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STANDING COMMITTEE ON URBAN AND RURAL DEVELOPMENT (1999-2000)

THIRTEENTH LOK SABHA

EIGHTH REPORT

MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMENT)

DEMANDS FOR GRANTS (1999-2000)

सत्यमेव जयते

[Action taken by Government on the recommendations contained in the Twenty-eighth Report of the Standing Committee on Urban & Rural Development (Twelfth Lok Sabha)]

Presented to Lok Sabha on 16.3.2000

Laid in Rajya Sabha on 16.3.2000

LOK SABHA SECRETARIAT
NEW DELHI

EIGHTH REPORT

**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(1999-2000)**

(THIRTEENTH LOK SABHA)

MINISTRY OF RURAL DEVELOPMENT

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DEMANDS FOR GRANTS (1999-2000)

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2000/Phalguna, 1921 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(1999-2000)

Shri Anant Gangaram Geete - *Chairman*

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3. Shri Padmanava Behera
4. Shri Jaswant Singh Bishnoi
5. Shri A. Brahmanaiah
6. Shri Swadesh Chakrabortty
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27. Shri Maheshwar Singh

28. Shri Sunder Lal Tiwari
29. Shri D. Venugopal
30. Shri Chintaman Wanaga

Rajya Sabha

31. Shrimati Shabana Azmi
32. Shri Karnendu Bhattacharjee
33. Shri N.R. Dasari
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37. Dr. Mohan Babu
38. Shri Onward L. Nongtdu
39. Shri N. Rajendran
40. Shri Solipeta Ramachandra Reddy
41. Shri Suryabhan Patil Vahadane
42. Shri A. Vijaya Raghavan
43. Vacant
44. Vacant

SECRETARIAT

1.	Shri S.C. Rastogi	-	*Joint Secretary*
2.	Shri R. Kothandaraman	-	*Deputy Secretary*
3.	Shrimati Sudesh Luthra	-	*Under Secretary*

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* Nominated *w.e.f.* 24.1.2000
** Expired on 13.01.2000

INTRODUCTION

I, the Chairman of the Standing Committee on Urban and Rural Development (1999-2000) having been authorised by the Committee to submit the Report on their behalf, present the Eighth Report on Action taken by the Government on the recommendations contained in the Twenty Eighth Report of the Standing Committee on Urban and Rural Development (Twelfth Lok Sabha) on Demands for Grants (1999-2000) of the then Department of Rural Employment and Poverty Alleviation of Ministry of Rural Development.

2. The Twenty Eighth Report was presented to Lok Sabha on 22nd April, 1999. The replies of the Government to all the recommendations contained in the Report were received on 24th September, 1999.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 24th February, 2000.

4. An analysis of the action taken by the Government on the recommendations contained in the 28th Report of the Committee (Twelfth Lok Sabha) is given in Appendix II.

NEW DELHI;
March 7, 2000
Phalguna 17, 1921 (Saka)

ANANT GANGARAM GEETE,
Chairman,
Standing Committee on
Urban and Rural Development.

CHAPTER I

REPORT

This Report of the Committee on Urban & Rural Development (1999-2000) deals with the action taken by the Government on the recommendations contained in their Twenty-eighth Report on Demands for Grants (1999-2000) of the Department of Rural Employment and Poverty Alleviation (of erstwhile Ministry of Rural Areas and Employment now renamed as Ministry of Rural Development) which was presented to Lok Sabha on 22nd April, 1999.

2. Action taken notes have been received from the Government in respect of all the 32 recommendations which have been categorised as follows:

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

Para Nos.1.6, 1.7, 1.10, 1.13, 1.16, 1.17, 1.19, 2.4, 2.5, 2.8, 2.9, 2.12, 2.14, 2.15, 2.18, 2.19, 2.22, 3.4, 3.7, 3.10, 3.15, 3.24, 4.4, 4.7, 4.11, 4.13 and 5.1.

(ii) Recommendations/observations which the Committee do not desire to pursue:

Para Nos.2.25.

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

Para Nos.2.24 and 3.12.

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

Para Nos.3.20 and 3.21.

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

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

A. Proper training for implementation of new schemes

Recommendation (Para No.1.19)

5. The Committee in their earlier recommendation had noted as under:

"The officials who are entrusted the task of implementing the new scheme have not been given any training as yet. They also note that the training is an important element for the successful implementation of rural employment schemes. They therefore recommend that all officers associated with the implementation of the new schemes should be imparted proper training to have a better attitude and better mindset which is an essential pre-requisite for the success of the new scheme."

6. The Government in their reply have stated as under:

"Training to rural development functionaries is imparted by National Institute of Rural Development (NIRD), (an apex body at Central level), State Institutes of Rural Development (SIRDs) working in eachState (except in Goa and Mizoram) at State level and by 87 Extension Training Centres at District/Sub-district level throughout the country. State Institutes of Rural Development (SIRDs) and Extension Training Centres (ETCs) are run by the respective State Governments. The schemes of Rural Development including the new one are implemented by the State Governments and the subject of 'training to their officials' is also looked after by the respective States. However, all the State Secretaries (RD) have been requested by the Ministry to sensitize their personnel engaged in the implementation of the new Scheme *i.e.* Swarnajayanti Gram Swarozgar Yojana (SGSY). Guidelines of this scheme have also been sent to all State Secretaries (RD). Detailed sensitization programme has also been formulated in consultation with National Institute of Rural Development and other National Level Institutions."

7. While noting the efforts made by the Government to sensitize the officials involved in the implementation of the new Schemes, the Committee would like the Government to keep at watch and ensure that proper and adequate training is imparted to the staff for the successful implementation of the new schemes.

B. Revival of defunct DWCRA groups

Recommendation (Para No.2.15)

7. The Committee had noted as below:

"Out of 1463 DWCRA groups started during 1997-98 in the State of Tamil Nadu, 53 groups have been found to be defunct. Further that the Government have yet to obtain the information on defunct DWCRA groups from the other States/Union territories. The Committee would like to be apprised of the steps taken by the Tamil Nadu Government to revive the DWCRA groups and to check the tendency of the groups from becoming defunct. They would also like to know the information supplied by the other States and Union territories about the defunct DWCRA groups. The Government should also try to ascertain the reasons which force a Group to become defunct so that corrective steps could be taken by them to save other Groups from becoming defunct."

9. The Government have replied as below:

"Information regarding defunct groups has been received from as many as 8 States namely, Andhra Pradesh, Goa, Gujarat, Karnataka, Kerala, Maharashtra, Tripura and Tamil Nadu Government has reported that they have taken several steps to revive the defunct groups by way of introducting marketing facilities through NGOs in certain areas, launching of awareness campaign, exhibiting DWCRA products at State and District level exhibitions and setting up of coordination committees at the district level to ensure convergence of services and other inputs for making income generating activities a success."

The following are some of the reasons as reported by the States which force a group to become defunct:

- Lack of cohesiveness in the group;
- Selection of non-viable activities;
- Drop out of the members from the group;
- Lack of marketing facilities of the finished products;
- Low income generation."

10. While noting the different reasons that force DWCRA groups becoming defunct in the above mentioned States, the Committee desire that the Government should take necessary steps to ensure that the chances of a DWCRA Group becoming defunct are reduced to the minimum.

C. Progress reports on the expenditure of TRYSEM infrastructure funds

Recommendation (Para No.2.18)

11. The Committee had recommended as below:

"The Committee note with concern that only 42.68% of the funds under TRYSEM recurring expenses had been reported to be utilised by the end of January 1999. They have their own doubts as to how the implementing machinery at the field level would be able to achieve a satisfactory financial achievement during 1998-99. Further, they are constrained to note that none of the States and Union territories has so far furnished the physical and financial report in respect of the release of funds meant for TRYSEM infrastructure funds (Non-recurring expenses) for 1997-98. The Committee recommend that the Government should impress upon the States and Union territories to furnish the requisite performance/progress reports without any further delay. Further they would like to recommend that the Government should take necessary precautions while implementing the new scheme for self-employment programme so that the above mentioned lapses are not repeated."

