STANDING COMMITTEE ON RURAL DEVELOPMENT

(2009-2010)

10

FIFTEENTH LOK SABHA

MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMENT)

DEMANDS FOR GRANTS (2009-10)

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

TENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

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(2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMNET)

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

Presented to Lok Sabha on 29.07.2010

Laid in Rajya Sabha on 29.07.2010

सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

July, 2010/Sravana, 1932 (Saka)

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@ Consequent upon retirement of Shri Bhagwati Singh, MP, Rajya Sabha from membership of Rajya Sabha *w.e.f.* 4 July, 2010.

INTRODUCTION

I, the Chairperson of the Standing Committee on Rural Development (2009-2010) having been authorised by the Committee to submit the Report on their behalf, present the Tenth Report on the action taken by the Government on the recommendations contained in the First Report of the Standing Committee on Rural Development (Fifteenth Lok Sabha) on Demands for Grants (2009-10) of the Department of Rural Development (Ministry of Rural Development).

2. The First Report (Fifteenth Lok Sabha) was presented to Lok Sabha on 17 December, 2010. The replies of the Government to all the recommendations contained in the Report were received on 10th March, 2010.

3. The replies of the Government were examined and the draft Report was considered and adopted by the Committee at their sitting held on 7th July, 2010.

4. An analysis of the action taken by the Government on the recommendations contained in the First Report of the Committee (Fifteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
20 July, 2010
29 Asadha, 1932 (Saka)

SUMITRA MAHAJAN
Chairperson,
Standing Committee on Rural Development

CHAPTER I

REPORT

This Report of the Committee on Rural Development (2009-10) deals with the action taken by the Government on the recommendations contained in their First Report on Demands for Grants (2009-10) of the Department of Rural Development (Ministry of Rural Development) which was presented to Lok Sabha on 17 December, 2009.

2. Action taken replies have been received from the Government in respect of all the 44 recommendations which have been categorised as follows:

(i)	Chapter II	Recommendations which have been accepted by the Government : Para Nos.: 2.5, 2.10, 2.15, 2.27, 2.40, 2.41, 2.42, 2.59, 3.19, 3.25, 3.30, 3.34, 3.38, 3.42, 3.48, 3.51, 3.53, 3.81, 3.82, 3.85, 3.96, 3.97, 3.101, 3.107, 3.121, 3.123, 3.135, 3.150, 3.151, 3.164, 3.180, 3.191 and 3.192
(ii)	Chapter III	Recommendations which the Committee do not desire to pursue in view of Government's replies : Para Nos.: 3.24 and 3.102
(iii)	Chapter IV	Recommendations in respect of which replies of the Government have not been accepted by the Committee : Para Nos.: 2.26, 3.74, 3.103 and 3.127
(iv)	Chapter V	Recommendations in respect of which final replies of the Government are still awaited : Para Nos.: 2.28, 2.54, 2.60, 3.31 and 3.55

3. **The Committee desire that final replies in respect of the recommendations (paragraph nos. 2.28, 2.54, 2.60, 3.31 and 3.55 for which only interim replies have been given by the Government should be furnished within three months time from presentation of the Report to Parliament.**

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

A. UNSPENT BALANCES IN DIFFERENT SCHEMES

[Recommendation (Serial No. 3, Para No. 2.15)]

5. The Committee had recommended as under:-

"The Committee are disturbed to note that during 2008-2009, as high as 29 per cent of the scarce funds released at the revised estimate stage have remained unutilized. At the first place, the Department should not have asked for the funds if the implementing agencies do not have the absorption capacity of spending during that particular year. They feel instead of ensuring that the amount is spent for the purpose it has been sanctioned in the budget, the Government have mindlessly released the entire amount for the implementing agencies year after year and become a mute spectator for the huge unspent balance. The Government lost sight of their own stipulation that if DRDAs/States have more unspent balances than the prescribed limit of 10 per cent of the available funds, the excess carry over balance is proportionately deducted from the 2nd instalment of Central allocation. When the implementing agencies were not able to spend even the funds released at the revised estimates stage, entirely, the Government mindlessly released the fiscal stimulus package in four major schemes viz. IAY, PMGSY, SGSY and SGRY. Further release of as high as 46 per cent of RE provision in the last few days of fiscal 2008-2009 did more harm than good, as the implementing agencies were prevented from getting their next year's instalment in time which deprived the millions of needy persons living in rural areas to receive the development benefits in time. They, therefore, recommend that Government should take steps to see that at the end of the financial year not more that stipulated 10 per cent of funds lie with the implementing agencies due to the fault of the Department at center regarding release of funds at the fag end of the financial year. The Committee while expressing serious concern over the trend of huge unspent balance would like to strongly recommend that the Government should analyse the position state-wise and take corrective measures accordingly. The Committee should also be kept apprised of the follow-up action taken in this regard."

(Recommendation Para No. 2.15)

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

"Out of unspent balance of Rs.18717.42 crore, the balance under NREGA was reported to be Rs.10345.59 crore and under IAY Rs.6246.17 crore on 31.3.2009. These two programmes i.e. NREGA and IAY alone constitute around 88.64% of the total unspent balances reported as on 31.3.2009.

BE 2008-09 provision for NREGA was Rs.16,000 crore. It was subsequently enhanced to Rs.30,000 crore at RE stage, which included stimulus package of Rs.3500 crore made available in mid-January, 2009. Since the enhanced money was provided in the last quarter, it was released to the districts in the fag end of the year. Because of this reason, the money released out of the funds provided under stimulus package could not be fully utilized during that year. In case, the amount of Rs.3500 crore provided under stimulus package is deducted from the total availability of funds, the expenditure comes to 80.43%. Further, any unspent amount as on 31st March of a particular financial year under NREGA is adjusted at the time of release of first instalment at the beginning of the next financial year based on approved Labour Budget for the year. Further, the State Governments have been instructed to set up State Employment Guarantee Fund in accordance with the Section 21(1) of NREG Act. Setting up of State Employment Guarantee Fund by the State Government would provide a greater flexibility to the State Governments in administering the NREGA funds in accordance with the needs of the districts.

With regard to IAY, it is submitted that if the amount of Rs.3050 crore released as stimulus package at the fag end of financial year and the corresponding State share of Rs. 1017.00 crore is deducted from the total available funds, the utilization stands at 80.32%. Every year, utilization of IAY funds has been more than 80% as the construction is done by beneficiaries themselves and no contractors are involved. Physical targets are, therefore, invariably achieved. Despite the General Elections to the Lok Sabha and imposition of Model Code of Conduct from the first week of March, 2009, the utilization of funds during the current year has already reached 63% of the total available funds including the unspent amount of last year. The Ministry makes proportionate deductions of excess carry over of funds at the time of release of second instalment in the next financial year if the expenditure reported upto 31st December is less than 75% of total funds available during the year including the carryover balance.

With regard to other allocation based Schemes viz. SGSY, PMGSY, DRDA Administration etc. it is re-iterated that under the guidelines governing the release of funds under these programmes, there are in built safeguards to ensure that there is no accumulation of unspent balances with the State Governments which inter-alia stipulate that the 2nd instalment is released only on utilization of 60% of available funds and on receipt of Audited Statement of Expenditure of previous year. In the case of SGSY, if the DRDAs have more unspent balance than the prescribed limit of 10% of the available funds, the excess carry over balance is proportionately deducted from the 2nd instalment of Central allocation, if the expenditure reported upto 31st December is less than 75% of total funds available during the year including the carry over balance. In the case of DRDA Administration, carry over in excess of 10% of total available funds of previous financial year is adjusted in the 2nd instalment on a proportionate basis.

However, efforts are being made to accelerate the pace of utilization of funds by reviewing performance with State Governments regularly. With the strict financial management in the current financial year, it is expected that unspent balance at the close of the financial year will come down to the desired level."

7. **The Committee take note of the explanation of the Government that huge unspent balances lying with the DRDAs/States were largely due to release of fiscal stimulus package of Rs. 3500 crore by the Government in four major schemes viz., IAY, PMGSY, SGSY and SGRY in mid January, 2009. Besides, release of as much as 46 per cent of RE provision in the last few days of fiscal year 2008-2009 also enlarged the quantum of unspent balances. The Committee also note the efforts made by the Department to accelerate the pace of utilisation of funds by reviewing performance with the State Governments on regular basis so as to bring down the unspent balance at the close of financial year. The Committee would like to be apprised of the outcome of the new measures initiated by the Department with a view to accelerating the pace of utilisation of funds. The Committee note that if DRDAs/States have more unspent balances than the prescribed limit of 10 per cent of the available funds, the Department deduct the excess carry over balance from the 2nd instalment of Central allocation proportionately. While this may be a step in the direction of financial prudence, it does not speak well about the financial planning of the Department. The Committee would also like to draw the attention of the Department that slashing the allocation, for whatever reasons, unjustifiably deprives targeted beneficiaries of intended benefits and the Committee urge that there should be no deduction in fund allocation to the State Governments in respect of these programmes.**

B. Holding regular Vigilance and Monitoring Committees (V&MCs) meetings [Recommendation Serial No. 4 & 6 (Para No. 2.26 & 2.28)]

8. The Committee had recommended as under :-

> "The Committee are unhappy to note that both at State and district level V&MCs meetings are not being held as per the guidelines. It is completely astonishing that when 28 States should have held a maximum of 112 V&MC meetings at the State level each year, during 2006-2007, 2007-2008 and 2008-2009 the meetings held were only 35, 36 and 35 respectively. They also note that, some of the States which have not held a singles State level V&MC meeting in the last two years are Haryana, Jammu and Kashmir, Mizoram, Dadra and Nagar Haveli. They are disturbed to find that against a maximum of 2476 meetings of district level V&MCs in a year which should have been held in 619 rural districts, only 912 meetings during 2007-2008 and 579 meetings during 2008-2009 were held. They feel that effective monitoring at the central level is not being done to ensure that the State and District level V&MCs hold a meeting in each quarter, as per the extant guidelines. The Committee desire that the Department should continue to put pressure and vigorously monitor the conduct of the meetings of V&MCs to ensure that meetings of Vigilance and Monitoring Committees both at State and District Level are held as per the existing provisions of the guidelines.
>
> (Recommendation Para No. 2.26)
>
> The Committee also desire that the Government devise a mechanism where by the States and Districts which are holding the Vigilance and Monitoring Committees as per the guidelines may be provided with some kind of incentive so that the other States and Districts not holding the meetings regularly are encouraged to do so."
>
> (Recommendation Para No. 2.28)

9. The Department in their action-taken replies have stated as under:-

> "The Department of Rural Development is continuously pursuing the matter with the State Governments for holding the Vigilance and Monitoring Committee (V&MC) meetings regularly. Letters have been sent by the Union Minister of Rural Development to the Chief Ministers of the States/UTs and Chairmen/Co-Chairmen of V&MCs emphasizing the need and importance of holding the meetings of the Committees for effective review of implementation of Rural Development Programmes. Secretary (RD) had sent letters to Chief Secretaries of States/UTs, requesting immediate issue of Notifications for reconstituting State and District level V&MCs in the light of constitution of 15th Lok Sabha and also to convene the first meeting by 30th November, 2009. The urgency of the matter was re-emphasized by Secretary (RD) through further communication sent to the Chief Secretaries."
>
> (Reply to Recommendation Para No. 2.26)

It is the endeavour of the Ministry that all the States/Districts hold regular meetings of the V&MCs. The matter has been taken up with the States/UTs at the highest level and efforts will be further continued in this regard. States whose performance has been as per requirements will be singled-out for special mention in the Performance Review Committee (PRC) meetings held in the last quarter of the financial year.

(Reply to Recommendation Para No. 2.28)

10. **In response to the Committees' recommendation for providing incentive to States and districts that are holding Vigilance and Monitoring Committee meetings regularly, the Government have stated that the States whose performance has been as per requirements will be singled out for special mention in the Performance Review Committee (PRC) meetings in the last quarter of the financial year (2009-10). The Committee would like to know whether such special mention have yielded desired results in improving the performance of the other States.**

C. Single agency for identification of BPL families and estimation of poverty

[Recommendation Serial No. 10 (Para No. 2.54)]

11. The Committee had recommended as under:-

"The Committee note with concern that several agencies of Government of India are engaged in identification of the number of persons living below poverty line in the rural areas like, Planning Commission, National Sample Survey Organisation, Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, etc. simultaneously but without much success. This ultimately hampers development of needy persons of rural areas living below poverty line. They, therefore, urge the Government that a single agency may be entrusted with the task of identifying and ascertaining the number of people living below poverty line in rural areas. The concern of the Committee in this regard may be taken up at the highest level and they may be apprised accordingly."

