

**INTEGRATED RURAL  
DEVELOPMENT  
PROGRAMME**

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**PUBLIC ACCOUNTS  
COMMITTEE  
1992-93**

**TENTH LOK SABHA**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

**THIRTY-SEVENTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(1992-93)**

**INTEGRATED RURAL DEVELOPMENT  
PROGRAMME**

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

**[Action taken on 91st Report of the Public Accounts Committee  
(8th Lok Sabha)]**

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*Presented to Lok Sabha on 21.12.92  
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**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 1992/Agrahayana, 1914 (Saka)*

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**PUBLIC ACCOUNTS COMMITTEE**  
(1992-93)

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## INTRODUCTION

1, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Thirty-Seventh Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Ninety-First Report (Eighth Lok Sabha) on Integrated Rural Development Programme.

2. In their earlier Report the Committee had noted that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Integrated Tribal Development Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas were also being implemented. As all these programmes were aimed at the same target groups, certain amount of overlap in the coverage of the programmes could not be ruled out. The Committee had, therefore, recommended that the then Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should initiate an exercise to find out which Departments of the Government of India should be brought under a single umbrella to ensure a high level of coordination so as to enable the fight against poverty to become more effective at the field level. The Ministry of Rural Development have stated that various programmes being sponsored by Government of India have thrown out parameters and target groups and efforts are being made to dovetail the programmes. Further, constitutional amendment through the Panchayati Raj Bill, will according to the Ministry facilitate a comprehensive approach to rural development. The Ministry have also stated that the G.V.K. Rao Committee has also suggested certain measures to bring about better integration of rural development programmes and this Report is under consideration of the Planning Commission. The Committee have taken a very serious view of the apathy and lackadaisical approach on the part of the Government in such an important national programme of poverty alleviation as according to the Committee effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. The Committee have, therefore, emphasized that all necessary measures to bring out better integration of rural development programmes in the light of their earlier recommendations and the suggestions made by G.V.K. Rao Committee should be taken without any further delay.

3. The Committee have been deeply concerned to note that a number of deviations and irregularities were revealed as a result of the concurrent evaluation of IRDP January—June, 1989. The Committee have also been distressed to find that in respect of assistance to ineligible families, making

available after care and government support and generation of incremental income, the position has deteriorated as established by the findings of the concurrent evaluation done for October, 1985—September, 1986 and January—June 1989. While taking a very serious view of these deviations/irregularities the Committee have recommended that urgent remedial steps should be taken to obviate such recurrence in future and the reasons for these deviations and irregularities should also be examined with a view to fixing responsibility.

4. In their earlier Report, the Committee had also recommended increased financial allocation at not less than Rs. 7000-9000 per house-hold for 15 million house-holds. A revised household survey of beneficiaries was being carried out with reference to the revised poverty line of Rs. 11,000 per annum per family. According to the Ministry of Rural Development more funds are required in getting additional allocation for the 8th Plan as allocation for IRDP in the last three years has been stagnant in the face of inflation. According to the Committee allocation of adequate funds for this scheme during the 8th Plan is very necessary for achieving the targets set for 1994-95. The Committee have also emphasized that the level of assistance and manner of implementation should be such that the household progresses beyond the poverty line in one go and not by resorting to a second dose of assistance etc. The Committee have expressed their view that if per family investment cannot be appreciably increased on account of requisite financial allocation not being available, the number of target households should be scaled down as there is no point in fixing targets which cannot be realised.

5. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 19th November, 1992. Minutes of the sitting form Part II of the Report.

6. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

7. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller & Auditor General of India.

NEW DELHI;  
December 4, 1992

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*Agrahayana 13, 1914 (S)*

ATAL BIHARI VAJPAYEE,  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER—I

### REPORT

1.1 This Report of the Committee deals with the action taken by Government on the recommendations and observations contained in their 91st Report (8th Lok Sabha) relating to Integrated Rural Development Programme on Paragraph 4 of Report of the Comptroller and Auditor General of India for the year ended 1983-84, Union Government (Civil).

1.2 The 91st Report which was presented to Lok Sabha on 29 April, 1987 contained 64 recommendations. Action taken notes have been received in respect of all the recommendations and these have been broadly categorised as follows:

- (i) Recommendations and observations which have been accepted by Government:  
Sl. Nos. 1-2, 4-5, 7, 10-14, 17-18, 21-22, 24-25, 27-33, 35, 38-40, 42, 44-45, 48, 50-53, 55, 57-61 and 63
- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:  
Sl. Nos. 19-20, 26, 36-37, 41, 43, 46, 49 and 62.
- (iii) Recommendations and observations, replies to which have not been accepted by the Committee and which require reiteration:  
Sl. Nos. 8, 9, 15, 23, 34 and 47
- (iv) Recommendations and observations in respect of which Government have furnished interim replies:  
Sl. Nos. 3, 6, 16, 54, 56 and 64.

**1.3 The 91st Report of the Committee was presented to Parliament on 29.4.1987. More than five years have elapsed since then but the Government have failed to furnish final action taken notes on a number of recommendations of the Committee contained in that Report. The Committee take a very serious view of the lackadaisical approach of the Government in examining the implementation of their recommendations on such an important poverty alleviation programme. The Committee recommend that final action taken notes on all the recommendations in respect of which Government have furnished interim replies so far should be furnished expeditiously.**



*Integration of all allied programmes aimed at improving the lot of rural masses*

(Sl. Nos. 8-9—Paragraphs 1.24-1.25)

1.4 Emphasizing the need for bringing the different Departments responsible for implementing the various programmes aimed at improving the lot of rural masses, under a single umbrella to ensure a high level of coordination, the Committee in paragraph 1.24 of their 91st Report had recommended as follows:

“The Committee also note that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Employment Programme, Integrated Tribal Development Programme, Rural Landless Employment Guarantee Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas are also going on in the country. As all these programmes were aimed at the same target groups certain amount of over lap in the coverage of the programmes cannot be ruled out. In spite of the fact that these programmes are being implemented through different Ministries, the Secretary, Rural Development admitted during evidence that there is fairly large amount of over lapping. During study tours of the Committee to various States/Union Territories it was suggested that all programmes aimed at poverty alleviation should be merged. In this connection the Department of Rural Development have informed the Committee that each of these programmes has a distinct focus and it is hardly feasible to merge all these programmes.

The Committee does not share this view. The Committee would urge that the Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should start an exercise to examine which Department of the Government of India should be brought under a single umbrella to ensure a high level of co-ordination so as to enable the fight against poverty to become more effective at the field level”.

1.5 In their action taken note the Ministry of Agriculture (Department of Rural Development) have stated as follows:

“A number of programmes are implemented for improving the lot of rural poor and particularly for the persons below the poverty line. The Department of Rural Development implements the schemes of IRDP, NREP, RLEGP, DPAP and DDP etc. In addition, the Department of Agriculture implements scheme for development of Small and Marginal Farmers for increase in Agriculture Production. The Ministry of Welfare implements Integrated Tribal Development Scheme and Scheduled Castes Component Plan. The Department of Women and Children Development also implements a number of schemes in rural areas.

Each scheme has got a specific focus and identified target group. IRDP is a family oriented programme for providing assets to the beneficiaries in order to enable them to take up income generating activities. NREP and RLEGP provide wage employment. Integrated Tribal Development Project is meant for tribals in identified areas. Thus different schemes have got different focus and objectives. Therefore, it may not be possible to merge all such programmes into one. Efforts are made to dovetail the various programmes to get the optimum output of each programme.

The G.V.K. Rao Committee has also suggested certain measures to bring about better integration of rural development programmes. Their report is under consideration of the Planning Commission."

1.6 The vetted comments furnished by Audit read that the G.V.K. Rao Committee submitted its report on December 24, 1985.

1.7 In the action taken note furnished by the Ministry of Rural Development in May, 1992, the position has been further elucidated as follows:

"Various programmes being sponsored by GOI have thrown out parameters and target groups. However efforts are being made to dovetail the programmes. G.V.K. Rao Committee also recommended better integration Report under consideration of Planning Commission. Constitutional Amendment regarding Panchayati Raj will assist the process of Integration of RD schemes. Pilot project for dovetailing various schemes for women development is being attempted in 12 districts. Need for dovetailing to ensure maximum benefits for the poorest of the poor accepted. Coordinating mechanisms have been set up. G.V.K. Rao Committee recommendations are under consideration of the Planning Commission. Constitutional amendment through the Panchayati Raj Bill will facilitate a comprehensive approach to rural development".

1.8 Emphasizing the need for integrated planning and coordinated implementation the Committee in paragraph 1.25 of their 91st Report had recommended as follows:

"In order to remove regional imbalances, unemployment and poverty and to have resource mobilisation and wider distribution of income, the Committee feel that a more comprehensive approach to rural employment aiming at redesigning the whole rural economy and society aimed at elimination of the exploitation of the poor and providing them with gainful employment whether under public or private sector or self-employment opportunities is required. Effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. As a first step in this direction it is imperative that all allied programmes and

activities and the economic infrastructure required for effective implementation of these programmes are integrated and brought under one Ministry to avoid overlapping and to enable the Government to have an effective control over these programmes. These must be an integral part of a single development plan formulated by a single Development Authority and for whose effective implementation a single authority is responsible and accountable. It is also desirable that a beneficiary is covered under only one programme/scheme and given adequate assistance to enable him to cross the poverty line in one-go and on sustained basis”.

1.9 Action taken note furnished by the Ministry of Agriculture reads as follows:

“While it may be difficult to integrate all rural development programmes under the umbrella of one Ministry as this may be unwieldy and since other programmes may have different objectives, it is certainly necessary to dovetail the efforts under different programmes to ensure that the maximum benefits are made available to the rural poor, particularly the poorest.

The 7th Plan (Para 2.25) makes it very clear that the separate services being built up by various sectoral programmes are to converge on the IRD beneficiaries. The Department has been emphasising this point to the State Governments from time to time.

Coordinating mechanisms also exist at the block, district, state and central levels to facilitate this process of integrating various sectoral programmes into the IRD Programme.

G.V.K. Rao Committee report now under examination of the Planning Commission has also suggested certain measures to bring about better coordination integration of implementation of Rural Development Programmes at District and Block levels”.

1.10 In the action taken note furnished by the Ministry of Rural Development on 2.9.1992 the position has been further elucidated as follows:

“Need for dovetailing to ensure maximum benefit to the poorest accepted. Coordinating mechanisms have been set up. GVK Rao Committee recommendations are under consideration of the Planning Commission. Constitutional amendment through the Panchayati Raj Bill will facilitate a comprehensive approach to rural development”.

1.11 In their earlier Report the Committee had noted that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Integrated Tribal Development Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas were also being implemented. As all these programmes were aimed at the same

target groups, certain amount of overlap in the coverage of the programmes could not be ruled out. The Committee had, therefore, recommended that the then Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should initiate an exercise to find out which Departments of the Government of India should be brought under a single umbrella to ensure a high level of coordination so as to enable the fight against poverty to become more effective at the field level. The Ministry of Rural Development have stated that various programmes being sponsored by Government of India have thrown out parameters and target groups and efforts are being made to dovetail the programmes. Further, constitutional amendment through the Panchayati Raj Bill, will according to the Ministry facilitate a comprehensive approach to rural development. The Ministry have also stated that the G.V.K. Rao Committee has also suggested certain measures to bring about better integration of rural development programmes and this Report is under consideration of the Planning Commission. The 91st Report of the Committee was presented to Parliament on 29.4.1987 and the G.V.K. Rao Committee Report was submitted on 24.12.1985. The Committee are deeply concerned to note that more than 5 years have elapsed since the presentation of their 91st Report to Parliament, and about seven years have elapsed since the submission of G.V.K. Rao Committee Report but no concrete measures have so far been taken by the Government to bring about desired integration of rural development programmes as recommended by them earlier. What is all the more disturbing is the fact that the Report of the G.V.K. Rao Committee is stated to be still under the consideration of the Planning Commission. The Committee take a very serious view of the apathy and lackadaisical approach on the part of the Government in such an important national programme of poverty alleviation. The Committee have no doubt that effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. It is, therefore, imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes are integrated and brought under one Ministry to avoid overlapping and to enable the Government to closely monitor and have an effective control over these programmes. The Committee, therefore, emphasize that all necessary measures to bring out better integration of rural development programmes in the light of their earlier recommendations and the suggestions made by G.V.K. Rao Committee should be taken without any further delay. The Committee would like to be apprised of the concrete steps taken in this regard within a period of 3 months.

*Raising the families in the target groups above the poverty-line*

(Sl. Nos. 15,23,34 and 47—Paras No. 2.25, 3.30, 4.61 & 5.50)

1.12 Stressing the need for combined and concerted efforts by the State / Union Governments and the district level functionaries to achieve

the objective of IRDP, the Committee in Paragraph 2.25 of their 91st Report recommended as follows:

“One of the main objectives of Integrated Rural Development Programme was to raise the families in the target groups above the poverty line—income level of Rs. 3500 and to create substantial additional opportunities of employment in rural sector. It is surprising that the Government of India instead of having blockwise figures of families below the poverty line relied upon the State-wise figures of families which emerged from the 32nd round of National Sample Survey of 1977-78. The Department of Rural Development informed the Committee that the rural population below poverty line rose from 51.5 per cent in 1977-78 to 53.3 per cent at the base year of the Sixth Five Year Plan and then came down to 40.4% in 1983-84 in the 38th round of National Sample Survey. The Secretary, Rural Development admitted during evidence that this 11 per cent fall in poverty situation was not merely due to IRDP but on account of other development programmes also. He, however, claimed that they had assisted about 16.5 million people in the implementation of the programme. However, different organisations/economists are not unanimous on this issue and gave conflicting figures. According to the Seventh Five Year Plan document the number of persons who would have crossed the income level of Rs. 3500 would not exceed around 40% various studies conducted in this regard have brought out that 17.49% of the families have crossed poverty-line. In this connection one of the economist has said that at the end of 7 years of operation of the programme only 3% of the poor would have been helped to live above poverty line and that too for a while only. All this is due to non-identification of families living below the poverty line. But it is obvious that the programme has fallen short in achievement of its objectives. The Secretary, Rural Development suggested that a direct attack is required to be made to bring the persons living below the poverty line to 28% by the end of Seventh Plan and to 10% by 1994-95. The Committee are of the view that combined and concerted efforts by the State / Union Governments and the district level functionaries are needed to achieve this objective.”

1.13 In the initial action taken note submitted by the Ministry of Agriculture (Department of Rural Development), the position was explained as follows:

“The National Sample Survey provides figures of the incidence of poverty at State level. The Department, therefore, uses this as a basis for its planning process. In fact, as a corrective measure, the allocation of funds from the Centre under the IRDP-Programme has been changed from one of uniformity, which prevailed in the 6th Plan, to one based on incidence of poverty in the 7th Plan. The

purpose of this change is to ensure higher allocations and therefore, greater coverage under IRDP in areas which have higher poverty incidence.

As regards allocation of funds, and therefore the programme activity below State level, in the Conference of State Secretaries of Rural Development in July, 1985, a decision was taken that the states will have freedom to re-allocate funds within the district / blocks. The decision was as follows:

“It was also pointed out that the outlays under the programme had been allocated to the States and the states have the freedom to reallocate funds within the districts / blocks. The States may then intimate the District-wise allocations to the Ministry so that the Central share of assistance to the DRDAs is also released accordingly.”

A number of Evaluation Studies of the programme were done in the 6th Plan and they have shown that in varying percentages, families did cross the poverty line. An important aspect which has been brought out in the study by the Programme Evaluation Organisation is that 88.2% of the sample households had reported that their income had increased. The Concurrent Evaluation for the period October 1985—September 1986 indicates that about 52% old beneficiaries had crossed the poverty line of Rs. 3500 and 12% old beneficiaries, the revised poverty line of Rs. 6400.

It is agreed that to achieve the major objective of reducing poverty in the country, the same is only possible through a combined and concerted effort by the State / Union Government and the district level functionaries.”

1.14 The action taken note subsequently, furnished by the Ministry of Agriculture (Department of Rural Development) reads as follows:

“The Department of Rural Development has been conducting a Concurrent Evaluation of the IRDP since October, 1985. The 3rd round of the Survey for Jan.-June, 1989 is based on the analysis of 8448 household schedules examined during this period. According to this report 78% of the old families in the sample had crossed old poverty line of Rs. 3500 and 28% revised poverty line of Rs. 6400. At the national level 67% beneficiaries were selected in the Gram Sabhas and 73% had assets intact. The main findings of the Concurrent Evaluation Report is given in the Appendix I.”

1.15 In yet another action taken note furnished by the Ministry of Rural Development in May 1992, the position has been explained as follows:

“NSSO data is now utilised for allocation of funds under IRDP. The IRDP allocation is based entirely on the incidence of poverty in the state.

Efforts are also being made to step up the per family investment. The investment has now reached Rs. 7000 in 1992-93. Other inputs line backward and forward linkages. Simplification of procedures and better qualitative monitoring have been evolved to improve the impact."

1.16 In the action taken note furnished on 2.9.1992 the Ministry of Rural Development have stated as follows:

"NSSO data is still utilised for allocation of funds under IRDP. The IRDP allocation is based entirely on the incidence of poverty in the state."

1.17 Emphasizing that the level of assistance and manner of implementation should be such that a household progresses beyond the poverty line in one go, the Committee in paragraph 3.30 of their 91st Report recommended as follows:

"According to the original study of the Study Group of the IRDP at a global approach it was estimated that an amount of Rs. 5700 crores would be required. However, the net outlay for IRDP including Central and States share is only Rs. 2358.81 crores. In this connection, the representatives of the Planning Commission stated during evidence that the Planning Commission did favour an increase in the subsidy level. But a final view about the total investment would be taken after the first two years of the Seventh Plan. The Committee strongly urge that outlays appropriate to each identified household living below the poverty line should be made available to help it generate the income needed to cross the poverty line. To this extent, there should be no obligation to provide an outlay for a beneficiaries household even beyond the Rs. 7000-9000 ceiling indicated by exports. The test should be whether the outlay for a household does in fact help it cross the poverty line. This would naturally call for the allocation of much higher level of funds for the I.R.D. Programme both towards subsidy in the budget and towards matching loan by the banking system. Depending upon such outlays, the target for the families to the to be assisted should be fixed based on the criterion of Rs. 7000-9000 per household with provision for supplementary allocations to meet the needs of specific household that would need outlays higher than Rs. 7000-9000 level. Allocations of such increased outlays alone would prove that the plan objective of reducing the poverty percentage to 10 per cent in 1995 is possible. If such outlays cannot be provided, then the targets also should be scaled down. In this view, the Committee is unable to appreciate the apprehension of the Secretary, Rural Development that reduction in physical target will if so facto mean reduced financial allocations in the target. What the Committee is recommending is increased financial allocation at not less than Rs. 7000 /-

9000 per household for 15 million households. If this is not practicable, then the number of target households should be scaled down. There is no point in fixing targets which are impossible of realisation. The Committee would like to make it clear that what the Government should be concerned about is crossing of poverty line by the beneficiaries in no uncertain terms and nothing less, so that such successful efforts become models for being followed all over the country in this and other similar programmes. The level of assistance and manner of implementation should be such that a household progresses beyond the poverty line in one go and not by resort to a second dose of assistance etc. as at present contemplated by Government, which in truth is impracticable. A programme which does not help poor households cross the poverty line in one go, cannot carry any credibility as to its validity. Hence credible outlays are the elementary need of the I.R.D.P.”

1.18 In their action taken note the Ministry of Agriculture (Department of Rural Development) had explained the position as follows:

“According to the VII Plan, the poverty alleviation programmes, (IRDP being one of them) have to be viewed in the wider perspective of socio-economic transformation in the country. The strategy of direct attack on poverty has to be sustained and supported by an overall growth of the economy itself. Thus, according to the Plan, the programme for poverty alleviation are to be regarded supplementing the basic plan for overall economic growth in terms of generating productive assets and skills as well as the incomes of the poor. In fact, the ability of a poorer household to cross the poverty line will depend upon its overall income, i.e. income from the poverty alleviation programmes and the other wage and non-wage incomes accruing to them.

The Department agrees that the investment should give an adequate return to enable the family to cross the poverty line. This point has been emphasised by the Department from time to time. This point about adequate investment was also emphasised by the Agriculture Minister in a letter addressed by him to the Chief Ministers on 29th August, 1985.

The Department also feels the need for higher allocation of funds for the IRD Programme, but this is to depend upon the overall resources position. The table below gives details of allocations, actual expenditure, credit mobilised and families assisted from 1984- 85 (last year of VI Plan) to 1987-88.



Year	Total allocations	Expenditure (Rs. crores)	Credit mobilised (Rs. crores)	Total families to be assisted (in lakhs)	Total families assisted (in lakhs)
1984-85	407.36	472.20	857.48	30.27	39.82
1985-86	407.36	441.10	730.15	24.71	30.61
1986-87	543.83	613.38	1014.88	35.09	37.47
1987-88	613.64			39.12	

The figures for 1984-85 and 1985-86 would reveal that while the allocation for those two years remained more or less the same, the targets for the latter year (1st year of VII Plan) were indeed kept lower than those for 1984-85 which is the last year of the VI Plan. The intention was very clear, namely, to have increased investments. Even the investments would indicate that while in 1984-85 the achievements were much more than the targets, this was not so in 1985-86 and 1986-87. Thus the effort of the state governments was geared towards realistic achievements rather than more physical progress.

The allocations of the second and third year of the VII Plan also indicate a steep rise showing the government's concern for greater financial resources for this programme. Simultaneously, the credit mobilisation has also been increasing in the last few years. It may also be mentioned that the overall outlay is no doubt dependent upon the overall resources available to Government. Keeping in mind the resources, the targets are fixed and it has been stressed to the State Governments that the investment should be adequate to ensure a return which enables the family to ultimately cross the poverty line.

It may also be mentioned that in the total effort of enabling the families to cross the poverty line, the contribution of IRDP is one factor. There are other inputs also such as the overall impact of economic growth, benefits of other sectoral and infrastructural programmes etc. These are also factors which contribute to the Government's total effort at alleviating poverty."

1.19 The vetted comments furnished by Audit read as follows:  
The average net *per capita* investment is given below:

Year	Per Capita Investment (in Rs.)
1984-85	3339
1985-86	2963 (old) 3311(new)
1986-87	3590(old) 4511(new)

This Department does not favour reduction of target but rather has emphasised increase in outlay/allocation to cover physical targets fixed.

Crossing of the poverty line by families assisted is a slow process.

Hence the findings of the concurrent evaluation studies regarding the indicator-crossing the poverty line, relates to old beneficiaries who had been assisted during the VI Plan period. However, the findings of the concurrent evaluation for the period October 1985 to September 1986 indicate that in 76% cases the assets given to IRDP beneficiaries generated incremental income. The sample survey of concurrent evaluation for the period October 1985 to September 1986 indicates that 52% of the old beneficiaries cross the poverty line of Rs. 3,500 and 12% old beneficiaries the revised poverty line of Rs. 6,400.”

1.20 The action taken note subsequently furnished by the Ministry of Agriculture (Department of Rural Development) explained as follows:

“As mentioned in the action taken notes, the allocation and physical targets fixed in the seventh plan document were notional. Actual allocation / targets are fixed on the basis of annual plan discussions. To comply with the observations of PAC for increase of allocation / reduction of targets, the Department had been continuously pressing the Planning Commission for the same. Therefore, on the basis of annual plans, total allocation of an amount of Rs. 3000.27 crores has been provided for the implementation of IRDP as against the Seventh Plan Document allocation of Rs. 2358.81 crores. The Department had been successful in stepping up of the allocation by Rs. 641.46 crores. Not only this, the physical target was reduced to 160.38 lakhs i.e. reduction of 39.62 lakh families. Achievements under the programme may be seen at Appendices II, III and IV\* of this note.

With regard to crossing of the poverty line by the families assisted under the programme, main findings of the Concurrent Evaluation Report of IRDP for Jan-June, 1989 as stated in para 2.25 above may be referred to.”

1.21 In the action taken note furnished by the Ministry of Rural Development in May 1992, their position was explained as follows:

“Allocation under IRDP have been going up. However, these are constrained by the overall resource position. It must be noted that the direct attack on poverty in the 7th Plan was a supplement to the basic growth strategy of the Plan and should not be viewed in isolation. Allocations for IRDP have been almost stagnant over the last 3 years. Efforts have been made to get higher allocations during the 8th Plan.”

1.22 Further expressing the hope that Government would be able to provide more resources so that more number of families could be brought

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\* Appendices II, III & IV.

above the poverty line, the Committee in paragraph 4.61 of their 91st Report had observed as follows:—

“The Committee have been informed that during VII Plan the net outlay for IRDP is only about Rs. 2372 crores. During evidence, the representatives of the Department of Banking stated that it would not be possible for them to allocate more than Rs. 6000 crores for the programme. As stated in Para 2.32 of Seventh Plan document the ceilings of subsidy fixed for different categories of beneficiaries in the Sixth Plan would continue during the VII Plan and within those, the average subsidy per household would be around Rs. 1333 against Rs. 1000 in the VI Plan for generating which the per capita investment level would have to be around Rs. 4000 /-. The Committee however hope that Government would be able to provide more resources so that more number of families could be brought above the poverty line.”