12. The Government have replied as below:

> "According to the latest reports received from the States/UTs, 77.81% of funds under TRYSEM recurring expenses have been utilised during 1998-99. The position of funds utilisation is likely to improve further when the final progress reports for the year 1998-99 are received from all the States/UTs. The States/UTs have been requested to furnish the progress reports under TRYSEM infrastructure funds. Under the new programme of Swarnjayanti Gram Swarozgar Yojana (SGSY) steps will be taken so that such lapses are not repeated."

13. On their observation that some of the States/Union territories are yet to submit the monthly progress reports on TRYSEM infrastructure funds for 1998-99, the Government have replied that they are being requested for the same. The Committee would like to be apprised of the response of the State Governments in this regard.

D. Timely submission of monthly progress reports

Recommendation (Para No.2.24)

14. The Committee had noted as below:

> "Many States and Union territories do not furnish the progress reports in time. The Committee note the reply of the Government that there is scope for more intensive monitoring to impress upon the States and Union territories to forward the progress reports. They hope that the Government will look into the issue and will further strengthen the monitoring mechanism."

15. The Government have replied as below:

> "The observation of the Committee has been noted and action is being taken to strengthen the monitoring mechanism under the new programme of Swarnjayanti Gram Swarozgar Yojana (SGSY)."

16. The Committee had observed that many States and Union territories (Governments) Administration do not furnish progress reports in time and had also recommended to further strengthen the monitoring mechanism. The Government in their reply have stated that the said observation has been noted and action is being taken to strengthen the monitoring mechanism. The Committee are constrained to note that the Government are yet to take any concrete action on their recommendation. They therefore would like to reiterate their earlier recommendation and would like to know the details of the steps taken by the Government to further strengthen the monitoring mechanism to ensure the successful implementation of the newly structured Swarnjayanti gram Swarozgar Yojana (SGSY).

E. Devolution of funds to Panchayats under JRY

Recommendation (Para No.3.7)

17. The Committee had noted as below:

> "The opening balance of JRY left with the implementing agencies, *i.e*. Panchayats as on 1.4.97 and 1.4.98 was Rs.446.24 crore and Rs.462.65 crore respectively, is increasing over the years. They note the recent changes brought about in the implementation of JRY by which the Panchayats are expected to be self-sustaining by raising taxes and resources at the end.
>
> Besides, the Committee also appreciate the initiatives taken by the Central Finance Commission whereby the funds could be devolved to Panchayats to strengthen their capabilities. In addition, the funds will also be given by the Central Government. The Committee would like that such funds should be made available to the respective States/UTs/Panchayats for the better implementation of the Centrally Sponsored Schemes."

18. The Government have replied as below:

> "JRY has been restructured and renamed as Jawahar Gram Samridhi Yojana (JGSY). This Scheme will be wholly implemented by the Village Panchayats. Entire funds required for the implementation of the programme including Central and State share will be released to the Village Panchayats through the DRDAs. The Village Panchayats will be responsible for planning and execution of the works under the programme."

19. The Committee app**reciate the decision taken by the Government to release the entire funds required for the implementation of the programme including Central and State share to the Village Panchayats through DRDAs under the newly structured programme *i.e.* Jawahar Gram Samridhi Yojana (JGSY). They would like that the Government should take adequate steps to ensure that the release of funds to the Panchayat is not delayed by DRDA.**

F. Insurance for houses built under IAY and involvement of Local MPs

Recommendation (Para No.3.12)

20. The Committee had noted as below:

> "At present houses built under IAY are not incurred against damage that may be caused due to any natural calamity. Since a very small amount will be required for insuring a house built under IAY, the Committee recommend that it should be made obligatory on the part of the beneficiary/implementing agency to get the house insured. They would also like to be informed of the issues being discussed by the Government with the Department of Insurance and also the outcome of the discussion.

The Committee find that adequate weightage is not being given to local MPs in selection of beneficiaries and allotment of houses under IAY. They would like to recommend that Government should issue necessary guidelines to the States/UTs to involve local MPs in the selection of beneficiaries and allotment of houses under IAY."

21. The Government have replied as below:

"Preliminary round of discussions have been held with the Department of Insurance regarding provision of insurance for IAY houses.

After 73rd Constitutional amendment, Gram Sabhas have been empowered to select beneficiaries under IAY. Vigilance and Monitoring Committees have been constituted to oversee, supervise and monitor the implementation of IAY scheme. In these Committees the local MPs/MLAs and ex-MPs/MLAs are appointed as Members. The guidelines regarding involvement of MPs have already been issued to all the States/UTs."

22. The Committee note that on their recommendation to insure the houses built under Indira Awaas Yojana (IAY), the preliminary round of discussions have been held with the Department of Insurance in this regard. The Committee would like to be apprised of the issues discussed during the preliminary round of discussion. They would also hope that decision in this regard is taken at the earliest. Further, on their recommendation that adequate weightage be given to Local MP in the selection of beneficiaries and allotment of houses, the Government have furnished the already known provisions of the Constitution (Seventy-third Amendment) Act, 1992 and constitution of monitoring and vigilance Committees. The Committee find that inspite of these guidelines, the weightage is not given to local MPs. They desire that the Government should pursue the matter further with the State Governments to ensure that local MPs are given due weightage in the selection of beneficiaries and allotment of houses under Indira Awaas Yojana (IAY).

G. Effective utilisation of funds under EAS

Recommendation (Para No.3.20)

23. The Committee had noted as below:

"The expenditure made under EAS by the end of January, 1999 was Rs.2149.90 crore amount to 68.39% of the available funds. The Committee also note that during the current year the Central share of funds has been fixed at Rs.1700.00 crore which is 14.57% less than the BE 1998-99. The Committee note the reply of the Department that theoretically at any point of time the balance available with the districts could be a minimum of Rs.677.00 crore. They also note that the opening balance of Rs.869.62 crore as on 1.4.1998 was definitely higher than the minimum requirement of Rs.677.00 crore. However, while noting the practical difficulties they would like to impress upon the Government to utilise the entire allocation made for the current year."

Recommendation (Para No.3.21)

24. The Committee had recommended as below:

"The Committee note that EAS is being implemented in 5448 blocks of the country. To provide at least two instalments to all the blocks during any year an amount of Rs.2700 crore is required. Considering the fact that only Rs.1700.00 crore has been provided by the Planning Commission for 1999-2000 they would like to impress upon the Government to show better physical achievement under the scheme so that the required amount could be provided by the Planning Commission."

25. The Government have replied as below:

Reply to Recommendation (Para No.3.20)

"The Central outlay for EAS during 1999-2000 has been enhanced to Rs.2040 crore. The suggestion of the Committee regarding utilisation of allocation has been noted and will be taken care of while formulating guidelines of the EAS which is being restructured. The programme is now proposed to be made allocation based and it has also been decided to allow carry over balance of only 15%. This would be enforced strictly."

Reply to Recommendation (Para No.3.21)

26. "It has also been decided to restructure EAS to make it allocation based rather than demand driven as before. Allocation for the State and district would now be fixed at the beginning of the financial year."

27. The Committee while noting that Employment Assurance Scheme is being restructured, would like to be apprised of the final position in this regard. They would also like that while restructuring the programme, the guidelines should also be formulated simultaneously so as to ensure maximum utilisation of the allocated money during a particular year.

H. Completion of Watershed Projects in time

Recommendation (Para No.4.7)

28. The Committee had noted and recommended as below:

"Only 39.12 percent watershed projects *i.e.* 1810 projects out of 4626 projects started during 1995-96 have been completed within the stipulated period of four years. The Committee feel that the poor physical performance might have been a factor for the reduced budgetary allocation for the DPAP. They would like to recommend that the Government should ensure proper maintenance of these completed projects through their respective Watershed Development Fund created by the respective Watershed Committees. They would also like to recommend that the Government should impress upon the implementing agencies to complete the remaining watershed projects as early as possible, in any case within the extended period."