(Recommendation Para No. 2.54)

12. The Department in their action-taken reply have stated as under:-

> "The Ministry of Rural Development is the single agency responsible for formulation of Methodology and Guidelines for identification for households living below the poverty line in rural areas. As regards the Planning Commission, it is responsible for estimation of poverty ratios or number of persons living below the poverty line. The Ministry of Housing and Urban Poverty Alleviation is concerned with urban poor. Therefore, at present there is a single agency i.e. the Ministry of Rural Development for identification of households below the poverty line in rural areas and a single agency i.e. the Planning Commission for estimation of poverty.
>
> However, the recommendation of the Parliamentary Standing Committee regarding entrusting a single agency with the task of identification as well as estimation of poverty ratios or the number of people living below poverty line in rural areas would be taken up with the Planning Commission."
>
> (Reply to Recommendation Para No. 2.54)

13. **On the issue of entrusting a single agency with the task of identification as well as estimation of poverty ratios or the number of people living below poverty line in rural areas, the Committee find it inexplicable as to why the Department is yet to take up the matter with the Planning Commission inspite of three months having elapsed since the First Report was presented to Parliament. The Committee desire the Department to take up the matter with the Planning Commission without any further loss of time.**

D. Expeditious Conduct of independent BPL Survey
[Recommendation Serial No. 12 (Para No. 2.60)]

14. The Committee had recommended as under:-

> "The Committee note that the Department is already well aware of the existing limitations of the BPL census carried out by them in the past in which the APL people got into the list and some of the genuine people got left out as has been admitted by the Secretary, Department of Rural Development during the course of oral evidence before the Committee. They also note that the fourth quinquennial BPL census survey being conducted by the Ministry since 1992 regularly at an interval of five years has fallen due since 2007. Enough precious time has already been wasted on some pretext or the other. Huge funds are being released by the Central Government through various welfare schemes meant for poorest of the poor. But unless the BPL list is updated periodically, the benefits intended cannot reach the genuine beneficiaries. The Committee, therefore, recommend that such BPL survey should be conducted without any further delay. An appropriated sum may be earmarked for the purpose of conducting the BPL survey and it should be ensured that the results of the said survey be made available before the close of this financial year. It should further be ensured that the survey so finalized should have a component for correction if ineligible people like APL get into the list. It should also be ensured that only genuine poor people are incorporated in the final list. The Government may take suitable measures to ensure that an independent, unbiased and impartial authority takes the charge of the BPL survey."
>
> (Recommendation Para No. 2.60)

15. The Department in their action-taken reply have stated as under:-

> "The Ministry of Rural Development, on 12th August, 2008, constituted an Expert Group, which could advise the Ministry on the methodology for conducting the BPL Census for the Eleventh Five Year Plan. The Expert Group submitted its report on 21st August 2009. The report of the Expert Group has been circulated among the States/UTs and the concerned Central Ministries for comments. It has also been posted on the Ministry's website www.rural.nic.in. The Ministry is in the process of finalizing the methodology and guidelines to carry out next BPL Census for identification of people living below the Poverty Line in rural areas of the country taking into account the suggestions/comments received.
>
> The BPL Census is conducted by the State Governments with technical and financial assistance from the Ministry of Rural Development. While issuing Guidelines for conducting BPL Census, the concerns raised by the Parliament Standing Committee regarding inclusion of genuine

poor in the BPL list would be impressed upon and training & sensitisation on this issue of the responsible agencies will be undertaken."

(Reply to Recommendation Para No. 2.60)

16. **The Committee are unhappy to note that the work of the fourth quinquennial BPL census survey which fell due in 2007 has not yet commenced. The Committee discussed this matter with the representatives of the Department of Rural Development at their sitting held on 21st July, 2010. The Committee have been informed that training of nominated officers by States/UTs and representative of selected institutes by NIRD, Hyderabad is expected to be over by mid of August 2010 and as advised by the Registrar General of India, work of BPL Census is expected to start soon after the population census is over. The Committee feel that there is likely to be inordinate delay if the BPL survey is to be conducted after the population Census. The delayed BPL survey will not cater to the requirements of the Eleventh Five Year Plan. The Committee, therefore, urge that the Ministry of Rural Development should take urgent steps to initiate and complete the BPL survey at the earliest.**

E. Streamlining of wage rates under NREGA

[Recommendation Serial No. 17 (Para No. 3.31)]

17. The Committee had recommended as under:-

"The Committee further recommend that as far as practicable the minimum wage rate should not vary much between the adjoining States e.g. Karnataka Rs. 82 and Kerala Rs.125, West Bengal Rs.75 and Sikkim Rs.100, Chhattisgarh Rs.72 and Madhya Pradesh Rs.91 etc. The Committee felt that the said wide scale variation in the wage rate in the adjoining States will definitely encourage migration instead of curbing it. The Committee, therefore, strongly recommend that the Government should take necessary steps so that the adjoining States and Union territories do not have much difference in the minimum wage rates under the NREGA."

(Recommendation Para No. 3.31)

18. The Department in their action-taken reply have stated as under:-

> "Under NREGA wage rate for Karnataka, West Bengal, Sikkim, Chattisgarh and Madhya Pradesh is Rs.100/- per day as per notification dated 15.12.2009 and 4.1.2010 under Section 6(1) of the Act. The matter has been taken up with the Ministry of Statistics and Programme Implementation for setting up a panel to formulate modalities of revision of real wage depending on consumer price index and variables."
>
> (Reply to Recommendation Para No. 3.31)

19. **The Committee are glad to note that Department's notifications dated 15th December, 2009 and 1st January, 2010 enhancing the wage rates under NREGA to Rs.100/- per day have partly addressed the concerns of the Committee regarding variations in wage rates prevailing in adjoining States like Karnataka and Kerala, West Bengal and Sikkim and Chhattisgarh and Madhya Pradesh. The Committee also note that steps are being taken to set up a panel to formulate modalities for revision of real wage under MGNREGA. The Committee would await the outcome in this regard.**

F. Studies to look into reasons for low women participation
[Recommendation Serial No. 19 (Para No. 3.38)]

20. The Committee had recommended as under:-

> "The Committee note that the women participation in the activities under NREGA has been increasing from 43 per cent in 2007-2008 to 48 per cent in 2008-2009 and to 51 per cent during 2009-2010 so far against the statutory requirement of 33 per cent. However, in some of the States the percentage of women's participation has been very low. For example during 2008-2009, percentage of women participation in Bihar, Jharkhand and Uttar Pradesh was only 30 per cent, 28 per cent and 18 per cent respectively. The Committee here also note that the Department of Rural Development has commissioned an independent study with the National Institute of Rural Development with the aim to look into districts where low women participation is taking place under the implementation of NREGA and also to look into the reasons of persistent low women participation.

The Committee recommend such a study should be completed expeditiously and corrective changes may be made in the implementation of the scheme accordingly."

(Recommendation Para No. 3.38)

21. The Department in their action-taken reply have stated as under:-

"From the various studies conducted regarding participation of women in MGNREGA, it has been found that the main reasons for low participation of women have been non-revision of Schedule of Rates (SoR), socio-cultural constraints and low awareness. Some of the states including Uttar Pradesh, Rajasthan, West Bengal have revised their SoRs to make them worker and gender sensitive.

The National Institute of Rural Development (NIRD) has completed its study and has also submitted the report. The study was on impact of women participation in NREGS on changing gender equations at individual, household and community level and to assess the extent of empowerment among women workers of NREGA. The study was conducted in 5 districts of Tamil Nadu. The main findings of the study included:

- Women in socially developed areas gained more (Kanyakumari).
- Gender sensitive delivery system facilitated greater effectiveness of NREGS.
- NREGS' impact on poverty is significant.
- Work participation of women and gains would be greater, if SHGs are entrusted with provision of mandatory worksite facilities.
- Participation in NREGS benefited women - contribution to HH income - improvement in their access to resources and control - gender relations in social and economic areas at household level - improved considerably; the male workers' perception supports this
- The self-esteem, self-image and confidence levels of women increased due to participation in NREGS.
- NREGS has facilitated the empowerment of women.

(Reply to Recommendation Para No. 3.38)

22. **The Committee had been informed by the Ministry of Rural Development that to look into the reasons for persistent low women participation in States like Uttar Pradesh, Jharkhand and Bihar where women participation in 2008-09 ranged from 18 to 30 per cent, an independent study has been commissioned. The Committee have now been informed in the action-taken reply that the study has**

been undertaken in Tamil Nadu. The Committee are at a loss to understand, how the outcome of the study undertaken in Tamil Nadu where the women participation was already as high as 79 per cent, will help in finding solutions to the problem in UP, Bihar and Jharkhand where the women participation has been very low. It is not clear what deterred the Ministry of Rural Development from conducting the said study in the poor performing States. The Committee discussed the matter with the representatives of the Department of Rural Development at their sitting held on 21st July, 2010. The Committee have been informed that during the year 2009-10, studies on women participation have been conducted in States like Assam, UP, West Bengal, Karnataka and Kerala. More studies have reportedly been commissioned in Bihar, Jharkhand, Madhya Pradesh, etc. The Committee hope that these studies will be completed expeditiously and urgent remedial action will be taken to enhance women participation on the basis of outcome of these studies.

G. Uniform norms for measurement of work
[**Recommendation (Serial No. 22, Para No. 3.51)]**

23. The Committee had recommended as under:-

> "The Committee note with concern that no uniform norms for measurement of work under NREGA have been put in place. The reply of the Department that States are required to evolve norms for measurement of work is very vague. The role and responsibility of the Central Government has been ensured in the Act itself. The Committee, therefore, recommend that Central Government in consultation with all the States and Union Territories should ensure uniformity of measurement of work throughout the country without any further delay."
>
> (Recommendation Para No. 3.51)

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

> "Broad factors which are kept in view while evolving norms for measurement of works under the Act have been given in detail in the Operational Guidelines of the Act. However, given the diversity of geo-morphological and climatic conditions in States, flexibility has been provided to States to evolve Schedule of Rates (SoRs) for measurement of works."

25. **The Committee agree that due to diversity of geo-morphological and climatic conditions in States, flexibility has to be provided to States to evolve Schedule of Rates (SoRs) for measurement of works. There should be, however, uniform norms in States where geo-morphological and climatic conditions are similar. The Committee would like to know the extent of flexibility provided to States and Union Territories to evolve SoRs for measurement of work and the norms fixed for measurement of work under NREGA in States having similar geo-morphological and climatic conditions.**

H. Remedial measures taken under Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme for upliftment of BPL families to APL level

[Recommendation Serial No. 25 (Para No. 3.74)]

26. The Committee had recommended as under:-

> "The Committee are dismayed to note the mismatch between the financial and the physical target-achievement under SGSY since 2007-2008. As per the information furnished by the Department the financial utilization of SGSY was 82.17 per cent during 2007-2008 which declined to 73.73 per cent during 2008-2009. In comparison, the physical performance of SGSY was 126 per cent and 106 per cent in these years respectively that gives a false impression that the performance of SGSY is very impressive and does not deserve a re-structuring in the form of NRLM. It appears that Government have resorted to target chasing under the SGSY so far instead of implementing the SGSY as per the guidelines of the scheme. Further, the Committee feel that per capita investment of Rs.29932 during 2008-2009 under SGSY or that Rs.30723 so far during 2009-2010 is very low to take someone living below the poverty line to above the poverty line permanently. The Committee, therefore, desire suitable corrective measures be taken in this regard and they be informed accordingly."

(Recommendation Para No. 3.74)

27. The Department in their action-taken reply have stated as under:-

> "The information provided for the financial utilization of funds for the year 2007-08 and 2008-09 was the funds utilized against the total funds available with the states. The total available funds in the states in a particular year are always more than the allocation made during that year, since the states also have some funds in the form of opening balance (funds carried over from the previous year) and other miscellaneous receipts. Thus, the percentage of funds utilization against the allocation is always more than the percentage of fund utilization against the total available funds. On the other hand the targets for swarozgaris assisted in a particular year are fixed on the basis of funds allocated under SGSY. Therefore, targets achieved may go beyond 100% also. Moreover, SGSY has several components like formation of Self Help Groups (SHGs), training of swarozgaris, providing revolving fund to SHGs, number of swarozgaris to be assisted with subsidy & credit etc. Expenditure for all these activities is to be met, out of the total allocation under the subsidy head. Though the achievement for total swarozgaris assisted including SHG swarozgaris & individual swarozgaris may be high, the achievement under all the various components may not be as good.
>
> As regard per capita investment, the norm under SGSY for per capita investment is of Rs 25,000 per Swarozgari. Under SGSY, during the year 2007-08 & 2008-09 the per capita investment is more than the prescribed norm. However, there is need to increase the per capita investment and the Ministry is taking appropriate measure in this regard in the proposed NRLM."
>
> (Reply to Recommendation Para No. 3.74)

28. **The Committee while noticing a mismatch between physical vis-à-vis financial performance under SGSY scheme during 2007-08 and 2008-09 felt that per capita investment under SGSY was not enough for uplifting BPL families to APL level and had recommended that suitable corrective measures be taken in this regard. It is observed from the action-taken reply that the Department, while endorsing the Committee's view of the need to increase the per capita investment, has merely informed that the Ministry is taking appropriate measures in the proposed 'National Rural Livelihoods Mission' (NRLM) and has not spelt out the details and corrective steps being taken in this regard. They, therefore, reiterate their recommendation that necessary corrective steps be taken for enhancement of per capita investment under SGSY.**

I. Increasing per unit assistance under Indira Awaas Yojana (IAY)
[Recommendation Serial No. 33 (Para No. 3.103)]

29. The Committee had recommended as under:-

> "The Committee note the information furnished to them in which it has been stated that Rs.35,000 per unit in plain areas and Rs.38,500 in hilly and difficult areas, under the IAY, are being provided to construct a dwelling unit. They feel that the per unit assistance of a dwelling unit under IAY is too little and no where near the actual construction cost even if a beneficiary provides his/her labour. The Committee regret that their earlier recommendation made in this regard (paragraph No. 2.69 of 22nd Report - Fourteenth Lok Sabha *refers*) has not been given due consideration by the Government. The Committee once again reiterate their earlier recommendation made in their 22nd Report (Fourteenth Lok Sabha) that the per unit assistance under IAY be increased from the existing rate to Rs.50,000 in plain areas and Rs.60,000 in hilly/difficult areas from this financial year itself.