1.23 Action taken note furnished by the Ministry of Agriculture reads as follows:—

“The total allocation for IRDP in the Seventh Plan is Rs. 2358.81 crores of which Central share is Rs. 1186.79 crores. As mentioned during evidence, this allocation is an indicative figure. The actual allocation for the programme is provided on the basis of Annual Plan discussions and financial resources available during each year. Out of the Central Sector allocation, Rs. 820.25 crores is anticipated to be utilised during the first three year of the Seventh Plan *i.e.* about 69.10% of the total Central share of allocation. The allocation for the next two years together with actuals of the allocations made so far would exceed the total allocations initially made for the VII Plan period.

As far as average level of investment is concerned, it is continuously increasing over the years. The Seventh Plan document envisaged per family investment of Rs. 4000 for new family. During 1985-86, average per family investment was Rs. 3812 and this rose to Rs. 4511 in 1986-87 for new family.”

1.24 Action taken note furnished by the Ministry of Finance reads as follows:—

“The banking system as a whole has consistently exceeded the credit targets under the IRDP. As regards the size of investment, the all India average family investment which was Rs. 1168 in 1980-81 rose to Rs. 3339 in 1984-85 and further increased to Rs. 4345 during 1986-87. Thus, the per family investment has been increasing progressively over the years. However, the per family credit assistance would be determined by the quantum of subsidy available in individual cases. The total quantum of credit assistance flowing to particular areas would be dependent not only on the total amount of

subsidy recommended by DRDAs for that area but also on the types of activities for which the applications are sponsored. If the nature of activity for which beneficiaries are sponsored do not call for high investment and the subsidy recommended thereof is also not of a high order, the financing bank would not be in a position to provide a large dose of credit assistance which would not be commensurate with the subsidy available, unduly large doses of credit could be beyond the credit absorptive capacity of the beneficiary in which case the beneficiary would be placed under an unduly large debt burden. In short, the quantum of credit would be dependent upon factors such as the amount of subsidy available, the level of investment required in the type of activity proposed to be undertaken by the beneficiary, the credit absorptive capacity of the beneficiary, etc.

As regards verification of credit utilisation, banks have been advised by RBI on 27.5.1983 to furnish monthly return on implementation of IRD Programme, in the prescribed format to Block Development Office. The instructions were reiterated by RBI on 25.7.1987 and banks were also advised to furnish these reports to Ministry of Finance.

In the North-Eastern Region, credit deployment during the VI Plan Period was at a low level as a result of a combination of factors; chief of them being the absence of requisite infrastructure. As mentioned in reply to the recommendation contained in Para No. 4.20 a system has been since formulated for channelising credit assistance to IRDP beneficiaries in the unbanked blocks in the North-Eastern Region through the DRDAs. The credit requirement of the IRDP beneficiaries are thus expected to be taken care of even in the unbanked blocks in the North-Eastern Region. As a result of these measures, it is expected that the per capita credit assistance / investment level would increase further in the coming years.

It is envisaged under the IRD Programme that at the Distt. level, a Distt. Consultative Committee has been provided under the Chairmanship of Distt. Collector. All the banks and the distt. level officers of the Govt., NABARD, DRDA and DIC are represented on this Committee. This formation should be utilised for allocating share of work to various bank, monitoring and reviewing the overall progress in physical and financial terms running out the out-agencies differently and prepare items for the consideration of State Level Committees.”

1.25 In the action taken note furnished by the Ministry of Rural Development in May 1992, the position was explained as follows:—

“Allocation of resources under IRDP has been increasing in the 7th

Plan. Per family subsidy has also increased. Average per family investment in 1990-91 was Rs. 6422 / - More funds are required in getting additional allocation for the 8th Plan as allocation for IRDP in the last 3 years has been stagnant in the face of inflation.”

1.26 Emphasising the need for undertaking comprehensive surveys so as to assess the magnitude of the problem, the Committee in paragraph 5.50 of their 91st Report recommended as follows:—

“The Ministry have, however, stated that in order to consolidate the benefits of assistance given during the Sixth Plan, the State Governments and Union Territories have been requested to carry out a detailed house to house survey of the families assisted under the Programme so that the families requiring supplementary assistance during the Seventh Plan could be identified. The Committee would urge the Government to undertake comprehensive surveys so as to assess the magnitude of the problem.”

1.27 In their action taken note the Ministry of Agriculture have stated as follows:—

“As early as 23rd July 1985 based upon the findings of the evaluation study conducted by the programme evaluation organization of Planning Commission, a detailed circular was issued to the State Governments. The relevant para states:

### **III Selection of Target Families and Provision of Benefit Schemes**

(a) The study finds that nearly 81% of beneficiaries assisted were covered under primary sector schemes, about 8% in these secondary sector and remaining 11% through territory sector. Particular reference has been made to the provision of milch animals, particularly provision of only one animal poor quality of animal, lack of proper breeding programme, some animals changing hands in a few cases and inadequate veterinary support.

(b) The study highlights urgent need for a proper follow-up including physical verification of assets in respect of beneficiaries assisted earlier. The study highlights the Government guidelines which provides for additional dose of assistance to the beneficiaries till they are able to cross the poverty line. The study suggests that the first commitment of the ensuring Annual Plans should be towards providing additional economic units to all deserving beneficiaries rather than taking up new beneficiaries.

Over emphasis on primary sector has been brought to the notice of the State Governments, by us, time and again. The position has considerably improved at the micro-level. However, we could leave to the judgement of the local administration, the actual choice of the schemes should be based on the local environment, infrastructure, the entrepreneurial capacity of beneficiaries and a variety of

other factors. We have also highlighted the need for a second dose of assistance of perviously helped families. This is an important pillar of our strategy in the first three years of the VII Plan. As mentioned earlier, we had requested the States to carry out a survey to identify all such eligible beneficiaries who would require a second dose of assistance to the needy families with the same vision as was found in a various new beneficiaries during the VI Plan. The PNO study proves the need for a second dose of assistance in order to consolidate past achievements.

Further in his letter of 6th January 1988 the Secretary, Rural Development further highlighted the need for much such a survey. The relevant portion of this letter is given below:—

“A survey of the families assisted in the last three years of the Sixth Plan should be completed by February, 1986 so that the assistance to the families identified for supplementary assistance can start flowing w.e.f. April 1986 itself, within the target specified for 1986-87”.

1.28 The vetted comments furnished by audit read as follows:—

“The State / Union Territory wise position of survey of families assisted during the VI Plan is given at Appendix V”.

1.29 In the action taken note furnished by the Ministry of Rural Development in May 1992, the position was explained as follows:—

“The second dose of assistance is more in view of small investments made under IRDP earlier and the required objective of crossing the poverty line. Para 2.11 of the IRDP manual April 1991 prescribes the procedure for identification of beneficiaries for the poverty alleviation programmes. The manual has also set out the detailed steps in regard to the list of poor families already assisted during the previous plans to enable them to cross the poverty line through supplementary assistance during the eighth plan. It has been considered necessary to further strengthen the system of identification of the families below the poverty line so as to ensure proper selection of beneficiaries during the eighth plan. A fresh household survey of beneficiaries in each village is to be carried out by 30-6-92 with reference to the revised poverty line of Rs. 11,000 per annum per family.”

**1.30 One of the main objectives of Integrated Rural Development Programme was to raise the families in the target groups above the poverty line and to create substantial additional opportunities of employment in rural sector. In their earlier Report the Committee had noted the fact that the programme had fallen short in achievement of its objectives. The Committee had also taken note of the suggestion made by the Secretary, Rural Development that a direct attack was required to be made to bring**

the persons living below the poverty line to 28 per cent by the end of Seventh Plan and to 10 per cent by 1994-95. The Committee had emphasized that combined and concerted efforts by the States / Union Governments and the district level functionaries were needed to achieve the objective. According to the Government, as a corrective measure, the allocation of funds from the Centre under the IRD Programme has been changed from one of uniformity, which prevailed in the 6th Plan, to one based on incidence of poverty in the 7th Plan. The purpose of this change is stated to be to ensure higher allocations and, therefore, greater coverage under IRDP in areas which have higher poverty incidence. The Committee also note that the Department of Rural Development had been conducting a concurrent evaluation of the IRDP since October, 1986. According to the third round of the survey for Jan-June 1989 whereas 78 per cent of the old families in the sample had crossed the old poverty line of Rs. 3500, only 28 per cent of the families had crossed the revised poverty line of Rs. 6400. As the actual success of the programme has obviously to be related to the revised poverty line figures, the Committee are constrained to observe that the fact of only 28 per cent of the beneficiaries crossing the poverty-line is not a satisfactory achievement. The Committee are also deeply concerned to note that a number of deviations and irregularities were revealed as a result of the concurrent evaluation of IRDP January-June, 1989. Some of the glaring deviations were as follows:—

- (i) Ineligible families were assisted in 19 per cent cases at the national level.
- (ii) Working capital was not provided to beneficiaries in 22 per cent cases, out of such 65 per cent cases, where working capital was required.
- (iii) The banks had kept the repayment period of less than 3 years in 9 per cent cases and just 3 years in 29 per cent cases.
- (iv) After care and Government support was not made available to the beneficiaries in 53 per cent cases out of 75 per cent cases requiring such support.
- (v) In 85 per cent cases, TRYSEM beneficiareis were provided IRDP assistance for activities other than the activities for which they were trained under TRYSEM.
- (vi) In 24 per cent cases, the assets of the old beneficiaries had not generated any incremental income.

The Committee are distressed to find that in respect of assistance to ineligible families, making available after care and government support and generation of incremental income, the position has deteriorated as can be seen from the findings of the concurrent evaluation done for October, 1985 - September, 1986 and January-June, 1989. The Committee take a very

serious view of these deviations/irregularities and recommend that urgent remedial steps should be taken, if not already done, to obviate such recurrence in future. The reasons for these deviations and irregularities should also be examined with a view to fixing responsibility. The Committee strongly reiterate the need for combined and concerted efforts by the States/ Union Governments and the district-level functionaries to achieve the objectives of IRDP.

In their earlier Report, the Committee had recommended increased financial allocation at not less than Rs. 7000-9000 per house-hold for 15 million house-holds. According to the Government, efforts are being made to step up the per family investment. Average per family investment which was Rs.6422/- in 1990-91 has now reached Rs.7000 in 1992-93. A revised house-hold survey of beneficiaries was being carried out with reference to the revised poverty line of Rs. 11,000 per annum per family. According to the Ministry of Rural Development more funds are required in getting additional allocation for the 8th Plan as allocation for IRDP in the last three years has been stagnant in the face of inflation. The Committee have no doubt that allocation of adequate funds for this scheme during the 8th Plan is very necessary for achieving the Plan objective of reducing the poverty percentage to 10 per cent by 1994-95. The Committee would also like to emphasize that the level of assistance and manner of implementation should be such that the household progresses beyond the poverty line in one go and not by resorting to a second dose of assistance etc. If per family investment cannot be appreciably increased on account of requisite financial allocation not being available, the Committee are strongly of the view that the number of target house-holds should be scaled down as there is no point in fixing targets which cannot be realised.



## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

The Integrated Rural Development Programme was started in March 1976 in 20 selected districts in the country. The strategy adopted for tackling rural poverty by evolving IRDP, the Committee is happy to know, is the best under the prevailing circumstances. The programme was reviewed in 1978-79 to integrate the methodology and approach of the three major on-going special programmes of Small Farmers Development Agency, Command Area Development Programme and Drought Prone Area Programme and a new programme of IRDP was launched in 2,000 blocks out of 3325 blocks. However, the programme was made applicable to all the 5011 blocks in the country on Gandhi Jayanti—2nd October, 1980 without any preparatory measures. The Government have now decided to give more emphasis to the programme in the Seventh Five Year Plan. In the foreword to the Seventh Five Year Plan the Prime Minister had observed: "Anti-poverty Programmes are an important element of our strategy. They will be expanded and strengthened in the Seventh Plan. The experience gained in the Sixth Plan will be used to restructure the programmes to improve their effectiveness and to ensure that the benefits flow to those for whom they are intended." While the Government of India's anxiety to improve rapidly the lot of poorest among the poor is understandable, it is distressing to find that the programme was launched in haste without proper preparatory measures. IRDP was the major and most ambitious one aiming at provision of full employment and raising of the income level of identified target groups comprising families of weaker sections who live below the poverty line, thereby improving their economic status. However, the deficiencies which have been pinpointed below and discussed in subsequent paragraphs indicate the defective approach of the Government in formulating and implementing programme.

[(Serial No. 1 Appendix-IV Para No. 1.17 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### Action Taken

No doubt, in the 6th Plan, a programme of this size did encounter difficulties in implementation. As a result of various evaluation studies and their findings, a number of steps have been taken in the 7th Plan to try and overcome these shortcomings. Details of these steps taken will be mentioned in response to later paras of this Report when the specific shortcomings are discussed.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 27.10.87]

#### **Latest Action Taken**

Programme is regularly reviewed and evaluated. Many steps have been taken to improve the policy guidelines over the last ten years.

[Ministry of Rural Development, O.M.No. 20012/460/87/IRD (A-II) dated 2.9.92]

#### **Recommendation**

The basic assumption of the poverty line defined at an income of Rs.3500 for a family of five members in the rural area was totally unrealistic as it was estimated at that time that the minimum needs of such families would need annual income level of Rs.4800 per annum.

[Serial No.2 Appendix—IV Para No. 1.18 of the 91st report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The income level of Rs.3,500 for poverty line was during the Sixth Plan. For the Seventh Plan the poverty line is now an annual household income of Rs. 6,400.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 27.10.87]

#### **Further Action Taken**

The poverty line was fixed at an annual family income of Rs. 6,400 by the Planning Commission. This amount is the money value corresponding to the minimum calorie requirement of 2,400 calories per person in rural areas.

#### **Latest Action Taken**

Poverty line for 6th Plan was Rs,3500/-. For 7th Plan, it was Rs.6400/-. For 8th Plan, it is proposed at Rs.11,000/-. Guidelines for selection of beneficiaries as per the new poverty line/cut-off line have been issued on Nov.15, 1991 to be effective for the 8th Plan period.

[Ministry of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 2.9.92]

#### **Recommendation**

Any viable economic activity which was likely to raise the income level of the beneficiary above the poverty line on a lasting basis could be taken up—the emphasis being on selecting scheme in which the beneficiary had a

genuine interest, training and motivation and for which requisite inputs and marketing facilities were available. Non-preparation of Annual Plans/Block Plans and non-existence of forward and backward linkages resulted in failures in most of these cases.

[Serial No.4 Appendix—IV Para No. 1.20 of the 91st report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

According to the guidelines, the DRDAs were required to prepare District Annual Plans and Block Plans keeping in view local resources, infrastructure and resources available for the implementation of IRDP and other programmes under implementation in the District. Earlier, the Annual Plans were required to be approved by the SLCC but in the Seventh Plan this has been delegated to the DRDAs. Annual Plan for the succeeding year as now required to be prepared in the month of February of the proceeding year and the DRDA has been authorised to approve the Plan. A condition has been laid down in the release procedure that the release of second instalment of Central assistance under the programme will be dependent on the approval of the same.

The existence of forward and backward linkages has also been emphasised from time to time. Secretary Rural Development in his letter No.M. 13011/4/84-IRD-II dated 27th May, 1985 to the Chief Secretaries has also stressed this point.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 27.10.87]

#### **Further Action Taken**

**Replies of States/Union Territories to D.O. Letter No. M.13011/14/84—II  
Dated 27-5-1985**

**Andhra Pradesh :** District Level Societies exclusively for providing marketing support to the artisan complexes have also been established with support from the infrastructure component under I.R.D.P. Such an organisation has been established at Nellore in Andhra Pradesh. Technical and Sales staff have been appointed by the society which takes care of the supply of raw materials to the artisan complexes and collects the finished goods and sales them at outlets opened at Nellore. The officers of the agency are also in touch with the nearby bulk consumers or wholesale traders for disposing the products. The staff requirements, however, have to be streamlined and from time to time follow up support has to be provided to be replicated in the other district. The staff and the

component of managerial subsidy and working capital have to be provided from the funds of the Agency. A modal scheme is being prepared by the State Government giving all the details of the scheme.

- Karnataka** : The State Government appreciates the need to establish DSMS and is taking necessary action.
- Kerala** : The Government of Kerala has initiated an innovative effort through Kerala Rural Development and Marketing Society (KERAMS). KERAMS is a registered society under the Travancore - Cochin Literary, Scientific and Charitable Societies Registration Act, 55 (Act XII of 1955). The main function of KERAMS is to arrange profitable marketing of the products manufactured by the beneficiaries of IRDP, DWCRA, Women's Economic Groups etc and to procure raw materials and distributed it to the above beneficiaries.
- Orissa** : It will not be appropriate to have a single unitary district level society for all activities of marketing. But there should be district level societies for marketing in the different sectors of economic activity now being administered for benefiting the IRDP beneficiaries. These marketing societies can be made responsible also to supply the input and also to receive back the product on payment for disposal at a margin.
- Punjab** : The Department of Rural Development, Government of Punjab, desire to take action in collaboration and assistance of State Industries Department. In continuation of the decision taken on marketing arrangements in an earlier meeting on 7.9.84, progress in the implementation of this decision was reviewed on 22.4.85. In this meeting, it was decided to involve various corporations/Boards for providing necessary raw material and marketing facilities to IRD/TRY-SEM beneficiaries, as the setting up of a *district supply and marketing society was not found WORKABLE BY THE INDUSTRIES DEPARTMENT*. The Managing Director of Punjab State Small Industries and Export Corporation, Managing Director, Puntex, Managing Director, Punjab State Leather

Development Corporation and KVIC in consultation with the District Rural Development Agencies in the State will take the necessary measures to provide the required marketing backup to products of IRDP/ TRYSEM beneficiaries.

- Sikkim** : The State will make use of the services of MPGs structure already available.
- D & N Haveli** : The administration of D & N Haveli does not find it feasible to establish District Supply and Marketing Societies in the Union Territory. The functions of DSMS are, however, being entrusted to Forest Labour Cooperative Society and Vasundhara Dairy (Cooperative Union) in the adjoining district of Gujarat. The Forest Department of the Administration is also assisting the Milk Cooperative Society by allotting forest grass coupes on nominal charges. For technical and management personnels for technical guidance and administration, funds from IRDP scheme will be provided under infrastructural support. KVIC's assistance is also sought in matters concerning KVIC activities. If this arrangement fails, the proposal for DSMS will be considered.
- Goa, Daman & Diu** : The scope for setting up DSMS is non existent and will serve no purpose.
- Lakshadweep** : Cooperatives are covering the entire population in meeting their requirements for consumer goods, credit etc. It is felt there is no necessity to establish another apex society for linking the primary marketing, credit, consumer, cooperatives.

#### **Latest Action Taken**

IRDP guidelines provided for Annual Plans/Block Plans as well as backward-forward linkages. Release procedure also requires Annual Plan to be submitted along with proposal for release of 2nd instalment.

Issue is being followed up with State and DRDAs. Evaluation of action taken is being done through the process of concurrent evaluation. Scheme for DSMS has been included in IRDP Guidelines, April, 1991.

[Ministry of Rural Development O.M. No. 20012/460/87 — IRD (A-II)  
Dated 2.9.92]

#### **Recommendation**

Instructions were issued by the Ministry in August, 1979 to all the States/Union Territories to complete the household survey of the blocks during the year 1979-80. Apart from identifying the families below the

poverty line, the beneficiaries were to be classified in terms of their annual per capita income groups and production programme for each family was also to be formulated in consultation with the head of family with a view to raising the income level of the family above the poverty line. As is evident this basic measure was not taken in most of the States. For selecting the beneficiaries 'Antyodaya' approach needed to have been followed and the names of all beneficiaries selected should have been entered in a register in Gram Sabha Meeting as is being done in Rajasthan.

[Serial No. 5 Appendix-IV para No. 1.21 of the 91st report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The strategy under IRDP is indeed to assist the poorest of the poor first. This approach has been highlighted to the states from time to time. The special effort made in the 7th Plan to give effect to the strategy is that while the poverty line is at an annual household income of Rs.6,400, during the Plan period, families with income upto Rs.4,800 are to be considered for assistance under IRDP. This approach will exclude the better off among the poor.

Secondly, the department's guidelines further provide that to keep the focus on the poorest of the poor first the families with annual income upto Rs. 3,500 are to be assisted. After all such families have been assisted in a block, only those families with income between Rs. 3501-Rs. 4800 are to be taken up. This approach will enable the assistance being given to the poorest of the poor. Secretary (Rural Development) in his letter No.S.11011/81/85-IRD-I dated 6th January, 1986 highlights above.

The guidelines also provide that the list of poorest families is to be placed for approval by the Gram Sabha and then displayed on the notice board of the Village Panchayat and the Block Office.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 27.10.87]

#### **Latest Action Taken**

For the 7th Plan, cut-off line in addition to poverty line was prescribed in order to ensure assistance of the poorest of the poor. First priority was to be given to families with income below Rs.3500/-. For the 8th Plan, poverty line, cut-off line has been redefined. Process of household survey has been prescribed. Approval of Gram Sabhas has been reiterated. Further safeguards have been built in to reduce wrong selection of ineligible families. Selection will be for five years. Circular issued on Nov.15,1991. New BPL list will be operated from in 1992-93 as soon as they are ready.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

The Committee deprecate that a programme so vital for the uplift of the rural population and involving huge financial outlay was handled in a casual manner, with inbuilt constraints and lack of adequate preparatory steps outlined above. The difficulties arising as a result of inadequate preparatory and supportive measures is discussed in the paragraphs et seg.

[Serial No. 7 Appendix-IV Para No. 1.23 of the 91st report of P.A.C. (8th Lok Sabha)]

### **Action Taken**

The shortcomings observed in programme implementation were sought to be overcome through corrective guidelines/instructions, meetings and dialogue. Specific replies will be given in response to issues raised in the paragraphs et seg.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### **Latest Action Taken**

Shortcomings brought forward in reviews and studies are being corrected through amendment of guidelines and process of dialogue with the State Govts. and DRDAs.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

Moreover, the I.R.D.P. must aim at not merely the individual i.e. (the beneficiary) but the village or group of villages, as a whole. Developmental activities in the village or group of villages, must go hand in hand with that of uplifting the unemployed rural poor. Irrigation canals, Tanks, Link Road, and Communications, establishment of Small Scale Industries, Agricultural and Veterinary, Extension programmes, Rural Health and Sanitation, Education, Afforestation and all other developmental activities, must be the arena for the operation of the I.R.D.P.

[Serial No. 10 Appendix-IV para No. 1.26 of the 91st report of P.A.C. (8th Lok Sabha)]

### **Action Taken**

The Seventh Plan emphasizes the above approach of dovetailing the activities of other Departments into the the IRDP such as that their benefits reach the poorest of the poor. Firstly, it states that support likely to be made available through the plans of sectoral departments should be identified for use as IRDP infrastructure. Secondly, programmes like Integrated Child Development Scheme (ICDS), Social Inputs and Area Development Programme (SIAD), Development of Women and Children in Rural Areas (DWCRA) etc., should provide more comprehensive

coverage of Women and Children to reduce duplication and increase the cost effectiveness of the total effort. Thirdly, efforts under the TRYSEM should fall-back on infrastructure available with existing institutions like ITI's polytechnics etc. Fourthly, programmes like the Special Live-Stock Production Programmes (SLPP), Operation Flood, Special Rice Programmes for Handlooms and Sericulture etc. are to be given a specific direction towards the target group of IRDP with a view to achieving the maximum integration between the individual beneficiary oriented content of IRDP, on the one hand, and the infrastructure and service support made available through such programmes, on the other.

IRDP not only aims at the development of individuals but also brings about the development of the village as a whole since the activities taken up under the programme are decided keeping in view the local potential. The approach and the strategy of covering benefits of different programme on the IRD families helps not only the individual beneficiaries but village also.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 27.10.87]

#### **Further Action Taken. (Vetted)**

IRDP not only aims at the development of individuals but also brings about the development of the villages as a whole since the activities taken up under the programme *are to be decided* keeping in view the local potential.

#### **Latest Action Taken**

This is always emphasised.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

#### **Recommendation**

With a view to achieving the objective of IRDP, block plans including a 5-year development profile for each block was envisaged by the Department of Rural Development. This was to be the basis for identifying the development potential and evolving suitable programmes for assisting the rural poor. The block plan was also intended to include review of the on-going programmes, preparation of credit loans, selection of clusters on spatial, functional and other basis annual plans based on household surveys, preparation of family plans for each household. It is disquieting to note from the study made by the Programme Evaluation Organisation that in more than half of the States, the 5-year perspective plans had not been attempted. Also, no attempt seemed to have been made to formulate sectoral projects based on these perspective plans. According to this study 49 per cent of the 33 selected districts had prepared perspective plans whereas annual plans have been prepared for all the blocks though deficient in many ways. The Five Year Plans as also annual plans even in



respect of the districts where they were claimed to have been prepared were not being prepared in time and had been delayed considerably. The preparation of cluster plans, their aggregation into block level plans, as per guidelines, had also not been done.