29. The Government have replied as below:

> "There is an in-built provision in the guidelines for maintenance of created assets by Watershed Committees constituted out of local population. This provision is expected to ensure maintenance of created assets by the beneficiaries themselves.
>
> The issue relating to timely completion of sanctioned projects is regularly taken up with the concerned State Secretaries and DRDAs in various forums like review meeting of Secretary (RD), Project Directors Workshops, field visits etc. Recently, this aspect has again been taken up with the Secretaries in-charge of rural development at the level of JS(WD)."

30. While noting that the matter regarding completion of Watershed Projects within the extended period has been taken up with the Secretaries in-charge of Rural Development, the Committee would like to know the outcome of the said action.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No.1.6)

The Committee find that against the proposed outlay of the Department for Rs.10725.50 crore the Planning Commission have allocated an outlay of Rs.6,900.00 for the year 1999-2000. It is further noticed that the outlay allocated is Rs.30.94 crore less than RE 1998-99. For Million Wells Scheme, Employment Assurance Scheme and Desert Development Programme, the outlay has been reduced. Besides in other programmes/schemes, the outlay has either been marginally increased or *status-quo* has been maintained. They feel that due to the inadequate outlay provided by the Planning Commission the implementation of the different programmes/schemes would be adversely affected. They would, therefore, like that adequate allocation should be made while restructuring the programmes of self-employment and also for other schemes.

Reply of the Government

The Ministry has been requesting Planning Commission that considering the high priority accorded to social sector programmes and poverty alleviation schemes, the allocation made to the Ministry is quite inadequate for meeting its commitments and there is, therefore, dire need to enhance the allocation. In fact, the Hon'ble MOS(IC) has written to Planning Commission as well as to Finance Minister pleading for additional allocation. This Ministry has again written to Planning Commission emphasising the concern expressed by the Committee and requesting for additional allocation.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.1.7)

While recommending for higher outlay, the Committee are concerned to note that the outlay allocated during 1997-98 and 1998-99 was reduced at RE stage to the tune of Rs.435 crore and Rs.300 crore respectively. They are disturbed to find that the main reason of the reduction as admitted by the Department in their written replies, is the slow pace of utilisation of funds and huge opening balances with the States/UTs. They further find that as per the replies of the Government, the physical performance of the schemes was not substantially affected by the reduction. The Committee, therefore, conclude that there is huge under spending for different schemes of the Department and they themselves are responsible for getting the lower allocation for different schemes/programmes. The Committee would like to urge the Government that they should impress upon the States and UTs to gear up their existing implementing machinery to ensure 100% utilisation of the funds during 1999-2000.

Reply of the Government

In order to ensure 100% utilisation of funds, a monthly review of performance under all the programmes of the Ministry for all the States/UTs is undertaken and respective programme division are advised to take necessary action wherever the performance is not satisfactory. The releases under various programmes are conditional to the utilisation of the funds. The State Governments are also advised for improving implementing machinery from time-to-time. With a view to curb the tendency of piling up of huge unspent balances with the State Governments, the Ministry has been initiating necessary steps during last two years and from this year onwards the permissible carry over limit has been brought down to 20% from the existing 25% and this will further be brought down to 15% from 1.4.2000. In case the closing balance exceeds this limit Central share of the excess will be deducted at the time of release of second instalment of Central assistance during the following year.

Communication to Rural Development Departments of all the States/UTs to draw up an action plan to implement the Rural Housing scheme more vigorously has been issued alongwith the allocations and targets during 1999-2000. Moveover, a meeting of State Secretaries in charge of Rural Development was held in early June, 1999 to discuss the strategies of the implementation of various Rural Development programmes.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.1.10)

The Committee note the increase in non-plan outlay/expenditure since 1997-98. They also note the various steps taken by the Ministry to contain the non-plan expenditure. While appreciating the steps taken by the Ministry in this regard they feel that there is still considerable scope to reduce the non-plan expenditure, *viz.,* office expenses and overtime allowance which is increasing in recent years. They would like to impress upon the Department to initiate economies in the non-plan expenditure so that the instructions of Ministry of Finance are complied with.

Reply of the Government

This Department is giving adequate attention to the computerisation which is resulting in increased expenditure on computers, printers etc. and also on related consumable articles like papers, ink, etc. Office expenses are also increasing due to hike in telephone call charges, rents etc. Furnishing of office accommodation is costlier now-a-days. The office expenditure is increasing also because of price hike in petrol, oil and lubricants.

The Ministry has taken steps to contain office expenditure and OTA. OTA to Staff Car Drivers in this Ministry has been restricted to 100 hrs per month and it is paid in deserving cases in unavoidable circumstances. The telephone lines are provided strictly as per entitlement and economy instructions are followed scrupulously in this regard also. The internal Finance Division of the Ministry also ensures strict compliance of economy instructions with a view to ensuring that non-plan expenditure of the Ministry be restricted to the barest minimum.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.1.13)

The Committee note with concern that the Government is not adhering to the various provisions of Area Officers Scheme which aims at better implementation of all the Programmes of the Department. They are surprised to know that the concerned Area Officers do not visit the allotted States in each quarter due to one reason or the other and State Governments do not take appropriate corrective steps and do not submit Action Taken Reports. They feel that the inadequate importance given by the Government to the Area Officer Scheme has resulted in poor utilisation of funds and serious lapses in the proper implementation of the schemes/programmes. They, therefore, strongly recommend that the Government should take necessary corrective steps so that the respective provisions of the Area Officers Scheme are followed strictly.

Reply of the Government

The Ministry has taken necessary follow-up action on the recommendations of the Committee contained in this para. A Senior Officers' meeting was convened during which Secretary (RD) emphasised the need for strictly following the provisions of the Area Officers' Scheme. All Officers were instructed to visit their respective States/UTs at least once in a quarter and submit inspection reports. A list of Area Officers who could not visit was also prepared and they were advised in writing to increase the number of visits. Secretary (RD) has urged all Chief Secretaries of the States through a D.O. letter to furnish Action Taken reports on Area Officers Reports and also to extend necessary cooperation to the Area Officers during their field inspections. Fund utilisation position will be closely monitored and appropriate corrective action could be taken wherever lapses in the implementation of the programmes are detected. Thus, utmost care is being taken to see that the provisions of Area Officers' Scheme are strictly followed.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.1.16)

The Committee appreciate the integration of self-employment programmes. They note that the Government have taken no action to merge the two wage-employment schemes *viz*. JRY and EAS. They agree with the recommendations made by the Hashmi Committee Report (April, 1997) to unify JRY and EAS Schemes and recommend the Government to evolve a rational criterion for apportioning the funds among three tiers of Panchayati Raj Institutions for the unified wage employment schemes.

Besides they would also like that while restructuring the wage-employment schemes the Government should ensure that Panchayats are actively involved in selection of beneficiaries and works and also in the implementation of the new self-employment scheme.

Reply of the Government

It is a fact that JRY and EAS have not been merged. However, the basic objectives of the restructured JRY which is called Jawahar Gram Samridhi Yojana (JGSY), and EAS have been distinctly defined. The primary objective of JGSY is creation of demand driven village infrastructure, whereas EAS could be the single wage employment programme to be implemented at the district/block level throughout the country. In other words, JGSY is primarily for creation of village infrastructure, albeit through employment intensive rather than material intensive methods. Regarding involvement of Panchayats in the implementation of JGSY it is stated that this scheme will be wholly implemented by the Village Panchayats. Entire funds required for implementation of the programme including Central and State share will be released to the Village Panchayats through the DRDAs. The village Panchayats will be responsible for planning and execution of the work under the programme. The funds under EAS would be allocated to the States in accordance with the criteria to be decided by the Government/NDC from time to time and also to the districts on an index of backwardness evolved at the Centre. 70% of the funds flowing to the districts would be allocated to the blocks and 30% reserved at the district level to be utilised in the areas of distress. The selection of works would be decided by Zilla Parishads after due consultations with MPs of that area. In the absence of elected bodies, a Committee comprising of local MPs and MLAs and other elected representatives would be constituted for selection of works. The funds would flow to the DRDAs/Zilla Parishads and would be lapseable if not utilised with permission to carry forward only 15% as opening balance in the following year. Stringent audit procedures would be prescribed and rigorously followed.