(Recommendation Para No. 3.103)

30. The Department in the action-taken reply have stated as under :-

> "The recommendations of the Committee were kept in mind while enhancing the unit cost of IAY houses in 2008-09. However, due to financial constraints, the unit cost could be enhanced from Rs. 25,000/- to Rs. 35,000/- in plain areas and from Rs. 27,500/- to Rs. 38,500/- in hilly/difficult areas. However, in addition to the unit assistance provided under IAY, an IAY beneficiary can avail a loan of up to Rs. 20,000/- from a nationalized bank at an interest rate of 4% per annum under differential rate of interest (DRI) scheme."

(Reply to Recommendation Para No. 3.103)

31. **The Committee observe from the Department of Rural Development D.O. letter no. G-20011/1/2010 RH dated 5th April, 2010 that after submission of the aforesaid action-taken reply dated 8th March, 2010, the per unit assistance for an IAY house has been enhanced from Rs.35,000/- to Rs.45,000/- in plain areas and from Rs.38,500/- to Rs.48,500/- in hilly and difficult areas w.e.f. 1st April, 2010. The Committee feel that the enhancement is still not adequate to meet construction**

cost of IAY unit. They, therefore, stress that the amount should be further raised to Rs.50,000/- in plain areas and Rs.60,000/- in hilly and difficult areas as originally recommended.

J. Separate monitoring of targets under Pradhan Mantri Gram Sarak Yojana (PMGSY) and 'Bharat Nirman' programme and need for higher allocation for future rural connectivity

[Recommendation Serial No. 36 (Para No. 3.127)]

32. The Committee had recommended as under:-

> "The Committee note that the gigantic task to connect all unconnected habitations in the rural areas of the country still remains to be achieved. Similarly, additional targets set under the Bharat Nirman component has been added to the existing targets and is being implemented simultaneously. The Committee desire that the target and achievement under PMGSY and under Bharat Nirman be monitored separately. They also note that in addition to the Department of Rural Development, the National Rural Road Development Agency (NRRDA) and all other implementing agencies in different States under PMGSY are involved in implementing the scheme. They feel the Department of Rural Development, the NRRDA and all other implementing agencies of PMGSY have not been able to show a better physical performance of the scheme so far inspite of it being made a part of the Bharat Nirman. Not withstanding the poor results of PMGSY so far, the Committee feel that more funds may be allocated for the scheme and the Planning Commission and the Ministry of Finance be consulted in this regard. They urge the Department to chalk out a time bound plan to connect all unconnected habitations realistically and intimate them accordingly."
>
> (Recommendation Para No. 3.127)

33. The Department in their action-taken reply have stated as under:-

> "Absorption capacity of the States has increased manifold during the last few years. To sustain this, adequate funds are required for achieving the physical targets. Minimum funds requirement for the years 2010-12 is Rs.54,000 crore. Planning Commission and Ministry of Finance are being requested to the needful and increase the budgetary support so that physical pace of implementation does not slow down."
>
> (Reply to Recommendation Para No. 3.127)

34. **The reply of the Ministry of Rural Development is silent on the issue of separate monitoring of PMGSY and 'Bharat Nirman' as these are being implemented simultaneously. The Committee would await the response of the Ministry in this regard.**

On the issue of higher allocation for PMGSY, the Committee find that owing to increased absorption capacity of States, a minimum requirement of Rs.54,000 crore for 2010-11 has been placed before the Planning Commission and Ministry of Finance for increasing the budget support. The Committee would like to be apprised of the further progress made in this regard.

Chapter II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No.1, Para No. 2.5)

The Committee note that the Government is not implementing the direction 73 A of the Directions by the Speaker, Lok Sabha, in the right spirit. As per the said direction, the Minister concerned should make the Statement on action-taken by the Government on their recommendations within six months. The Committee observe that none of the Statements were laid within the stipulated once-in-six-months period. Besides, the Statements laid did not indicate the status of action taken on the recommendations which had been categorized as interim reply in the Action-taken Reports of the Committee. They are surprised to find that the Government is still sitting idle all these years and virtually doing nothing on their recommendations categorized as interim as per the Statements presented by the Minister concerned. The Committee, therefore, desire that action taken by Government on the recommendations categorized as interim be intimated to them without any further delay. The Committee further desire that, in future, the Government should review the previous recommendations made by the Committee and intimate the Committee about the stage of their implementation before presentation of Demands for Grants for the next financial year.

Reply of the Government

The recommendation of the Committee has been noted. The Department has made all efforts to lay the statements within the stipulated period of six months. Except in the case of 9th & 18th Reports of fourteenth Lok Sabha, the statements by the Minister on the other Reports have been laid on the Table of the House during the Parliament Sessions immediately following on completion of the period of six months.

The latest status on action taken by the Government on the recommendations categorized as "interim" would be sent separately on a priority basis.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010 (Department of Rural Development)]

Recommendation (Serial No.2, Para No. 2.10)

The Committee are unable to comprehend the way the Ministry is presenting its Budget. While the Demands for Grants of the Department for the year 2009-2010 depict a figure of Rs. 106613.13 crore for Plan schemes, the material now furnished to the Committee indicates that the said demand is for Rs. 62670 crore in BE 2009-2010, leaving aside Rs. 43943.13 crore as recoveries. The Committee desire to know as to whether the funds marked as 'recoveries' are being spent in the specific schemes viz. NREGA and PMGSY and whether the Department is monitoring the said funds. If so, they desire that such expenditure should be reflected in the Budget accordingly. They note that Rs. 43943.13 crore mentioned as recoveries constitute 41.22 per cent of scarce funds of the demand of the Department in BE 2009-2010. They desire that the Department should take suitable steps to clear the ambiguity in this regard and intimate them accordingly.

Reply of the Government

The Detailed Demand for Grants of the Department is prepared and printed by the Department by following the pattern of the Budget document "Demand for Grants" printed by the Ministry of Finance at the time of presentation of the Union Budget to the Parliament. In order to clear the ambiguity as pointed out by the Committee, the comments of the Ministry of Finance have been obtained and the same are reproduced below :

" Article 266(3) of the Constitution of India provides that no amount can be withdrawn from the Consolidated Fund of India except through Appropriation Act authorized by Parliament. The expenditure on the schemes relating to NREGA is funded fully through National Rural Employment Guarantee Fund (NREGF) while the Pradhan Mantri Gram Sadak Yojana (PMGSY) is partially funded through Central Road Fund (CRF). The withdrawal from these funds precedes transfer (accretion) to the Fund. Hence, in the Demands for Grants of the Department of Rural Development, approval of the Parliament is sought for transferring the amounts to NREGF and CRF and incurring expenditure on the specified schemes to be met from these funds separately, in the Appropriation. In other words, approval of the Parliament on the schemes relating to NREGA and PMGSY is sought simultaneously i.e. (i) for transferring the money to the designated Funds and (ii) incurring expenditure on the schemes through the designated Funds. Accordingly, the Demands for Grants provides for expenditure on Gross basis whereas, the Statement of Budget Estimates (Expenditure Budget Vol.2) is on net basis (net of withdrawal from the dedicated funds).

2. Thus, there is no distortion of figures reflected in the Demands for Grants and the Statement of Budget Estimate (Expenditure Budget Vol.2) is as detailed below:

(Rs. in crore)

		Plan
1	Plan outlay as depicted in the Demands for Grants 2009-2010 (Gross basis)	106613.13
2	Less met from NREGF	(-) 39100.00
		67513.13
3	Less met from Central Road Fund	(-) 4843.13
4	Plan Outlay depicted in the Expenditure Budget Vol.2 (Net of recoveries).	62,670.00

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.3, Para No. 2.15)

The Committee are disturbed to note that during 2008-2009, as high as 29 per cent of the scarce funds released at the revised estimate stage have remained unutilized. At the first place, the Department should not have asked for the funds if the implementing agencies do not have the absorption capacity of spending during that particular year. They feel instead of ensuring that the amount is spent for the purpose it has been sanctioned in the budget, the Government have mindlessly released the entire amount for the implementing agencies year after year and become a mute spectator for the huge unspent balance. The Government lost sight of their own stipulation that if DRDAs/ States have more unspent balances than the prescribed limit of 10 per cent of the available funds, the excess carry over balance is proportionately deducted from the 2nd installment of Central allocation. When the implementing agencies were not able to spend even the funds released at the revised estimates stage, entirely, the Government mindlessly released the fiscal stimulus package in four major schemes *viz*. IAY, PMGSY, SGSY and SGRY. Further release of as high as 46 per cent of RE provision in the last few days of fiscal 2008-2009 did more harm than good, as the implementing agencies were prevented from getting their next year‘s installment in time which deprived the millions of needy persons living in rural areas to receive the development benefits in time. They, therefore, recommend that Government should take steps to see that at the end of the financial year not more that stipulated 10 per cent of funds lie with the implementing agencies due to the fault of the Department at centre regarding release of funds at the fag end of the financial year. The Committee while expressing serious concern over the trend of huge unspent balance would like to strongly recommend that the Government should analyse the position state-wise and take corrective measures accordingly. The Committee should also be kept apprised of the follow-up action taken in this regard.

Reply of the Government

Out of unspent balance of Rs.18717.42 crore, the balance under NREGA was reported to be Rs.10345.59 crore and under IAY Rs.6246.17 crore on 31.3.2009. These two programmes i.e. NREGA and IAY alone constitute around 88.64% of the total unspent balances reported as on 31.3.2009.

BE 2008-09 provision for NREGA was Rs.16,000 crore. It was subsequently enhanced to Rs.30,000 crore at RE stage, which included stimulus package of Rs.3500 crore made available in mid-January, 2009. Since the enhanced money was provided in the last quarter, it was released to the districts in the fag end of the year. Because of this reason, the money released out of the funds provided under stimulus package could not be fully utilized during that year. In case, the amount of Rs.3500 crore provided under stimulus package is deducted from the total availability of funds, the expenditure comes to 80.43%. Further, any unspent amount as on 31st March of a particular financial year under NREGA is adjusted at the time of release of first instalment at the beginning of the next financial year based on approved Labour Budget for the year. Further, the State Governments have been instructed to set up State Employment Guarantee Fund in accordance with the Section 21(1) of NREG Act.

Setting up of State Employment Guarantee Fund by the State Government would provide a greater flexibility to the State Governments in administering the NREGA funds in accordance with the needs of the districts.

With regard to IAY, it is submitted that if the amount of Rs.3050 crore released as stimulus package at the fag end of financial year and the corresponding State share of Rs. 1017.00 crore is deducted from the total available funds, the utilization stands at 80.32%. Every year, utilization of IAY funds has been more than 80% as the construction is done by beneficiaries themselves and no contractors are involved. Physical targets are, therefore, invariably achieved. Despite the General Elections to the Lok Sabha and imposition of Model Code of Conduct from the first week of March, 2009, the utilization of funds during the current year has already reached 63% of the total available funds including the unspent amount of last year. The Ministry makes proportionate deductions of excess carry over of funds at the time of release of second instalment in the next financial year if the expenditure reported upto 31st December is less than 75% of total funds available during the year including the carryover balance.

With regard to other allocation based Schemes viz. SGSY, PMGSY, DRDA Administration etc. it is re-iterated that under the guidelines governing the release of funds under these programmes, there are in built safeguards to ensure that there is no accumulation of unspent balances with the State Governments which inter-alia stipulate that the 2nd instalment is released only on utilization of 60% of available funds and on receipt of Audited Statement of Expenditure of previous year. In the case of SGSY, if the DRDAs have more unspent balance than the prescribed limit of 10% of the available funds, the excess carry over balance is proportionately deducted from the 2nd instalment of Central allocation, if the expenditure reported upto 31st December is less than 75% of total funds available during the year including the carry over balance. In the case of DRDA Administration, carry over in excess of 10% of total available funds of previous financial year is adjusted in the 2nd instalment on a proportionate basis.

However, efforts are being made to accelerate the pace of utilization of funds by reviewing performance with State Governments regularly. With the strict financial management in the current financial year, it is expected that unspent balance at the close of the financial year will come down to the desired level.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.5, Para No. 2.27)

The Committee also recommend that the role and powers of the MPs and other Members of the V&MCs may be clearly defined so that they can discharge their duties effectively. Besides, the Department should monitor the action taken on the decisions taken during the meeting and the officials of the Ministry should also pay random visits to the districts to know the functioning of V&MCs. Members of Parliament should also be informed well in advance whenever the officers pay such random visit.