[Serial No. 11, Appendix-IV, Para No. 2.21 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The Programme was extended to all the blocks w.e.f. 2.10.1980. A programme of this size did encounter some difficulties in the initial years including preparation of Annual and Perspective Plans of the blocks/district for the programme inspite of detailed guideline issued by the Department of Rural Development. After receipt of the Programme Evaluation Organisation Report the State Governments were again addressed in this regard in July, 1985.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) Dated 27.10.87]

#### **Further Action Taken (Vetted)**

*Action Taken by the State Government on D.O. No. S. 11011/90/82-IRD-I dt. 23.7.85 Regarding the P.E.O's Report on I.R.D.P.*

- Kerala :** The findings and recommendations of the Evaluation Study have been forwarded to all the Project Officers of DRDAs for taking necessary collective remedial measures.
- Maharashtra :**
- (i) Post of Jt. B.D.O. is being created in the State and orders of E.O. (IRDP) are being issued.
  - (ii) Necessary A.P.Os have been appointed, who are subject matter specialists, in each D.R.D.A. guideline on preparation of projects for each family has been prepared jointly with Banks. Village Resource Base Plans on cluster basis are being prepared.
  - (iii) Training of Project Director/BDO's have been started.
  - (iv) Preparation of infrastructure facility plan for each block started and it was expected that about 1/3 of the total blocks would be assisted for creation of infrastructure facilities under IRDP during 1985-1986 itself.

- (v) For improving the quality of milch animals, besides the A.I facilities already available, one LSS training course under TRYSEM is opened in Satara district and also encouraging other districts to adopt this course.
- (vi) Necessary steps have been taken to prevent wrong selection of beneficiaries and involvement of voluntary agencies in the programme.

**Orissa :**

- (i) With a view to remedying shortage of grassroot level manpower, the number of V.L.Ws have been increased to 10 per block. Posts of additional B.D.Os will be filled up shortly.
- (ii) Efforts are being made to reduce frequency of transfers, and to increase the association of subject matter departments.

**Punjab :**

- (i) During 1984-1985, the State Government had instructed all the DRDAs to cover sector wise beneficiaries—30% each under primary and secondary sectors and 40% under tertiary sector.
- (ii) The State Government has instructed the DRDAs to supply the list of milch animals provided to the beneficiary families to the VAS of the nearest dispensary or hospital so that health cover is provided to the animals under the programme.
- (iii) The State Government has issued instructions for DRDA wise quick evaluation studies and physical verification of assets.

**Rajasthan :**

As regards training facilities for the field level functionaries, following action already taken :

- (i) Annual regular conference of Project Directors.
- (ii) HCM, RIPA has been made nodal department for imparting training to Project Directors, Project Officers, APOs etc.
- (iii) Half yearly conference of BDOs and Bank Officers being organised.
- (iv) Regular monthly meeting of BDOs at DRD level and Extension Officers, VLWs at block level.
- (v) Senior Officers are regularly being deputed to NIRD Hyderabad, IIPA New Delhi etc. for orientation.

- Uttar Pradesh:** (i) Every DRDA has been provided a Project Economist and two Assistants for project planning and evaluation.
- (ii) A monitoring cell has been set up at state level.
- (iii) As a matter of policy, BDO and his staff in the Blocks and technical officers at the DRDA level are not transferred frequently.
- (iv) Stress has been laid to develop village industries, therefore 150 families per block have been quantified for industries and 150 for service and business sector.
- (v) The State Government has developed a computerised system for monitoring.
- (vi) Training centres for imparting skills in village industries are being opened at divisional headquarters with the active assistance of KVIB & KVIC.
- (vii) All the DRDAs have been informed about the findings of the Evaluation Report as a guide to check recurrence.
- Delhi :** (i) Strategy for identification of families is being revised. Hence for the 5% of the families identified by the field staff shall be test checked by B.D.O. and 1% by DRDA so that chances of identification of families with higher income than prescribed be minimised.
- (ii) Perspective Plan for the 7th Plan is being prepared keeping in view the local requirements.
- Pondicherry :** Necessary steps are being taken to have a perspective Block Plan training of officials, diversification of schemes, etc.

#### **Latest Action Taken**

MRD had written to the State Govts. about Block level planning in July, 1985. The IRDP Guidelines, 91 have been streamlined to provide for better planning at the district and Block level.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### **Recommendation**

The Committee are surprised to note the reply of the Department of Rural Development that 'the individual family plans for all the families of each cluster will become a cluster plan. The cluster plans will collectively become annual block plans and will reflect the requirement and availability of both institutional credit and subsidies.

[Serial No. 12, Appendix-IV Para No. 2.22 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

The guidelines provide that Perspective Block Plans need to be prepared keeping in view demographic trends, resources in the area, economic activities, infrastructure and forward and backward linkages available in the area. The aggregate of family Plans prepared keeping in view above elements will become a cluster Plan and combination of all cluster Plan into block Plan.

[Department of Rural Development Office Memorandum No. 20012/460/  
87-IRD (A-II) dated 27.10.87]

### **Further Action Taken**

The observation relates to preparation of perspective block plans. With the introduction of qualitative monitoring at the field level it will be possible to obtain information on sample basis as to whether DRDAs are preparing Block Plans in accordance with instructions.

### **Latest Action Taken**

Methodology for individual family plans has been evolved in consultation with NABARD and is currently being fieldtested in 40 districts as the Family Credit Plan Scheme. The Central idea being to provide multiple assets to ensure that the assisted family crosses the poverty line.

Cluster plans have been segregated from individual by prescribing 75% of IRDP benefits would go to individuals on a pre-arranged basis and 25% would be provided by the DRDAs for cluster based interventions.

[Ministry of Rural Development 20012/460/87-IRD(A-II) dated 2.9.92]

### **Recommendation**

Instead of formulating the perspective plans for each of the block based on family and cluster plans the DRDAs had attempted the district plan first and had in most cases simply divided the district level targets, final allocations etc. equally into the existing number of blocks irrespective of its size, incidence of poverty, potential for further development and the levels of development already achieved. The Ministry of Agriculture had admitted that the programme had suffered on account of the above, approach and hence the need for perspective plans. This approach should have been adopted since very inception.

[Serial No. 13, Appendix IV, Para No. 2.23 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

It is agreed that in the initial period as mentioned in Action Taken notes on para 2.21, this programme did encounter some difficulties in the planning process. The Department has been emphasising the need for proper planning, from time to time.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### **Latest Action Taken**

Planning for IRDP has been incorporated as a separate task in the revised IRDP Manual, April. 1991.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

In this regard, the Secretary, Rural Development in his D.O. dated 6 January, 1986 emphasised the need for preparation of district plans with objective of drawing up project and sub-sectoral profiles based on the local potentials and the on-going sectoral plans and programmes to identify major potential thrust areas which could be tapped under the IRD Programme. These district plans must necessarily integrate sectoral plans so that the support services and backward and forward linkages required are available at the time of the economic activities taken under IRDP. These plans were to be prepared by March 1986. The deficiencies pointed out in PEO's study evaluation have also been circulated to all the State Governments for corrective action. The Committee would like to know the latest position in regard to the preparation of perspective Five Year/Annual Plans and desire that preparation of plans in districts should be made a pre-condition for release of funds in future.

[Serial No. 14, Appendix-IV, Para No. 2.24 of the 91st Report of P.A.C. (8th Lok Sabha)]

### **Action Taken**

To facilitate the process of preparation of the perspective Five Year and Annual Plans. The Department has delegated powers for approval of the Annual Plans from the State Level to the DRDAs. The Department has also asked the States and DRDAs to ensure that the Annual Plans are finalised and approved before the commencement of financial year. It has been advised that Annual Action Plan for succeeding year should be prepared and approved by February of the preceding year. The approval of the Annual Action Plan is one of the conditions which is looked into before the second instalment of Central assistance is made to the DRDAs.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### **Latest Action Taken**

Approval of Annual Action Plan is one of the conditions for release of 2nd instalment of IRDP subsidy.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### **Recommendation**

The fact that beneficiaries were selected without any survey indicate the casual approach of the Government in the matter. Non-identification of beneficiaries has resulted in, as admitted by the Secretary, Rural Development also, the improper selection of beneficiaries. According to Planning Commission's Sample Survey Report about 26 per cent beneficiaries were found to be ineligible whereas figures by NABARD and RBI are 15% and 18% respectively. In this connection, the Secretary, Rural Development suggested that if the list of beneficiaries is prepared by the village level workers and is vetted by public meeting in the village, that to a large extent can eliminate the process of wrong selection of beneficiaries.

[Serial No. 17, Appendix-IV Para No. 2.27 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

No doubt, the evaluation studies have pointed out to a wrong identification of beneficiaries ranging from 15% to 25.8% during 6th Plan. The instructions of the Government of India, even then were that after household survey, the list of identified beneficiaries should be placed before the Gram Sabha for approval and then published at the level of the Panchayat and the block. These instructions have been vigorously stressed in the 7th Plan. It may be mentioned that the Annual Report of the Concurrent Evaluation Oct. 85—Sep. 86 shows that the wrong identification has come down to about 9%. Even now, based on the receipt of monthly concurrent evaluation reports, the Department has been writing to the various State Governments expressing concern at even the existing selection of ineligible families and requesting that greater involvement of the Gram Sabha is necessary to reduce wrong selection ultimately leading to its elimination.

[Department of Rural Development Office Memorandum No. 20012/  
460/87-IRD (A-II) dated 27.10.87]

### **Latest Action Taken**

Household survey and selection by Gram Sabha was stressed in the 8th Plan. Concurrent evaluation, 89 has shown ineligible beneficiaries has come down. We have further indicated procedure for selection of beneficiaries for the 8th Plan by circular on Nov. 15, 1991. Household

survey, selection of beneficiaries and validity of the list for five years has been indicated. Further safeguards have been built into the selection procedure.

[Ministry of Rural Development 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

The Committee note that it has now been decided that the identification of the eligible families will be done through a detailed household survey of all the families seemingly poor in the village to assess their income. The surveyed families are then to be categorised into 3 income groups *i.e.* upto Rs. 2250, Rs. 2251-3500 and Rs. 3501-4800. The Lists of these poor families prepared by the village level worker/block staff, after approval in the meeting of the village assembly, is to be displayed on the notice board of the village panchayat and the block office. Additional measures are also being taken during Seventh Plan to involve the voluntary agencies in order to increase the peoples' participation through a new scheme called "Organisation of beneficiaries" to make the beneficiaries conscientious of their rights. The Committee would like to know whether the detailed household survey to identify the eligible families have been completed in all the States/Union Territories and if so, whether the details in this regard have been received analysed in the Department of Rural Development. The Committee hardly need to point out that the list of the poorest of the poor families should be completed each year before the commencement of the financial year and details of these families entered into a central register, as is being done in the State of Rajasthan, to ensure that no changes are made in the list at a later stage. The beneficiaries should be identified on the basis of household survey and the estimation of net per capita income per annum. The surveyors should also be given proper training in the skill of working out current net income of the beneficiaries and provided with guidelines/norms indicating the estimated income from different activities/schemes. The household survey work should be test checked by the representatives from Statistics Department. Correctness of surveys is an important factor in the successful implementation of the scheme.

[Serial No. 18, Appendix-IV, Para No. 2.28 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

The States are conducting a household survey for identification of families. Some are doing it on a yearly basis while others are doing it for a few years. It is important that the procedures prescribed for identification are followed at the grass-root level to ensure reduction, leading to elimination of ineligible families. As already mentioned, this percentage has come down from between 15—25.8% in Sixth Plan to about 9% in 1985-86 and the Department have been writing to the State Governments to further reduce/eliminate wrong identification.

The Department also agrees that to enable proper planning, the plans for a particular year should be prepared in the preceding year itself. Our instructions also provide that the annual plans should be ready by February of a year for the succeeding year beginning April. To facilitate finalisation of the Annual Plan, the Department has also delegated powers for approval of Annual Plans from the State level to the DRDA level.

The Department agrees that training of surveyor is essential for a proper household survey to be done. In this regard, our circular No. K. 14011/4/85-IRD-III dt. 23rd April 1985 states that this survey could be done by employing staff other than the normal extension staff for this purpose. The circulars also stress the importance of training the surveyors at the block level to facilitate the work.

As regards test-checking of household survey work, the guidelines of 23rd April, 1985 provide for sample checks to the tune of 5 by BDOs, 2 by SDOs and 1 by other project authorities.

It is agreed that the correctness of surveys is indeed an important factor for successful implementation of the IRD Programme.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Further Action Taken**

Names of States/UTs, as per information available in this Department, which have conducted household surveys for identifying old families assisted during the VIth Plan for the purpose of providing supplementary assistance is given at Appendix V of this Report.

#### **Latest Action Taken**

Household surveys for identification done yearly or periodically as per procedure adopted by the State Govt. Process of planning made time-bound so that annual action plan is ready in February of the previous year. Training of surveyors has also been indicated in the departmental circular. April 23, 1985. Sample checking of the household survey by SDO/BDO and other project authorities has also been stipulated. Revised procedure for selection of BPL families for 8th Plan has been evolved and circulated on Nov. 15, 1991. It includes training of functionaries for household survey lays down guidelines and formats for conducting household survey as well as test checking. Also stresses that PD, DRDA is competent to rectify omissions and commissions pointed out to him. Other safeguards have also been built in as desired.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]



### Recommendation

A uniform allocation of Rs. 35 lakhs was made for each block irrespective of the number of target population in that block for providing subsidy and also to meet expenses on essential infrastructure development, administrative cost and TRYSEM. Only an amount of Rs. 1167 out of above allocations was available as subsidy to each of the 3000 families to be assisted during the Sixth Plan period. In this connection, the Secretary, Rural Development stated during evidence that the Government, in consultation with the State Governments to a large extent have devised a new poverty ratio for the various States and it would be this basis that the funds would be allotted. To avoid problems in most of the States it was decided that for the first 2 years half of the funds, i.e., Rs. 4 lakhs would be allotted on the basis of the number of blocks as they stood on 31 March, 1985 and the remaining Rs. 4 lakhs would be on the basis of the incidence of poverty in the States. After 1986-87, the funds would be allotted entirely accordingly to the incidence of the poverty and the linkage of the funds to the blocks would be done away with. The Committee would like to be apprised of the latest position in this regard.

[Serial No. 21 Appendix IV Para No. 3.28 of the 91st Report of P.A.C. (8th Lok Sabha)]

### Action Taken

During the VI Plan for implementation of IRD Programme there was a uniform allocation of Rs. 35.00 lakhs per block and physical target of 3000 families to be assisted. This uniformity in allocations/targets has been criticised in various evaluation studies as well as in other forums. Therefore, in the VII Plan document, it is envisaged that allocations/targets under IRDP should be on the basis of incidence of poverty. However, in order to have gradual change over from uniformity to selectivity, the Plan document envisaged that during the first two years the allocation will be made 50% on the basis of number of blocks that existed at the end of the VI Plan and 50% on the basis of incidence of poverty. From 1987-88 onwards the entire allocation was to be made on the basis of selectivity. However, this has been again reviewed in consultation with the Planning Commission. It has been decided that during 1987-88, 2/3rd of the allocation will be on the basis of incidence of poverty and 1/3rd on the basis of number of blocks. During 1988-89, 3/4th will be on the basis of incidence of poverty and 1/4th on the basis of number of blocks. During the last year of the VII Plan the entire allocation will be on the basis of incidence of poverty. For States of Sikkim, Nagaland, Arunachal Pradesh, Mizoram and Goa and UTs for which separate figures of persons below the poverty line according to 38th round of NSSO Survey is not available, it has been decided that allocations for these States/UTs will be made on the basis of 8 lakhs per block. States have been informed *vide* letter No. K. 14011/2/86-IRD-III dated 3.3.1987.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### Latest Action Taken

Incidence of poverty has been progressively applied for allocation of funds during the 7th Plan and now all funds are allotted on this basis from 1989-90 onwards.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### Recommendation

It was intimated by the Secretary, Rural Development that the Planning Commission has defined the poverty line at Rs. 6400 per annum for a family of 5 and decided to divide all the remaining 44 million household at the base year of Seventh Five Year Plan in 4 fractiles, 0-2665, 2666-3500, 3501-4800 and 4801-6400. However, he further observed that the distribution of population actually to be assisted in each of the above 4 fractiles was not properly known and rough estimates indicated that there were about 1 million and odd household in the lowest fractile, 6 million and odd in the second, 13 million and odd in the third and about 20 million and odd in the fourth fractile. The policy of the Government during the Seventh Plan is to help a family to an extent by package investment which will enable it to not only cross poverty line but also to stay above in on a lasting basis. The households are to be covered from the midpoint of the destitute income slab to Rs. 6400 and this figure would be about Rs. 5268. The Planning Commission has made an assumption of 2.7 as the capital output ratio and to generate income of Rs. 5268 per family an investment of Rs. 14,000 or so would be required. However, in the second, third and fourth fractiles and investment of Rs. 7000-9000, Rs. 4000-6000 and Rs. 2000-3000 respectively would be required. The amount of investment would, however, depend on the availability of funds. It is disquieting to note that the assistance quantum during the Seventh Plan will remain the same viz, Rs. 3,000 per general category, Rs. 4,000 for DPAP areas and Rs. 5000/- for Scheduled Castes and Scheduled Tribes. The average level of subsidy in the Seventh Plan would also only be Rs. 1,333. This amount would indeed be totally inadequate to generate the desirable level of additional income and the objective of eradicating poverty would be different to be achieved. Therefore, during the Seventh Five Year Plan, keeping in view the rising prices, it is imperative that assistance to be provided to the beneficiary should be increased so as to make it realistic.

[Serial No. 22 Appendix IV Para No. 3.29 of the 91st Report of P.A.C.  
(8th Lok-Sabha)]

### **Action Taken**

The VII Plan states an annual household income of around Rs. 6,400 as the poverty line income in case of rural areas. Further, the estimates of families in the 4 fractiles is about 1 million households in the lowest fractile, 6 million in the second, 17 million in the third and 20 million in the 4th fractile. The Department agrees with the view that assistance to be provided to the families should be increased so as to make it realistic. In this regard it may be mentioned that the investment levels are slowly rising e.g. while in the first year of Sixth Plan it was Rs. 1186, in 1984 it was Rs. 3339. In 1985-86 the average investment for old families was Rs. 3725 while that for new families was Rs. 3812 and this was Rs. 3590 and Rs. 4511 respectively in 1986-87.

This point has also been stressed by the Department from time to time and also in the letter of the Agriculture Minister dated 29th August, 1985 the same has been highlighted.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### **Further Action Taken**

In August 1985, the Agriculture Minister wrote to the State Chief Ministers regarding higher investments. The Department has also taken up from time to time with the Planning Commission for increase in outlay.

### **Latest Action Taken**

Per family investment has been increasing in the 7th Plan because of the stress laid on them by the MRD. Exercises to indicate number of persons living BPL at the Block, District and State level has been initiated *denovo* for the 8th Plan. From this, the number of families within the various fractiles would be estimated. Package of assistance is being provided as per potential of each family. The family credit plan strategy is being field tested currently to provide multiple assets and multiple doses of assistance.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

The Committee note that the Integrated Rural Development Programme is financed partly by subsidy and partly by bank loans. Depending on the status of the beneficiaries, either as a small farmer or as a marginal farmer etc. the subsidy varies between 25 to 33.1/3 per cent of the cost of the scheme. Accordingly credit support of 3 to 4 times was required for implementing schemes. From the Manual on IRDP it is noticed that each bank was expected to have Lead District Officers in each district and that officer was to be given special responsibility for providing coordination among the bank branches in the district. In order to enable decision makers to take corrective action to step up flow of credit, an effective

machinery for monitoring flow of credit to the rural areas was required and for that purpose, the branch level officers were required to provide information both to their own superiors in the banking hierarchy and to Block Development Officers/District Collectors so that the banking institutions at all levels and the State Government machinery might have an idea of the pace of credit absorption. One of the main reasons for bringing the banks in the picture, as stated by the Secretary, Rural Development, was better scrutiny and viability of the scheme.

[Serial No. 24 Appendix-IV Para No. 4.18 of the 91st report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

Factual position has been reported hence no action.

[Department of Rural Development Office Memorandum No. 20012/  
460/87-IRD (A-II) dated 27-10-87]

#### **Latest Action Taken**

MRD noted the observation, Institution of LBO needs to be strengthened. Action is desirable at level of RBI.

[Ministry of Rural Development O.M. No. 20012/460/87—IRD (A-II)  
dated 2-9-92]]

#### **Recommendation**

Loans are sanctioned but there is little follow-up or supervision over the utilisation of the loans; as a result loans are not properly utilised and repayment is adversely affected. The irregular functioning of the banks in this regard has resulted in non-payment of loans by the beneficiaries in time and thus making them defaulters. The Secretary, Rural Development, had also admitted during evidence that the circulars issued by the NABARD and RBI are not viewed by the banking system seriously and strictly. In this connection, he pointed out that inspite of the instructions for not asking for surety upto a loan of Rs. 5,000 in most of the cases the banks insisted not only on surety but in many cases on collateral security also. Such a step was taken to secure the bank loan without any consideration to the State of penury in which the loanee existed and had apparently no means to comply with such procedures. Such insistence had totally nullified the objectives of the scheme and has led to interference of the middle man or 'Dalas'.

Blatant disregard of the Government instructions should be investigated and responsibility for the lapse fixed. The Committee deprecate this indifference and casual approach on the part of Ministry of Rural Development and Department of Banking and recommend that the Government and banks must also coordinate activities in connection with the disbursement of loans and should take steps to avoid the delay in sanctioning and disbursement of credit instalments by alerting the adminis-

trative machinery. Simplification of forms and procedure are also imperative. Strict and effective supervision should be provided to prevent non-utilisation of loan and partial utilisation of credit to non-productive purposes, sale of assets etc. proper utilisation of credit will help to increase the repaying capacity of beneficiaries.

[Serial No. 25 Appendix-IV Para No. 4.19 of the 91st report of P.A.C.  
(8th Lok Sabha)]

#### Action Taken

In order to reduce delay in the sanction of projects by the banks on account of lack of information etc. a common loan application form for all the projects has been prepared by the NABARD and circulated to all concerned *vide* letter No. I-12011/54/86-Credit dated 2nd March, 1987. This common application is to be used by all the beneficiaries and it is obligatory to all the banks to accept application in said form rather than separate forms as done by each bank earlier.

In order to ensure that instructions of the Government and Reserve Bank of India (RBI) are followed at the ground level, a system of regular supervision of rural branches by senior officers of the banks has been introduced. Officers of the level of Divisional/Regional Managers who are the controlling officers are required to visit every rural branch at least once within a period of three months with a check list designed for this purpose. During these visits, the senior officers are expected to look into aspects relating to observance of various instructions relating to implementation of IRDP. In order to ensure that there is adequate follow up and supervision, in regard to utilisation of the loans by individual beneficiaries instructions have been issued by RBI that one day in a week is to be observed as Non-Public Business Working day exclusively in the field for contacting their present and potential clientele for development work including monitoring of credit utilisation, recovery, etc. and for providing appropriate guidance to the borrowers. In order to eliminate the interference of the middlemen, a system of disbursement of IRDP loans and subsidy amounts in cash directly to the beneficiaries was introduced on an experimental basis in 22 selected blocks for selected activities and purposes under IRDP. The feed back received from RBI indicates that the experimental procedure has been helpful in eliminating middlemen to a large extent.

With regard to non-compliance of procedure/guidelines, the Minister of State for Rural Development had addressed all the Chief Minister *vide* D.O. No. F. 28011/33-85-IRD-III dated 6-8-1985 to take necessary action. It has been suggested to set up grievances cell at the DRDA level and Vigilance Cell at State level which could undertake flying checks on their own and also on receipt of any complaint.

Further, in order to make beneficiaries aware of their rights and also to participate in the proper implementation of the programme, it has been suggested *vide* letter No. L. 12013/2/85-PG dated 7-11-1985 to form

committees of beneficiaries at block and sub-committee at Panchyat level. The block administration will provide necessary facilities to these committees. Voluntary organisations have also been advised to assist in forming such organisations.

[Department of Rural Development Office Memorandum No. 20012/460/85-IRD (A-II) dated 2-7-1987]

### **Action Taken by Ministry of Finance**

Non-observance of existing instructions at the grassroot levels arises, in many cases, due to the branch level functionaries not being acquainted with the instructions. In order to acquaint the branch level functionaries with the existing instructions, banks have been advised on 31-7-1984 to conduct workshops for such functionaries. The banks have also been advised on 21-7-1987 to bring out manuals for reference and use of their staff. These are measures intended to keep staff at the branch level well acquainted with the existing instructions. On the other hand, the supervisory mechanism has also be strengthened. In order to ensure that instructions of the Government and Reserve Bank of India (RBI) are followed at the ground level, a system of regular supervision of rural branches by senior officers of the banks has been introduced. Officers of the level of Divisional/Regional Managers, who are the controlling officers, are required to visit every rural branch atleast once within a period of three months with a check list designed for this purpose. During these visits, the senior officers are expected to look into aspects relating to observance of various instructions relating to implementation of IRDP.

In order to ensure that there is adequate follow-up and supervision in regard to utilisation of the loans by individual beneficiaries instructions have been issued on 8-8-1986 by RBI that one day in a week is to be observed as Non-Public Business Working Day which is to be spent by the Branch Managers exclusively in the field for contacting their present and potential clientele for providing appropriate guidance to the borrowers and for monitoring of credit utilisation, recovery, etc.