As regards involvement of the Panchayats in the implementation of the new self-employment programme, Swarnjayanti Gram Swarozgar Yojana (SGSY), its guidelines provide for active involvement of Panchayati Raj Institutions. The Panchayat Samitis would be responsible for approving the key activities identified for the block. They would also review the recovery performance in their Samiti area. The Gram Panchayats have been assigned the role of approving the list of BPL families. The sarpanch of the Gram Panchayat is one of the members of three-member Committee responsible for identifying potential Swarozgari for taking up designated activity (the other two members being BDO or his representative and the banker). The Gram Panchayat will also be intimately involved in recovery of loans from the defaulting Swarozgaris.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.1.17)

The Committee further note that different watershed works are being undertaken under several schemes *viz.*, EAS, JRY, DPAP, DDP and IWDP of the Ministry of RA&E and these schemes have different funding pattern. They are surprised to note that State Governments are not too keen to accept these watershed schemes under DPAP, DDP, EAS etc. for which they have to provide larger share. The Committee, therefore, recommend that the Ministry should unify all schemes which are being implemented on watershed approach without any delay. They would like that the unified Watershed Development Programme, so created may be merged with the specific programme of Department of Wastelands Development.

Reply of the Government

All area development programmes of the Ministry of Rural Areas and Employment (now renamed as Ministry of Rural Development) *viz.*, Drought Prone Areas Programme (DPAP), Desert Development Programme (DDP) and Integrated Wastelands Development Project (IWDP) which are being implemented on watershed basis have been unified and entrusted to the newly created Department of Land Resources under the Ministry of Rural Development. Necessary amendment in the Government of India (Allocation of Business) Rules, 1961 have also been made *vide* Cabinet Secretariat Notification dated 9.4.1999.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.1.19)

The Committee note that the officials who are entrusted the task of implementing the new scheme have not been given any training as yet. They also note that the training is an important element for successful implementation of rural employment schemes. They therefore recommend that all officers associated with the implementation of the new scheme should be imparted proper training to have a better attitude and better mindset which is an essential pre-requisite for the success of the new scheme.

Reply of the Government

Training to rural development functionaries is imparted by National Institute of Rural Development (NIRD), (an apex body at Central level), State Institutes of Rural Development (SIRDs) working in each State (except in Goa and Mizoram) at State level and by 87 Extension Training Centres at District/Sub-district level throughout the country. State Institutes of Rural Development (SIRDs) and Extension Training Centres (ETCs) are run by the respective State Governments. The schemes of Rural

Development including the new one are implemented by the State Governments and the subject of 'training to their officials' is also looked after by the respective States. However, all the State Secretaries (RD) have been requested by the Ministry to sensitize their personnel engaged in the implementation of the new Scheme *i.e.* Swarnajayanti Gram Swarozgar Yojana (SGSY). Guidelines of this scheme have also been sent to all State Secretaries (RD). Detailed sensitization programme has also been formulated in consultation with National Institute of Rural Development and other National level Institutions.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

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

Recommendation (Para No.2.4)

The Committee note the increase of Rs.119.00 crore in the financial allocation (Central share) for IRDP during 1999-2000. They also note that the percentage utilisation of the total available funds during 1998-99 was only 46.11%. However, they are constrained to note the reply of the Government that the performance of IRDP usually picks up during the last quarter and the States and Union territories have not so far forwarded any reason for poor utilisation of funds. The Committee therefore recommend that, since all the programmes for self employment are being unified, the Government should take necessary steps to ensure better utilisation of funds and timely submission of progress reports.

Reply of the Government

The provisional data for the month ending March, 1999 indicates that the total utilisation has been at the level of Rs.1126.96 crore which is 77.39% of the total allocation. Under the Swarnjayanti Gram Swarozgar Yojana (SGSY), the average per family investment (credit + subsidy) has been proposed at the level of Rs.25,000 during 1999-2000. SGSY is a credit-cum-subsidy programme. However, credit will be the critical component in SGSY, subsidy being only a minor enabling element. Accordingly, SGSY envisages a greater involvement of the banks. They will be involved closely in the planning and preparation of Projects, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity. Self Help Groups, selection of individual Swarozgaris, pre-credit activities and post-credit monitoring including loan recovery SGSY is implemented by DRDAs through the Panchayat Samitis and, with the active involvement of other Panchayati Raj Institutions, the banks, the line Department and the NGOs. These measures would improve the utilisation of the subsidy to a great extent at the District/Block level of investment, which would ensure maximum utilisation.

In order to fully gear up the timely submission of progress reports SGSY guidelines provide that follow up and monitoring will also be done at the different levels and agencies like DRDA, BDO, Panchayats, Bank branches. The performance of the implementation of SGSY is to be monitored continuously at all levels. At the Block and

District levels this will be done through reports and physical verification of the assets. At the Central Government level, the programme will be continuously monitored on the basis of monthly progress report. Proforma for submission of reports are being prescribed.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.5)

The Committee note with concern the non-satisfactory achievement of the credit mobilisation target under IRDP during 1998-99 which has stated to be only 45% of the target. They also note that during this year, the per family investment is only Rs.17863.00, which is not adequate enough to bring a family above the poverty line. They note that due to inadequate per family investment the beneficiary is not able to repay the loan advanced under IRDP which result in poor recovery of loans. The Committee would like to recommend that Government should increase the per family investment while restructuring the self employment programmes. This will not only ensure the beneficiary to cross the poverty line but would also help him to repay the loan.

Reply of the Government

The Department is conscious of the low level of per family investment under IRDP in the earlier years. However, over the years there has been a significant increase in the per family investment under IRDP. The per family investment which averaged Rs.4569 during the 7th Plan went up to Rs.14943, Rs.16,753 and Rs.18,439 during 1996-97. 1997-98 and 1998-99 respectively. The SGSY proposes to tackle the problem in a forceful manner with special emphasis on viable projects with adequate investments. The objective of SGSY is to bring the assisted poor families above the poverty line in three years. For 1999-2000 under SGSY per family investment level of Rs.25,000 is proposed. This will further be increased significantly in the subsequent years. For this purpose, under the SGSY, it is proposed to take up projects such that the beneficiary may get return of Rs.2000 per month net of repayment to the bank loan so that he may be able to repay the loan timely and cross the poverty line. For each activity, detailed project report will be prepared taking the full requirements in account. Under financing of the project will not be allowed.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.8)

The Committee note the non-satisfactory recovery of Bank loans provided under IRDP during 1996-97 and 1997-98 which is stated to be only 30.0% and 37.6% respectively. They also note that in addition to the recovery of loans to the tune of Rs.260.79 crore and Rs.204.86 crore respectively, subsidy of Rs.905.89 crore and Rs.863.11 crore has also been disbursed during these years. However, they find that the sponsoring agency and the implementing machinery at the field level are not being involved in the recovery of Bank loans. They therefore recommend that the Government should take necessary corrective steps for involving the sponsoring agency and the implementing machinery in the recovery of Bank loans.

Reply of the Government

The SGSY guidelines recognise prompt recovery as a very important aspect of the programme. The guidelines have made specific provision for involving the sponsoring agency and the implementing machinery in the recovery of bank loans.

Reply of the Government

The Block SGSY Committee will monitor, every month, the progress of different *Swarozgaris*. In particular, it will be seen whether the schemes have been grounded and whether they are giving the Swarozgaris the intended income and also whether the Swarozgaris is repaying the loan. The bank will furnish every month the list of defaulters, and the Block SGSY Committee will go into the reasons. The line departments and the BDO will contact the Swarozgari and take such remedial measures as are necessary. In case of groups, there will be a periodic meeting of the SHGs to monitor the performance. In addition, the Gram Panchayats will also be given the list of defaulting Swarozgari and requested to take suitable measures to see that the loans are repaid. In Panchayats with high default rates, the BDO/DRDA will organise recovery camps. DRDA will keep a close watch over the repayment position in each Panchayat. In addition, the District administration shall assist the banks in the recovery through designated legal processes.