Reply of the Government

The Guidelines for the Vigilance and Monitoring Committees contain in detail the terms of reference, including the role and responsibilities of the Committees. For action on any points pertaining to the State Government, the Committees are required to forward their observations/recommendations to them. The Ministry of Rural Development is required to be informed of any gross violation noticed. The officers of the Ministry do pay random visits to States/Districts to monitor and review the implementation of Rural Development Schemes, including the holding of V&MC meetings. This will be reiterated as recommended by the Standing Committee.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.7, Para No. 2.40)

The Committee are happy to note that the plan budget of the Department for BE 2009-2010 has nearly doubled as compared to that of the previous year. Further the plan expenditure of the Department in the last three years starting from 2006-2007 grew from 0.75 per cent of the GDP to 1.26 pre cent of GDP. The Ministry is stated to be one of the very few Ministries which is getting maximum funds across all Ministries of Government of India, which shows that, of late the Government is giving high priority for rural development. They, therefore, urge the Department to rise to the occasion and ensure that the people who are really in need are benefited out of the funds provided from the scarce resources with a view to achieve inclusive growth so that the benefits are shared by the poorest of the poor in the country.

Reply of the Government

The Department is committed to ensure that the benefits of the funds provided for Rural Development Programmes reach to the poorest of the poor people in the country who are really in need of the benefits. Necessary monitoring mechanisms are in place for constant review of physical progress and outcomes of all the important programmes.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.8, Para No. 2.41)

The Committee note with concern that the non-plan expenditure made by the Department has more than doubled in the last six year period since 2003-2004. The non-plan expenditure which was only Rs.18.07 crore in 2003-2004 has risen to Rs.36.95 crore in BE 2009-2010. A significant rise in the non-plan expenditure is not a healthy sign. The Committee, therefore, recommend that the Department should take immediate steps to contain the increase in non-plan expenditure to the barest minimum.

Reply of the Government

The Non-Plan expenditure of the Department is just nominal as compared to the Plan budget of the Department. This is because of the fact that the Department does not implement any Non-Plan scheme of the Government. The Non-Plan provision is mainly meant for meeting the administrative expenditure of the Secretariats of the Department of Rural Development and National Institute of Rural Development(NIRD), Hyderabad (an autonomous body under the administrative control of the Department). The trend of expenditure in the last six years has been as under :

(Rs. in crore)

Year	**Expenditure**
2003-2004	18.07
2004-2005	17.94
2005-2006	20.04
2006-2007	21.87
2007-2008	23.31
2008-2009	30.72
2009-2010 (BE)	36.95

As will be seen from above, there was marginal increase in expenditure upto 2007-2008 as compared to the expenditure incurred in the previous year. This increase was mainly due to normal inflation on account of payment of annual increment, DA instalment, bonus etc. during the course of the year. The steep increase in expenditure has been registered only in the year 2008-2009 & 2009-2010 and this is because of the implementation of the 6th Central Pay Commission Report for the benefit of employees of the Department and NIRD, Hyderabad. It may not be out of place to mention that while the increase in Non-Plan expenditure is mainly under salary head, the department has been strictly following the economy instructions issued by Ministry of Finance from time to time including a 10% cut on Non-Plan provision for Non-salaried items of expenditure and it will be ensured that in future, all out efforts will be made to contain the increase in Non-Plan expenditure to the barest minimum.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.9, Para No. 2.42)

Another disturbing fact which has come to the notice of the Committee is that the Department is in the habit of re-appropriation of funds from one scheme to the other scheme of the Department. They are concerned to point out that more than Rs.136 crore of funds has been re-appropriated by the Department between 2006-2007 and 2008-2009. In addition to the huge allocation received by the Department which has ultimately resulted in accumulation of unspent balances with the implementing agencies at the end of the financial year, the Department has also mindlessly surrendered more than Rs.5 crore of funds during 2007-2008 and 2008-2009. Such practice of re-appropriation and surrender of amount is not a prudent and healthy financial practice to say the least. All these activities give an impression that the Department does not plan well in advance for spending its allocation. The Committee, therefore, recommend that the Department should take necessary steps to ensure that scarce funds are spent for the purpose for which these are allocated and are not re-appropriated or surrendered. The Committee while expressing serious concern over the trend of huge unspent balances would like to strongly recommend the Government to analyse the position State-wise and take corrective action accordingly. The Committee may be kept apprised of the follow up action taken in this regard.

Reply of the Government

The re-appropriation of funds is made under the provisions of General Financial Rule (GFR) 59, which inter-alia states that subject to the provision of rule 10 of the Delegation of Financial Powers Rules (DFPR) and also subject to such other general or specific restrictions as may be imposed by Ministry of Finance in this behalf, re-appropriation of funds from one primary unit of appropriation to another such unit within a grant may be sanctioned by the competent authority at any time before the close of the financial year. This Rule also stipulates that re-appropriation of funds shall be made only when it is known or anticipated that the appropriation for unit from which funds are to be transferred which will be not utilized in full or that savings can be effected in the appropriation for the said unit. Keeping these provisions of the GFR in view, this Department re-appropriated funds to the extent of Rs. 13623.57 crore between 2006-2007 and 2008-2009 with the approval of competent authority. Out of this, re-appropriation of Rs. 7828.88 crore was made from Major Head 2552 – North Eastern Areas to the various functional programme heads of the Department under the power delegated by Ministry of Finance to the Ministries / Departments. In this connection, it may be clarified that as per the directives of the Ministry of Finance, the budget provision for NE States is made under Major Head 2552 – North Eastern Areas but the releases to the NE States are made from the functional heads of the respective programme. Subsequently, the amount released to the NE States is recouped to the functional heads from Major Head 2552 by way of re-appropriation as per the procedure laid down by Ministry of Finance. This is a continuing process which will be followed every year. Further, a re-appropriation of Rs. 5786.33 crore was made during the last three years under various units of appropriation with the prior approval of Parliament through Supplementary Demand for Grants and remaining Rs. 8.36 crore was re-appropriated with the approval of Ministry of Finance and powers delegated to the Department. However, as recommended by the Committee, it will be ensured in future that the re-appropriation of funds is made, as far as possible, to the barest minimum.

As regards surrender of over Rs. 5.00 crore during 2007-2008 and 2008-2009, it may be mentioned that during the year 2007-2008, the total budget allocation (RE) was to the tune of Rs. 28500.00 crore. Against this, the net surrender was Rs. 3.68 crore which is 0.013% of the total budget allocation. Like-wise, against the RE of Rs. 56854.00 crore for 2008-2009, the saving was of the order of Rs. 1.65 crore only which comes to 0.003% of RE. It will thus be seen that almost 100% funds provided in RE 2007-2008 and 2008-2009 were spent.

As regards huge unspent balances with the State Governments under various Schemes of this Department, the position has already been explained in reply to Para 2.15 of the Report. Efforts are being made to accelerate the pace of utilization of funds by reviewing performance with State Governments regularly. With the strict financial management in the current financial year, it is expected that unspent balance at the close of the financial year will come down to the desired level.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.11, Para No. 2.59)

As per the information furnished to the Committee the calculation of population below poverty line is old, outdated and faulty and was last done for 2004-2005. The Committee are surprised to find that even in this age of advanced information technology, the poverty ratio of many States and Union territories like all North Eastern States (except Assam), Goa, Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep are based on the poverty ratio of the neighbouring States. Obviously, this does not give any exact reality on the ground. It also speaks volumes about the apathy of the Government towards finding out the exact position of poverty in these States and Union territories and the people living below poverty line. The Committee, therefore, urge the Government to ascertain the poverty ratio in all these States and Union territory administrations without any further delay. The Ministry of Rural Development being the nodal Ministry for most of the schemes and programmes being implemented for benefit of BPL population, should take up this concern of the Committee at the highest level of decision making and impress upon the Planning Commission to conduct survey in all 28 States and 7 Union territories of the country without any further delay..

Reply of the Government

The estimation of poverty in the country is done by the Planning Commission on the basis of a large sample survey of Consumer Expenditure carried out by the National Sample Survey Organization (NSSO) after an interval of 5 years approximately. Concern of the Committee about non-availability of poverty ratios for some of the States/UTs would be taken up with the Planning Commission.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.13, Para No. 3.19)

The Committee note with concern that during 2009-10, the hike in the number of districts proposed to be covered has been 86.36 per cent, whereas the enhancement in allocation has been as much as 150 per cent over the previous year. The unspent balance under NREGA amounting to Rs. 10345.59 crore at the end of 2008-09 is 27.67

per cent of the total available funds. Even with the sufficient amount of total available funds, the Government could provide only 48 days of Persons per House Hold work during 2008-2009. Even though the Employment Guarantee Act is a very improvised programme for wage employment as compared to the previous programmes implemented by the Department, much remains to be done by all stakeholders including the Ministry of Rural Development if the Government is serious to provide at least hundred days of works per household in a financial year as envisaged in the Act. The Committee, therefore, recommend that the Government should gear up the implementing agencies involved in the implementation of NREGA at each level so that all the total available funds including the accumulated unspent balances are utilized to achieve the target of at-least hundred days of employment to those job card holder households who demand work.

Reply of the Government

Number of districts covered under MGNREGA during the year 2009-10 is the same as during 2008-09 since the Act had been extended to all rural areas of the country with effect from 1.4.2008. During the year 2008-09, Rs 30,000 crore had been provided in the budget and entire amount had been released to the States. For 2009-10, budget allocation for MGNREGA is Rs. 39,100 crore which amounts to an increase of only 30% over the last year's allocations.

MGNREGA is demand based. Number of days of employment provided to a household depends upon the number of days of employment demanded which in turn depends upon availability of other employment opportunities in an area. National average for the number of days of employment provided per household has gone up from 43 days in 2006-07 to 48 days in 2008-09. During the current year so far, the average is 46 days. Funds under MGNREGA are non-lapsable. Unspent funds during the year are carried forward to the next financial year for being used for meeting the labour demand. Funds under the Act are to be kept upfront to meet any sudden spurt in the labour demand.

To generate awareness among the rural population about their legal rights under the Act, awareness generation activities have been taken up on regular basis. Civil Society Organisations have been engaged in these activities and Government has introduced Rozgar Jagrookta Puraskar to recognize the outstanding contributions by the CSOs for promoting effective implementation of MGNREGA.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.15, Para No. 3.25)

From the information furnished to the Committee, it is seen that payment of unemployment allowance to the job card holders who demanded work but could not be provided work since 2006-2007 has become a regular feature of implementation of the NREG Act. The Committee can only conclude that even though enough money was available with the implementing agencies, the poor job card holders could not be provided much needed employment during the lean season. In this scenario the Committee recommend that existing permissible works should further be broadened. Besides, some sort of flexibility should be provided to the State Governments to identify works keeping in view the geographical conditions and the local needs of that area. The Committee would also like to recommend that the State Governments should be ready with a shelf of schemes so that works are always available when the demand for employment comes so that payment of unemployment allowance is minimised.

Reply of the Government

Permissible works under MGNREGA are stipulated in para 1 Schedule I of the Act. States are advised from time to time to keep sufficient number of works in the shelf of projects to meet labour demand at any point of time. Vide notification dated 22.7.2009, works, as given in para 1(iv) of Schedule I, on the individual lands owned by small and marginal farmers have been permitted. Further, vide notification dated 11.11.2009, the Government allowed construction of Bharat Nirman Rajiv Gandhi Sewa Kendra under the Act in each Gram Panchayat which would serve as a Panchayat Bhawan as well as Knowledge Resource Centre. The State Governments may also recommend new works under Section 1(ix) of Schedule I of the Act for notification by the Central Government.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.16, Para No. 3.30)

The Committee note with concern that the States and Union territories have been revising their minimum wage rate after the minimum wages were declared under NREGA on 1.1.2009 as per Section 6(1). The Committee would like to know whether the reasons for such a situation have been analysed and if so, they may be apprised of the same. Further, confusion in the existing wage rate in States has not been cleared even after the notification of wage rate under NREGA on 1.1.2009 as Rs.141.02 per day per worker in Haryana, Rs.98.61 per day per worker in Hosiharpur, Rs.94.91 per day per worker in Nawanshar and Rs.72.23 per day per worker in Chhattisgarh. Such declaration of wage rate to be paid in fraction of a Rupee *i.e.* 02 paise, 23 paise or 61 paise is neither desirable nor practical. The Committee, therefore, recommend that such anomalies in the minimum wage rate under NREGA may be wiped out without any further delay.

Reply of the Government

Section 6 of Mahatma Gandhi National Rural Employment Guarantee Act provides for wage rate. The provisions in the Act are as under :-

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

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

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

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

In exercise of powers conferred under Section 6(1) of the Act, the Central Government notified the wage rate under the Act with effect from 1st January, 2009. Minimum wages for agricultural labourers prevailing on 31st December, 2008, as notified under Section 3 of Minimum Wages Act, 1948 by the States had been taken into account by the Central Government while notifying the wage rate under Section 6 (1) of the Act.

Section 3(1)(a) of the Minimum Wages Act, 1948, provides for fixing of minimum rates of wages and Section 3(1)(b) provides that the minimum rates of wages so fixed may be revised at any interval as State may think fit, but such intervals should not exceed 5 years. Some of the States have revised their minimum wages under the Minimum Wages Act, 1948 and approached the Ministry for revision of wage rate under NREGA.