In order to eliminate the interference of the middlemen, a system of disbursement of IRDP loans and subsidy amounts in cash directly to the beneficiaries was introduced on 1-4-1986 on an experimental basis, in 22 selected blocks, for selected activities and purposes, under IRDP. The feed back received from RBI indicates that the experimental procedure has been helpful in eliminating middlemen to a large extent.

In the direction of simplification of procedures, a common loan application form for all types of projects has been prepared and circulated to all the banks. The bank also send periodical statements to the block level officials indicating details of progress of implementation of the programme. Further, in order to achieve cordination in the matter of implementation of the programme, the State Governments have been advised in July, 1987 by the Ministry of Finance to constitute block level

consultative committees. These block level consultative committees can, not only monitor the progress in implementation of the programme at the block level, but also sort out the outstanding issues at the block level.

[Ministry of Finance Banking Division, Department of Economic Affairs  
Office Memorandum No. F. 19(30)/87-AC dt. 30-12-88]

#### **Further Action Taken**

A statement indicating the action taken by the State Govt./UTs Govt. on the Ministry's letter dated 6-8-85 is given at Annexure-I.

Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Punjab, Karnataka, Kerala, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh, Arunachal Pradesh, Chandigarh, Dadra & Nagar Haveli, Delhi and Goa, Daman & Diu have already initiated necessary action in this regard. Sikkim, Lakshdweep, Pondicherry and Nagaland have however, felt no need for such committees.

The remaining States and Union Territories are still considering the matter.

Sl.	Name of the States/UTs	Action taken by the State Govt. on MOS(RD)'s D.O. letter dated 6-8-85
1.	Andhra Pradesh	State Govt. has set up grievances cells at DRDA level.
2.	Assam	Acknowledged the letter.
3.	Bihar	No reply has been received so far.
4.	Gujarat	Grievances cells being set up.
5.	Haryana	No complaint received. Monitoring being done.
6.	Himachal Pradesh	State Govt. has set up grievances cells.
7.	J & K	No complaints received. Vigilance Commissioner looking into complaints.
8.	Karnataka	No need to set up the grievances cells.
9.	Kerala	Being examined by the State Govt.
10.	Madhya Pradesh	No reply has been received so far.
11.	Maharashtra	They have a complaint register in each DRDA.
12.	Manipur	State Govt. has set up grievances cells.
13.	Meghalaya	Being examined by the State Govt.
14.	Nagaland	Not proposed to set up grievances cell as they have only one DRDA.
15.	Orissa	Being examined by the State Govt.
16.	Punjab	No complaint received by the State Govt.
17.	Rajasthan	State Govt. has already set up grievances cells.
18.	Sikkim	State Govt. has already set up grievances cells.
19.	Tamil Nadu	No need to set up grievances cells.
20.	Tripura	Grievance cells being set up.
21.	Uttar Pradesh	No need to set up grievances cells. Machinery adequate.
22.	West Bengal	Only acknowledged the D.O. letter.
23.	A & N Islands	No case has been registered and Police is looking after this function.
24.	Arunachal Pradesh	Due to lack of funds it is not possible.
25.	Chandigarh	Grievances cell already exist.
26.	D & N Haveli	Grievances cell already set up.
27.	Delhi	Grievances cell set up.
28.	G. D. & Diu	Complaints being monitored.



Sl.	Name of the States/UTs	Action taken by the State Govt, on MOS(RD)'s D.O. letter dated 6-8-85
29.	Lakshadweep	No complaints received.
30.	Mizoram	Being examined by the State Govt.
31.	Pondicherry	Grievances cell has been set up.

#### Latest Action Taken

Formats for IRDP have been standardised and included in the IRDP Manual. Regular supervision of rural branches by senior officers of banks is going on. One day in a week is observed as a non-banking day so that BMs can follow up loans and make recoveries. A grievance cell at the DRDA level and a vigilance cell at the State level have been set up to ensure compliance of instructions. Block level, District level and State level Committees have been set up to coordinate with the banks. Beneficiary Committees have been set up at the panchayat level and block level. The Service Area approach has been implemented all over the country, by the banks with a view to improve rural banking. Cash disbursement instead of purchase of assets through a purchase was introduced in 50% blocks in the country.

The coordinating arrangements at the block, district, state and central level being geared up. However many micro level problems are still in evidence.

[Ministry of Rural Development O.M. No. 20012/460/87—IRD (A-II) dated 2-9-92]

#### Recommendation

The Committee gather from Audit that in a number of States records of recovery of loan or assistance granted to the beneficiaries were not maintained properly with the result that it could not be verified if the beneficiaries had adhered to the time schedule of repayment of principal and payment of interest on loans. In this connection, the Committee note that an intra-institutional committee consisting of representatives from RBI, NABARD and a few nationalised banks, was set up to examine the aspect of non-payment of loan instalment by the beneficiary. The aforesaid Committee came to the conclusion that the recovery under the IRDP is of the order of 69 per cent which was not less than the recovery in general. The committee, however, noticed that in some districts of Rajasthan, repayment period of the loan was too short varying from 6 months to 12 months only. Such short term loans could not achieve the purpose of the loan but would help the banks as well as the functionaries of the schemes in fulfilling their targets. Repayment in these States was also prompt and regular. The Committee was therefore of the view that there are some distortions in the rate of recoveries reported. The main purpose

for the non-payment found by this committee are scaling down unit cost and project cost resulting in adverse impact on the viability of the scheme; having out-of-date and unrealistic unit cost of many projects stipulated by the NABARD: projects being too small in dimension to bring a family above the poverty line; non-provision of backward and forward linkages as well as the skill available with the beneficiary; inadequate financing; late financing; late release of subsidy, alteration in the re-payment schedule resulting often in defaults and thus making the beneficiary ineligible for further assistance under the programme. The Committee desire that the problems faced by the beneficiaries in obtaining loans from the banks should be analysed in details and the rules simplified in consultation with RBI/NABARD.

[Serial No. 27 Appendix-IV, Para No. 4.21 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The record of recovery of loans is kept by the Banks. Primarily it is their responsibility to recover the loan, record the loan.

2. It is agreed that a short repayment schedule affects the viability of the scheme. The Department has, therefore, been writing to the Banking Division, RBI and NABARD to ensure that their instruction regarding repayment period are followed by the Bank branches. This point is being carefully monitored under the concurrent evaluation. In the first report of concurrent evaluation for Oct.-Dec. 1985, showed that the repayment period was less than three years in 65% cases. One year later in Sept., 1986, the concurrent evaluation reveal that this was 17%. The report for Jan.-March, 1987 shows that the repayment period was less than 3 years in 16% cases. Thus this percentage is coming down. The Department is consistently taking up this issue with the Banking Division of Ministry of Finance.

3. So far as Unit Cost is concerned, there are Unit cost Committees in each zonal office of NABARD. Each Committee is to meet once in six months. The function of the Committee is to fix or revise the unit cost according to prevailing prices of assets. The unit costs are communicated to all banks and these are expected to fix the amount on loan in accordance with the approved unit cost of the asset.

As regards the mechanism for coordination with banks, there is a four tier structure. There are Committees for this purpose at the block level, district level, state level and Central level. In late 1985, a committee was also appointed under the Chairmanship of the Chairman, NABARD to look into the aspects of simplification of procedures. The report of the committee has been submitted to the Reserve Bank of India and certain actions have been taken on the report. In January, 1987 consequent to a meeting between the Finance Minister and Agriculture Minister held in December, 1986, a Committee under the Chairmanship of Secretary, Rural

Development has further been set up to simplify the procedures. It may also be mentioned that in March, 1987, in consultation with NABARD, a common application form for IRDP loaning has been finalised and distributed to the States and the Banks. Secondly in June, 1987, the Reserve Bank of India has taken a decision that loans under IRDP upto Rs. 10,000 (earlier it was Rs. 5,000) in the primary sector should be free from any collateral security. All these steps are efforts to make and simplify the procedure and enable easier access to credit for families under IRDP.

[Department of Rural Development, Office Memorandum No. 20012/460/87-IRD(A—II) dated 27-10-87]

#### **Action Taken by Ministry of Finance**

The banks are required to maintain a proper record of recovery of loans. For this purpose, the bank branches maintain a Demand Collection Balance (DCB) Register. Further, a separate account is maintained in respect of each individual loanees. The respective accounts would indicate details of the loan and subsidy given, repayment period fixed, amount of instalment to be paid, outstanding amount at any given point of time etc. The individual beneficiaries are also required to be supplied with loan Pass Books in the local languages. The loan pass books of individual beneficiaries would also indicate all relevant details of the loan. Banks have, accordingly, been advised on 17th May, 1985.

NABARD have prescribed norms relating to the unit cost, moratorium period to be provided and repayment period to be fixed in respect of various types of activities. The banks are required to follow these norms. The aspect relating to fixing short repayment schedule is being monitored under the Concurrent Evaluation of the Programme. The deficiencies brought out by the Concurrent Evaluation Programme have been brought to the notice of the banks and the banks have been advised on 15-4-1986, 3-1-1987, 15-7-1989 and 30-8-1988 to have these deficiencies discussed in the meetings of the State Level Bankers' Committee and District Consultative Committee. As a result of these measures, there has been perceptible improvement in regard to fixing correct repayment schedule in as much as the Concurrent Evaluation Report for December, 1985 had indicated that in 55% of the cases evaluation, the repayment schedule was not as per the instructions, while by September, 1986, the position had improved and only in 17% of the cases short repayment schedules were found to have been prescribed.

In order to have a continuous review of the problems being faced, a high level committee has been constituted on 12-8-1981 by the Government of India. This high level Committee meets periodically and considers matters of policy relating to implementation of IRDP. Further, the Government of India have also set up on 22-1-1987 a high level Committee under the Chairmanship of Secretary (Department of Rural Development) to con-

sider measures necessary for simplification of the procedures of disbursal of loans to IRDP beneficiaries. NABARD have also constituted on 25-4-1986 a task force to make recommendations for resolving operational problems and to guide banks in maintaining appropriate standards of lending quality.

[Ministry of Finance, Banking Division, Department of Economic Affairs,  
O.M. No. F. 19-30/87-AC dated 3-8-1989]

#### **Further Action Taken (Vetted)**

In fact in the monthly concurrent evaluation report for September, 1986, the cases with repayment period less than 3 years was indeed 17%.

#### **Latest Action Taken**

Recovery primarily is the responsibility of the banks. Repayment periods of less than 3 years are being monitored through the concurrent evaluation. Unit costs committees for the farm and allied sector at the zonal offices of the NABARD have been activated to meet twice a year. District level Committees for the ISB sector have been set up. Coordination mechanism at Block, District, and State level have been set up in which review of recovery is a mandatory item. Liberalisation of procedures has been attempted. IRDP loan-cum-subsidy application for CB has been standardised. Loans upto Rs. 10,000 are now security free. Cash disbursement has been extended to 50% of the Blocks in the country. Under the revised procedure subsidy is now immediately adjusted.

[Ministry of Rural Development O.M. No. 20012/460/87—IRD(A—II)  
dated 2-9-92]

#### **Recommendation**

The Audit have pointed out a number of cases of excess payment of subsidy. In a number of States, subsidy was also paid in violation of the prescribed rates/rules. From the replies furnished by the State Governments the Committee find that the amount of Rs. 0.23 lakh paid by Gujarat State Milk Producer Co-operative Societies was from DPAP funds and not from IRDP funds. Similarly, Government of Madhya Pradesh have stated that the excess payment of subsidy in DRDAS worked out to Rs. 0.44 lakh and not Rs. 2.36 lakhs as mentioned by Audit. Again Government of Haryana have stated that the trainees were only given stipend on approved pattern. While the committee desire that the circumstances leading to payment of excess subsidy should be thoroughly investigated and action taken against the delinquent of officials, the Government of India should direct the State Governments to reply to the Audit objections/observations expeditiously so that such matters are settled well in advance and not incorporated in Audit Reports.

[Serial No. 28 Appendix-IV Para No. 4.41 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

Based on the observations in C.A.G's Report the concerned State Governments had been directed to send their comments on the observations contained in the C.A.G. Report. The excess payment of subsidy made by DRDAs in Madhya Pradesh was Rs. 0.44 lakhs as against Rs. 2.36 lakhs as mentioned in the Report. The State Government has also initiated action to recover the excess amount of subsidy paid. The Department has again written to the State Government.

In order to avoid delay in the release of subsidy, State Governments/Banks have been again advised vide letter No. 28011/15/86-IRD-III, dated 24-4-1986 that there is no need for 15 days notice to be given to the DRDA for adjustment of subsidy as provided in the earlier guidelines. The banks should release subsidy immediately. In case of non-availability of funds with the bank for adjustment of subsidy, the DRDA should bear the interest charges on subsidy portion of loan released by the banks.

[Department of Rural Development, Office Memorandum No. 20012/460/87-IRD(A-II) dated 27.10.37]

### **Further Action Taken (Vetted)**

On the subject of Excess payment of subsidy, the Govt. of Andhra Pradesh was requested on 6.3.86 for fixing the responsibility in cases where subsidy was a paid in violation of the guidelines and to take necessary action to recover the excess subsidy. In reply to this the State Govt. informed about the appointment of an enquiry officer to examine and enquire into the irregularities. The State Govt. was further reminded on 10.11.86 to intimate this Deptt. about the findings of the enquiry officer but no final reply has been received and State Govt. is again being reminded.

### **Latest Action Taken**

State Govts. have been advised to comply with Audit reports. Audit Cells have been set up at the State Headqrs.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

The Committee note that upto February 1982, the District Rural Development Agencies were required to deposit a portion of subsidy as soon as the loan applications were sanctioned by the banks so that the burden on the beneficiaries was only to the extent of net loan and thereafter the agencies were required to keep their amounts in Saving Bank Account in the principal branches of the participating banks so as to avoid locking up of funds. It is disquieting to note that most of the agencies did not follow the aforesaid instructions and there have been a number of cases of releasing the subsidy to banks in advance pending

release of loans by the banks. From the reply furnished by various State Governments/Union Territories in regard to the case of payment of subsidy in advance, the Committee find that whereas all cases of advance subsidy have been adjusted/refunded in Gujarat, Haryana, Andhra Pradesh and Tamil Nadu, the details were not available with the Governments of Maharashtra and Pondicherry. It is surprising to note from the reply of the Government that "field visits are meant for checking the impact of the programme and the allied matters like linkages, than matters of procedure". The Committee take a very serious view over this reply of the Government, and would urge the Government to take remedial steps to see that codal instructions are scrupulously followed.

[Serial No. 29 Appendix-IV Para No. 442 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The guidelines provide for opening of saving bank account by DRDA. In the initial year some State did not follow this procedure. When this fact came to the notice of this Department, it wrote to the State concerned that they should follow the procedure otherwise the Central Government will discontinue the release of central share. In view of the Committee's observations, the Department has again written to all the State Governments to follow up the prescribed procedure.

[Department of Rural Development, Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Action Taken by Ministry of Finance**

In compliance with the instructions issued by Department of Rural Development, Ministry of Agriculture from time to time to all the State Governments/Union Territories regarding opening of the Savings Banks Accounts, the following States/Union Territories have informed that according to the instructions issued by the Government of India, the procedure of keeping the IRDP Funds in Savings Bank Account is being scrupulously followed:

1. Arunachal Pradesh.
2. Bihar.
3. Dadra & Nagar Haveli.
4. Gujarat.
5. Himachal Pradesh.
6. Haryana.
7. Karnataka.
8. Lakshadweep.
9. Madhya Pradesh.
10. Maharashtra.
11. Mizoram.

12. Punjab.
13. Pondicherry.
14. Rajasthan.
15. Sikkim.
16. Uttar Pradesh.
17. West Bengal.

[Ministry of Finance, Banking Division, Deptt. of Economic Affairs, Office Memorandum No. 19-30/87-AC dated 3-8-1989]

#### **Latest Action Taken**

MRD issued instructions to all the States. Included in the revised Manual for IRDP.

[Ministry of Rural Development, O.M. No. 20012/460/87-IRD (A II) dated 2.9.92]

#### **Recommendation**

Apart from releasing the subsidy to banks in advance pending release of loans, delays have also been reported in release of subsidy in a number of States like Andhra Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Orissa and Rajasthan. This resulted in extra charge of the interest by the banks from the beneficiaries. The Committee however note that replies to all the points raised by Audit in this regard have been received from all the State Governments except Orissa and Rajasthan. From the analysis of the replies, the Committee find that furnishing of incomplete information is one of the major causes of delay in release of subsidy. The Department of Rural Development have admitted that delay in releasing the subsidy breeds corruption besides, adding burden of interest on the beneficiaries. The Committee, therefore, desire that complete information should be furnished to the DRDA/Bank in regard to the beneficiary, scheme given to him etc. In fact it is the view of the Committee that delay should not be allowed to occur and strict disciplinary action should be taken to ensure this. The Ministry of Rural Development have informed the Committee that with the introduction of the new procedure effective from February 1982 the DRDAs are to open savings banks account in advance and authorise the banks to adjust the subsidy due against this account at the time of the disbursement of loan and that there would be no delay in the adjustment of subsidy in future. In spite of the above instructions the revised procedure for administration of subsidy by opening savings bank account was not being followed in Uttar Pradesh and Bihar. The Committee would like to be apprised of the reasons for non observance of these instructions and desire the Government to fix responsibility for this lapse.

[Serial No. 30 Appendix-IV, Para No. 4.43 of the 91st Report of P.A.C. 8th Lok Sabha]

### **Action Taken**

In order to avoid delay in the release of subsidy, the States/Banks have been advised vide letter No. 28011/15/86-IRD-III dated 24-4-1986 that there is no need for 15 days notice to be given to the DRDAs for adjustment of subsidy as provided in the earlier guidelines. Instructions have also been issued by the Reserve Bank of India and the Department of Rural Development that as long as subsidy amount is available in the principal branch of a bank with which DRDA maintain its account, the financing branch will not charge interest on subsidy portion on the loan account even if adjustment of subsidy is delayed due to non-transfer of funds from principal branch to financing branch. In case non-adjustment of subsidy is due to non-availability of subsidy funds in the amount of DRDA, the latter will bear interest charged by the branch on the subsidy portion. The beneficiary would not thus have to bear interest in any event on account of delay in adjustment of subsidy to the individuals account.

As regards to opening of Savings Bank Account by the DRDAs and keeping of its funds in the account, the Department had been writing to the State Governments to follow the prescribed procedure. In the light of the Committee observations the Department has again written the State Governments to adhere to the Guidelines issued by the Department and keep IRDP funds on the Saving Bank Account. The State Governments have been asked to fix responsibility for non observance of instructions and take necessary disciplinary action.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A.II) dated 27.10.87]

### **Action Taken by Ministry of Finance**

The State Governments of Uttar Pradesh and Bihar have informed that the IRDP Funds are being kept in the Savings Bank Accounts by all DRDAs.

[Ministry of Finance Banking Division, Deptt. of Economic Affairs Officer Memorandum No. 19-30/87-AC dated 3-8-1989]

### **Further Action Taken**

With regard to opening of Saving Bank Accounts for keeping the Central and State Government releases to the DRDAs, the State Government have been advised to send the requisite information. The States of Aurnachal Pradesh, Bihar, Gujarat, Haryana, Uttar Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Sikkim, Tamilnadu, Tripura, and UTs of Anadman and Nicobar, Dadra and Nagar Haveli, Lakshadweep and Pondicherry have informed that funds released by the Centre and State Governments for implementation of IRDP to the DRDAs is kept in the Saving Bank Account.



[Department of Rural Development O.M. No. 20012/46D/87/IRD(N II) dated 21.9.90]

#### **Latest Action Taken**

MRD reiterated instructions on 24.4.86 to adhere to the new system of subsidy administration. In case of delay in release, DRDA will bear interest costs. States would fix responsibility and take disciplinary action in case officials are found negligent.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-I) dated 2.9.92]

#### **Recommendation**

In this connection, the Ministry of Rural Development have informed the Committee that the aforesaid procedure was reviewed in the meeting of the high level Committee on Credit Support held on 22 January 1986 and it was decided that if the delay in receipt of subsidy amount by the block branch is due to non-transfer of amount from the principal branch, no interest would be charged on the subsidy portion and if the delay in the adjustment of the subsidy is due to non-availability of funds in DRDA accounts, the respective DRDA would bear the extra interest out of the interest earned by it. The Committee desire that the above instructions should be followed scrupulously and in case there is delay in releasing the subsidy due to negligence of an officer either in the bank or in the DRDA interest payable on this account should be recovered from the officials held directly responsible for the lapse.

[Serial No. 31 Appendix-IV para No. 4.44 the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The observations of P.A.C. has already been discussed in the paras viz. 4.41 to 4.43. The Department have again reiterated their instructions to the State Governments in view of the Committee's observations.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD(A-II) dated 27.10.87]

#### **Action Taken by Ministry of Finance**

Instructions have been issued on 3.6.1986 by RBI that "as long as subsidy amount is available in the principal branch of a bank with which DRDA maintains its accounts, the financing branch will not charge interest on subsidy portion of the loan account even if adjustment of subsidy is delayed due to non-transfer of funds from principal branch to financing branch. In case non-adjustment of subsidy is due to non-availability of subsidy funds in the account of the DRDA, the latter will bear interest charged by the branch on the subsidy portion". Thus, the beneficiary would not have to bear interest, if any event, on account of delay in adjustment to the individual's account. Instructions have been issued by

RBI to banks on 11.12.1987 that in case of delay in releasing the subsidy due to negligence of an officer either in the bank or in DRDA, interest payable on account should be recovered from the concerned official.

[Ministry of Finance Banking Division, Department of Economic Affairs Office Memorandum No. F.19 (30)/87-AC dated 30.12.88]

#### **Latest Action Taken**

MRD has already issued instructions.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD(AI) dated 2.9.92]

#### **Recommendation**

It has also come to the notice of the Committee during their study tour to various States that in large number of cases subsidy portion of assistance was not being passed on to intended beneficiaries and that an intermediary class had emerged in the rural sector which by taking undue advantage of ignorance of the helpless poor is misappropriating the subsidy in connivance with bank officials. One of the leading economists also stated before the Committee that subsidy is a source of corruption. The Secretary, Rural Development also admitted this during evidence. In order to avoid misuse/misappropriation of subsidy, it has been decided by the Government that instead, of giving cash to the beneficiaries a Purchase Committee of 5 persons, a representative each of the bank, BDO and Panchayat, the beneficiaries and the representative of the concerned department would be formed. It is not relevant whether the subsidy is given in cash or kind but what is required is that there is adequate supervision and business like approach on the part of the departments to ensure that the beneficiaries get the assistance within the specified time and are not subjected to any hardship by the departmental officials. It is imperative that strict action is taken against the functionaries found involved or indulging in misuse or misappropriation of subsidy.

[Serial No. 32 Appendix-IV para No. 4.45 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

Minister of State for Rural Development in his D.O. letter No. F. 28011/33/85-IRD-III dated 6-8-1985 (Annexure IX) addressed to all Chief Ministers has advised, setting up Grievances Cell attached to each DRDA and Vigilance Cell at State Headquarter for looking into the complaints against leakages and corruption. The Vigilance Cell should take necessary action against officers and staff who have been found guilty of malpractices. The Ministry also advised to set up Internal Audit Cell at the State Headquarter. Further, it has also been advised to form Committees of Beneficiaries at Block Level and Sub-Committees at Panchayat Level for educating the beneficiaries of their rights and

involved them actively in the implementation of IRD programme. The Department has again written the States to fix responsibility for the lapse and take necessary action.

As mentioned in reply to para No. 4.19, an experimental scheme has been introduced in 22 selected blocks for payment of loan and subsidy amounts directly to the beneficiaries in Cash for selected purposes and activities under IRDP. The feed back received from the RBI indicates that the experimental scheme has been helpful in eliminating middlemen to a large extent Banking Division has advised the Chief Executives of the 28 public sector banks under D.O. NO. 21-22/84-AC dated 23-9-1985 that public sector banks should launch a drive against bank staff involved in cases of misutilisation of subsidy and administer severe punishment to them. The instructions provided that cases fit for criminal prosecution should be reported to the police without any delay.

[Department of Rural Development Office Department Memorandum No. 20012/460/87-IRD (All) dated 27.10.87]

#### **Action Taken by Ministry of Finance**

As mentioned in reply to Para Nos. 4.18 and 4.19 an experimental scheme has been introduced in 22 selected blocks for payment of loan and subsidy amounts directly to the beneficiaries in cash for selected purposes and activities under IRDP. The feedback received from the Reserve Bank of India indicates that the experimental scheme has been helpful in eliminating middlemen to a large extent.

As per the latest information available, Purchase Committees comprising a representative each of the bank, Block Development Officer and Panchayat, the beneficiary and the representative of concerned Department has been formed in 9 States/UTs. These are: Sikkim, Haryana, Dadra & Nagar Haveli, Kerala, Punjab, Himachal Pradesh, Lakshadweep, Andhra Pradesh and Karnataka.

Banking Division has also advised on 23.9.1985 the Chief Executives of the 28 public sector banks that a drive should be launched against bank staff involved in cases of misutilisation of subsidy and administer severe punishment to them. The instructions envisage that cases fit for criminal prosecution should be reported to the Police without any delay.