The banks would take all possible measures, *i.e.* personal contact, organisation of joint recovery camps with District Administration, legal action, etc. in case, even after this, the bank fails to recover the entire dues, the process of forfeiture of subsidy for adjustment against dues will be taken up.

Constant flow of information about every Swarozgari is necessary to ensure full recovery. Since the banks are also understaffed, they may engage the services of NGOs or individuals (other than Government servants) as Monitory-cum-recovery facilitators, on a commission basis. A processing cum monitoring fee of 0.5 per cent of the loan amount may be charged to the Swarozgaris to meet this expenditure.

In order to ensure recovery discipline, with effect from 1.1.2001, any Panchyat which registers a recovery of less than 80% under SGSY will not be eligible for considerawtion under SGSY. Likewise, any Panchayat Samithi registering a recovery of less than 80% will see the further programme suspended in the Samiti.

In order to ensure that Panchayats/Panchyat Samitis do not meet with such a situation, they will keep a close watch over the situation. The report of the Block SGSY Committee will be placed by the BDO before the Panchayati Samiti. The District SGSY Committee will also review the recovery position every month and ensure that steps taken to recover the loans.

In order to promote credit discipline among Swarozgaris and also to bring about a sense of accountability of the community, a system of incentives and disincentives has been introduced.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.9)

The Committee further note that there have been complaints of the beneficiaries about the non-cooperative attitude of the banks. Inspite of recommending repeatedly by the Committee, and issuance of the revised guidelines of Reserve Bank of India, there is no considerable improvement in their attitude. While the Government is restructuring the self employment programmes, the Committee would like that the following aspects should be taken care of:

(i) There should not be rejection of loan application of the beneficiaries on flimsy grounds like the incomplete forms etc. While sanctioning the loan, it should be taken note that the beneficiaries belong to the poorest of the poor and are not even literate. The forms required should be very simple and the bank staff should help the beneficiary in completing the formalities;

(ii) The application should be disposed of within the specified time. While rejecting an application, the reasons for rejection should be communicated to the beneficiary;

(iii) Maximum loan as per the guidelines should be given to the beneficiaries;

(iv) More stress should be given on group activity;

(v) It should be ensured that the number of beneficiaries selected for the disbursement of loan is not reduced further while actual disbursement is made by the Banks specially when the Banks are being involved in the selection of beneficiaries;

(vi) It is understood that at present Bank loans are being provided under the Prime Minister's Rozgar Yojana for the establishment of viable ventures by some other Ministry. While restructuring the self-employment schemes it should be ensured that there should not be any overlapping and duplication between PMRY and the new self employment programme.

The Committee would like that the above mentioned facts should be included in the revised guidelines to be circulated to State Governments and Banks.

Reply of the Government

The suggestions made by the Committee are covered by the guidelines of Swarnjayanti Gram Swarozgar Yojana (SGSY). However, in order to make the implementing machinery specifically responsible to the suggestion of the Committee, separate instructions have been issued to the State Governments and the Reserve Bank of India. This would also be taken up in the meeting of the Bankers to be held shortly.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.12)

The Committee note with concern the mismatch between financial and physical achievement under DWCRA during 1997-98. They found that the financial achievement was 63.77% against the physical achievement of 121.45%. The Committee would like to know the reasons for such a mismatch. They desire that the Government should fix reasonable targets which may be achieved in any given year.

Notwithstanding the overall success of DWCRA they also note the non/satisfactory physical and financial achievement under the scheme during 1998-99 which is stated only to be 37.58% and 44.03% respectively. They, therefore, would like to recommend that the Government should impress upon the implementing agencies to take necessary steps for the better performance of the scheme.

Reply of the Government

The amount available with the implementing agencies include unspent balance of the last year's amount and interest accrued on available fund over the period. After formation of group, the money is released to the group after certain time lag, which is necessary for nurturing and proper functioning of the groups. In certain States, the groups are given the amount of Rs.25,000/- in two or three installments. This is the reason why there is mismatch between financial and physical achievement.

The self employment programmes, including DWCRA have been restructured and a new self employment programme called Swarnjayanti Gram Swarozgar Yojana (SGSY) has come into being with effect from 1.4.1999. In this progrmme, the women component has been properly taken care of and all the positive features of erstwhile self employment programmes including DWCRA has been incorporated. The SGSY lays emphasis on the concept of self-help groups. 50% of the groups formed in ech block should be exclusively for women. 40% of the swarozgaris (beneficiaries) will be women in the SGSY. Keeping in view the recommendation of the Standing Committee, the implementing agencies have been directed to ensure 100% utilisation of funds during 1999-2000.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.14)

The Committee are at a loss to understand the poor financial performance of all the sub-schemes of DWCRA during 1997-98 and 1998-99. They note that except for the IGA component which has achieved 79.84% financial achievement during 1997-98, the financial utilisation of the rest of sub-schemes has either been very poor or the funds have not been released. For example during 1997-98 utilisation of funds for CBCS and CCA was only 12.94% and 21.7% respectively. Further the funds for IEC during 1997-98 and CBS during 1998-99 were not released. Further there is lack of awareness about the various sub-schemes of DWCRA, as has been found during the study visit of the Committee. The Committee would like to recommend that the Government should keep the factors responsible for non-satisfactory financial achievement of all the sub-schemes of DWCRA in view, while restructuring the self employment schemes.

Reply of the Government

The financial achievement under DWCRA during 1998-99 is 99.48%. As against the target of formation of 61850 groups, 44668 groups have been formed. The percentage of achievement is 72.22%

Based on past experiences, the factors responsible for non-satisfactory financial achievements of all the sub-schemes of DWCRA have been kept in mind and suitable provisions have been incorporated for satisfactory financial achievement in the restructured self-employment programme called Swarnajayanti Gram Swarozgar Yojana (SGSY). The emphasis has been given to group approach in this new programme. The self-help groups will be involved. Steps will be taken to form and nurture the self-help groups to enable them to function effectively as well as to choose their economic activities. Key activities will be identified keeping in view the availability of local resources, infrastructure, technology and Marketing Avenue. For each key activity, there should be project report indicating the various elements such as training requirement, credit, technology, infrastructure and marketing. The effort under Swarnajayanti Gram Swarozgar Yojana would be the development sustainable micro enterprise. Under financing will not be allowed. The review mechanism has been strengthened at all levels.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.15)

The Committee note that out of 1463 DWCRA groups started during 1997-98 in the State of Tamil Nadu, 53 groups have been found to be defunct. They also note that the Government have yet to obtain the information on defunct DWCRA groups from the States/Union territories. The Committee would like to be apprised of the steps taken by the Tamil Nadu Government to revive the DWCRA groups and to check the tendency of the groups from becoming defunct. They would also like to know the information supplied by the other States and Union territories about the defunct DWCRA groups. The Government should also try to ascertain the reasons which force a Group to become defunct so that corrective steps could be taken by them to save other Groups from becoming defunct.

Reply of the Government

Information regarding defunct groups has been received from as many as 8 States namely, Andhra Pradesh, Goa, Gujarat, Karnataka, Kerala, Maharashtra and Tripura and Tamil Nadu Government has reported that they have taken several steps to revive the defunct groups by way of introducing marketing facilities through NGOs in certain areas, launching of awareness campaign, exhibiting DWCRA products at State and District level exhibitions and setting up of coordination committees at the district level to ensure convergence of services and other inputs for making income generating activities a success.