The Central Government has taken the following decisions in this regard :-

(i) The Ministry may revise wage rate under Section 6(1) for States approaching the Centre for revision of their notified wage rate as per their suggestions based on their proposal.

(ii) However, the revised wage rate may be kept at Rs.100/- per day, anything more than this will be paid by the States. However, States with wage rate above Rs.100/- per day, as notified by the Centre on 1.1.2009 will continue to be reimbursed with wage rate, though it is above Rs.100/- per day.

In accordance with the above decision, Central Government has issued a notification dated 15.12.2009 and 4.1.2010 enhancing wage rate to Rs.100/- per day for States who have sought revision of their wage rate after 1.1.2009 and the wage rate for States which was more than Rs.100/- per day on 1.1.2009 has been kept at the same level.

At present, Haryana, Manipur and Dadra & Nagar Haveli have wage rate to be paid in fraction of a rupee as the minimum wage rate under the Minimum Wages Act, 1948. This wage rate had been fixed by the respective State Governments and had been adopted by the Ministry vide notification dated 1.1.2009. Subsequent notification for wage rate do not have wage rate to be paid in fraction of a rupee.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.18, Para No. 3.34)

The Committee appreciate the steps taken by the Department for payment of wages through Banks or Post Offices. However, the system should not only be more transparent but should be adequate also. The Committee note from the reply of the Department that the outreach of post offices and banks in remote and inaccessible areas, inadequate personnel both in post offices and banks are the immediate problems being faced by States in arranging payment of wages to the workers either through the banks or through the post offices. They, therefore, recommend that in consultation with all stakeholders, suitable remedial measures be taken in this regard without any further delay. Personnel deployment and supportive infrastructure in rural branches of Posts offices and banks should be suitably increased as per the needs to handle large volumes of wage disbursements under the scheme. The Committee desire that in consultation with the Department of Posts, Ministry of Finance and the Planning Commission, such problems may be solved without loss of time. The Department should ensure that wages under the implementation of NREGA are paid on weekly basis without any delay.

Reply of the Government

Upto December, 2009, 8.60 crore accounts of workers under MGNREGA have been opened in Banks/Post Offices and Rs.13973.39 crore have been disbursed through these accounts, which accounts for 82% of the total wages disbursed to the unskilled workers. The issues of outreach and basic infrastructure are being taken up regularly with the Department of Posts and Department of Financial Services. The Ministry is also taking proactive measures for ICT based technical innovations for timely payment of wages to the workers under MGNREGA.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.19, Para No. 3.38)

The Committee note that the women participation in the activities under NREGA has been increasing from 43 per cent in 2007-2008 to 48 per cent in 2008-2009 and to 51 per cent during 2009-2010 so far against the statutory requirement of 33 per cent. However, in some of the States the percentage of women‘s participation has been very low. For example during 2008-2009, percentage of women participation in Bihar, Jharkhand and Uttar Pradesh was only 30 per cent, 28 per cent and 18 per cent respectively. The Committee here also note that the Department of Rural Development has commissioned an independent study with the National Institute of Rural Development with the aim to look into districts where low women participation is taking place under the implementation of NREGA and also to look into the reasons of persistent low women participation. The Committee recommend such a study should be completed expeditiously and corrective changes may be made in the implementation of the scheme accordingly.

Reply of the Government

From the various studies conducted regarding participation of women in MGNREGA, it has been found that the main reasons for low participation of women have been non-revision of Schedule of Rates (SoR), socio-cultural constraints and low awareness. Some of the states including Uttar Pradesh, Rajasthan, West Bengal have revised their SoRs to make them worker and gender sensitive.

The National Institute of Rural Development (NIRD) has completed its study and has also submitted the report. The study was on impact of women participation in NREGS on changing gender equations at individual, household and community level and to assess the extent of empowerment among women workers of NREGA. The study was conducted in 5 districts of Tamil Nadu. The main findings of the study included:

- Women in socially developed areas gained more (Kanyakumari)
- Gender sensitive delivery system facilitated greater effectiveness of NREGS.
- NREGS' impact on poverty is significant.
- Work participation of women and gains would be greater, if SHGs are entrusted with provision of mandatory worksite facilities.
- Participation in NREGS benefited women - contribution to HH income - improvement in their access to resources and control - gender relations in social and economic areas at household level - improved considerably; the male workers' perception supports this
- The self-esteem, self-image and confidence levels of women increased due to participation in NREGS.
- NREGS has facilitated the empowerment of women

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.20, Para No. 3.42)

The Committee note the vague reply furnished by the Department regarding performance of many States and Union territories in implementing the NREGA while facing the problems of severe drought or flood etc. that employment demand is likely to be low in the districts that are comparatively more developed with greater opportunities of employment in other avenues both in agricultural and rural non-farm activities without leaving any justification for situations like drought or flood etc. The reply of the Department is vague as far as performance of NREGA in drought affected States/Districts is concerned and the reply that the demand for work under NREGA in a particular area depends on the availability of other employment opportunities in that area. Since, more than half of the country was reeling under severe drought during 2009-2010 it is difficult to say as to whether the performance of NREGA was better in the drought affected districts. The Committee, therefore, recommend that suitable remedial measures be taken to further tune up implementation of NREGA in the drought affected districts without any further delay

Reply of the Government

MGNREGA is demand based. A registered rural household is provided employment under the Act within 15 days of the demand made. For drought affected rural areas, it was expected that demand for employment under MGNREGA would increase during the drought period due to lack of other avenues of employment. Accordingly, the Ministry had requested to all the States to ensure the proactive measures are taken and sufficient workers are made available at all levels to provide employment wherever required. It was also ensured that sufficient funds are available at all levels in the States.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.21, Para No. 3.48)

The Committee find that only eight States have so far established State Employment Guarantee Fund. They are not convinced with the reply of the Department that the States which have not set up the State fund continue to get central assistance directly to their districts from the Government of India. Even though the setting up of such a fund is not mandatory, the Committee would recommend that the Department should persuade all the State Governments to establish the State Employment Guarantee Fund within a span of 2-3 years.

Reply of the Government

Setting up of State Fund entirely depends on the respective States based on their needs. However, it certainly provides greater flexibility to the States in fund management. Since as per Section 21(1) of the MGNREGA, establishment of State Fund is not mandatory, the Ministry cannot force any State Government for setting up the State Fund under MGNREGA. However, the Ministry has been regularly following up the issue with the State Governments to expedite the process and has issued advisories to the States from time to time for strengthening fund management for release of funds for MGNREGA.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.22, Para No. 3.51)

The Committee note with concern that no uniform norms for measurement of work under NREGA have been put in place. The reply of the Department that States are required to evolve norms for measurement of works is very vague. The role and responsibility of the Central Government has been ensured in the Act itself. The Committee, therefore, recommend that Central Government in consultation with all the States and Union territories should ensure uniformity of measurement of work throughout the country without any further delay.

Reply of the Government

Broad factors which are kept in view while evolving norms for measurement of works under the Act have been given in detail in the Operational Guidelines of the Act. However, given the diversity of geo-morphological and climatic conditions in States, flexibility has been provided to States to evolve Schedule of Rates (SoRs) for measurement of works.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.23, Para No. 3.53)

The Committee note that the limit for administrative expenditure under NREGA has been raised from 4 per cent to 6 per cent last year. The Department wants it to be further raised to 10 per cent. The Committee feel that such a fixation of administrative expenditure may lead to lesser funds being available for payment of wages to the workers under the scheme. The reduction of allocation for labourers/workers by increasing the administrative expenses is not a healthy sign. Further, the raising of administrative expenses from six per cent to ten per cent may not by itself solve the problem of getting good technical people for implementation of the NREGA. The Committee agree with the Ministry of Finance in this regard and urge the Department to gear up the implementing machinery for better results within the existing resources.

Reply of the Government

Any enhancement in administrative expenditure under MGNREGA will not affect the wage component under the Act because administrative expenditure is 6% of the total expenditure incurred under the Act and is paid separately by the Central Government. NREGA is demand based and the Central Government is committed to pay the entire wages for the unskilled workers.

As regards appointment of technical personnel, it has been noticed that in some States adequate number of technical personnel have not been put in place and the reason has been non-availability of technical personnel at the rate of compensation being offered at present. However, the States have been directed to step up their efforts to hire technical personnel to the desired extent commensurate with the actual need which would ensure timely and effective measurement of works executed.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010 (Department of Rural Development)]

Recommendation (Serial No.26, Para No. 3.81)

The Committee note that State-wise, 99 unbanked blocks are there in the country and these type of banks largely pertain to the North Eastern States. They further note the reply of the Department that there were initially 145 unbanked blocks in the country. They further note the reply of the Department regarding repayment of the scheme throughout the country. Further, they note the reply of the Department that the issue has been taken up for strengthening the manpower with nationalized banks and the RBI and the States have been requested to offer incentives to banks to encourage them to open bank branches in unbanked areas. The Committee note with dismay about the performance of Banks under SGSY which is not at all satisfactory regarding making available the credit, or on repayment or on while addressing the issue of unbanked blocks or single manned branches. They urge that an independent and impartial study be initiated across the country urgently to find out all of the above aspects in the implementation of SGSY in consultation with the Ministry of Finance and the Reserve Bank of India.

Reply of the Government

The Ministry had constituted a high level Committee on “Credit related issues under SGSY” under the Chairmanship of Dr. R. Radhakrishnan, Professor, Centre for Economic and Social Studies, Hyderabad in April, 2008. Senior Officers from Ministry of Finance, Reserve Bank of India, National Bank for Agriculture and Rural Development (NABARD), State Bank of India (SBI), National Institute of Rural Development (NIRD) and selected State Secretaries of Rural Development were the members of the Committee. The Committee has already submitted its report to the Ministry. As regards unbanked blocks, it is mentioned that most of the unbanked blocks are in the North Eastern region. The Committee therefore has recommended that there should be substantial increase in the branch banking in the region, and States should be assisted in providing physical facilities and security arrangements wherever necessary. High priority should be given by the banks and the Central Government in investing in new banking innovations like the provision of Smart Card, promoting institutions like ‘Business Facilitator’, ‘Business Correspondent’, and Mobile Banking among others. As far as providing incentives to banks for opening branches in rural areas is concerned, the Committee has recommended that in order encourage banks to open branches in remote areas which are considered unviable, Government may provide suitable incentives. The Committee also observed that Staff shortage, particularly in rural branches, makes it difficult for addressing needs of illiterate or semi-literate customers and thus recommended that this could be partially addressed through the Bank Mithra as in the case of Andhra Pradesh. The Ministry, however, is making continuous efforts at various fora such as Performance Review Committee (PRC) Meetings, Project Directors Conferences & Central Level Coordination Committee (CLCC) Meetings etc. to stress upon the States and the banks to improve credit flow by regular monitoring in every quarter. These issues were also taken up with all the State Secretaries and the representatives of various banks during the Meeting of the Central Level Coordination Committee (CLCC) held on 23rd December, 2009 in New Delhi.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.27, Para No. 3.82)

The Committee note the information furnished by the Ministry that the National Level Recovery Rate for scheduled commercial banks was 47.32 per cent for individual beneficiaries and 57.32 per cent for Self Help Groups under SGSY. The Committee strongly feel that when the subsidy provided by the Government which is nearly 33 per cent of the assistance provided for SGSY is added to the existing recovery, the recovery of the scheme for the banks is not all that bad. The Committee feel instead of citing the false plea of non satisfactory recovery, the financial institutions *viz*. commercial, cooperative, Regional Rural and Private banks involved in the implementation of the scheme should lay stress on solving serious problems of unbanked and under-banked areas. The Committee find that the shortfall in the achievement of credit targets under SGSY are attributed by the Department 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. There is also a need for proper training of bank officials posted in the rural areas to change their mind set towards illiterate rural people and the Banking procedure also needs to be simplified for the convenience of the rural people. The Committee desire that the action taken by the Government in this regard may please be intimated to them.

Reply of the Government

The issues of lack of sufficient bank branches and manpower in rural areas has been taken up with the banks in various Central Level Coordination Committee Meetings (CLCC) of SGSY organized by the Ministry of Rural Development. The issue was also discussed during the Meeting of the Central Level Coordination Committee (CLCC) held on 23rd December, 2009 in New Delhi. As already informed in order to encourage banks to open bank branches in unbanked blocks in NER, a special dispensation has been introduced by RBI in which it has been decided to provide subvention of capital cost and recurring cost for 5 years in respect of all blocks/centres figuring in an “Agreed List” to be identified by a joint team of Government officials and banks constituted under the aegis of SLBC in North eastern states. The “Agreed centres" are those where it is considered necessary as per public policy to have branches of banks under different categories viz. general banking, currency chests, forex business, Government business etc. not found to be viable and the banks are not willing to open branches at such Centres. As regards training of Bank Officials, the Ministry has already instructed all the State Governments to impart adequate training for bank officials through National Institute of Rural Development (NIRD), Hyderabad and State Institutes of Rural Development (SIRDs) and Extension Training Centres (ETCs) located in all the States in order to familiarize them with SGSY scheme and credit requirement of SGSY beneficiaries.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010 (Department of Rural Development)]

Recommendation (Serial No.28, Para No. 3.85)

The Committee appreciate the efforts made by the Department to develop the skills of the existing beneficiaries of SGSY. They were informed that up-to 31 August 2009, 87000 beneficiaries have been trained out of which 65000 beneficiaries have been placed which shows that so far 22000 beneficiaries trained still remain to be placed. They feel that giving training to the needy and their absorption is one of the important aspects which was not given due importance so far. They also note the reply of the Department that only one project was approved under this scheme during 2007-2008 which was followed by approval of 15 projects during 2008-2009. They are concerned to note that only six projects have been approved by the end of first half of this fiscal. With the present pace of implementation of the scheme the Government may not be able to approve more than 12 to 13 projects in the current year which is not at all a healthy sign. They therefore, recommend that Government in consultation with the States and Union territories should find out ways and means to extend the scheme to the entire country under the skill development projects in a time bound manner so that BPL youths could be provided training in various skills which can enable them to earn a decent livelihood. Action taken in this regard may be intimated to them.