[Ministry of Finance Banking Division, Department of Economic Affairs Office Memorandum No. 19 (3)/87-AC dt. 11.9.1989]

#### **Further Action Taken**

Reaction of the State Governments to setting up of Grievances and Vigilance Cell is at Annexure 4.19. The Position of setting up of Internal Audit Cell is at Annexure II.

The position regarding formation of committees of beneficiaries at block level and sub-committees at Panchayat level are given at Para 4.19.

**Action Taken by States/Union Territories on instructions regarding diversion/misutilisation of funds will be communicated in due course.**

For "Internal Audit Cell" which is a part of "Monitoring Cell" set up at Head Quarter of States/Union Territories, staff has been approved by this Department in the following States/Union Territories:—

S. No.	Name of States/Union Territories
1.	Arunachal Pradesh
2.	Himachal Pradesh
3.	Meghalaya
4.	Mizoram
5.	Punjab
6.	Andaman & Nicobar
7.	Dadra & Nagar Heveli
8.	Delhi
9.	Goa
10.	Pondicherry

**Subsequent Action Taken**

The Department of Rural Development vide letter No. 20012/460/87-IRD(Accounts II) dated 27th September, 1987 advised the State Governments to take necessary disciplinary action against persons responsible for lapses, malpractices and misutilisation of the funds in the implementation of the Programme. The State Governments of Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Kerela, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, West Bengal, Tamilnadu have furnished information on action taken on malpractices, misutilisation and corruption under IRDP during the years 1985-90. Details of the cases may be seen at Annexure III. The States of Goa, Manipur, Nagaland, Tripura and UTs of Andman and Nicobar, Dadra and Nagar Haveli, Lakshadweep and Pondicherry have sent Nil Report in this regard. The information from other States/Uts is awaited.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 21.9.90]

Action taken on mal-practices, mis-utilisation and corruption under IRDP  
(Number of cases from 1985-March 1990)—(Provisional)

1.	2.	Action taken on mal-practices, mis-utilisation and corruption under IRDP (Number of cases from 1985-March 1990)—(Provisional)										
		3*	4*	5	6	7	8*	9	10*	11*	12*	13
		Arunachal Pr.	Gujarat	Haryana	H.P.	Kerala	M.P.	Maharashtra	Punjab	Rajasthan	West Bengal	Tamil-nadu
I.	(a) No. of complaints received	3	110	552	51	1505	277	270	116	478	371	58
	(b) Cases feasible for action	3	70	191	51	731	186	192	116	319	152	51
	(c) Cases in which action taken	3	70	121	51	613	123	76	116	194	150	51
II.	Punishment given by the Govt./Agency (if any) to:											
	(a) Govt./Agency Employees	—	11	18	—	6	20	—	1	—	—	1
III.	Cases referred for Vigilance Inquiry etc.,											
	(a) Govt./Agency Employees	3	—	—	—	4	3	—	2	1	—	28
	(b) Beneficiaries	—	—	2	5	3	2	—	—	25	—	1
	(c) Others*†	—	—	—	—	3	2	—	2	3	—	—
	Total (a to c)	3	—	2	5	10	7	—	2	29	—	28
IV.	(A) Cases taken up in the Courts against:											
	(a) Govt./Agency Employees	—	15	—	—	2	—	—	2	—	—	—
	(b) Beneficiaries	—	1	1	35	—	—	—	—	—	—	—
	(c) Others*†	—	3	2	—	—	—	—	—	—	—	—
	Total (a to c)	—	19	3	35	2	—	—	2	—	—	—
	(B) Cases convicted by the Court against:											
	(a) Govt./Agency Employees	—	1	—	—	—	—	—	—	—	—	—
	(b) Beneficiaries	—	—	—	1(3)	—	—	—	—	—	—	—
	(c) Others*†	—	—	—	—	—	—	—	—	—	—	—
	Total (a to c)	—	1	—	1(3)	—	—	—	—	—	—	—

\*† Others include traders, businessmen and other private persons etc. excluding bank employees.

\* Information till Dec. '89.

	Aruna chal Pr.	Gujarat	Haryana	H.P.	Kerala	M.P.	Maharas- htra	Punjab	Rajassthan	West Bengal	Tamil- nada
(C) Cases acquitted by the Court against:											
(a) Govt./Agency Employees	—	—	—	—	—	—	—	—	—	—	—
(b) Beneficiaries	—	—	—	—	—	—	—	—	—	—	—
(c) Others*†	—	—	—	—	—	—	—	—	—	—	—
Total (a to c)	—	—	—	—	—	—	—	—	—	—	—
(D) pending cases in the courts against:											
(a) Govt./Agency Employees	—	15	—	—	3	—	—	2	—	—	6
(b) Beneficiaries	—	—	—	16	1	—	—	—	—	—	—
(c) Others*	—	4	1	—	—	—	—	—	—	—	—
Total (a to c)	—	19	1	16	4	—	—	2	—	—	6

\*† Others include traders, businessmen and other private persons etc. excluding bank employees.

\* Information till Dec. '99.

Note:— A 'NIL' Report for the period of March, 90 has also been received from States of Goa, Manipur, Nagaland and Tripura and UTs. of A&N Islands, D&N Haveli, Daman & Diu, Lakshadweep and Pondicherry.

### Latest Action Taken

Grievance Cell has been set up in each DRDA and a vigilance Cell is to be created at State headquarters, Internal Audit Cells have been set up at State headquarters. Complaints received are being monitored by MRD.

Awareness generation of beneficiaries is being attempted through Beneficiary Committees set up at Panchayat & Block level. Cash disbursement has now been extended to 50% of the Blocks.

[Ministry of Rural Development O.M.No. 20012/460/87—IRD (AII)  
dated 2.9.92]

### Recommendation

The Committee note that the total bank credit mobilised for the IRDP during the Sixth Plan stood at Rs. 3101.62 crores against the target of credit mobilisation of Rs. 3000 crores. The per capita credit had increased from Rs. 1060 in 1980-81 to Rs. 2154 in 1984-85. Per capita investment in terms of subsidy and credit also moved up from Rs. 1642 in 1980-81 to Rs. 3344 in 1984-85. In spite of this, the per capita investment has remained well below the target commended by experts namely a minimum of Rs. 7000 and a maximum of Rs. 9000 for generating enough incremental income to raise the beneficiary above the poverty line. It is unfortunate that the banking institutions had not maintained separate account for the credit utilised under IRDP. In the absence of separate accounts for the Programme, it is not understood as to how the statistics regarding credit utilisation were verified. From the statement furnished by the Ministry of Rural Development regarding credit utilised during the Sixth Plan, it is noticed that in Meghalaya, Nagaland, Arunachal Pradesh, Chandigarh and Lakshadweep not a single rupee has been given to the beneficiaries from the banks. Similarly in Manipur, Mizoram and Andaman and Nicobar, the utilised was Rs. 22.38 lakhs, Rs. 6.80 lakhs and Rs. 14.28 lakhs against the target of Rs. 1501.50 lakhs, 1155 lakhs and Rs. 288.75 lakhs respectively. Similarly the target of credit utilisation could not be achieved in Assam, Bihar, Haryana, Himachal Pradesh, Jammu & Kashmir, Orissa, Sikkim, West Bengal, Goa, Daman and Diu and Dadar and Nagar Haveli. The inevitable conclusion is that the Ministry has failed to keep an eye on credit utilisation and it is clearly essential that there should be proper co-ordination between the DRDAs and Financial Institutions.

[Serial No. 33 Appendix-IV Para No. 4.60 of the 91st Report of P.A.C.  
(8th Lok Sabha)]



### **Action Taken**

In the initial years of the Sixth Plan, a programme of this size did encounter difficulties in the implementation. Subsequently on account of several remedial measures there had been improvement and the All-India average family investment which was Rs. 1168 in 1980-81 rose to Rs. 3339 in 1984-85. This further increased to Rs. 4511 during 1986-87. It is only All-India averages. For individuals and States this will be different.

2. IRDP is a credit link programme. However, in the Sixth Five Year Plan, the credit linkage was not obligatory in the North-Eastern States on account of poor credit infrastructure etc. In the North-Eastern States, the balance of the cost of the project was financed by way of self contribution etc. Therefore, the State-wise credit targets given in para 4.50 for the North-Eastern States requires to be amended accordingly. Some of the other States could not achieve credit target due to various factors.

3. For credit coordination, the guideline provides that the Annual Action Plan of the DRDA should be in conformity of District Credit Plan. Lead Bank in the Districts is a authority for this purpose. For the arrangement of Institutional Credit, it has been laid down that there will be four tier Committees at Block, District, State and Central level to review and monitor the credit arrangements and formulate guidelines accordingly.

[Department of Rural Development Office, Memorandum No. 20012/460/87-IRD(A-II) dated 27-10-87]

### **Action Taken by Ministry of Finance**

The banking system as a whole has consistently exceeded the credit targets under the IRDP. As regards the size of investment, The all India average family investment which was Rs. 1168 in 1980-81 rose to Rs. 3339 in 1984-85 and further increased to Rs. 4345 during 1986-87. Thus, the per family investment has been increasing progressively over the years. However, the per family credit assistance would be determined by the quantum of subsidy available in individual cases. The total quantum of credit assistance flowing to particular areas would be dependent not only on the total amount of susidy recommended by DRDAs for that area but also on the types of activities for which the applications are sponsored. If the nature of activity for which beneficiaries are sponsored do not call for high investment and the subsidy recommended thereof is also not of a high order, the financing bank would not be in a position to provide a large dose of credit assistance which would not be commensurate with the subsidy available, unduly large doses of credit could be beyond the credit absorptive capacity of the beneficiary in which case the beneficiary would be placed under an unduly large debt burden. In short, the quantum of credit would be dependent upon factors such as the amount of subsidy available, the level of investment required in the type of activity proposed

to be undertaken by the beneficiary, the credit absorptive capacity of the beneficiary, etc.

As regards verification of credit utilisation, banks have been advised by RBI on 27.5.1988 to furnish monthly return on implementation of IRD Programme, in the prescribed format to Block Development Office. The instructions were reiterated by RBI on 25.7.1987 and banks were also advised to furnish these reports to Ministry of Finance.

In the North-Eastern Region, credit development during the VI Plan Period was at a low level as a result of a combination of factors; chief of them being the absence of requisite infrastructure. As mentioned in reply to the recommendation contained in Para No. 4.20 a system has been since formulated for channelising credit assistance to IRDP beneficiaries in the unbanked blocks in the North-Eastern Region through the DRDAs. The credit requirement of the IRDP beneficiaries are thus expected to be taken care of even in the unbanked blocks in the North-Eastern Region. As a result of these measures, it is expected that the per capita credit assistance/investment level would increase further in the coming years.

It is envisaged under the IRD Programme that at the Distt. level, a Distt. Consultative Committee has been provided under the Chairmanship of Distt. Collector. All the banks and the Distt. level officers of the Govt., NABARD, DRDA and DIC are represented on this Committee. This formation should be utilized for allocating share of work to various banks, monitoring and reviewing the over-all progress in physical and financial terms running out the outer-agencies differently and prepare items for the consideration of State level Committees.

[Ministry of Finance, Banking Division, Department of Economic Affairs  
O.M. No. F 19(30)/87-AC dated 30.12.88]

#### **Latest Action Taken**

Utilisation of subsidy and achievement of credit targets have improved substantially during the 7th Plan. In the North East States also, the situation has improved except for Arunachal Pradesh, Central Teams have been sent to Arunachal and Manipur to devise a modified strategy.

Coordination arrangements have been strengthened. District credit plans are monitored by Committees at block, district & central level.

[Ministry of Rural Development O.M. No. 20012/460/87—IRD(A-II)  
Dated 2.9.92]

#### **Recommendation**

Not only the IRD Programme was launched without taking any preparatory measures but its implementation was also defective. Para 6.3 of the Manual on the subject issued by the Ministry states that "the success of the programme will be judged not just by the number of families identified and assisted but by the number of families whose income has increased to such an extent as to enable them to cross the poverty line".

The Committee are surprised to note that the Ministry has reported achievement of physical targets without having any block-wise information regarding the number of families actually crossing the poverty line since 1978-79. The Committee deprecate that the family oriented IRDP, far from being result oriented has ended up being only target or expenditure oriented. As soon as a beneficiary is identified he is presumed to have crossed the poverty line. This is an extremely misleading proposition. There is no means available to know that poverty level has actually been crossed. As the main objective of the IRDP is to enable the beneficiary to cross the poverty line, the Ministry should furnish the information regarding the beneficiaries who have actually crossed the poverty line. From the Statement showing the progress of the programme vis-a-vis the targets fixed during the Sixth Five Year Plan, the Committee find that some of States and Union Territories e.g. Assam, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, West Bengal, Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadar and Nagar Haveli, Lakshdweep and Mizoram have lagged far behind the National targets, Similarly these States/Union Territories also could not utilise all funds allocated to them. The Committee are distressed to note from the reply of the Ministry of Rural Development that the targets could not be achieved in these States/Union Territories due to lack of basic communication facilities and technical personnel, difficulties of terrain, inadequacy of financial institutions and administrative machinery etc. The Committee would like to know as to why proper action was not taken in time to remove these bottlenecks in the implementation of the programme.

[Serial No.35 Appendix-IV Para No. 5.11 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

**Main steps are as under:—**

- (i) The poverty line has been kept at Rs.6400. The income of the assisted families is to be raised to this level;
- (ii) For identification purposes, the cut off point has been raised to **Rs. 4800** per family. However, all the families with income upto Rs. 3500 have to be covered before taking up families with higher income;
- (iii) A higher investment per family, including package of assistance to enable proper return on investment, for new beneficiaries;
- (iv) Supplemental dose of assistance to those families assisted during Sixth Plan who have not been able to cross the poverty line, for no fault of their own;
- (v) The approach of uniformity has been changed to one of selectivity based on poverty incidence;
- (vi) **Identification of beneficiaries must involve the people's representatives much more closely;**

- (vii) Efforts to improve the linkages through identifying bodies at district level for this purpose or the establishment of District Supply & Marketing Societies;
- (viii) Increasing the coverage of Women beneficiaries to 30%.
- (ix) Initiating a new scheme for the proper coordination of the training effort through the establishment of Composite Rural Training and Technology Centres;
- (x) The administrative set up at block, district and State level should be streamlined and strengthened, wherever necessary. A High level Committee was also appointed to review the existing administrative arrangements for implementation of rural development programmes. The Committee has submitted its report to Planning Commission.
- (xi) Improvement in the functioning of banks, particularly at the grassroot level;
- (xii) Creating a better climate of awareness of beneficiaries and their proper organisation;
- (xiii) A greater involvement of voluntary agencies will be sought for implementation of IRDP schemes, including TRYSEM, to enable new types of family oriented projects to be implemented in a most effective manner; and
- (xiv) A new system of concurrent evaluation on the basis of taking up 36 districts, 72 blocks and a group of 10 current beneficiaries and 10 beneficiaries who received their assistance two years ago, per month has been introduced to have a closer monitoring of the programme;
- (xv) In order to diversify activities under IRDP, it has been suggested to take up new and innovative programme under IRDP viz.
  - (a) Setting up of resource base industries such as fruit and food processing units and the development of horticulture, vegetable growing, fish farming and tea cultivation etc.
  - (b) To identify strong purveyors of demand in the public sector and to encourage supply, against such demand from production groups, set up under IRDP for items like uniform required for defence & police personnel or school children and items required by the school children etc.
  - (c) Off-loading of production process with high labour content of rural production groups through suitable fiscal measures.
  - (d) Encouraging to set up Small Scale Industries in Rural Growth Centres through fiscal incentives.

- (xvi) To have closer dialogue and coordination between DRDAs for training under TRYSEM and Employment Exchanges for employment opportunities.
- (xvii) Qualitative monitoring of IRDP at DRDA and State level.
- (xviii) To set up special Teams/Missions for formulation of model projects on pilot basis for new selected districts.

[Department of Rural Development Office Memorandum No. 20012/460-87-IRD(A-II) dated 27.10.87]

### Subsequent Action Taken

The implementation of the programme has been evaluated by number of reputed academic institutions and also through monthly concurrent evaluation studies initiated by this Department since October, 1985. On the basis of findings of these research studies and concurrent evaluations, number of steps had been taken during 1985—87 to improve its implementation of IRDP and these may be seen at pages 53-54 of the earlier Action Taken Notes. Main steps taken for further **improvement** in the implementation of IRDP since April, 1988 are as under:

#### *Group Life Insurance Scheme:*

To provide social security to IRDP beneficiaries, a Group Life Insurance Scheme has been started with the help of Life Insurance Corporation of India. The families assisted under the programme w.e.f. 1st April, 1988 are eligible for getting assistance. Under this scheme, every beneficiary is insured for 3 years for Rs. 3000 and with double benefits in case of accidental death.

#### (ii) *Diversification of Activities:*

A number of steps have been initiated for diversification of activities under IRDP. These include innovative programme like fruit and food processing units, fish farming, encouraging supply of items required by the Public Sector (uniforms etc.) and Defence Services and items necessary for Operation Black Board and ICDS.

#### (iii) *Qualitative Monitoring of IRDP:*

A system of qualitative monitoring of IRDP through physical verification of assets and inspection at district/block levels has been initiated. DRDAs/District officials have been advised to have regular schedule for visits and inspections and to organise review meetings on quarterly basis for qualitative monitoring of IRDP on the basis of field visits and take necessary corrective measures.

#### (iv) *Projectisation and Professionalisation:*

Various studies had pointed out lack of planning and professionalisation in the preparation of district plans. the Department has initiated various steps to improve the status of projectisation/professionalisation at State and district levels. On a pilot basis, young professionals from different institutions have been posted with some selected DRDAs for specific purpose of projectisation of IRDP activities. The Department has also advised the State Governments to post officers who have the necessary technical qualifications for the implementation of Rural Development Programmes.

(v) *Innovative Programme:*

Innovative programmes like gem and diamond cutting, garment making, assembly of electronic goods etc. on pilot basis have been taken up at different places.

(vi) *Incentives for Setting up Small Industries:*

To encourage setting up of small industrial units in rural areas by IRDP families, exemption from excise duty has been given for production of processed food, footwear having value less than Rs. 75, television sets (B.W.) radios, cassette players, recorders, voltage stabilizers, calculators, electronic clocks, time pieces, electronic watches, audio cassettes, toys etc. by registered cooperative societies including women, Khadi and Village Industries Commission (KVIC) and units financially assisted by DRDAs under IRDP.

(vii) *Marketing of IRDP Products:*

A separate cell has been set up in GAPART with the objective of marketing IRDP products on professional lines. This cell has consultants and marketing experts who will guide States to ensure efficient marketing of goods produced under the programme.

(viii) *Service Area Approach:*

To streamline the flow of credit in rural areas, Service Area Approach has been introduced from 1st April, 1989. As per this, group of village are allotted to a bank branch for financing in the rural sector.

(ix) *Panchayat-wise allocation of Physical Targets:*

To spread the benefits of IRDP in all the villages in the rural areas, instructions have been issued to allot 75% of the physical targets on the basis of Gram Panchayats and remaining 25% on cluster basis.

(x) *Credit Support to Groups of Women under IRDP:*

The access of poor rural women to institutional credit has been found limited. In order to facilitate greater access to women, provision has been made under IRDP for support to thrift and credit groups of women belonging to the target group. These groups of women would be provided a grant equal to the amount of savings generated by them subject to the ceiling of Rs. 15,000 per group.

(xi) *Target of Handicapped:*

Target for coverage of 3% under IRDP has been earmarked for Handicapped persons.

(xii) *Increase of target for SC/ST:*

The target for SCs/STs during the sixth and seventh Plan was 30% of the families assisted. In order to ensure that adequate assistance is provided to these categories of beneficiaries, it has recently been decided to increase the coverage and outlay from 30% to 50%.

(xiii) *Increase of coverage of Women:*

During the Seventh Plan, it was envisaged that 30% of the families assisted should be women. From 1990-91 onwards the coverage of women under the programme has been increased to 40% of the families assisted under the programme.

*(xiv) Increase of ceiling on subsidy for SCs/STs:*

During the Seventh Plan, the pattern of subsidy under IRDP for SCs was 25% for small farmers, and 33½% for marginal farmers, agricultural labourers and rural partisans subject to a ceiling of Rs. 3,000. The pattern of subsidy for ST beneficiaries was 50% subject to the ceiling of Rs. 5000. Now the government has decided that subsidy admissible to SCs should be with those of STs w.e.f. 1990-91. Now the pattern of subsidy admissible under the programme for both SCs and ST families would be 50% subject to the ceiling of Rs. 5,000.

*(xv) Supplementary Dose of Assistance:*

During the seventh plan, supplementary dose of assistance had been provided to the old families of sixth plan those who have not crossed the poverty line for no fault, of their own. Now, during the eighth plan, it has been decided that supplementary assistance may be given to the families assisted during the seventh plan who have not been able to cross the poverty line for no fault of their own.

*(xvi) Consumption Credit for IRDP families:*

IRDP beneficiaries being poor often need immediate financial assistance for meeting their consumption needs for the purpose of sickness, deaths, marriages and ceremonies etc. In the absence of effective financial institutions, poor people have to go to the money lenders. With a view to free the poor from the clutches of money lenders, it has been decided that the DRDAS may provide consumption credit of maximum of Rs.5,000 in each case to the IRDP beneficiaries which will be recovered in suitable instalments from the beneficiaries.

[Department of Rural Development O.M. No. 20012/460/87—IRD (A II)  
dated 21.9.90]

**Latest Action Taken**

Monitoring is done through the concurrent evaluation. Percentage of families crossing the poverty line has reached 28% as per concurrent evaluation, 89.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (B II)  
dated 2.9.92]

**Recommendation**

The Audit have pointed out in the progress reports of various States/ Union Territories, a number of financial and physical deficiencies/Short-comings such as treating the unutilised amounts of advances/subsidies given to various banks/institutions as final expenditure, inflating the number of beneficiaries assisted, thin assistance ranging from Rs. 173/- to Rs. 220/- in Uttar Pradesh, double counting of the beneficiaries, assuming the achievements on the basis of subsidy released to the banks instead of its actual disbursement etc. From the reports of visiting teams to various States, the Committee also find a number of other deficiencies like non-conduct of household surveys for identification of beneficiaries (U.P., Bihar, J&K and Maharashtra), non-verification of assets (U.P.), non-supply of information regarding clearance of loan applications and adjustment of subsidy (U.P.).

non existence of training institutions (Bihar), non-identification of viable projects (Bihar) etc. It is also interesting to note that the Central teams did not visit at all most of the State/Union Territories in North-Eastern Regions. The teams also did not visit remote areas in various States. Accordingly the difficulties and peculiar problems so vital for alleviation of poverty in these areas cannot perhaps be appreciated and comprehended by the concerned authorities.

[Serial No. 38, Appendix-IV Para No. 5.14 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The guidelines provide that household survey should be conducted for identification of beneficiaries. This has again been reiterated by Secretary (RD) in his D.O. of 6th January, 1986. State Governments had also been advised for physical verification of assets provided. The area officers were visiting the States allotted to them and also attended S.L.C.C. meetings including the North-East Region for review of the programme.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87 ]

#### **Latest Action Taken**

State Govts. have been advised to comply with audit observations. Physical verifications are to be done on a campaign basis every year.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

#### **Recommendation**

The Ministry of Rural Development stated that the deficiencies in the programme were noticed by the Central teams and the same were brought to the notice of respective State Governments and pursued with them. In spite of apparently elaborate monitoring arrangements the Committee find that there had been no attempt at remedying the deficiencies. The visiting teams entrusted with the responsibility of overseeing the programme had not properly performed their duties and had not realised the challenging nature of an important assignment in the national interest. The Committee would like to be apprised of the remedial measures taken to avoid recurrence of such lapses in future.

The Committee feel it imperative that no programme of such a large magnitude, especially when it involves huge financial outlays should not be undertaken without taking proper preparatory measures. A less ambitious programme based on incidence of poverty closely monitored might have achieved better results.

[Serial No. 39, Appendix-IV Para No. 5.15 of the 91st Report of P.A.C. (8th Lok Sabha)]



### **Action Taken**

The observation of the field visits and shortcomings pointed out by the various Evaluation Studies have been taken into account for revamping of the Integrated Rural Development Programme (IRDP) in the VII Plan. Specific shortcomings with reference to individual States were sent to the State Government for necessary action. The Programme is closely monitored at Central and State Government levels and evaluated by Central Government, State Government and District Rural Development Agencies (DRDAs). In addition, financial institutions have also carried out such evaluation studies. From October, 1985 a monthly Concurrent Evaluation study has been initiated and findings of these studies are sent to State Governments for necessary corrective action. On the findings of twelve Monthly Concurrent Evaluation Report (October, 1985-September, 1986) Agriculture Minister has also written to Chief Ministers pointing out specific shortcomings in their State and advised to take up corrective measures.