The following are some of the reasons as reported by the States which forced a group to become defunct:

- Lack of cohesiveness in the group;
- Selection of non viable activities;
- Drop out of the members from the group;
- Lack of marketing facilities of the finished products; and
- Low income generation.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

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

Recommendation (Para No.2.18)

The Committee note with concern that only 42.68% of the funds under TRYSEM recurring expenses had been reported to be utilised by the end of January 1999. They have their own doubts as to how the implementing machinery at the field level would be able to achieve a satisfactory financial achievement during 1998-99. Further, they are constrained to note that none of States and Union territories has so far furnished the physical and financial report in respect of the release of funds meant for TRYSEM infrastructure funds (Non recurring expenses) for 1997-98. The Committee recommend that the Government should impress upon the States and Union Territories to furnish the requisite performance/progress reports without any further delay. Further they would like to recommend that the Government should take necessary precautions while implementing the new scheme for self-employment programme so that the above mentioned lapses are not repeated.

Reply of the Government

According to the latest reports received from the States/UTs 77.81% of funds under TRYSEM Recurring Expenses have been utilised during 1998-99, which is likely to improve further when the final progress reports for the year 1998-99 are received from all the States/UTs. The States/UTs have been requested to furnish the progress reports under TRYSEM infrastructure funds. Under the new programme of Swarnjayanti Gram Swarozgar Yojana (SGSY) steps will be taken so that such lapses are not repeated.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

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

Recommendation (Para No.2.19)

The Committee would like to know the existing linkage between TRYSEM and IRDP. They desire that the said linkage should be maintained while implementing the new self-employment scheme. Further the training provided under the new self-employment scheme should cater to the local needs of a particular area so that the local talent available can be harnessed and subsequently gainfully employed.

Reply of the Government

TRYSEM was a facilitating component of IRDP. The fourth round of IRDP Concurrent Evaluation has revealed that only 3.88% of IRDP beneficiaries received training under TRYSEM. Quick Evaluation of TRYSEM conducted during 1993 has shown that only 20% of the TRYSEM trainees received loans under IRDP. Under the new programme of Swarnjayanti Gram Swarozgar Yojana (SGSY) training needs of the beneficiaries will be ascertained with reference to Minimum Skill Requirement both in terms of technical and managerial skills. The beneficiaries will be given training according to the required need for the identified key activity. DRDAs are allowed to set apart 10% of the SGSY allocation as 'SGSY-Training Fund'.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.2.22)

The Committee note that the financial and physical performance of SITRA has not been satisfactory as during 1998-99 out of a total available fund of Rs.74.50 crore, only a sum of Rs.23.09 crore (i.e. 30.99%) could be utilized under the scheme. They further note that the physical achievement of the scheme was a mere 41.09% during the current year. They therefore, recommend that all out efforts should be made to utilise the available funds fully, when the scheme merges itself with the new self-employment programme.

Reply of the Government

According to the latest reports received from the States/UTs Rs.54.89 crore have been utilised under SITRA during 1998-99, out of total available funds of 91.35 crore, which is 60.08%. Physical achievement under the scheme has improved to 74.30%. The physicl and financial performance is expected to improve further after the final reports are received from the States/UTs for the year 1998-99. Steps are being taken so that the States/UTs utilise the available funds fully under the new programme of Swarnjayanti Gram Swarozgar Yojana.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.3.4)

The Committee note that Rs.2416.82 crore of the available fund was utilised during 1998-99 out of the Central and States share, which comes to 64.63% They further note the opening balance of the scheme as on 1.4.98 was only 15.3% of the allocation of 1997-98 which comes to Rs.482.65 crore. They also note that during 1997-98, Rs.2431.78 crore was utilised in the Scheme. Since the B.E. 1999-2000 has been fixed at Rs.2095.00 crore (Central share) the Committee would like to urge the Department to further strengthen the existing implementing machinery of the scheme so that the entire available fund are utilised during 1999-2000.

Reply of the Government

B.E. 1999-2000 for JGSY has been reduced from Rs.2095 crore to Rs.1665 crore (Central share). The existing implementing machinery of the scheme has been strengthened by discouraging the State/UTs from carrying forward un-utilised funds, *i.e.* JGSY guidelines lay down the upper limit for carry over as 20% of allocation during 1998-99 and 15% during 1999-2000. In case the closing balance exceeds this limit Central share of the excess will be deducted at the time of release of 2nd instalment of Central assistance during the following year.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.3.7)

The Committee note with concern that the opening balance of JRY left with the implementing agencies, *i.e*. Panchayats as on 1.4.97 and 1.4.98 was Rs.446.24 crore and Rs.482.65 crore, respectively and is increasing over the years. They note that recent changes brought about in the implementation of JRY by which the Panchayats are expected to be self sustaining by raising taxes and resources at their end.

Besides, the Committee also appreciate the initiatives taken by the Central Finance Commission whereby the funds could be devolved to Panchayats to strengthen their capabilities. In addition, the funds will also be given by the Central Government. The Committee would like that such funds should be made available to the respective States/UTs/Panchayats for the better implementation of the Centrally Sponsored Schemes.

Reply of the Government

JRY has been restructured and renamed as Jawahar Gram Samridhi Yojana (JGSY). This Scheme will be wholly implemented by the Village Panchayats. Entire funds required for implementation of the programme including Central and State share will be released to the Village Panchayats through the DRDAs. The Village Panchayats will be responsible for planning and execution of the works under the programme.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

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

Recommendation (Para No.3.10)

The Committee appreciate the higher allocation made for IAY during 1999-2000. However, they note that during 1998-99 the physical achievement was only 44.26% and the percentage utilisation of funds to the total availability was only 50.55%. They also note that during 1997-98 the total utilisation of fund was Rs.1345.80 crore against the total availability of Rs.1637.95 crore. The Committee have their own doubts as to whether the Department would achieve the physical and financial targets under the Scheme during 1998-99. They would, therefore, like to urge the Government to take necessary steps for full utilisation of funds under the scheme during 1999-2000.

Reply of the Government

During 1998-99, against the availability of Rs.2199.60 crore the utilisation reported so far is Rs.1548.37 crore which is 70.39% of the availability. Similarly, the physical achievement is 73.21% of the target fixed during 1998-99. These figures are tentative as many of the States/UTs are yet to submit the reports for the month of March, 1999.

Communication to Rural Development Department of all the States/UTs to draw up action plan to implement the Rural Housing Scheme more vigorously has been issued alongwith the allocations and targets under various Rural Housing Schemes during 1999-2000. Moreover, a meeting of State Secretaries in charge of Rural Development/Rural Housing was convened in early June, 1999 to discuss the strategies of the implementation of various Rural Development programmes.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendaion (Para No.3.15)

The Committee note that the allocation for MWS has been reduced to Rs.100.00 crore during 1999-2000. They also note that the percentage utilisation of available funds during the period upto November, 1997 was only 49% as compared to 46.42% fund utilisation achieved during the period upto November, 1998. They have their own doubts as to how the Department would achieve satisfactory physical and financial performance under the scheme during 1998-99. The Committee would, therefore, like to recommend that the Government should impress upon the implementing agencies to fully utilise the funds under the scheme during 1999-2000.

Reply of the Government

The allocation of Rs.100 crore for Million Wells Scheme (MWS) for the year 1999-2000 was in anticipation of the Cabinet decision to launch Swarnjayanti Gram Swarozgar Yojana (SGSY). SGSY has since been launched with effect from 1.4.1999. MWS is no more a separate and independent scheme *w.e.f.* 1.4.1999.

Regarding lower utilisation of fund under MWS it may be mentioned that the actual annual utilisation was 72% of total available fund during 1997-98 and 70% during 1998-99. In order to ensure an improvement in the utilisation of funds, it has been specifically provided in SGSY guidelines that the opening balance of the DRDAs should not exceed 15% of the allocation of the year. It has also been provided in the guidelines that a district can be eligible for second instalment of fund during a financial year only if it has utilised at least 60% of the available funds including carry over balance from previous year.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.3.24)

The Committee note that the role of contractor in EAS works can be minimised by evolving and publishing a 'Rural Standard Schedule of Rates'. They also note that except for Rajasthan, no other State or Union territory has published the said document as yet. They, therefore, would like to recommend that since the scheme is being restructured, the Government should consider to fix a deadline by which the remaining States could evolve and publish 'Rural Standard Schedule of Rates'.