Reply of the Government

So far 43 Placement linked Skill Development Projects under SGSY have been sanctioned which together will cover 4,54,482 beneficiaries in the entire country. Under these projects 93412 beneficiaries have been trained and 74,952 beneficiaries have been placed till 30.11.2009 which is about 80%. The focus of the programme is on placements and it is prescribed that atleast 75% of beneficiaries trained under such projects should be given placement.

During 2009-10, 20 placement linked skill development projects under SGSY have been sanctioned to cover 1,44,220 beneficiaries. It is expected that coverage of beneficiaries under the projects will be substantially scaled up during the current and coming financial years as there are a large number of project proposals in the pipeline at different stages of processing at present. For upscaling the initiative, the Department has also uploaded consolidated guidelines, procedures and norms of the scheme on the Ministry's website.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010 (Department of Rural Development)]

Recommendation (Serial No.29, Para No. 3.96)

The Committee find that during 2008-2009 out of Rs.14443.21 crore available under IAY only Rs.8282.86 crore have been used in the scheme which is only 57.35 per cent of the available funds. The Committee are dismayed to note the poor utilization of available funds under IAY during 2008-2009. Considering that more than Rs.6246 crore of unspent balance is lying with the implementing agencies as on 1.4.2009 there is an urgent need for the Department to fine tune and gear up the existing implementing agencies of Indira Awaas Yojana in all the States and Union territories of the country.

Reply of the Government

The utilization of funds during the year 2008-09 was only 57.35% because an amount of Rs. 4067 crore (both Central and State share) was released to the DRDAs, as economic stimulus package, only at the end of the year 2008-09. If this amount is deducted from the total available funds, the utilization stands at 80.32%. Every year, utilization of IAY funds has been more than 80% as the construction is by beneficiaries themselves and no contractors are involved. Physically targets are therefore, invariably achieved. Despite the General Elections to the Lok Sabha and imposition of Model Code of Conduct from the first week of March, 2009, the utilization of funds during the current year has already reached 63% of the total available funds including the unspent amount of last year.

However, efforts are being made to accelerate the pace of utilization of funds by reviewing performance with State Governments regularly.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.30, Para No. 3.97)

The Committee note with concern that poor financial performance of IAY in many States and Union territories which was reportedly been in Manipur (8.69 per cent), Andaman and Nicobar Islands (10.88 per cent), Dadra and Nagar Haveli (18.39 per cent), Assam (31.41 per cent), Jharkhand (35.48 per cent), Karnataka (42.77 per cent), Puducherry (43.46 per cent) during 2007-2008. The Committee also note with concern that poor physical performance of IAY in many States and Union territories which has reportedly been in Manipur (2.59 per cent), Andaman & Nicobar Islands (6.78 per cent), Puducherry (4.62 per cent), Dadra and Nagar Haveli (13.44 per cent) during 2008-2009 also was not better either in this regard. The information regarding State-wise physical performance of IAY during 2007-2008 was no better either. The Committee, are therefore, dismayed to note the poor financial and physical performance of IAY during 2007-2008 and 2008-2009 as mentioned above. The Committee would like to know the reasons for the poor performance in each of the States and Union territories mentioned above. They would like to urge the Department to initiate suitable corrective measures during this financial year in each of the aforesaid States and Union territories to achieve a better performance under the scheme. The Committee recommend that suitable corrective measures may please be initiated in this regard and they may be apprised accordingly.

Reply of the Government

The overall performance of IAY in Assam, Jharkhand and Karnataka has been satisfactory in the past. During the year 2007-08 also, the financial performance of Assam and Jharkhand was fairly good with 81% and 71% of utilization, respectively. During the current year, Jharkhand has already utilized 71% of funds up to November, 2009 including the carryover of previous year. In the case of Karnataka the utilization of funds was low during 2007-08 because of General Elections to the State Legislative Assembly.

However, the low performance of IAY in Manipur is a cause of concern. The position of development programmes in Manipur was reviewed at the level of Cabinet Secretary in a meeting held by him with the State Government of Manipur on 29th September, 2008. Director (RH) also visited Manipur and reviewed the position with the State Government Officers. The matter is being following up with the State Government thereafter and it is expected that the position will improve in future.

As regards Union Territories, there is not much demand of IAY funds except in Lakshdweep. In Andaman & Nicobar Islands, a number of houses were constructed during post-Tsunami period, particularly in Nicobar district. Puducherry has its own scheme of rural housing under which Rs. 1 lakh are provided to the beneficiaries for construction of a house. Due to this, there is not much demand of IAY houses.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.31, Para No. 3.101)

The Committee note the reply of the Department that the housing shortage in rural areas after 2009-2010 will be around 240 lakh and in this pace of development, 48 lakh houses are required to be build in the next five years by investing Rs.12701 crore every year as central allocation. As against the said target the Department has only been able to build 21.32 lakh houses during 2008-2009 which gives rise to the fear that it may take more than 10 years with the present pace of achievement of targets to have shelterlessness in rural areas of the country. The way the Government is achieving the targets the Committee, therefore, apprehend that the Government cannot achieve the noble goal of eliminating housing shortage for the poor in the rural areas in a time bound manner. The Committee feel that the Department is not giving due importance to implement the flagship housing programme IAY. They, therefore, strongly recommend that all the implementing agencies should further be geared up to show the optimum achievement of physical targets in the subsequent years.

Reply of the Government

During the year 2008-09, 21.34 lakh houses were constructed against the physical target for construction of 21.27 lakh houses. Further, the physical target for the current year 2009-10 is for construction of 40.52 lakh houses out of which 15.67 lakh houses have already been constructed by the end of November, 2009 and more than

27 lakh houses are under construction at various stages. As this is the working season for construction of houses in most of the States, the physical targets are likely to be achieved by the end of the year. Further, the Planning Commission has been requested to provide funds for at least 40 lakh houses during the year 2010-11 also.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.34, Para No. 3.107)

The Committee are of the view that efforts of the Department to provide land to the beneficiaries under the Homestead scheme is a step in the right direction. However, the Department has not been able to frame the guidelines of the scheme which might come in the way of implementation of the scheme in different States and Union territories. The Committee recommend that before giving the final shape to the guidelines it should be ensured that the plot allotted to the poor beneficiary is not far away from the existing habitations. Further, the Government should find out ways and means, in consultation with all the States and Union territories and the Planning Commission so that the benefits of this scheme actually reach the poor people without any land and the scheme does not merely remain on paper.

Reply of the Government

The guidelines for the Homestead scheme have since been issued on 24.8.2009. The State Governments were also requested to submit proposals for release of funds for providing homestead sites. The proposals have since been received from Karnataka, Kerala, Sikkim and Maharashtra. The funds for this purpose have also since been released to Karnataka, Kerala and Sikkim while the proposal of Maharashtra is under consideration.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.35, Para No. 3.121)

The Committee are concerned at the poor physical performance of the PMGSY during 2008-2009 which has reportedly been 55 per cent inspite of the financial achievement being more than 98 per cent made during that year. This only shows that all is not well with the implementation of the yojana in different States and Union territories. Not only that, the unspent balance as on 31.3.2009 left with the implementing agencies was to the extent of Rs.1264.56 crore. The Committee deplore the fact that Department is giving more stress on approving the road projects rather than completing the road construction, as is evident from the fact that Rs.1.05 lakh crore cost of projects have so far been sanctioned against which funds to the tune of only Rs.47834 crore have been released to States for all the road projects. The Committee apprehend that with the present pace of PMGSY, the Department would not be able to achieve the goal of full connectivity to all eligible habitations in the country in near future. They, therefore, recommend that immediate corrective steps be initiated by the Government in this regard and the Committee be apprised accordingly.

Reply of the Government

The information reflected regarding financial utilization of 98% relates to the utilization with respect to fund released for the programme. As percentage of value of projects sanctioned, financial utilization is 44%. Percentage achievement in respect of length completed is with respect to total of sanctioned projects. Thus, the figures are 55% of length of road works completed commensurate with the financial utilization of 44%.

Expenditure during 2008-09 is Rs. 15,162 crore which is fivefold increase over the capacity during 2004-05 (Rs. 3,077 crore). With the capacity available, expenditure to the tune of Rs. 22,000 crore to Rs. 25,000 crore per year is anticipated.

Time taken for completion of projects including tendering and award is generally two to two & half years. As such, a bank of project proposals is required to be sanctioned and available so that required physical and financial output could be achieved during any year. From experience, it is seen that the bank of project proposals of 2.5 times the expected output should be in different stages (tendering, award, execution). As such, the bank of project proposals to the tune of Rs. 55,000 crore for a targeted output of Rs. 21,000 crore during 2009-10 has been kept. During this period, funds requirement is Rs. 55,000 crore. Goal set for achieving full connectivity can be achieved if the required funds are made available.

Under PMGSY, projects are sanctioned by the Ministry of Rural Development and funds are released against sanctioned projects. The unspent balance as on 31.3.2009 with the implementing agencies was for the current works in progress as PMGSY is a continuous process. As on March, 2009, projects worth Rs. 1.05 lakh crore have been sanctioned since beginning of the programme. Larger value of projects has been sanctioned in recent years in order to achieve the goal.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.36, Para No. 3.123)

The Committee also find the reply of the Department regarding non achievement of targets under PMGSY during 10th Five Year Plan that it has failed to gear up the low institutional capacity of the State Governments to achieve the targets set under PMGSY since inception of the yojana in the year 2000. The Committee cannot accept the plea of the Department that the cost for constructing a KM of road and the target for achievement of full connectivity have gone up several times under PMGSY since inception. The Committee, therefore, recommend that suitable corrective actions be initiated by the Department now, to gear up implementing agencies further and inform the Committee accordingly.

Reply of the Government

States have been requested to gear up implementing agencies and to take the following corrective steps:-

- States are advised to strengthen the institutional capacity.
- Deployment of adequate number of dedicated Programme Implementation Unit (PIUs).
- Provisions of Standard Bidding Document rationalized.
- To hold Joint meeting of forest officials and implementation agencies in problematic States.
- States sensitize to the advantage to community participation through 'transact walk' in alignment finalization.
- Quarterly returns prescribed and reviewed to monitor delay in award and delay in completion.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.38, Para No. 3.135)

The Committee feel that the PURA scheme is a very good scheme the intentions of which have not been properly understood while implementing the scheme. Moreover, the monitoring of the scheme has not been done properly alongwith the implementation. The Committee fail to understand that if pilot scheme of PURA has ended in 2007, why funds were allocated during 2007-2008, 2008-2009 and during the current year. It seems that there has been no planning on the part of the Department to start the PURA scheme in a much larger scale throughout the country and that is why PURA scheme is being implemented as a pilot scheme again during the 11th Five Year Plan. The Committee, therefore, urge the Department to initiate necessary corrective steps so that PURA can be started as a full fledged scheme of the Department without any further delay.

Reply of the Government

Ministry of Rural Development implemented the PURA scheme on a pilot basis in seven clusters for a period of three years (2004-05 to 2006-07). Subsequently, the pilot phase was got evaluated by National Institute of Rural Development (NIRD). In the evaluation study, it was found that the scheme was mostly implemented as an infrastructure investment plan in the pilot phase. There was no business plan, no institutional structure with professional support and no convergence with other schemes. There had been no participation of private partners. The recommendations of

NIRD, consequent to their evaluation of the pilot phase, have been taken into consideration while drawing up a restructured scheme.

This Ministry has been engaged in the process of restructuring the scheme right from the time the pilot phase was in operation. The implementation of the pilot phase has been consistently monitored reviews, during meetings of the Steering Committee setup under the PURA scheme, further accompanied by discussions with the concerned authorities through video conference, along with periodic correspondence. The total expenditure reported by the States as on 31.12.2009 is Rs. 25.54 crores against the release of Rs. 30 crores during the pilot phase.

The Cabinet Committee on Economic Affairs in its meeting on 21st January, 2010 has approved the implementation of scheme on pilot basis during 11th Plan with the approved outlay of Rs. 248 crores. The scheme is proposed to be implemented under Public Private Partnership (PPP) framework between Gram Panchayat and Private Sector partner and its implementation is likely to provide useful experience for up-scaling the scheme in future.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.39, Para No. 3.150)

The Committee note that Rs.252 crore has been released under the DRDA Administration scheme during 2008-2009 against the central allocation of Rs.250 crore which is, reportedly, more than cent percent. Even though financial performance of DRDA Administration scheme is stated to be more than cent per cent, the Committee feel that many DRDAs in the country even today are in inadequately staffed. Most of the staff of DRDA are skeleton staff who are on a deputation from different Departments of the State Government. The Committee desire that the Department should urge all the States and Union territories to provide adequate staff without any further delay. The Committee should be apprised accordingly.