[Department of Rural Development Office Memorandum No. 20012/460/  
87-IRD (A-II) dated 27.10.87]

### **Latest Action Taken**

IRDP is constantly reviewed. Guidelines are modified to remedy reiterated problems.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### **Recommendation**

Keeping in view inadequate resources, one of the eminent economist advocated that dimension of the Integrated Rural Development Programme must be cut down. During evidence the Secretary, Rural Development deposed that "the moment target is reduced *ipso-facto* the allocation gets reduced and if allocation gets reduced then the whole thing get reduced." However, in view of the policy of the Government to bring down the percentage of persons below poverty line to 10 per cent by the end of 1995, the Ministry of Rural Development feel that it is not possible to reduce the dimensions of the programme. The Committee recommend that the States/Union Territories should specifically be told to select the beneficiaries on the basis of incidence of the poverty. The identified families should be provided adequate funds, even if it is to be done by reducing the targets, to enable them to cross the poverty line in one go. The Planning Commission should also have practical approach in this regard and the allocations be made keeping in view not the targets, but the aims and objects of programme. The selection of the schemes requires careful planning and consideration. There was no consideration for local resources and backward and forward linkage. The Committee urge that the Government should consider adopting ecologically suitable schemes with

high employment potential such as afforestation and social forestry which are essential components of Drought Prone Area Programme in certain States. Similarly, less capital intensive schemes suitable for generating regular income like spinning and weaving, have a very low level of awareness among the people although these programmes could have been popularised particularly among the female members who could have helped to raise the income level of the family. The Memorandum on IRDP submitted by the Indian Society of Agriculture Economics has pointed out that achievement was not proportionate to the expenditure incurred and that assets provided to the beneficiaries have dissipated—either sold or consumed or deteriorated and the skill formation was rather meagre. The Committee urge the Government to look into these aspects carefully before releasing assistance to the beneficiaries in the Seventh Plan period. A reference in this regard is also relevant to the statement made by the Minister of State for Finance in the Lok Sabha on 8-4-1987 in which he stated that non-comprehensive review of viability of old units financed by bank under the IRDP was done. This does not indicate a satisfactory state of affairs and the Committee would urge the Government to review continuously the viability of activities for which loan is sanctioned.

[Sl. No. 40 Appendix-IV Para No 5.16 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The guidelines provide for an approach where the selection of beneficiaries is made on the basis of the poorest being taken up first. It is also agreed that the selection of scheme requires careful planning and consideration and the same should be based on local resources with planning for necessary forward and backward linkages. This point has been emphasised in the guidelines, in the letter of Secretary (RD) of 13th May, 1985 and of 27th May, 1985 and in the Agriculture Minister's letter of 29th August, 1985. Very recently, again the Agriculture Minister has stressed this point in his letter of 4th July, 1987 to the Chief Ministers of States.

With regard to allocation of funds for the programme, the allocations under IRDP are being made keeping in view the objectives of the programme and the targets are decided accordingly within the overall frame-work of plan resources.

The total allocation for IRDP in the Seventh Plan is Rs. 2358.81 crores of which Central share is Rs. 1186.79 crores. As mentioned during evidence, this allocation is an indicative figure. The actual allocation for the programme is provided on the basis of Annual Plan discussions and financial resources available during the each year. Out of the Central Sector Rs. 820.25 crores is anticipated to be utilised during the first three years of the Seventh Plan i.e. about 69.10% of the total Central share of

allocation. The allocation for the next two years together with actuals of the allocations made so far would exceed the total allocations initially made for the Seventh Plan period.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD(A-II) dated 27.10.87]

#### **Further Action Taken (Vetted)**

The issues of adequate funds for the programme is taken up by the Department regularly at the time of annual plan discussions, with Planning Commission. The Department request for appropriate allocations which are finally decided by the Planning Commission, looking to overall availability of resources.

#### **Latest Action Taken**

Guidelines for selection of beneficiaries, planning of backward and forward linkages etc. to improve impact of IRDP have been streamlined in the IRDP Manual, April, 1991.

[Ministry of Rural Development O. M. No. 20012/460/87-IRD(A-II) dated 2.9.92]

#### **Recommendation**

The Committee urge that while selecting activities for IRDP every care should be taken to see that requisite raw materials and other inputs are made available to the beneficiaries at the right time and at reasonable prices. State Government should also see to it that their produce is marketed at remunerative prices. There may be some difficulties in achieving this but they must make every effort to see that a machinery or system is evolved which will ensure that the producers get the best possible prices. What the machinery is they must inform the Government of India. Consolidating and pooling of funds available to the sectoral departments and allocating the funds to IRDP to enable them to take coordinated action for the optimum utilisation of the available resources is considered imperative. The institutional/organisational support of the organisation such as Khadi and Village Industries Commission, All India Handloom and Handicrafts Board, Milk and Dairy Corporation and Small Scale Industries Corporation should be given to the beneficiaries so that these institutions may provide them the necessary forward and backward linkages and expertise. In case where produce is such that no organisation is available in a district to cover it, the Committee recommend that supply and marketing societies must be set up separately with linkages with higher and lower level of these institutions.

[Serial No. 42 Appendix No. IV Para No. 5.31 of the 91st Report of P.A.C. (8th Lok Sabha)]

### **Action Taken**

According to guidelines, the District Rural Development Agencies are required to prepare perspective and Annual Action Plan keeping in view the local resources, social and institutional infrastructure available and performance of other schemes.

In the VIIth Plan it is envisaged that the families under IRDP should be provided a package of assistance so that they cross the poverty line with one dose of assistance. Agriculture Minister in his letter of 29.8.1985 has highlighted the steps to be taken for effective implementation of the programme. In the said letter, in addition to others, it has also been reiterated that forward and backward linkages should be provided. District Supply and Marketing Societies may be set up for marketing of goods produced by IRDP beneficiaries.

In the VIIth Plan document as well it has been emphasised to ensure a balance sectoral coverage under the programme. The para 2.25 of the VIIth Plan document reads as under:—

“It is important to ensure a balanced sectoral coverage under the Programme. To achieve this objective there would be a renewed emphasis on decentralised planning at the district level with the objective of drawing up project and sub-sectoral profiles based on the local potential and the on-going sectoral plans and programmes which could help to identify the major potential thrust areas in different regions. Such plans at the district level would have to be prepared within the first year of the Seventh Plan. In the process, on-going target group-oriented schemes being implemented by different departments will be rationalised and others capable of such orientation, the Special Rice Programme, Operation Flood II (OF-II) Programmes for Handlooms and Sericulture, etc. would be given a specific direction towards the target group of the IRDP with a view to achieving maximum integration between the individual beneficiary-oriented content of the IRDP, on the one hand, and the infrastructure and service support made available through such programmes, on the other. For example, the benefits intended to be provided to 10 million families under the OF-II could be easily directed first to the IRDP beneficiaries who might have got milch cattle, rather than having an independent selection of farmers who in most case would be better off and more easily able to fend for themselves.”

[Department of Rural Development) Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### **Further Action Taken (Vetted)**

The Statement at Annexure-IV indicates per capita investment for each State in VIIth Plan. Since generally this has increased, packages has also increased.

## ANNEXURE IV

Net per capita Investment under IRDP during 1985-86 and 1986-87

(In Rs.)

Sl. No.	Name of the States/UTs	1985-86 New Old families	Famili- es	Total for Old & New families	1986-87 New Old families	Total for Old & New	
1	2	3	4	5	6	7	8
1.	Andhra Pr.	Combined		3817	3312	4309	
					4581		
2.	Arunachal Pr.	1234	1398	1329	Combined		1766
3.	Assam	Combined		4612	Combined		5900
4.	Bihar	3341	3363	3357	3743	4038	3931
5.	Goa	Combined		3135	1226	4401	3174
6.	Gujarat	2498	3368	3011	2756	3734	3346
7.	Haryana	4073	4244	4227	4145	4492	4392
8.	Himachal Pr.	3074	3624	3253	3315	4178	3592
9.	J & K	Combined		2773	4259	4426	4421
10.	Karnataka	3537	3641	3604	4013	4250	4135
11.	Kerala	Combined		3436	3572	5713	4324
12.	Madhya Pr.	3419	3770	3984	4236	4561	4459
13.	Maharashtra	3716	4881	4657	3677	5229	4520
14.	Manipur	Combined		1818	Combined		2452
15.	Meghalaya	Combined		2206	2182	3514	3237
16.	Mizoram	Combined		3368	2129	3063	2881
17.	Nagaland	2236	2379	2365	1926	4288	4104
18.	Orissa	2445	2719	2706	2528	3052	2864
19.	Punjab	3081	4216	3777	3736	4777	4239
20.	Rajasthan	Combined		3190	3001	3373	3338
21.	Sikkim	2556	2605	2591	2702	3548	3298
22.	Tamil Nadu	2750	4963	3664	3476	9274	4268
23.	Tripura	Combined		5442	Combined		6223
24.	Uttar Pr.	3091	4292	3638	3803	4782	4181
25.	West Bengal	Combined		3286	3697	4152	4020
26.	A & N Islands	N.A.		N.A.		Combined	
27.	Chandigarh	N.A.		N.A.		Combined	
28.	D & N Haveli	2515	2973	2817	4107	4556	4404
29.	Delhi	5731	4131	4328	—	5806	5806

1	2	3	4	5	6	7	8
30.	Daman & Diu	Including in Goa State		9726	Including in Goa State		
31.	Lakshadweep	6510	10434		Not Re-		
					ported		
32.	Pondicherry	Combined		3360	Combined		2940
	All India	Combined		3574	3590	4511	4076

## Net per capita Investment under IRDP

1987-88

ANNEXURE IX

Sl. No.	Name of the States/UTs	Per capita Investment (Old)	Per capita Investment (New)
1.	Andhra Pr.	3894	5189
2.	Arunachal Pr.	2397	2208
3.	Assam	4944	5645
4.	Bihar	3634	4439
5.	Goa	2386	6686
6.	Gujarat	3087	3289
7.	Haryana	4679	4498
8.	Himachal Pr.	3526	4764
9.	J & K	4935	5123
10.	Karnataka	4331	4816
11.	Kerala	3788	6188
12.	Madhya Pr.	4516	3653
13.	Maharashtra	3798	5501
14.	Manipur	2220	3381
15.	Meghalaya	2525	5063
16.	Mizoram	—	4661
17.	Nagaland	5677	7384
18.	Orjssa	2450	2602
19.	Punjab	3687	4755
20.	Rajasthan	1188	3593
21.	Sikkim	3723	4373
22.	Tamil Nadu	3999	5674
23.	Tripura	4947	5715
24.	Uttar Pr.	3894	4993

1	2	3	4
25.	West Bengal	3853	4892
26.	A & N Islands	3931	5956
27.	Chandigarh	—	—
28.	D & N Haveli	5260	5201
29.	Delhi	6658	5003
30.	Daman & Diu	2694	4802
31.	Lakshadweep	5317	7716
32.	Pondicherry	3026	6815
	All India	4288	4775

#### Latest Action Taken

7th Plan document stated that integration should be attempted by dept. so that IRDP beneficiaries get benefit from all supportive schemes. We have also subsequently written to the State Govts. to ensure coordination.

[Ministry of Rural Development O.M. No. 20012/4600/87-IRD (A-II)  
dated 2.9.92]

#### Recommendation

In a number of Memoranda submitted to the Committee in some studies as also during the study tour of the Committee it has been brought out that the same cattle heads, milch and others were passed on to different beneficiaries under the programme sometimes simply because so many heads were not available at all. The NABARD survey showed at 40 to 50 per cent of investment was accounted for by dairy goats and sheep. Bullocks, camels (with or without carts) accounted for another 20 per cent, minor irrigation accounted for 13 to 14 per cent and non-farm activities accounted for barely about 25 per cent. In other words, nearly two-third of the loans (and subsidies) were in the form of livestock. The leakages, according to Indira Highway, amounted to 25 to 30 per cent of the total participants. The NABARD survey (1984) showed a high proportion of 26 per cent of leakages of loans for animal husbandry. About half were due to misuse of loans and the other half due to sale of animals. It has been brought out to the notice of the Committee that there are poor veterinary facilities, inadequate arrangements for marketing of the products, uncertain supply of fodder and feed and the inferior quality of the milch animals. Many of the animals were older than prescribed and are in the declining state of their productivity. There is also reportedly misuse in the purchase of animals and there is no mechanism of present exploitation by brokers. The rate of disease and mortality among animals is reportedly very high and this proves the callousness of the officials more pointedly of the veterinary doctors who certify the fitness of the animals and who are

responsible for their upkeep. The Committee feel that a long term planning in this regard is necessary and to meet such situations there is a great need for giving incentives by way of subsidy to the co-operatives for starting the breeding centres. The Central/State Governments should also see the feasibility to start their own breeding centres where from the beneficiaries could directly get animals under the programme. A suitable monitoring machinery must be devised so that the beneficiaries are supplied milch cattles of good breed or other domestic animals. Similarly, arrangements for food and fodder, veterinary doctors, linkages for the beneficiaries should also be kept in view while formulating schemes of animal husbandry under the IRDP.

[Serial No. 44 Appendix IV Para No. 5.38 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

The guidelines on IRDP provides that there should be a purchase committee consisting of representatives of DRDAs, veterinary Officer, concerned Department, banks and beneficiaries for purchase of Milch Cattle and other items. The cattle purchased should be ear tagged in order to avoid malpractices. It should also be insured. The DRDAs are required to prepare annual Action Plan keeping in view backward and forward linkages for the purpose of individual family as well as DRDAs. Vikas Patrika is to be issued to the individuals and this should be up-dated regularly. Adequate Monitoring arrangement has been made at DRDA, State and Central level.

There are already Central and State Cattle Breeding Farms. However, the supply of superior breeds of cow from these farms is inadequate. The Deptt. of Animal Husbandry has been requested to enlarge the scheme of Special Live Stock, Production Programme (SLPP) to meet the requirement of IRDP families. Seventh Plan also provides scheme of Special Live-Stock Breeding Programme which will help in making good quality animals available to the IRD beneficiaries and the Department of Agriculture is implementing this scheme. In view of the fact that there are desert areas in Rajasthan where uncertain supply of fodder and feed exists, instructions have been issued to the effect that financing of animal husbandry schemes under IRDP be taken up in districts only where drinking water and fodder are available. A maximum of upto 25% of beneficiaries in a particular year may be allowed to purchase milch cattle after making arrangements for regular supply of fodder and collection of milk.

[Department of Rural Development Office Memorandum No. 20012/460/  
87—IRD (A-II) dated 27.10.87]



### **Latest Action Taken**

Leakages are sought to be plugged through simplification of procedures by eliminating the Purchase Committee. Insurance is being insisted upon for animals. Efforts have been made to coordinate with State Govt. Depts., Cooperatives and voluntary to provide inputs for animal husbandry. Over the last 10 years emphasis has shifted gradually to better income generating activities in the secondary and tertiary sectors. As a result animal husbandry accounts for about 20% of total IRDP.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### **Recommendation**

The Committee note that the guidelines issued by the Ministry in November, 1981 laid down that two milch animals should be supplied in succession to the same beneficiary soon after the first animal stop lactating as otherwise, the beneficiary would experience a fall in his income and slip back into poverty. In spite of these instructions, a number of cases where the second animal was not supplied were brought to the notice of the Ministry by its representatives on the State Level Coordination Committee. The Ministry only reiterated guidelines issued on the subject and did not take any conclusive action. Further a number of States informed the Committee that the second milch animal could not be supplied due to default of the beneficiaries in repayment of first loan and consequent reluctance of Banks to sanction second loans, non-claiming of second animals by the beneficiaries and emphasis on supply of first animal by the financial institutions. The Committee deprecate that even though a specific provision was made for the supply of a second milch animal these instructions were violated with impunity.

Serial No. 45 Appendix IV Para No.5.39 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

From time to time, the Department has been asking the State Governments to ensure compliance of the guidelines that two milch animals should be supplied as part of dairy activity, Based on the observations of the Committee, the department has again written to the State Governments and DRMs to ensure this.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 27.10.87]

### **Latest Action Taken**

State Govts. have been advised to take necessary action RBI should also instruct banks accordingly.

[Ministry of Rural Development 20012/460/87-IRD (A-II) dated 2.9.92]

### Recommendation

The Committee find that the Ministry of Rural Development released to the implementing agencies Rs. 54.67 crores, Rs. 68.25 crores and Rs. 75.68 crores during March in the years 1982, 1983 and 1984 respectively against the total release of Rs. 128.45 crores, Rs. 176.17 crores and Rs. 194.23 crores in the respective years, representing 44 per cent, 33 per cent and 38 per cent respectively of total expenditure. The District Rural Development Agencies also spent disproportionately larger amounts during March/last quarter of every year. During test check, the Audit have detected a number of cases of rush of expenditure in the month of March. Such rush of expenditure had tended to artificially push up the prices of the assets to be provided and had become instrumental in fattening the pockets of the middle man at the cost of rural poors. Beside this the quality of the assets had also to be compromised to spend the money within a short period. Rush of expenditure in a single month causes financial irregularities and should be avoided. The Committee are concerned to note that the Department of Rural Development did not take any effective steps to remedy the situation although they were aware of such a situation existing in most of the States. The reply of the Ministry that "Such a rush of expenditure towards the end of the last quarter of the financial year has been noticed not only in this Ministry and its programme but in other Ministries, their programmes and also in the State Governments" is wholly untenable and is not at all satisfactory.

[Serial No. 48 Appendix IV Para No. 5.56 of the 91st Report of P.A.C. (8th Lok Sabha)]

### Action Taken

The Department agrees that rush of expenditure in the last months of a financial year is avoidable. Steps have been taken in the last few years to overcome this difficulty. The table below would indicate that efforts are being made to release more funds in the initial months of the year and very little towards the end of the year.

(Rs. in crores)

Year	B.E. (Central Allocation)	Releases during April	Releases during March	Total release	% released during	
					April to February	March
1980-81	91.98	22.14	60.44	82.58	26.81	73.19
1981-82	140.50	74.83	54.42	128.45	57.63	42.37
1982-83	180.50	105.59	70.68	176.27	59.90	40.10
1983-84	210.00	123.14	76.44	199.58	61.70	38.30
1984-85	216.00	132.48	81.76	214.24	61.84	38.16
1985-86	212.50	168.01	44.43	212.44	79.09	20.92
1986-87	287.50	287.44	0.91	288.35	99.68	0.32

The above table would indicate that in March 1986 only 20.92 per cent of Central funds were released while in March 1987 it was only 0.32 per cent.

In 1987-88 the Department released the first instalment of Central share, on 1st April, 1987 itself and have asked the States to ensure that they claim the second instalment between October and December 1987 so that there is no need for any releases in the last three months of the financial year.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 27.10.87]

#### **Latest Action Taken**

MRD agrees with this observation, Quarterly budgeting has been introduced to eliminate need for last minute expenditure and chasing of targets. By and large now expenditure is uniform through out the year.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

#### **Recommendation**

In a number of States more than Rs. 16 crores were spent on items/schemes not connected with IRDP. Some of the glaring cases of such expenditure are moneys spent on drinks and on Special Schedule Cast Component Plan Procurement of cement for NREP works etc. (Himachal Pradesh); on air-conditioner, coloured T.V. and scooter; on crop demonstrations and advance to Bihar Relief Committee Daltonganj—a private organisation for digging of wells (Bihar); employment of persons in the existing projects at State level (Haryana); on house building, Motor cycle and festival advances to employees and construction of two general purpose godowns (Karnataka); on installation of telephones, printing of diaries, sofa-cum-bed and purchase of furniture and other office equipment for the office of the Collector (Karnala); on payment to Bhartiya Agro Industries Foundation for opening 250 artificial insemination centres—not for weaker sections of the community (Maharashtra); on working capital for fabrication of bullock carts by Madhya Pradesh Agro Industries Corporation Ltd., on tank fisheries scheme covered under other scheme Orissa, on forest nurseries when the scheme was not in existence and purchase of tractors, matadors, tools and plants etc. (Punjab); on such other schemes which were to be covered under Social Welfare Corporation of the State (Rajasthan); on agricultural implements, pump-sets, purchase of trucks etc. out of the allocations for infrastructure without any beneficiary (Uttar Pradesh). The nature of irregular payments enumerated above by way of illustration indicates a very serious state of affairs showing scant regard for canons financial propriety and gross violation of instructions on the subject. The reply of the Government indicates that

disciplinary action has not been initiated in any case. All that has been done is that in Delhi and Himachal Pradesh officers have been asked to refund the amount and in some cases CR warnings have been issued. This is not acceptable. The Committee would urge the Government to take disciplinary action against officers held directly responsible. This is all the more necessary to detect the executors of such schemes from diverting funds ear-marked for specific schemes to other purposes to suit their whims and fancies. The Committee would like to be apprised of further developments in this regard in six months' time.

[Serial 50 Appendix IV. Para No. 5.61 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

On the basis of the observations of Audit regarding mis-utilization/diversion of IRD Fund, the Department of Rural Development has asked the concerned States/UTs to rectify the irregularities pointed out by the Audit. A statement indicating the latest position of the action taken on C.A.G.'s report as indicated by States of Himachal Pradesh, Uttar Pradesh and Orissa.

The Union Government has taken a very serious view with regard to irregularities committed in the execution of IRDP. Secretary (RD) has pointed out this *vide* P.O. letter No. 20012/460/84-IRD(A)II dated 11.11.1985 to all the Chief Secretaries of States/UTs for recovery of mis-spent funds from the concerned officer and also suggested that this lapse should be recorded in the CR of the officers responsible for this. The Department has also written to the State concerned to take action against officials held directly responsible.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Further Action Taken**

After the submission of the "Action Taken Notes" the following amounts have further been recouped by the DRDAs, as a result of follow up action.

DRDA Bharatpur (Rajasthan)	1.88 lakhs
DRDA Bilaspur, Hamirpur, Mandi (H.P.)	38.23 lakhs

In case of Uttar Pradesh, the figure of a adjusted amount as shown in is Rs 38.26 lakhs and not Rs. 38.36 lakhs as pointed out in the vetted notes. For the balance adjustment of Rs. 0.36 lakhs, the State Govt. has been addressed on 22.2.88 for clarifying the position.

Regarding the diverted amount of IRDP to other activities, a reminder to the concerned States has been issued on 11.4.88 for recoupment.

### Latest Action Taken

MRD has taken a very serious view of irregularities. States have been asked to rectify and refer lapses in the ACR of the officers concerned. Where ever cases of irregularity have been brought to the notice of the Ministry the concerned State Governments have been asked to take strict disciplinary action against the erring officials.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### Recommendation

The Committee would also like to be informed whether all such amounts remaining unutilised with the State Governments or amounts which had been diverted for purposes outside the scope and objective of the IRDP have been identified and recovered or adjusted in full from the State Governments concerned. In case this has not been done so far the Committee desire that necessary action in this regard should be initiated forthwith under intimation to them. This also indicates lack of mechanism with the Government of India to monitor the progress of the scheme and to ensure that the moneys have been spent for the purposes for which these were specifically sanctioned.

[Serial No. 51 Appendix IV Para No. 5.62 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### Action Taken

The State Governments have been advised that amount remaining unutilised with the State Govts. or the amounts diverted for purposes outside the scope and objectives of IRDP be identified and recouped for utilisation under the programme.

For the purpose of monitoring of proper utilization of funds, it has been directed to set up 'Internal Audit Cells' vide letter No. 28011/11/86-IRD-III dated 1.4.1986.

[Department of Rural Development O.M. No. 20012/460/87-IRD:(A-II)  
dated 27.10.87]

### Further Action Taken

As a result of follow up action, the following amounts have further been recouped.

DRDA Bharatpur (Rajasthan)	1.88 lakhs
DRDA Bilaspur, Mandi, Hamirpur (H.P.)	38.23 lakhs

Reminders to the concerned States have been issued on 11.4.88 for early recoupment of I.R.D.P. funds.

Staff for setting up Internal Audit Cell has been sanctioned by this Deptt. in respect of the States/UTs.

### **Latest Action Taken**

For the purpose of monitoring proper utilisation of funds internal audit cells have been set up in various States. The revised IRDP has framed specific guidelines to ensure proper maintenance of accounts advanced for IRDP and to see that expenditure incurred is not repugnant to the objective of the programme and is in accordance with the prescribed procedure. Since DRDAs are registered societies their accounts have to be maintained on the double entry system. CAG has a right to conduct audit of the accounts of the society and have access to the books of account and other relevant documents of the DRDA. For this purpose a copy of the annual accounts alongwith the Audit Report and the comments of the DRDA thereon is to be sent to the Audit Officer nominated by the CAG. We have advised the State Governments to recoup such diversions.

[Ministry of Rural Development O.M. No. 20012/460/87 -IRD (A-II)  
dated 2.9.92]

### **Recommendation**

From the Audit Paragraph the Committee find that the Ministry of Rural Development prescribed in May, 1980 the maintenance of 'Vikas Patrikas' (identity-cum-monitoring cards) for beneficiaries with a view to watch their progress for at least 2 years to measure their income to see if they had crossed the poverty line. One copy of the Vikas Patrika was required to be handed over the beneficiaries and one copy each thereof was required to be retained by the BDO, the Institutional Financial Agency and the Training Institution. The Committee are concerned to note that the State of Andhra Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Tamil Nadu and West Bengal did not issue the Vikas Patrikas to all the beneficiaries even after a lapse of 4 years and in cases where these were issued, they did not contain the requisite information for ascertaining the impact of the programme. In the Union Territory of Pondicherry, the work of issuing the 'Vikas Patrikas' had not been initiated till March, 1984 and in Karnataka, no records were maintained to show the utilisation of 2.07 lakhs Vikas Patrikas issued to BDOs. Similarly, in Sikkim proper monitoring was not done. The Committee would like to know as to how the assistance rendered to beneficiaries was monitored properly in the absence of improper maintenance of Vikas Patrikas. It is surprising to note from the reply of the Ministry of Rural Development that the fact of non-maintenance of Vikas Patrikas by various States came to the notice of officers of the Ministry during their field visits and that the matter was taken up in State Level Coordination Committee meetings. The Ministry have now informed the Committee that most of the States have distributed Vikas Patrikas by the end of Sixth Plan. This is an evasive reply. The Committee would like to be informed of the States and Union Territories where Vikas Patrikas have been distributed to all the

beneficiaries. The Committee would recommend that suitable systems should be devised and instituted to ensure that the instructions issued by the Central Ministry are acted upon with promptitude and effectiveness. There should also be a feed back mechanism to ensure improvements on the schemes taking into account the field experience.