Reply of the Government

As suggested by the Committee, instructions have been issued to the States to evolve and publish "Rural Standard Schedule of Rates" by 20th August, 1999.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.4.4)

The Committee are concerned to note that the utilisation of funds under DPAP is not at all satisfactory since the introduction of new watershed guidelines *w.e.f.* 1.4.95. They are constrained to note that the provisional unspent balance of the scheme as on 1.4.98 was Rs.162.83 crore which is more than double of the revised estimate (Central share) for the scheme for 1998-99 (*i.e.* Rs.73.0 crore). They also note the reply of the Government that 51.52% of the available funds have only been utilised upto the period ending December, 1998. The Committee would like that all the available funds for the scheme should be utilised fully during 1999-2000.

Reply of the Government

This is a long-term area development programme where some funds always remain unutilised for meeting the continuing requirements of the programme. In fact, Para 92 of the guidelines envisages release of next instalment of grant on utilisation of only 50% of the funds already released for implementing the programme. However, following efforts are being made to ensure that these unutilised funds are kept at the minimum required level:

1. The physical and financial progress of the watershed projects is being closely monitored and wherever necessary States are being alerted for improvement in the pace of utilisation of funds.

2. The Secretary, Rural Development in the meeting, is also monitoring the performance of the programme with the State Secretaries and necessary advice given to them. Last such meeting was held on 10.12.1998.

3. The programme district are also being visited frequently by the officers of the Central DPAP Cell as well as the Area Officers for obtaining first hand information on the progress of the programme.

4. As a result of continuous follow-up action, utilisation of funds upto March, 1999 had improved to the level of 71%.

Further, keeping in view the observations of the Committee, the matter has already been taken up with the State Secretaries for accelerating the pace of utilisation of funds and timely completion of the sanctioned projects.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.4.7)

The Committee note with concern that only 39.13 per cent watershed projects *i.e.* 1810 projects out of 4626 projects started during 1995-96 have been completed within the stipulated period of four years. They feel that the poor physical performance might have been a factor for the reduced budgetary allocation for the DPAP. They would like to recommend that the Government should ensure proper maintenance of these completed projects through their respective Watershed Development Fund created by the respective Watershed Committees. They would also like to recommend that the Government should impress upon the implementing agencies to complete the remaining watershed projects as early as possible, in any case within the extended period.

Reply of the Government

There is an in-built provision in the guidelines for maintenance of created assets by Watershed Committees constituted out of local population. This provision is expected to ensure maintenance of created assets by the beneficiaries themselves.

The issue relating to timely completion of sanctioned projects is regularly taken up with the concerned State Secretary and DRDA in various forms like review meeting of Secretary (RD), Project Directors Workshops, field visits etc. Recently, this aspect has again been taken up with the Secretaries-in-charge of rural development at the level of JS(WD).

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

(Please see Para No.30 of Chapter I of the Report)

Recommendation (Para No.4.11)

The Committee note that the utilisation of funds under DDP in not at all satisfactory since 1995-96. Further, only 40.76% of the available funds were utilised in the programme during 1998-99. This shows that the rest 59.24% of the available funds are left with the implementing agencies during the year. The Committee would like that the entire funds available for the DDP should be utilised in the programme during 1999-2000.

Reply of the Government

This is a long-term area development programme where some funds always remain unutilised for meeting the continuing requirements of the programme. In fact, Para 92 of the guidelines envisages release of next instalment of grant on utilisation of only 50% of the funds already released for implementing the programme. However, following efforts are being made to ensure that these unutilised funds are kept at the minimum required level:

1. Physical and financial progress of the watershed projects is being closely monitored and wherever necessary States are being alterted for improvement in the pace of utilisation of funds.

2. The Secretary, Rural Development in the meeting, is also monitoring the performance of the programme with the State Secretaries and necessary advice given to them. Last such meeting was held on 10.12.1998.

3. The programme districts are also being visited frequently by the officers of the Central DPAP Cell as well as the Area Officers for obtaining first hand information on the progress of the programme.

4. As a result of continuous follow-up action, utilisation of funds upto March, 1999 had improved to the level of 60%.

Further, keeping in view the observations of the Committee, the matter has recently been taken up with the State Secretaries for accelerating the pace of utilisation of funds and timely completion of the sanctioned projects.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.4.13)

The Committee note that 1695 watershed projects were started during 1995-96 under the Desert Development Programme. They hope that the said projects would have been completed by 1st March, 1999. They would like to recommend that the Government should ensure proper maintenance of these projects through their respective Watershed Development Fund created by the respective Watershed Committees.

Reply of the Government

There is an in-built provision in the guidelines for maintenance of created assets by Watershed Committees constituted out of local population. This provision is expected to ensure maintenance of created assets by the beneficiary themselves.

The issue relating to timely completion of sanctioned projects is regularly taken up with the concerned State Secretaries and DRDAs in various forms like review meeting of Secretary (RD), Project Directors Workshops, field visits etc. Recently, this aspect has again been taken up with the Secretaries in-charge of Rural Development at the level of JS(WD).

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Recommendation (Para No.5.1)

During their interaction with field level agencies and State Government officials, it was represented to the Committee that due to resource crunch, the State Governments were not able to release their required contribution under different schemes on time. The delay in release of State's share not only resulted in poor achievement under the Schemes but also resulted in non utilisation/under utilisation of Central Funds. To meet this situation, it was suggested that the Central Government should release State share alongwith its own share. However, the amount released as State share may be treated as loan.

The fact that the delay in release/non-release of State share adversely affect the implementation of various Centrally funded scheme is established beyond doubt by the facts and figures supplied to the Committee by the Government through written information as well as during evidence before the Committee. Since the various schemes are being restructured or are to be restructured by the Government, the Committee recommend that the suggestion of State Governments should be considered, within the overall allocation of funds for a particular scheme. Though it may result in lesser allocation for each State, but it may result in better utilisation of funds and improved physical achievements under the schemes.

Reply of the Government

This recommendation has been examined in this Ministry and found difficult to agree to for the following reasons:

(i) The allocation of Central funds under the various schemes of the Ministry is based on the poverty ratio determined by the Planning Commission, *i.e.* on the basis of proportion of people living below the poverty line in each State to the total population living below the poverty line in the country, which has the approval of the Cabinet, and there is no provision to release the State share funds out of the Central allocation.

(ii) Secondly, the Committee has suggested that the Central Government should release the State share of funds alongwith its own share, which may be treated as a loan. It may be seen that the Committee has itself indicated in the said para that due to resource crunch of the State Governments, they are either not in a position to release their share or they release their share very late. It is, therefore, felt that State Governments may not be in a position to repay the loan provided by the Central Government, which may accrue some interest over time. It is also felt that they may use these funds to meet their ways and means situation. Further, it is also feared that it may not be possible to recover the funds, due to political factors.

(iii) Thirdly, non-release/delayed release of the State share may be one of the reasons for not utilising the funds under the Schemes by the State/UT Govrnments. The fact is that in almost all the States, the funds remained unutilised due to a number of other factors such as lack of effective delivery system, monitoring mechanism, political interference and lack of general awareness at the grass-root level about the schemes of the Ministry. Therefore, there is no guarantee that the funds provided as a loan by the Central Government may increase the utilisation of funds by the State Governments.

(iv) Moreover, as the Central Government itself is facing resource crunch, it may not be in a position to release the State share of funds alongwith its own share.

(v) Above all, the release of funds by the State is necessary to have the active involvement of the State/UT Government in the implementation of the schemes of the Ministry. If the entire funds are provided by the Central Government, then the State/UT Governments may not participate at all in the implementation of the schemes of the Ministry and the work would suffer.

