Reports of the Committee on Demands for Grants (2008-2009) in respect of Departments of Land Resources, Drinking Water Supply and Rural Development under the Ministry of Rural Development. The Committee after deliberations adopted the aforesaid draft action taken Reports with a slight modification in the draft action taken Report of the Department of Rural Development.

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

The Committee then adjourned.

APPENDIX II

(*vide* Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY SIXTH REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (14TH LOK SABHA)

I.	Total number of recommendations	43
II.	Recommendations which have been accepted by the Government: Para Nos.: 2.4, 2.18, 2.21, 3.30, 3.33, 3.37, 3.54, 3.55, 3.56, 3.57, 3.58, 3.59, 3.61, 3.70, 3.71, 3.81, 3.93, 3.101, 3.110 and 3.111	20
	Percentage to the total recommendations	46.51 %
III.	Recommendations which the Committee do not desire to pursue in view of Government's replies: Para No.: Nil	NIL
	Percentage to the total recommendations	NIL
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee: Para Nos.: 2.12, 2.13, 3.11, 3.12, 3.13, 3.14, 3.18, 3.21, 3.28, 3.72, 3.82, 3.94, 3.106, 3.118 and 3.119	15
	Percentage to the total recommendations	34.08%
V.	Recommendations in respect of which final replies of the Government are still awaited: Para No.: 3.29, 3.31, 3.36, 3.39, 3.60, 3.83, 3.84 and 3.95	8
	Percentage to the total recommendations	18.60%