[Serial No. 52 Appendix IV. Para 5.67 of the 91st Report of P.A.C.  
**Action Taken** (8th Lok Sabha)]

According to guidelines, the beneficiaries are to be given one copy of Vikas Patrika and copy thereof is to be maintained at Block Head-quarter. It has been observed that some of the States/DRDAs did not follow this procedure. The State Govt have been asked to intimate as to whether Vikas Patrika have been given to all the beneficiaries. The Department has further devised a format for qualitative monitoring of the programme. The views of State Govts. have been sought thereon. This format includes points relating to issue and maintenance of Vikas Patrika. The format is expected to be finalised shortly.

[Deptt. of Rural Development O.M. No. 20012/460/87-IRD(A-H) dated  
 27.10.87]

#### **Further Action Taken**

Guidelines for recording of the beneficiaries households and their monitoring through Vikas Patrikas (Identity-cum-monitoring card) were issued *vide* D.O. No. Q-14022/59/79-AI(RR) dated 17.5.80-IRD by the Ministry of Rural Reconstruction.

With the introduction of qualitative monitoring it will become possible to know the names of States/DRDAs which are not following the guidelines issued regarding issue of Vikas Patrika. State Governments have been asked to intimate the position of issue of Vikas Patrika.

#### **Subsequent Action Taken**

The State Governments have been asked to indicate the position of issue of Vikas Patrikas to IRDP beneficiaries. This Department has also advised to take up qualitative monitoring of IRDP at district/block levels. On the basis of information furnished by the State Government, in response to this department's query and qualitative monitoring, almost all the states have issued Vikas Patrikas to the IRDP beneficiaries during the years 1987-90.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
 dated 21.9.90]

#### **Latest Action Taken**

Issue of Vikas Patrika is now monitored through the concurrent evaluation. The concurrent evaluation of IRDP, 1989 shows that Vikas Patrikas were provided to the beneficiaries in 39% cases but were updated in only 29% cases.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
 dated 2.9.92]

### **Recommendation**

Adequate attention was not paid to the verification of assets provided and their physical verification. The Department of Rural Development issued instructions to the States/Union Territories Administration only in March, 1982 regarding physical verification. Despite the issue of these instructions State Governments/Union Territories of Meghalaya, West Bengal, Delhi and Pondicherry did not conduct any physical verification at all while the State of Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh conducted the verification of assets only partially. The verification in these States revealed that the assets in 8430 cases were either missing or were sold out or not supplied. Apart from this, 7582 beneficiaries in Haryana, Karnataka and Kerala had misutilised the subsidy given to them. The Committee would like to know whether such cases of non-existence/misutilisation of assets came to the notice of the Central teams during their field visits and if so, what action was taken by the Government to rectify the situation.

[Serial No. 53, Appendix IV, Para No.5.72 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

On the basis of finding of Central Teams and observations of C.A.G. it has been laid down in the guidelines that annual physical verification of assets may also be undertaken on campaign basis at the end of every year. The result of such verification should be incorporated in the Annual Action Plan of the Next Year.

The existence of assets is now also monitored through Monthly Concurrent Evaluation Study initiated since October, 1985. According to the 12 Monthly Concurrent Evaluation Report (October, 1985 to September, 1986) in about 71% cases the assets were intact. Of the remaining cases assets were not intact in 22% cases because of unexpected events (illness, death etc.) 19% cases because the income generated was not enough, 16% cases due to defective condition, 8% cases because of high maintenance cost and 35% for other reasons.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 27.10.87]

### **Further Action Taken**

Misutilisation of assets can be due to reasons such as the need of the beneficiary for each for immediate consumption and other reasons already stated in the action taken note.

The States have from time to time been advised to provide adequate



after care support, training and handling of assets wherever necessary. Details about action taken against beneficiaries is not readily available.

#### **Latest Action Taken**

According to the IRDP manual April 1991 a bond pronote is to be filled up for subsidy portion exclusively by the beneficiary to guard against misutilisation of subsidy and misappropriation of the assets. The State Government must make this bond pronote enforceable under the provisions of the local laws to enable recoveries of the misutilised/misappropriated amount from the erring beneficiaries. It is also mentioned in the manual that suitable modifications under the Land Recovery Act or Public Demand Recovery Act or/and such other State Govt. be made to provide conditions for enforcement of recoveries by law. A quarterly report on action taken on misappropriation, misutilisation, malpractices and corruption pertaining to the IRDP is to be sent in the prescribed proforma. States have been advised to take action against those responsible for wilful default in this respect.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

#### **Recommendation**

Although the IRDP was initiated in 1978-79 and the responsibility for implementation of the Programme was assigned to District Rural Development Agency, yet guidelines were issued to States in March 1981 to set up the District Rural Development Agencies on specified lines. According to the guidelines, DRDA was to have a governing body headed by the Collector or the Deputy Commissioner and the membership of the governing body including a representative from each of the State Government Land Development Bank, Zila Parishad, Lead Bank, District Industries Centre, Weaker Sections of the Society, a woman representative, MPs./M.L.As. and a Project Officer as member-secretary. However, the Government have allowed an amount of flexibility in this matter as in Maharashtra and Gujarat the Minister concerned remained the Chairman of the governing body of the agency and in West Bengal DRDAs are headed by Sabapathis of Zila Parishads. Keeping in view the local conditions and to provide the linkages, the Committee recommend that the representatives from Khadi and Village Industries Commission and other similar organisations should also be given representation in the implementation Committees/executive committees of the DRDAs. Since the Collector/Deputy Commissioner remains too pre-occupied with the functions of the collection of revenue, law and order and other protocol activities, they also desire that some senior I.A.S./P.C.S. Officer should be made the chairman of the governing body of the DRDA.

[Serial No. 55, Appendix IV, Para No. 6.32 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

The General Manager of the District Industries Centre is a Member of the Governing Body of the DRDA and also the Executive Committee. Since the DIC activities encompass those under the KVIC and KVIB, this official can place before the DRDA, view points relating to the same.

As regards a senior IAS/PCS officer being made Chairman of the Governing Body of the DRDA, it may be mentioned that each DRDA has a whole-time Project Director and in many states this post is manned by an officer of IAS/PCS or any other selected officer from the state departments. It is felt that this may be adequate.

[Department of Rural Development O.M.No. 20012/460/87-IRD. (A-II)  
dated 27.10.87]

### **Latest Action Taken**

GM of DIC is now member of the DRDA. Senior IAS/PCS Officer function as Project Directors while Collectors work as the Chairmen in all except, West Bengal, Gujarat and Karnataka.

[Ministry of Rural Development O.M.No. 20012/460/87-IRD (A-II) dated  
2.9.92]

### **Recommendation**

The Committee noted that a number of village level functionaries have been provided under each of the schemes under operation. This has proliferated the number of such functionaries and consequent administrative expenditure. The Committee recommend that a multiaspect training should be given to VLWS to impart different skills and entrust them more than one scheme. Such a step would bring in better coordination and would lead to economy in expenditure.

[Serial No. 57, Appendix IV, Para 6.34 of the 91st Report of P.A.C. (8th  
Lok Sabha)]

### **Action Taken**

As far as implementation of the IRDP is concerned, training is to be provided to the District Level and Block Level functionaries including Village Level Workers (VLWs) for conducting household survey, identification and formation of family projects. The DRDAs are to organise workshops for Block Development Officers, V.L.Ws., and Branch Manager etc. in the District. The Department, based on the Committee's observations, has also written to the State Governments regarding the training of VLW's.

[Department of Rural Development O.M.No. 20012/460/87-IRD. (A-II)  
dated 27.10.87]

### **Latest Action Taken**

VLWs are trained in State Govt. institutions. DRDAs can also arrange workshops.

[Ministry of Rural Development O.M.No. 20012/400/87/IRD (A-II)  
dated 2.9.92]

### **Recommendation**

In addition to the implementation of this Programme, the District Rural Development Agency is also entrusted with the implementation of other allied programmes such as Development of Women and Children in Rural Areas and other rural development programmes like Rural Landless Employment Guarantee Programme, Drought Prone Area Programme and Desert Development Programme. Some of the State Governments have also entrusted some of their programmes to this agency. All these poverty alleviation programmes need to be merged into a single programme for effective implementation and removal of poverty from the country. The Committee also recommend that senior most officer of the rank of the Chief Secretary, working under the direction and guidance of the Chief Minister, should be made overall incharge of the programme in the concerned State. The most important short-coming in the Programme is the absence of people's participation in the IRDP. While strongly commending the need to have the beneficiaries identified by the Gram Sabha, the committee would like to emphasise that the real participation of the people comes from the autonomy of the people's institutions, duly elected by the people. Autonomy of the people's institutions emanates from the freedom of the people to elect their own representative bodies at the grassroot levels at regular and well laid down intervals. Such elections to the decentralised people's bodies like those at the village and district levels Grams Panchayats and Zilla Parishads should not be subject to the pleasure of the Governments but need under an appropriate constitutional authority set up on the lines of the Election Commission. These elections should not be conducted on political party basis. These elections should be fought by individuals without party labels and on a non-party basis. This kind of a non-party approach to elections at the grass root level alone can bring about, over a period a local leadership which is acceptable to all the sections of the rural society and which can therefore, be expected to mobilise the participation of the community in rural development. Also, this is a method of encouraging growth of leadership at the grass root level.

The Committee is fully conscious of the fact that, however, desirable and necessary the fact is that what is suggested above will not be easy to give effect to. Nevertheless they feel that the time has come for a determined effort to be made to persuade all the State Governments to see that Panchayat Institutions are activated so that it may become possible for the country to give effect to its anti-poverty programme with efficiency and

honesty in a persuasive manner. Only then will the beneficiaries go where they should go and more and more attain above the poverty line status.

[Serial No. 58, Appendix IV, Para No. 6.35 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The total strategy of Rural Development, including poverty alleviation programme, comprises three major components. The first is the set of employment programmes comprising mainly the IRDP, NREP and RLEGP. The second are programmes for identified disadvantaged areas like the Desert Development Programme, drought Prone area programme, Tribal sub-Plan, Hill Area Development Programme etc. The third is the component which seeks to provide basic amenities to the people through the Minimum Needs Programme. The objectives of these components, though directed towards similar and objective, are different. It may, therefore, be difficult to integrate them into a single programme. However, the effort continues to be towards devetailing them for the common cause of uplift of the rural poor.

The suggestions regarding a senior officer of the rank of Chief Secretary to be overall incharge of such programmes is also a part of the suggestions of the G.V.K. Rao Committee which are under consideration of the Planning Commission.

The need for strengthening local level democratic bodies like Zila Parishad, Panchayat Samitis and village panchayats for greater participation of public in planning and implementation of anti-poverty programme is accepted. Panchayatiraj being a State subject, the Department has been emphasising upon the States to hold regular and timely elections and take other steps to make these institutions effective and vibrant instruments of popular participation in the development process. Prime Minister has also written to Chief Ministers on these lines. In this connection, a Committee headed by Dr. L.M. Singhvi was constituted last year to prepare a concept paper on how to revitalise the Panchayatiraj institutions. The issues raised in this concept paper which, among others, also touch upon the points raised in the above para were discussed in a meeting held recently with the Chief Ministers of States. Views expressed by State Governments are being studied.

To have a greater involvement of the beneficiaries under the IRDP Programme, vide letter No. L-12013/2/85-PC dated 7th November, 1985 the Department had asked the State Governments to constitute Beneficiary Advisory Committee at the block level and sub-committees at the Panchayat level. Their main functions include a better coordination of the activities of different Department, creating increasing awareness of programmes amongst beneficiaries and for more effective implementation of the programme

[Department of Rural Development O.M. No. 20012/460/87-IRD. (A-II) dated 27.10.87]

### **Further Action Taken**

Action taken by States/UTs regarding formation of Committees of beneficiaries at block level and sub-committees at Panchayat level has been given at Para 4.19.

### **Latest Action Taken**

Revitalisation of PRIs has been attempted through the Constitutional Amendment Bill pending with Parliament. This would be followed up by suitable guidelines.

To improve participation of beneficiaries, a branch level, panchayat level and Block level Beneficiaries Advisory Committee has been set up.

[Ministry of Rural Development O.M.No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

A conscious effort to promote cooperation between the Central and State levels at the non-official level in the sanction and review of the progress of the IRDP schemes is essential. It is therefore recommended that the State level committee on I.R.D.P. should be strengthened by the inclusion of Members of Parliament and local level leaders of the states concerned. It would be worth mentioning that men of commitment alone should find place in these bodies.

[Serial No. 59, Appendix IV, Para No. 6.36 of the 91st Report of P.A.C. (8th Lok Sabha)]

### **Action Taken**

It is agreed that men of commitment should only find place in various bodies relating to the planning and administration of the IRDP. The cutting edge level is at the district where the bulk of planning and implementation decisions are taken. The DRDA is the body responsible at this level. Its members include all the MPs, MLAs, head of Central Cooperative Bank, head of Land Development Bank, Chairman of Zila Parishad or his representative, two representatives from weaker sections and one representative from rural woman apart from other officials. It is felt that this body has appropriate representation of people's representatives who can guide the IRDA in activities relating to the IRDP. Since the Members of Parliament, MLAs etc. are already on the DRDA governing Body, which is to meet once in a quarter, it is felt that their further representation on the state level committee may not be necessary.

[Department of Rural Development, O.M.. No. 20012/460/87-IRD. (A-II) dated 27.10.87]

### **Latest Action Taken**

MPs and MLAs are associated with the Governing Council of DRDAs.  
 [Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
 dated 2.9.92]

### **Recommendation**

The Committee note from the Audit Paragraph that the Ministry of Rural Development did not evaluate the impact of the programme till May 1982 when it asked all States/Union Territories to undertake evaluation of the programme and to furnish the evaluation report to the Ministry. In this connection, the committee are unable to appreciate the reply of the Ministry of Rural Development that "the Programme was extended to all the blocks of the country w.e.f. 2nd October, 1980. Before the programme was evaluated it was necessary to allow some period during which the programme was in operation in All India Level". No evaluation report could be made available for verification to Audit till December 1984. Since massive investments are being made by the Government of India for the implementation of this scheme it is highly desirable that there is an inbuilt monitoring and evaluation system for the foolproof reporting of the ground level results and achievements of the programme. The supervision of the programmes by higher authorities has not been satisfactory. If the programmes are periodically reviewed at the higher level it would go a long way to improve the quality of the programme.

[Serial No. 60, Appendix IV, Para No. 7.13 of the 91st Report of P.A.C.  
 (8th Lok Sabha)]

### **Action Taken**

The process of monitoring of evaluation of IRDP has been going on since the 6th Plan. On the monitoring side there are monthly, quarterly and annual reports. Field visits by officials from all levels are also made to monitor the effectiveness of the programme.

While in the 6th Plan both the states and the central Government undertook a number of evaluation studies of the programme. A very intensive system of monthly concurrent evaluation was initiated from October, 1985 and the same is still continuing. Consequent upon the receipt of the Annual Report of Concurrent Evaluation, the Agriculture Minister in his letter of 4th July, 87 addressed to the Chief Ministers (Annexure XVIII) at para 9 has stated:—

"It was revealed that many of the States do not have a clear-cut scheme of monitoring of the IRDP at the DRDA and State levels. It is necessary to work out a consistent system. At the DRDA level, we should look forward to having a minimum number of sample physical checks while at the State Level we should see that the programme is in the right direction considering the resources

and opportunities in the area. At present, monitoring has become a largely routine exercise in numbers. You may perhaps like to review the monitoring arrangements so that qualitative aspects in the performance of the programme are also taken into account.”

This it is clear that the Department of Rural Development attaches importance to the process of monitoring and evaluation.

[Department of Rural Development O.M. No. 20012/460/87-IRD. (A-II)  
dated 27.10.87]

#### **Latest Action Taken**

Monitoring is done through MPRs. Qualitative monitoring is done through field visits by Officers at all levels.

Evaluation is done through specific studies and by concurrent evaluation. Concurrent Evaluation will also be taken up from Sep., 1992.

[Ministry of Rural Development. O.M. No. 20012/460/87-IRD (A-II)  
dated 27.10.87]

#### **Recommendation**

For monitoring the programme, monthly key indicator report for obtaining management information; quarterly detailed and comprehensive report on physical and financial progress and annual report on increase in income levels have been prescribed by the Department of Rural Development. All these reports after coordinating at State levels are sent to the Government of India. As regards the evaluation of the programme at State level, the State Governments can use their evaluation machinery or employ academic and research institutions of repute to undertake the job. The Central Ministry of Rural Development have also a committee on research study headed by Secretary (R & D) and this committee authorises suitable studies on various aspects of Rural Development. The proposals which are considered by this committee may be received directly from reputed institutions or through State Governments. However, the Committee find that whereas monthly key indicator report was coming regularly from most of the States, the other reports were not being sent regularly. The State-wise position of Monitoring Cells at State headquarters also varies from State to State. The Committee desire that the Monitoring Cells should be formed on uniform basis in all the States/ Union Territories so that a close watch may be kept on various activities under the programme. At State level and national level the concern for data gathering should be selective and be geared to the assessment of the final objective of the programme.

[Serial NO. 61, Appendix IV, Para No. 7.14 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

The Department of Rural Development had advised in 1981 to set up Monitoring Cells at State Headquarters consisting of 5 to 6 experts. Under this scheme 50% cost is provided by the Central Government for States and 100% for U.Ts. The States had been advised to send the proposal. Further, under the same scheme, it has been advised vide letter No. 28011/11/86-IRD. III dated 1.4.86 to have internal Audit Cell. 23 States/U.Ts. have availed this scheme for Strengthening Monitoring Cell; so far. The Department has again written to the other States/Union Territories to establish these monitoring cells.

[Department of Rural Development. O.M. No. 20012/460/87-IRD. (A-II)  
dated 27.10.87]

### **Further Action Taken**

The following States/Union Territories have not availed of Centrally Sponsored Scheme of strengthening the Monitoring Cell at State/Union Territory level:— Bihar, Jammu & Kashmir, Maharashtra, Nagaland, Rajasthan, Sikkim and Chandigarh.

### **Latest Action Taken**

This Ministry calls for the following reports from the States/UTs

1. Monthly teléx/telegraphic report on IRDP
2. Monthly key indicator report
3. Annual progress report
4. Annual income generation report
5. Quartely progress on action taken on misutilisation, malpractices etc.

Under the IRDP guidelines, a project formulation-cum-monitoring cell should be set up at the State head quarters (Para 4. 10). This Ministry has already approved all the required posts for the monitoring cells in the States and UTs as per their requirement.

The implementation of the programme has been evaluated by a number of reputed organisations. Since October 1985 the process of concurrent evaluation of the IRDP has been continuing through reputed institutions. In one year concurrent evaluation elicits data from about 16,000 beneficiaries on a stratified sample basis. So far 3 rounds of such evaluation have been completed. The first round was in Oct. 1985 — Sept. 1986, the second round was under taken in Jan. — December 1987 and the third round was concluded in January-December 1989. The 4th round is to be initiated in Sep., 1992.

[Ministry of Rural Development. O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]



### Recommendation

The Committee note that the National Scheme of Training of Rural Youth for Self-Employment (TRYSEM) was launched in July, 1979 to train on an average 40 rural youths—both men and women per annum in each block, so as to enable them to pursue self-employment avocations. With effect from 2nd October, 1980 this scheme was made part of the Integrated Rural Development Programme. The Committee note that out of a total of 2,79,870 youth trained in 14 States/Union Territories under TRYSEM, only 32 per cent i.e. 99,884 were able to get themselves self-employed. This may be at the best be called an encouraging result, but not satisfactory enough. The Ministry of Rural Development stated that in the earlier years of the scheme, proper care was not taken in identification of trades and as a result there was concentration in imparting training on particular trades. Non-selection of proper trades, inadequacies in training by master craftsmen, inadequate administrative structure, etc. were the main reasons for the trainees not finding employment in as large a number as should have been possible. The Committee had occasion to observe that a number of rural water development schemes have gone into disuse due to lack of proper maintenance facilities for the machinery provided. Want of trained personnel to maintain the machinery is the main cause of these assets being inoperable. The consequence has been that training schemes have not been as effective as they would have been had these assets been in a working order. The Committee are unhappy at this unimaginative planning and execution of the scheme. The Committee desire that necessary steps for proper selection of the trade and strengthening of organisational set up for effective implementation and monitoring of this desirable programme should be taken immediately. They would also like to know the steps taken to rehabilitate the remaining 179986 trained youths. Vigorous attention should be paid for identifying training and assisting the target group.

The Government of Madhya Pradesh have made a number of suggestions such as modification of TRYSEM, non-fixation of targets, identifications of the beneficiaries and the trade/occupation for which he/she has to be assisted and imparting training to youths on the basis of this identification. In this connection, the Committee were informed that a new Scheme namely Composite Rural Training and Technology Centres (CRTTC) has been started. Such centres would be developed among the existing ITIS polytechnics. However, in districts where CRTTC are sanctioned, strengthening of training infrastructure for TRYSEM would then be under CRTTC. The Committee would like to know the objectives of CRTTC, the reasons for starting these Centres and not merging this scheme with TRYSEM.

[Serial No. 63, Appendix IV, Para No. 8.13 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### Action Taken

It is agreed that in the initial years, there had been some shortcomings in the planning and implementation of the scheme for Training of Rural Youth for Self-Employment (TRYSEM). Detailed guidelines issued now are as under:—

- (a) **Identification of beneficiaries:** The Block Development Officer (BDO) will invite applications from youth belonging to the target group in his area. A preliminary scrutiny will be done to find out how many can be provided assistance as part of TRYSEM. Such an assessment can also be done at the time of household survey, so that a wide bags of potential beneficiaries is available. Application by the youth may not be a necessary condition for inclusion in the list.
- (b) **Identification of vocations:** The District Rural Development Agency (DRDA) will identify the necessary vocations, in consultation with the district level officers of different departments, keeping in mind their sectoral plans. As far as possible, emphasis should be on productive activities. Marketability of products is of prime importance. Therefore, the final selection of vocations must be done keeping in mind the demand for the goods or services ultimately to be provided.
- (c) **Identification of training facilities:** Once vocations have been short-listed, the DRDA will prepare a resource inventory of training facilities. This should be available at all block headquarters. The facilities may include institutions such as ITIs, Polytechnics, Krishi Vigyan Kendras, Nehru Yuvak Kendras, Khadi & Village Industries, Training Institution, reputed voluntary organisations, and any departmental facilities available in that area. In addition, reputed master craftsman may also be utilized for training on a limited scale (not more than three trainees per master craftsman at any point of time) after adequately ascertaining the quality of instructions they are capable of imparting. While selecting training institutions/master craftsman, it should be ensured that they have adequate facilities in terms of faculty, buildings etc. Selection of trainees and their vocations: Once an exhaustive list of potential beneficiaries is available, a committee presided over by the BDO and including Members from training institutions of the area, banks, KVIS, Panchayati Raj Institutions, and any other which it may wish to co-opt will finalise selection on the basis of following criteria:—
  1. an attempt should be made to select the members of the poorest families first;
  2. at least one-third of the candidates should be women;
  3. priority should be given to members of Scheduled Castes and Tribes; and

4. some consideration should be given to persons who have completed the nine-month course under the National Audit Education Programme.

For increasing the employment opportunities to the trained youths, the department has advised to include other ventures of wage employment under TRYSEM vide letter No.M-11011/10/83-IRD-II dated 16.10.85 and also need for improvement in the quality of training letter No. M.-11014/13/86-IRD-II dated 19.1.87.

The Agriculture Minister in his letter of dated 4.7.1987 has again highlighted the importance of training particularly for diversification of activities under IRDP and stressed the need for having close dialogue and co-ordination with the Employment Exchange for conducting training under TRYSEM in the fields where there are employment opportunities.

The Seventh Plan envisages that the composite Rural Training and Technology Centres (CRTTC) will be modal institutions for training and technology dissemination in the District. A final decision about the implementation of setting up Composite Rural Training and Technology Centres in the Districts in the Seventh Plan period has not yet been taken. [Department of Rural Development O.M.No.20012/ 460/87-IRD.(A-II) dated 27.10.87]

#### **Further Action Taken (*vetted*)**

The Final decision regarding setting up of Composite Rural Training and Technology Centres in the districts will be communicated to the PAC.