(vi) Further, the most important factor, apart from difficulties in the modalities, in such an arrangement as recommended by the Committee is that these are all State subjects where the States ought to take some interest and have some stakes as without that the purpose of this exercise will be lost.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENTS REPLIES

Recommendation (Para No.2.25)

The Committee further note that an amount of Rs.14.30 lakh has been left as opening balance with daman and Diu, which is not interested in receiving further funds under the scheme. They also note that the same amount will be submitted under the new self-employment programme and there is no provision under the guidelines to recover the released grant-in-aid from the UT. The Committee would like to know how the amount was released to Daman and Diu without obtaining the demand for the same. They would also like to impress upon the Government to examine the issue and suitably amend the existing guidelines so that the funds not utilised by a State/UT are recovered so as to ensure their better utilisation for other parts of the scheme.

Reply of the Government

The scheme of SITRA was launched in July 1992 and the funds were released to the States/UTs on ad-hoc basis till 1994-95. Since 1995-96 funds were allocated to the States/UTs on the basis of poverty ratio. This Ministry had released Rs.18.00 lakh in 1992-93 and Rs.9.00 lakh in 1993-94 to the UT of Daman and Diu. Funds have not been released to the UT of Daman and Diu after 1993-94. This Ministry has advised the State Government/UT Administrations to pool all the unspent balances as on 1.4.99 under various self employment programmes, including SITRA, under the Head SGSY. These funds will now be utilised under the new programme of Swarnjayanti Gram Swarozgar Yojana (SGSY).

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

CHAPTER IV

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

Recommendation (Para No.2.24)

The Committee note that many States and Union territories do not furnish the progress reports in time. They note the reply of the Government that there is scope for more intensive monitoring to impress upon the States and Union territories to forward the progress reports. They hope that the Government will look into the issue and will further strengthen the monitoring mechanism.

Reply of the Government

The observation of the Committee has been noted and action is being taken to strengthen the monitoring mechanism under the new programme of Swarnjayanti Gram Swarozgar Yojana (SGSY).

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

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

Recommendation (Para No.3.12)

The Committee note that at present houses built under IAY are not insured against damage that may be caused due to any natural calamity. Since a very small amount will be required for insuring a house built under IAY, they recommend that it should be made obligatory on the part of beneficiary/implementing agency to get the house insured. They would also like to be informed of the issues being discussed by the Government with the Department of Insurance and also the outcome of the discussion.

The Committee find that adequate weightage is not being given to local MPs in the selection of beneficiaries and allotment of houses under IAY. They would like to recommend that Government should issue necessary guidelines to the States/UTs to involve local MPs in the selection of beneficiaries and allotment of houses under IAY.

Reply of the Government

Preliminary round of discussions have been held with the Department of Insurance regarding provision of insurance for IAY houses.

After 73rd Constitutional Amendment, Gram Sabhas have been empowered to select beneficiaries under IAY. Vigilance and Monitoring Committees have been constituted to oversee, supervise and monitor the implementation of IAY scheme. In these Committees the local MPs/MLAs and ex-MPs are appointed as Members. The guidelines regarding involvement of MPs have already been issued to all the States/UTs.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

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

CHAPTER V

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

Recommendation (Para No.3.20)

The Committee note that the expenditure made under EAS by the end of January, 1999 was Rs.2149.40 crore amount to 68.39% of the available funds. They also note that during the current year the Central share of funds has been fixed at Rs.1700.00 crore which is 14.57% less than the BE 1998-99. The Committee note the reply of the Department that theoretically at any point of time the balance available with the districts could be a minimum of Rs.677.70 crore. They also note that the opening balance of Rs.869.62 crore as on 1.4.1998 was definitely higher than the minimum requirement of Rs.677.00 crore. However, while noting the practical difficulties they would like to impress upon the Government to utilise the entire allocation made for the current year.

Reply of the Government

The Central outlay for EAS during 1999-2000 has been enhanced to Rs.2040.00 crore. The suggestion of the Committee regarding utilistion of allocation has been noted and will be taken care of while formulating guidelines of the EAS which is being restructured. The programme is now proposed to be made allocation based and it has also been decided to allow carry over balance of only 15%. This would be enforced strictly.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

(Please see Para No.27of Chapter I of the Report)

Recommendation (Para No.3.21)

The Committee note that EAS is being implemented in 5448 blocks of the country. To provide atleast two instalments to all the blocks during any year an amount of Rs.2700 crore is required. Considering the fact that only Rs.1700.00 crore has been provided by the Planning Commission for 1999-2000 they would like to impress upon the Government to show better physical achievement under the scheme so that the required amount could be provided by the Planning Commission.

Reply of the Government

Central outlay for EAS during 1999-2000 is Rs.2040 crore. It has also been decided to restructure EAS to make it allocation based rather than demand driven as before. Allocation for the State and district would now be fixed at the beginning of the financial year.

[Ministry of Rural Development O.M. No.H-11020/8/99-GC(P) Dated 24.8.99]

Comments of the Committee

(Please see Para No.27of Chapter I of the Report)

NEW DELHI;

March 7, 2000

Phalguna 17, 1921 (Saka)

ANANT GANGARAM GEETE,

Chairman,

Standing Committee on

Urban and Rural Development,

APPENDIX I

EXTRACTS OF MINUTES OF THE 3RD SITTING OF THE COMMITTEE HELD ON THURSDAY, THE 24TH MARCH, 2000

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

PRESENT

Shri Anant Gangaram Geete – *Chairman*

MEMBERS

Lok Sabha

2. Shri Jaswant Singh Bishnoi
3. Shri Haribhai Chaudhary
4. Shri Bal Krishna Chauhan
5. Shrimati Hema Gamang
6. Shri Holkhomang Haokip
7. Shri R.L. Jalappa
8. Shri P.R. Kydiah
9. Shri Bir Singh Mahato
10. Dr. Ranjit Kumar Panja
11. Shri Chandresh Patel
12. Shri Dharam Raj Singh Patel
13. Prof. (Smt.) A.K. Premajam
14. Shri D. Venugopal

Rajya Sabha

15. Shri Karnendu Bhattarcharjee
16. Shri N.R. Dasari
17. Shri C. Apok Jamir
18. Shri Onkar Singh Lakhawat
19. Shri Onward L. Nongtdu
20. Shri Solipeta Ramachandra Reddy
21. Shri Suryabhan Patil Vahadane
22. Shri A. Vijaya Raghavan

SECRETARIAT

1. Shri S.C. Rastogi - *Joint Secretary*
2. Shrimati Sudesh Luthra - *Under Secretary*
3. Shri P.V.L.N. Murthy - *Assistant Director*

2. *** *** ***

Consideration of draft Action Taken Reports

3. *** *** ***

4. The Committee then considered Memorandum No.4 regarding draft report on the action taken by the Government on the recommendations contained in the Twenty-eighth Report of the Committee (12th Lok Sabha) on Demands for Grants (1999-2000) of the Department of Rural Employment and Poverty Alleviation of the then Ministry of Rural Areas and Employment. After some discussion, the Committee adopted the draft action taken Report.

5. *** *** ***

7. *** *** ***

6. The Committee authorised the Chairman to finalise the draft action taken Reports on the basis of factual verification from the concerned Ministries/Departments and to present the same to Parliament.

7. *** *** ***

The Committee then adjourned.

***Evidence proceedings not related to this subject have been kept separately.

APPENDIX II

[*Vide* Para 4 of the Introduction]

Analysis of the Action Taken by Government on the Recommendations contained in the 28h Report of the Standing Committee on Urban and Rural Development (12th Lok Sabha)

I.	Total number of Recommendations	32
II.	Recommendations that have been accepted by the Government Para Nos.1.6, 1.7, 1.10, 1.13, 1.16, 1.17, 1.19 2.4, 2.5, 2.8, 2.9, 2.12, 2.14, 2.15, 2.18, 2.19, 2.22, 3.4, 3.7, 3.10, 3.15, 3.24, 4.4, 4.7, 4.11, 4.13 and 5.1)	27
	Percentage to total recommendation	(84.38%)
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies Para No. 2.25	1
	Percentage to total recommendation	(3.12%)
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee Para Nos.2.24 and 3.12	2
	Percentage to total recommendation	(6.25%)
V.	Recommendations in respect of which final final replies of the Government are still awaited Para Nos.3.20 and 3.21	2
	Percentage to total recommendation	(6.25%)