Reply of the Government

The Ministry has made amendments in the DRDA Administration Guidelines to fill up the vacancies with contractual staff. The Ministry has also been impressing upon the State Governments, from time to time, to fill up the vacancies in DRDAs in accordance with the staffing structure provided under the DRDA Administration Guidelines. The matter will again be taken up during the Project Directors/Chief Executive Officers of DRDAs Conference scheduled to be held on 20-21 January, 2010 and will be followed up vigorously.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.40, Para No. 3.151)

The Committee note the reply of the Department that during 2008-2009 the NREGA was being implemented in all 619 rural districts of the country whereas the DRDA Administration scheme was being implemented in only 612 districts. The Committee would therefore, like to know as to why the NREGA was being implemented in 619 districts whereas DRDA Administration scheme is implemented in 612 districts during 2008-2009. They recommend that all the rural districts of the country should have a District Rural Development Agency and the DRDA Administration scheme should be implemented in all rural districts from this financial year. Action taken in this regard may be intimated to the Committee.

Reply of the Government

There is variation in the number of rural districts and corresponding number of DRDAs in certain States/UTs in the country. Under DRDA Administration Scheme, funds are released to DRDAs whereas under NREGA programme funds are released to the districts in a particular State. For example, there are four districts in Sikkim which are taken care of by one DRDA. Daman and Diu are two districts but there is only one DRDA viz. DRDA-Daman. In Pondicherry, Pondicherry and Karaikal are two districts but there is only one DRDA viz. DRDA-Pondicherry. NREGA is also implemented in Chandigarh which does not have any DRDA. The decision to create separate DRDAs for each and every district comes under the purview of the concerned State Government in accordance with administrative and financial feasibility.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.41, Para No. 3.164)

The Committee have been informed that a large number of non Government organizations (NGOs) or Voluntary Agencies (VAs) have been blacklisted because of financial misappropriation. The Committee would like to know as to how the said NGOs /VAs got selected to receive the assistance provided by the CAPART in the first instance. They feel that the existing checks and balances at the levels of CAPART and Department of Rural Development are not sufficient to ensure that only credible NGOs get the assistance from CAPART. As a result of this the said irregularities of the voluntary agencies/organizations could not be detected before selecting these for receiving the assistance. The Committee, therefore, desire that the existing guidelines on the matter may be strengthened. They also desire that sufficient publicity about the blacklisted NGOs/VAs be made so that these organizations do not receive any financial assistance from the Government of India.

Reply of the Government

CAPART does not select NGOs. Any eligible NGO can apply to CAPART to specific projects in accordance with its guidelines. All projects received by the Council, are evaluated as per the prevailing guidelines and norms. Organisations are put under blacklist when the terms and conditions of the sanction are violated and in case of misappropriation of funds. During the past 24 years of its existence, the Council has provided support to over 20,000 voluntary organisations for more than 26,000 projects. At present 861 voluntary organisations are under the blacklisted category. Out of this 742 voluntary organisations have been blacklisted by CAPART and 119 voluntary organisations have been put under this category on recommendations of other government grant making organisations. Thus, Council has placed 3.7% organisations supported by it under this category.

CAPART was established in September, 1986. As the only organisation of its kind in the country, the Council had no precedents to follow. Keeping in view that grass root organisations are remotely located, small in size with limited resources, it had to evolve procedures that were easy to understand and simple. This led to a miniscule percentage of voluntary organisations to perhaps misuse the trust and faith reposed in the voluntary sector. Learning from experience, the Council has over the years refined its system of monitoring and evaluation to ensure that only genuine and credible organisations receive funds from it. Some of the measures introduced are enumerated below:

(a) Photographs of office bearers of voluntary organisations are insisted upon at the time of application for grant.
(b) Each project is evaluated at three stages by external experts from institutions of repute.
(c) Copies of sanction letters are endorsed to the concerned State and district authorities as well as the elected representatives of the area.
(d) To ensure that voluntary organisations have presence at the grass root level and have confidence of the local people, all projects except those under the Advancement of Rural Technology Scheme need to be endorsed by the Gram Sabha of the area.
(e) To further corroborate and verify the credentials of voluntary organisations, CAPART insists on a Bank Guarantee of 1% of the sanctioned amount.

From 01.10.2009, it has been made mandatory for voluntary organisations to first register themselves in the NGO portal set up by the Planning Commission and to submit projects online. At the time of registration, each NGO is given a VO Identification Number. If updated by funding bodies, this would prevent blacklisted organisations or their office bearers to access funds from any of the government agencies. The list of Blacklisted VO’s is also available in CAPART website.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.42, Para No. 3.180)

The Committee are not happy with the performance of the NIRD regarding the conduct of research and action research studies. As per the information furnished to the Committee during the year 2007-2008, against a target of 30 research and action research studies only 17 could be completed and the remaining studies were stated to be under progress. The information regarding the status of the remaining 13 incomplete research and action research studies started during 2007-2008 has not been provided in the subsequent years. Further, against the target of 30 research and action research studies to be conducted during 2008-2009, the NIRD could complete only 7 such studies. The Committee in this regard desire that the activities of the NIRD be further monitored by the Department so that the targets set for the institute are achieved. Moreover, they desire that radical changes in the functioning of NIRD be initiated from this year so as to meet the dynamic challenges of rural development in this country.

Reply of the Government

Out of the 30 research studies taken up by NIRD in 2007-08, 28 projects have been completed and 2 projects are ongoing.

In the year 2008-09, NIRD had taken up 15 research studies, out of which 13 have been completed and remaining are ongoing. Some of the research studies taken up by NIRD are of long term in nature and are completed in a period of 2 years. Action Research projects are carried out for 3-4 years. Long term studies like 'Monitoring and Evaluation of RKVY' and "case studies under National Agricultural Innovation Project" are ongoing for the year 2009-10 too.

The functioning of the NIRD is reviewed by Executive Council and General Council of the Institute, both Chaired by the Minister of Rural Development. However, as recommended by Standing Committee and in consultation with the Planning Commission, the Ministry had initiated the process to reform and revamp the Rural Development Training Institutes, including NIRD.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.43, Para No. 3.191)

The Committee find a mismatch in the performance of the Management Support to Rural Development Programmes Scheme when it was informed that by spending Rs.35.50 crore to SIRDs, ETCs and OTCs during 2007-2008, 8000 training programmes were arranged whereas by spending the same amount during 2008-2009, 18447 training programmes have been arranged. They urge the Department to verify again the number of training courses organized by the SIRDs, ETCs and OTCs under the scheme during 2007-2008 and 2008-2009.

Reply of the Government

The target for conducting training programmes by SIRDs and ETCs during the year 2007-08 was 8000 while the releases were Rs.26.24 crore. However, the SIRDs and ETCs conducted 17,668 training programmes in 2007-08. During the year 2008-09, the SIRDs and ETCs together conducted 25,786 training programmes against a target of 15000 training programmes. The grant released to SIRDs/ETCs/OTCs during the year was Rs.39.71 crores.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.44, Para No. 3.192)

Further, the Committee desire that the quality of the training programmes should be made up-to-date and appropriate. The training modules being provided by the SIRDs, ETCs and OTCs be modified during the current year to meet the ever changing challenges of rural development in this country. Suitable action may be initiated in this regard by the Department and the Committee be informed accordingly.

Reply of the Government

The NIRD modifies, from time to time the training modules provided to the SIRDs and ETCs to meet the ever changing challenges of rural development in the country and also update the same appropriately. The NIRD & SIRDs have again been requested to modify their training modules to conform to the revised guidelines of different programmes of the Ministry in accordance with the recommendation of Standing Committee.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Chapter III

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

Recommendation (Serial No.14, Para No. 3.24)

The Committee are concerned to note that all the job card holders could not be encouraged to apply for work under NREGA since inception. As per the information furnished to the Committee, for example, during 2008-2009 only 4.55 crore households out of 10.07 crore job card holder households demanded work. Similarly, during 2009-2010, only 3.50 crore households demanded work so far, out of the 10.68 crore households who were given job cards till Sept., 2009. This shows that initial momentum of providing jobs under NREGA is on the decline. The Committee, therefore, urge the Government to make a thorough study of implementation of NREGA without any further delay and initiate suitable corrective measures in the implementation of the scheme and intimate them accordingly.

Reply of the Government

MGNREGA is demand driven. A registered rural household is required to apply in writing in the Gram Panchayat for getting employment under the Act. Thus, it is mandatory for a household to have a job card issued for getting employment under MGNREGA. However, it is not mandatory that all job card holders must demand work under the Act. Job card, once issued, is valid for a period of five years. Number of households provided employment is to be seen with reference to the number of households demanded employment. During 2008-09, 4.55 crore households demanded employment out of which 4.51 crore households were provided employment till 31.3.2008. The small gap between number of households demanded and provided employment is due to the fact that employment is to be provided within 15 days from the date from which it has been demanded. During the current year (2009-10 up to December, 09), out of 4.17 crore households that have demanded employment, 4.15 crore have been provided employment under the Act.

However, awareness generation is a continuous process under the Act. Through intensive IEC campaign, workers are informed of their rights and entitlements under the Act.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Recommendation (Serial No.32, Para No. 3.102)

The Committee are not satisfied with the present definition of a dwelling unit given under the IAY which does not give a clear indication for a decent and civilized living by the rural poor in this country. In their view, a single room with a smokeless *chullah* and a toilet does not give sufficient space for a civilized living in this country.

The Committee, therefore, recommend that the Government should consider revising the definition of a dwelling unit accordingly and intimate them at the earliest.

Reply of the Government

No type design of an IAY house has been defined or prescribed by the Ministry except that the plinth area of an IAY house should not be less than 20 sq.mt. The IAY beneficiaries are at liberty to construct more than one room. During field visits it is noticed that some beneficiaries do construct a room and verandah or two rooms under IAY scheme.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Chapter IV

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

Recommendation (Serial No.4, Para No. 2.26)

The Committee The Committee are unhappy to note that both at State and district levels V&MC meetings are not being held as per the guidelines. It is completely astonishing that when 28 States should have held a maximum of 112 V&MC meetings at the State level each year, during 2006-2007, 2007-2008 and 2008-2009 the meetings held were only 35, 36 and 35 respectively. They also note that, some of the States which have not held a single State level V&MC meeting in the last two years are Haryana, Jammu and Kashmir, Mizoram, Dadra and Nagar Haveli. They are disturbed to find that against a maximum of 2476 meetings of district level V&MCs in a year which should have been held in 619 rural districts, only 912 meetings during 2007-2008 and 579 meetings during 2008-2009 were held. They feel that effective monitoring at the central level is not being done to ensure that the State and District level V&MCs hold a meeting in each quarter, as per the extant guidelines. The Committee desire that the Department should continue to put pressure and vigorously monitor the conduct of the meetings of V&MCs to ensure that meetings of Vigilance and Monitoring Committees both at State and District Level are held as per the existing provisions of the guidelines.

Reply of the Government

The Department of Rural Development is continuously pursuing the matter with the State Governments for holding the Vigilance and Monitoring Committee (V&MC) meetings regularly. Letters have been sent by the Union Minister of Rural Development to the Chief Ministers of the States/UTs and Chairmen/Co-Chairmen of V&MCs emphasizing the need and importance of holding the meetings of the Committees for effective review of implementation of Rural Development Programmes. Secretary (RD) had sent letters to Chief Secretaries of States/UTs, requesting immediate issue of Notifications for reconstituting State and District level V&MCs in the light of constitution of 15th Lok Sabha and also to convene the first meeting by 30th November, 2009. The urgency of the matter was re-emphasized by Secretary (RD) through further communication sent to the Chief Secretaries.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.25, Para No. 3.74)

The Committee are dismayed to note the mismatch between the financial and the physical target-achievement under SGSY since 2007-2008. As per the information furnished by the Department the financial utilisation of SGSY was 82.17 per cent during 2007-2008 which declined to 73.73 per cent during 2008-2009. In comparison, the physical performance of SGSY was 126 per cent and 106 per cent in these years respectively that gives a false impression that the performance of SGSY is very impressive and does not deserve a re-structuring in the form of NRLM. It appears that Government have resorted to target chasing under the SGSY so far instead of implementing the SGSY as per the guidelines of the scheme. Further, the Committee feel that per capita investment of Rs.29932 during 2008-2009 under SGSY or that of Rs.30723 so far during 2009-2010 is very low to take some one living below the poverty line to above the poverty line permanently. The Committee, therefore, desire suitable corrective measures be taken in this regard and they be informed accordingly.

Reply of the Government

The information provided for the financial utilization of funds for the year 2007-08 and 2008-09 was the funds utilized against the total funds available with the states. The total available funds in the states in a particular year are always more than the allocation made during that year, since the states also have some funds in the form of opening balance (funds carried over from the previous year) and other miscellaneous receipts. Thus, the percentage of funds utilization against the allocation is always more than the percentage of fund utilization against the total available funds. On the other hand the targets for swarozgaris assisted in a particular year are fixed on the basis of funds allocated under SGSY. Therefore, targets achieved may go beyond 100% also. Moreover, SGSY has several components like formation of Self Help Groups (SHGs), training of swarozgaris, providing revolving fund to SHGs, number of swarozgaris to be assisted with subsidy & credit etc. Expenditure for all these activities is to be met, out of the total allocation under the subsidy head. Though the achievement for total swarozgaris assisted including SHG swarozgaris & individual swarozgaris may be high, the achievement under all the various components may not be as good.

As regard per capita investment, the norm under SGSY for per capita investment is of Rs 25,000 per Swarozgari. Under SGSY, during the year 2007-08 & 2008-09 the per capita investment is more than the prescribed norm. However, there is need to increase the per capita investment and the Ministry is taking appropriate measure in this regard in the proposed NRLM.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.33, Para No. 3.103)

The Committee note the information furnished to them in which it has been stated that Rs.35,000 per unit in plain areas and Rs.38,500 in hilly and difficult areas, under the IAY, are being provided to construct a dwelling unit. They feel that the per unit assistance of a dwelling unit under IAY is too little and no where near the actual construction cost even if a beneficiary provides his/her labour. The Committee regret that their earlier recommendation made in this regard (paragraph No. 2.69 of 22nd Report - Fourteenth Lok Sabha *refers*) has not been given due consideration by the Government. The Committee once again reiterate their earlier recommendation made in their 22nd Report (Fourteenth Lok Sabha) that the per unit assistance under IAY be increased from the existing rate to Rs.50,000 in plain areas and Rs.60,000 in hilly/difficult areas from this financial year itself.

Reply of the Government

The recommendations of the Committee were kept in mind while enhancing the unit cost of IAY houses in 2008-09. However, due to financial constraints, the unit cost could be enhanced from Rs. 25,000/- to Rs. 35,000/- in plain areas and from Rs. 27,500/- to Rs. 38,500/- in hilly/difficult areas. However, in addition to the unit assistance provided under IAY, an IAY beneficiary can avail a loan of up to Rs. 20,000/- from a nationalized bank at an interest rate of 4% per annum under differential rate of interest (DRI) scheme.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.37, Para No. 3.127)

The Committee note that the gigantic task to connect all unconnected habitations in the rural areas of the country still remains to be achieved. Similarly, additional targets set under the Bharat Nirman component has been added to the existing targets and is being implemented simultaneously. The Committee desire that the target and achievement under PMGSY and under Bharat Nirman be monitored separately. They also note that in addition to the Department of Rural Development, the National Rural Road Development Agency (NRRDA) and all other implementing agencies in different States under PMGSY are involved in implementing the scheme. They feel the Department of Rural Development, the NRRDA and all other implementing agencies of PMGSY have not been able to show a better physical performance of the scheme so far inspite of it being made a part of the Bharat Nirman. Not withstanding the poor results of PMGSY so far, the Committee feel that more funds may be allocated for the scheme and the Planning Commission and the Ministry of Finance be consulted in this regard. They urge the Department to chalk out a time bound plan to connect all unconnected habitations realistically and intimate them accordingly.

Reply of the Government

Absorption capacity of the States has increased manifold during the last few years. To sustain this, adequate funds are required for achieving the physical targets. Minimum funds requirement for the years 2010-12 is Rs.54,000 crore. Planning Commission and Ministry of Finance are being requested to the needful and increase the budgetary support so that physical pace of implementation does not slow down.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Chapter V

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

Recommendation (Serial No.6, Para No. 2.28)

The Committee also desire that the Government devise a mechanism where by the States and Districts which are holding the Vigilance and Monitoring Committees as per the guidelines may be provided with some kind of incentive so that the other States and Districts not holding the meetings regularly are encouraged to do so.

Reply of the Government

It is the endeavour of the Ministry that all the States/Districts hold regular meetings of the V&MCs. The matter has been taken up with the States/UTs at the highest level and efforts will be further continued in this regard. States whose performance has been as per requirements will be singled-out for special mention in the Performance Review Committee (PRC) meetings held in the last quarter of the financial year.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.10, Para No. 2.54)

The Committee note with concern that several agencies of Government of India are engaged in identification of the number of persons living below poverty line in the rural areas like, Planning Commission, National Sample Survey Organisation, Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, etc. simultaneously but without much success. This ultimately hampers development of needy persons of rural areas living below poverty line. They, therefore, urge the Government that a single agency may be entrusted with the task of identifying and ascertaining the number of people living below poverty line in rural areas. The concern of the Committee in this regard may be taken up at the highest level and they may be apprised accordingly.

Reply of the Government

The Ministry of Rural Development is the single agency responsible for formulation of Methodology and Guidelines for identification for households living below the poverty line in rural areas. As regards the Planning Commission, it is responsible for estimation of poverty ratios or number of persons living below the poverty line. The Ministry of Housing and Urban Poverty Alleviation is concerned with urban poor. Therefore, at present there is a single agency i.e. the Ministry of Rural Development for identification of households below the poverty line in rural areas and a single agency i.e. the Planning Commission for estimation of poverty.

However, the recommendation of the Parliamentary Standing Committee regarding entrusting a single agency with the task of identification as well as estimation of poverty ratios or the number of people living below poverty line in rural areas would be taken up with the Planning Commission.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.12, Para No. 2.60)

The Committee note that the Department is already well aware of the existing limitations of the BPL census carried out by them in the past in which the APL people got into the list and some of the genuine people got left out as has been admitted by the Secretary, Department of Rural Development during the course of oral evidence before the Committee. They also note that the fourth quinquennial BPL census survey being conducted by the Ministry since 1992 regularly at an interval of five years has fallen due since 2007. Enough precious time has already been wasted on some pretext or the other. Huge funds are being released by the Central Government through various welfare schemes meant for poorest of the poor. But unless the BPL list is updated periodically, the benefits intended cannot reach the genuine beneficiaries. The Committee, therefore, recommend that such BPL survey should be conducted without any further delay. An appropriate sum may be earmarked for the purpose of conducting the BPL survey and it should be ensured that the results of the said survey be made available before the close of this financial year. It should further be ensured that the survey so finalized should have a component for correction if ineligible people like APL get into the list. It should also be ensured that only genuine poor people are incorporated in the final list. The Government may take suitable measures to ensure that an independent, unbiased and impartial authority takes the charge of the BPL survey.

Reply of the Government

The Ministry of Rural Development, on 12th August, 2008, constituted an Expert Group, which could advise the Ministry on the methodology for conducting the BPL Census for the Eleventh Five Year Plan. The Expert Group submitted its report on 21st August 2009. The report of the Expert Group has been circulated among the States/UTs and the concerned Central Ministries for comments. It has also been posted on the

Ministry's website www.rural.nic.in. The Ministry is in the process of finalizing the methodology and guidelines to carry out next BPL Census for identification of people living below the Poverty Line in rural areas of the country taking into account the suggestions/comments received.
The BPL Census is conducted by the State Governments with technical and financial assistance from the Ministry of Rural Development. While issuing Guidelines for conducting BPL Census, the concerns raised by the Parliament Standing Committee regarding inclusion of genuine poor in the BPL list would be impressed upon and training & sensitisation on this issue of the responsible agencies will be undertaken.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010 (Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.17, Para No. 3.31)

The Committee further recommend that as far as practicable the minimum wage rate should not vary much between the adjoining States *e.g*. Karnataka Rs.82 and Kerala Rs.125, West Bengal Rs.75 and Sikkim Rs.100, Chhattisgarh Rs.72 and Madhya Pradesh Rs.91 etc. The Committee feel that the said wide scale variation in the wage rate in the adjoining States will definitely encourage migration instead of curbing it. The Committee, therefore, strongly recommend that the Government should take necessary steps so that the adjoining States and Union territories do not have much difference in the minimum wage rates under the NREGA.

Reply of the Government

Under NREGA wage rate for Karnataka, West Bengal, Sikkim, Chattisgarh and Madhya Pradesh is Rs.100/- per day as per notification dated 15.12.2009 and 4.1.2010 under Section 6(1) of the Act. The matter has been taken up with the Ministry of Statistics and Programme Implementation for setting up a panel to formulate modalities of revision of real wage depending on consumer price index and variables.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010 (Department of Rural Development)]

Comments of the Committee

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

Recommendation (Serial No.24, Para No. 3.55)

The Committee are dismayed to note that no serious effort has so far been made by the Ministry for the convergence of NREGA with all the schemes and programmes of the Ministry of Rural Development. The Committee feel that there is an urgent need to evolve some sort of mechanism whereby the works being undertaken under NREGA can be dovetailed with Central and State Government's schemes so that the assets created under NREGA are of good quality and durable. They, therefore, recommend that convergence of all the schemes in three Departments of the Ministry of Rural Development may be made before the end of this financial year. The Ministry of Panchayati Raj may also be consulted with regard to convergence of all Central schemes being implemented by them with the NREGA. The guidelines of respective schemes be suitably revised/modified to reflect the convergence with the implementation of NREGA. The Committee may also be informed accordingly. Such convergence in the implementation of NREGA may ultimately be spread across all the Ministries of Government of India in a time bound manner

Reply of the Government

Joint Convergence Guidelines have been issued for convergence of rural development programmes of Ministries of Agriculture, Environment & Forests, Water Resources, Department of Land Resources, SGSY and PMGSY schemes of Department of Rural Development with NREGA. 115 pilot districts in 23 States have been identified to give effect to the Joint Convergence Guidelines. Progress made in this regard by various States is periodically monitored by the Ministry. Depending upon the success of convergence initiative in these pilot districts, steps will be taken to widen the scope of convergence with other Ministries/Departments. However, care would be taken to ensure that such convergence initiatives are in conformity with the provisions of the Act and the Operational Guidelines.

[Ministry of Rural Development O.M. No. H-11020/5/2009-GC February, 2010
(Department of Rural Development)]

NEW DELHI;
<u>20 July, 2010</u>
29 Asadha, 1932 (Saka)

SUMITRA MAHAJAN
Chairperson,
Standing Committee on Rural Development

APPENDIX I

COMMITTEE ON RURAL DEVELOPMENT (2009-2010)

EXTRACTS OF THE MINUTES OF THE TWENTIETH SITTING OF THE COMMITTEE HELD ON WEDNESDAY, THE 07 JULY, 2010

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi

PRESENT

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Sanjay Dhotre
3. Shri H.D. Kumaraswamy
4. Shri Sidhant Mohapatra
5. Shri Gobinda Chandra Naskar
6. Shri P.L. Punia
7. Shri A. Venkatarami Reddy
8. Shri Jagdish Sharma
9. Shri Jagdanand Singh
10. Shri Makansingh Solanki
11. Shri Kodikkunnil Suresh
12. Shrimati Usha Verma
13. Shri Ramesh Vishwanath Katti

Rajya Sabha

14. Shri Ganga Charan
15. Shri P.R. Rajan
16. Shimati Maya Singh

Secretariat

1. Shri A. Louis Martin - Joint Secretary
2. Shri A.K. Shah - Additional Director

2. The Chairperson welcomed the members to the sitting of the Committee convened for consideration of Memoranda containing draft Reports of the Committee on action taken by the Government on the recommendations contained in four Reports on Demands for Grants (2009-10).

3. The Committee then took up for consideration the following memoranda and draft action-taken Reports :-

(i) Memorandum No. 3 and draft Report on action taken by the Government on the recommendations contained in the First Report on Demands for Grants (2009-10) of the Ministry of Rural Development (Department of Rural Development);

(ii) *** *** *** ***

(iii) *** *** *** ***

(iv) *** *** *** ***

4. The Committee adopted the draft action-taken Report relating to the Department of Rural Development with slight modification and authorized the Chairperson to finalise para 16 of the draft Report after discussion with the representatives of the Department of Rural Development (Ministry of Rural Development) scheduled to be held on 21st July, 2010.

5. *** *** *** ***

6. The Committee then authorised the Chairperson to finalise the aforesaid draft Reports and present the same to both the Houses of Parliament.

7. The Committee then adjourned to meet on 20th July, 2010.

**** Relevant portions of the Minutes not related to the subject have been kept separately

APPENDIX II

[*Vide* Para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIRST REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (15TH LOK SABHA)

I.	Total number of recommendations	44
II.	Recommendations that have been accepted by the Government Para Nos. 2.5, 2.10, 2.15, 2.27, 2.40, 2.41, 2.42, 2.59, 3.19, 3.25, 3.30, 3.34, 3.38, 3.42, 3.48, 3.51, 3.53, 3.81, 3.82, 3.85, 3.96, 3.97, 3.101, 3.107, 3.121, 3.123, 3.135, 3.150, 3.151, 3.164, 3.180, 3.191 and 3.192	33
	Percentage to total recommendations	(75)
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies Para No.: 3.24 and 3.102	2
	Percentage to total recommendation	(4.54)
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee Para Nos. : 2.26, 3.74, 3.103 and 3.124	4
	Percentage to total recommendations	(9.10)
V.	Recommendations in respect of which final replies of the Government are still awaited Para Nos. : 2.28, 2.54, 2.60, 3.31 and 3.55	5
	Percentage to total recommendation	(11.36)