#### **Subsequent Action Taken**

The proposal regarding setting up of Composite Training and Technology Centres (CRTTC) was discussed in the different forums during the Seventh Plan period. It was observed that the Department of Education was already implementing a scheme of establishing the Composite Polytechnics with the similar objectives. It was therefore considered not to establish CRTTC. The existing TRYSEM scheme should be enlarged and modified to meet the training and technology development for IRDP beneficiaries. The TRYSEM programme has been enlarged and modified. Main steps taken to improve the implementation of TRYSEM scheme during 1988-91 are as under:

##### *(i) Investment of voluntary agencies*

In order to improve the quality of the implementation of TRYSEM programme, detailed guidelines have been issued to the States/UTs for involvement of agencies like Nehru Yuvak Kendras and National Services Scheme (NSS) functionaries. Their involvement right from the beginning would improve planning of vocation and selection of the trainees under TRYSEM. These agencies are better placed for the purpose of dissemination of information and providing leadership to the rural youth.

*(ii) District Level committees for TRYSEM*

It has been experienced that the issues related to TRYSEM generally get diluted during the discussions, of the Governing Body meetings of District Rural Development Agencies. Due attention was not being given to the problems relating to TRYSEM and this had resulted in high wastage rate. To reduce this high wastage rate the State Governments have been instructed to set up District Level Committees at all DRDAs exclusively for TRYSEM. The main objective of this Committee shall be to take all necessary action to ensure that TRYSEM trainees are settled in ventures of self employment or suitable wage employment in a substantive and long term basis. The training institutions will have a greater involvement in these district Level Committees to ensure that the wastage rate is minimum.

*(iii) Computer application training*

With a view to diversify and promote modern economic activities having greater employment potentials, the State Governments have been asked to take up Computer application training as a thrust training activity under TRYSEM. There is a great demand of the trained personnel in this trade. For organising the training courses in computer applications as a part of TRYSEM programme the need for the involvement of organisation such as CMS Ltd. and State Electronics Development Corporation etc. has been emphasised.

*(iv) Specialised training in gem cutting etc.*

This Department is promoting diversified economic activities under TRYSEM like gemstone/diamond cutting and polishing also. The trainees at the younger age are better placed to learn this particular skill. Keeping this in view it has been decided to relax the lower age limit from 18 to 24 years in case of gemstone/diamond cutting and polishing and also for physically handicapped persons. Some relaxation has also been given for carpet weaving training.

*(v) Increased coverage under TRYSEM during 1990-91*

The Central objectives of the TRYSEM is that of providing expanded opportunities for productive employment through providing training opportunities and upgradation to the rural youth. Under IRDP every year about 3 million families are being assisted. However, training under TRYSEM have been provided to only about 2 lakh youths per year. The coverage of rural youth under TRYSEM have been considered to be very low.

In view of this, it has been decided that the present coverage of training under TRYSEM should be stepped up from the present level of about 2 lakhs to about 4 lakhs during 1990-91. The State Governments have been advised to revise their Action Plan for

training under TRYSEM and to ensure that the training under TRYSEM during the current year is provided to double the number of youth a compared to last year.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 21.9.90]

#### **Latest Action Taken**

The guidelines for TRYSEM have been amended accordingly. Sub-scheme for TRYSEM infrastructure is being implemented.

Sustained wage employment is now possible under TRYSEM. Diversification is being attempted.

[Ministry of Rural Development O.M. No.20012/460/87-IRD (A-II) dated  
2.9.92]

### CHAPTER III

#### RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

##### Recommendation

The Committee note that against the ceiling of subsidy ranging between Rs. 3000 and Rs. 5000 per beneficiary during the 6th Plan period, the outlay provided by the Ministry to be shared equally by the Central/State Governments was Rs. 1500 crores with which insufficient subsidy of Rs. 1000 could only be provided to each of the targetted 15 million families. Estimates of the experts indicated that an investment of Rs. 7000 to Rs. 9000 was required to generate such incomes as to bring a family above the poverty line. The Department of Rural Development had itself admitted that an investment (i.e. subsidy+credit) of Rs. 3000 as contemplated was not sufficient to create enough incremental income to raise a beneficiary above the poverty line on a lasting basis. The Committee would like to know the basis on which the Government had arrived at a decision to give subsidy between Rs. 3000-5000 (against the expert advice of an investment of Rs. 7000-9000). The main thrust of the scheme should have been to endow the poor with an asset and/or skill which will enable them to earn a decent livelihood of their own instead of perpetually depending on public intervention in the form of the so-called special scheme for the weaker sections. While formulating the scheme the Government have not taken into account the inadequate facility of infrastructure development needs for the enterprises like lack of all weather roads, veterinary and repair services, electricity, marketing, outlays at the village level, shortage of supply of inputs and demands for outputs. The Committee are unable to appreciate why such inbuilt constraints were not taken into account while formulating the scheme.

[Serial No. 19, Appendix-IV, Para No. 326 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

##### Action Taken

It is correct that the limit of subsidy ranges between Rs. 3000 and 5000 per family. The actual investment would depend upon the type of activity and the cost of asset. In the 6th Plan, it was also estimated that the Incremental Capital Output Ratio (ICOR) would be around 1.5. The effort through IRDP is not the sole factor to be taken into account for enabling a family to cross the poverty line. There are programmes of other departments, the impact of overall growth in the economy etc.

which would also contribute towards the total efforts of enabling the family to move towards the ultimate objective of crossing the poverty line.

Now for the 7th Plan, the ICOR is being assumed at 2.7 and, therefore, it has been emphasised that investments have to be still higher.

As regards the aspect of infrastructure, it is indeed a necessary pre-requisite for enabling optimum return on investment. The programme envisages that the major support services would be provided to the IRD beneficiaries by the sectoral departments. In spite of this, the Department has permitted an expenditure of upto 10% in infrastructure, to meet the critical missing links.

[Department of Rural Development No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Latest Action Taken**

During the 6th Plan, level of investment was planned with ICOR of Rs. 1.5 for 7th Plan. ICOR estimate was Rs. 2.7. This implied higher investments to enable families to cross the poverty line. Upto 10% of IRDP outlays can be utilised for infrastructure support. Higher per family investments is one of the major thrust areas identified in the 8th Plan. Proposal for raising subsidy limits is under consideration. MRD has taken up pilot projects for sustained support and multiple doses of assistance to make the IRDP more efficient in raising assisted families over the poverty line.

[Ministry of Rural Development O.M.No. 20012/460/87-IRD (A-II) dated 2.9.92]

#### **Recommendation**

It is also seen from the Audit paragraph that All India per capita investment consisting of subsidy and loan during the years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83 and 1983-84 was Rs. 1514, Rs. 1213, Rs. 1642, Rs. 2698, Rs. 3107 and Rs. 3201. Against this the per capita investment in Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Meghalaya, Orissa, West Bengal and Chandigarh was very low and in Uttar Pradesh 12.54 lakhs beneficiaries were provided with meagre assistance ranging from Rs. 173 to Rs. 220 only for petty items like storage bins, agricultural inputs and agricultural demonstrations. During their study tour to Orissa, the Committee were informed by the State officials that not even a single beneficiary was able to cross the poverty line during Sixth Plan. The Committee would like to know the reasons for making such a low investment in these States particularly when the Government had themselves decided to invest at least Rs. 3000-5000 per beneficiary. In the opinion of the Committee the expenditure of Rs. 1661.17 crores incurred by the Central/State Governments during Sixth Plan had not yielded tangible results. In addition, credit of Rs. 3101.61 crores did not serve the purpose for which these were sanctioned.

[Serial No. 20, Appendix-IV, Para No. 3.27 of the 91st report of P.A.C. (8th Lok Sabha)]

**Action Taken**

The level of investment depends upon the type of activity chosen. This decision is taken at the grass root level by the administration and the beneficiary. The table below indicates the rising trend of investment over the years:—

*Per Family Investment Under IRDP*

Year	per family investment (subsidy and credit)	
1980-81	Rs. 1,186 (gross)	
1984-85	Rs. 3,339 (gross)	
	Old families	New families
1985-86	Rs. 3725 (net)	Rs. 3812 (net)
1986-87	Rs. 3590 (net)	Rs. 4511 (net)

As has been mentioned, a number of evaluation studies of the programme were done in the 6th Plan and they have shown that in varying percentages, families did cross the poverty line. An important aspect which has been brought out in the study by the Programme Evaluation Organisation is that 88.2% of the sample households had reported that their income had increased. This includes Koraput district of Orissa, which was one of the 33 districts covered under the study.

Another important fact relating to the impact of the IRDP as brought out in the PEO study is that a significant majority of the total sample households (64%) felt that their overall status in the village society had been elevated as a consequence of their coverage under IRDP.

In the light of these facts, it cannot be said that the programme had yielded no tangible results even in the 6th Plan.

[Department of Rural Development Office Memorandum No. 20012/460/  
87-IRD (A-II) dated 27.10.87]



**Further Action Taken (Vetted)**

The State Govt. had been asked to increase per capita investment. The per capita investment position in 1987-88 is as follows:—

Andhra Pradesh, Haryana, Himachal Pradesh, West Bengal, Uttar Pradesh, Kerala, Chandigarh, Karnataka and Meghalaya.

State	Per capita Old families	Investment (in Rs.) New families
Andhra Pradesh	3894	5189
Haryana	4679	4498
Himachal Pradesh	3526*	4764*
West Bengal	3853*	4892*
Uttar Pradesh	3894	4993
Kerala	3788*	6188*
Chandigarh (U.T.)	N.A.	N.A.
Karnataka	4331*	4816*
Meghalaya	2525	5063

**Subsequent Action Taken**

Number of steps have been taken since 1987-88 to improve the implementation of IRDP and increase the level of investment under IRDP. Major steps taken in this regard may be seen in reply to para 5.11 of this note. On the basis of annual plan discussions, total allocation of Rs. 3000.27 crores has been provided as against seventh plan allocation of Rs. 2358.81 crores. On the other hand physical target have been reduced from 200 lakh families to 160.38 lakh families. The actual physical achievement during the seventh plan was 181.88 lakh families. The DRDAs have been advised to provide a package of assistance to the families in order to enable them to cross the poverty line with single dose of assistance. Number of steps have been taken to provide facilities for planning and marketing in the implementation of IRDP. On account of various steps taken by this Department, the per family investment which was Rs. 3545 during 1985-86 increased to Rs. 5507 during 1989-90. A statement indicating statewise per family investment for the new families

\*. Upto February, 1988

N.A.: Not Available

under IRDP during 1987-88 and 1989-90 is given below:—

*Per family Investment under IRDP for New families during the year 1987-88 and 1989-90*

Sl. No.	Name of the State/UTs	Per family investment (Rs.)	
		1987-88	1989-90
1.	Andhra Pradesh	5189	5465
2.	Arunachal Pradesh	2373	4184
3.	Assam	5480	5994
4.	Bihar	4335	4985
5.	Goa	7080	7800
6.	Gujarat	3358	5268
7.	Haryana	4498	5366
8.	Himachal Pradesh	4695	4373
9.	Jammu & Kashmir	4906	5681
10.	Karnataka	4944	5311
11.	Kerala	6197	6362
12.	Madhya Pradesh	4446	4413
13.	Maharashtra	5501	6052
14.	Manipur	3381	3061
15.	Meghalaya	5063	10938
16.	Mizoram	4753	3326
17.	Nagaland	8391	5929
18.	Orissa	2574	2965
19.	Punjab	4755	6057
20.	Rajasthan	3600	4511
21.	Sikkim	4373	6045
22.	Tamil Nadu	5674	5521
23.	Tripura	5752	7308
24.	Uttar Pradesh	4993	6609
25.	West Bengal	4875	6650
26.	A & N Islands	5956	6446
27.	Chandigarh	—	—
28.	D & N Haveli	5201	4491
29.	Delhi	4851	3847
30.	Daman & Diu	4802	6506
31.	Lakshadweep	7958	8522
32.	Pondicherry	3595	3727
All India		4470	5507

[Department of Rural Development O.M.No. 20012/460/87-IRD (A-II)  
dated 21.9.90]

#### Latest Action Taken

Per family investment has been increasing over the last 10 years. The concurrent evaluation, 1989 shows that 28% assisted families crossed poverty line.

[Ministry of Rural Development O.M.No. 20012/460/87-IRD (A-II) dated  
2.9.92]

### **Recommendation**

The Committee were also informed during their visit to North-Eastern Region that most of the bank branches are situated on the national highways and the bank managers cover beneficiaries residing within a radius of 10 kms. Although every project/scheme under IRDP is to be scrutinised and approved by the lead bank officials for its viability, the officials refuse to go to far off places in these hilly areas in spite of the provision of the necessary conveyance etc. IRDP being a credit linked programme cannot be implemented unless each village/cluster of villages is covered by at least one branch of the credit agency. The Committee feel that this problem could only be solved with the expansion of the credit network. The Committee desire that the Department of Banking should issue appropriate directives.

[Serial No. 26 Appendix-IV Para No. 4.20 of the 91st Report of P.A.C. (8th Lok Sabha)]

### **Action Taken**

In order to solve the problem of credit, particularly in North-Eastern Region, it has been decided (Letter No. I. 12011/80/85-IRD-III dated 1-4-1986) that in those blocks where there are no bank branches, the DRDAs could draw the amount from the banks on the strength of State Guarantee and lend to the IRDP families. The concerned States/UTs have also been requested (letter dated 9-9-1987) to indicate the progress made in this regard.

With regard to credit infrastructure, the current Branch Licensing Policy for the period 1-4-1985 to 31-3-1990 has prescribed the following norms in respect of development of Banking infrastructure:

- (a) There would be one branch for a population of 17,000 in the rural and semi-urban areas of each development block; and
- (b) At least one bank office would be located within a distance of 10 kms. from any village.

The population coverage and spatial norms incorporated in the current Branch Licensing Policy are expected to ensure that each development block is adequately banked and branch expansion would take place in such a way as to fill in the spatial gaps in the availability of banking facilities. Upto 30-9-1987, 4,559 centres have been allotted in various parts of the country to RRBs and commercial banks by RBI under the current Branch Licensing Policy. The Banks are expected to open branches at the allotted centres in a phased manner during the Licensing Policy period. With the opening of branches at the allotted centres, the deficiencies, in the development of banking infrastructure would be rectified considerably.

In regard to providing credit to IRDP beneficiaries in the unbanked areas in the North-Eastern Region, a system has been formulated for bank

credit to be channelised to IRDP beneficiaries through the DRDA. RBI has formulated the guidelines in this regard and advised the banks having lead responsibility over the unbanked blocks identified in the North-Eastern Region. The credit requirement of the IRDP beneficiaries would thus be taken care of even in the unbanked blocks in the North-Eastern Region.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Action Taken by Ministry of Finance**

The current Branch Licensing Policy for the period 1.4.1985 to 31.3.1990 has prescribed the following norms in respect of development of banking infrastructure:—

- (a) There would be one branch for a population of 17,000 in the rural and semi-urban areas of each development block. In hilly tracts, the need has been further reduced and a branch is to be established for a population of 10,000 to 12,000.
- (b) At least one bank office would be located within a distance of 10 kms. from any village.

The population coverage and spatial norms incorporated in the current Branch Licensing Policy are expected to ensure that each development block is adequately banked and branch expansion would take place in such a way as to fill in the spatial gaps in the availability of banking facilities. Upto 30.9.1987, 4,559 centres have been allotted in various parts of the country to RRBs and commercial banks by RBI under the current Branch Licensing Policy. The banks are expected to open branches at the allotted centres in a phased manner during the licensing policy period. With the opening of branches at the allotted centres, the deficiencies in the development of banking infrastructure would be rectified considerably.

In regard to providing credit to IRDP beneficiaries in the unbanked areas in the North-Eastern Region, a system has been formulated for bank credit to be channelised to IRDP beneficiaries through DRDAs. RBI has formulated on 4.9.1987 the guidelines in this regard and advised the banks having lead responsibility over the unbanked blocks identified in the North-Eastern Region. The credit requirement of the IRDP beneficiaries would thus be taken care of even in the unbanked blocks in the North-Eastern Region.

[Ministry of Finance Banking Division, Department of Economic Affairs Office Memorandum No. F. 19(30)/87-AC dated 30.12.88]

### **Latest Action Taken**

The Branch Licensing Policy 1985—90 of the RBI, prescribed more liberal norms for the North East. The Scheme for disbursal of credit-cum-subsidy by the DRDAs in unbanked blocks of the North East did not take off for various reasons. A Central Team has studied the problems in Arunachal Pradesh and Manipur in 1990, 91-92 and has made various recommendations for improving implementation of IRDP.

[Ministry of Rural Development O.M. 20012/460/87-IRD (AII)  
dated 2.9.92]

### **Recommendation**

The Committee have been informed that in the case of those blocks where banking facilities were not in existence it has been decided in the meeting of the High Level Committee on Credit held on 22 January, 1986 that the District Rural Development Agencies would obtain the funds from the banks and perform the loaning functions. The Committee may be informed whether the above decision has been implemented and if so, what has been the experience of the Government in this regard.

[Serial No. 36 Appendix-IV Para No. 5.12 of the 91st Report of  
P.A.C. (8th Lok Sabha)]

### **Action Taken**

The circular in regard to DRDAs taking up loaning function in unbanked blocks was issued *vide* No. I. 12011/80/85-C&P/IRD-III dated 1-4-1986. In March 1987 the Agriculture Minister took a meeting with the Chief Minister of Arunachal Pradesh, the State which has the largest number of unbanked blocks, on this and other issues. The Prime Minister also discussed this matter in his meeting with the Chief Executives of Banks on 1st July, 1987. The RBI has issued detailed guidelines in the matter on 11th Sept. 1987 to major lead Banks. The concerned States have been requested to indicate the progress made in this regard.

[Department of Rural Development O.M. 20012/460/87-IRD (A-II)  
dated 27.10.87]

### **Further Action Taken (Vetted)**

A letter requesting State Govts. to intimate progress regarding linking of subsidy with credit in North Eastern States is dated 9th September, 1987 No. I. 12011/80/85-IRD. III. The Progress made by each State/UT will be communicated in due course.

### **Subsequent Action Taken**

In order to solve the problem of credit under IRDP on account of inadequate number of bank branches in North Eastern Region. The RBI has permitted DRDAs to draw funds from the banks on the strength of state Government's guarantee and then lend to the beneficiaries in selected 20 unbanked blocks in the states of Arunachal Pradesh, Manipur and Nagaland. State Governments had been requested to intimate the progress made in the disbursement of credit under this scheme by the DRDAs. So far in these unbanked blocks. The scheme has not made much progress due to procedural and administrative problems etc. The State Government has raised number of issues which are being looked into.

[Department of Rural Development O.M. 20012/460/87-IRD (A-II)  
dated 21.9.90]

### **Latest Action Taken**

In Arunachal Pradesh, this facility was extended to DRDA in some unbanked Block. However, Govt. of Arunachal has not implemented the scheme. A Central team has studied the difficulties in proper implementation of IRDP in some of the North East States and made recommendations. A decision has been taken to allow investment in a project upto Rs. 2000 without insisting on credit linkage in unbanked blocks, the balance being made good by the beneficiary from other resources.

[Ministry of Rural Development O.M. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### **Recommendation**

It is also noticed that a decision has been taken to fix targets and allocations on the basis of incidence of poverty related to the number of population below the poverty line from the third year of the Seventh Plan. The Committee would like to know whether the necessary surveys have been made in all the States/Union Territories as provided in the Seventh Plan document and if so, what is its outcome. The Committee may be apprised of necessary details.

[Serial No. 37 Appendix-IV Para No. 5.13 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

According to the VII Plan document, the allocation of funds under IRDP would be on the basis of incidence of poverty. However, in order to have a gradual change over from uniformity to selectivity, it is stated that during the first two years 50% of allocation will be on the basis of incidence of poverty and 50% on the basis of number of blocks. From third year onwards the entire allocation was to be on the basis of poverty

(This has been further revised and comments on para 3.28 may be referred to). The allocation on the basis of incidence of poverty is made on the basis of findings of 38th round of National Sample Survey Organisation Report (N.S.S.O.).

The survey envisaged in the VII Plan are for identifying families eligible for supplementary dose of assistance and also now families. These surveys are being done by the State Governments in some cases on annual basis and in some other cases for longer periods.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 27.10.87]

#### **Latest Action Taken**

NSSO provides data about State wise incidence of poverty. These have been used as basis for allocation.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

#### **Recommendation**

The Committee note that the programme was started without assessment of the existing administrative infrastructure available in districts both for implementation of IRDP and Animal Husbandry Programme. The Committee not with concern that the programme was started without creating the basic infrastructure required for its implementation. The evaluation report on IRDP of the Programme evaluation Organisation of the Planning Commission indicated that more than half the districts selected by them for study had inadequate infrastructure and that in many districts funds allotted for the creation of these facilities were insufficient. During evidence most of the State representatives complained about the infrastructural gaps which required maximum attention. Forward and backward linkages were missing in almost all States. The Committee had observed during their visits to J&K and Haryana States that in the absence of the forward and backward linkages and proper marketing facilities, some of the beneficiaries had been turned into labourers for the middleman who had gained both ways by getting cheap labour and products which were marketed by them on highly remunerative prices. The Jaipur study conducted under NABARD showed that only 46 per cent of the recipients of loans were left with assets at the end of two years; the others had either sold it or the animal was dead. And an even smaller proportion of agricultural labour households i.e. 34 per cent, was left with animals. The study, while explaining this rather dismal situation, observed; "The real problem was poor availability of common grazing lands, inadequate supply of fodder and feed particularly in the case of the landless, and the high cost of maintaining the animal during the dry period. In the Seventh Plan period the limit for spending the funds for

the creation of infrastructural facilities has been increased from 10 per cent of the total allocations to 15 per cent.

[Serial No. 41 Appendix IV Para No. 5.30 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

The guidelines provide that 10% of the IRD allocation could be utilized for infrastructure which has direct relevance with the schemes of IRDP. The general infrastructure support has normally to come from the subject matter Department. The working group on Special Programmes of Rural Development had recommended for increase of infrastructure facilities from existing 10% to 15%. In the VIIth Plan document it has been highlighted that basic infrastructure facilities should come from sectoral plans. Under I.R.D.P., such infrastructure which has direct relevance with the I.R.D.P. should be provided. The relevant paras from the VIIth Five Year Plan document in this regard are as under:—

“2.25 It is important to ensure a balanced sectoral coverage under the Programme. To achieve this objective there would be a renewed emphasis on decent realised planning at the district level with the objective of drawing up project and sub-sectoral profiles based on the local potential and the on going sectoral plans and programmes which could help to identify the matter potential thrust areas in different regions. Such plans at the district level would have to be prepared within the first year of the Seventh Plan. In the process, on going target group-oriented schemes being implemented by different department will be rationalised and others capable of such orientation, the Special Rice Programme, Operation Flood II(F.II), Programmes for Handlooms and Sericulture, etc. would be given a specific direction towards the target group of the IRDP with a view to achieving maximum integration between the individual beneficiary oriented content of the IRDP, on the one hand, and the infrastructure and service support made available through such programmes, on the other. For example, the benefits intended to be provided to 10 million families under the OF-II could be easily directed first to the IRDP beneficiaries who might have go milch cattle, rather than having an independent selection of farmers who in most cases would be better off and more easily able to fend for themselves.

2.28 A major area of weakness under the programme, i.e., the absence of infrastructural support and backward and forward linkages, will be given special attention. For the most part this will have to come from the sectoral departments in the form of development of appropriate technology, production and supply of good quality **assets** and provision of other inputs and services. In order to ensure this an attempt would be made to spell out the



provision of such support specifically in the sectoral plans. In addition, to meet the requirements of programmes specific and balancing infrastructure at the local level, funds will be provided separately, over and above subsidy funds, as apart of the overall outlays under IRDP. These funds, among other things, would be utilised for developing institutions such as District Supply and Marketing Societies at the district level to take care of raw materials input requirements and marketing. It will be emphasised that an infrastructure sub-plan should be prepared as an integral part of the sub-sectoral district plans mentioned earlier. While doing this, the support likely to be available through the plans of sectoral departments as well as the planned use of the IRDP infrastructure funds would both have to be spelt out."

The adequacy of infrastructure facilities is also monitored in the Monthly **Concurrent** Evaluation Report. According to 12 Monthly reports (October 1985— September 1986) in about 85% cases, the input facilities were available. The marketing facility was available in 85% of cases and repair/ maintenance was available in about 77% of the case.

[Department of Rural Development O.M. No. 20012/460/87-IRD (AII)  
dated 27.10.87]

#### **Latest Action Taken**

General infrastructure is to be provided by the concerned Deptt. Only infrastructure directly relevant to IRDP is provided out of programme funds. Availability of infrastructure is monitored through the concurrent evaluation.

The other Govt. Deptts. need to be sensitised about giving priority to the poor and treating them as their primary clients. We have suggested this in the 8th Plan.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

#### **Recommendation**

The Committee learn that while the major investments on infrastructure was required to be made by the State Government as a part of their normal plan crucial gaps which still existed and without filling which individual beneficiary programme could not be implemented successfully, could be made out of the IRD funds. It is distressed to note that a number of DRDAs did spend funds on items of infrastructure not covered by the aforesaid provision and in a number of cases irregular payments on creation of infrastructure were made. The Committee are distressed to find that the recovery of these irregular payments is being made only after these cases were pointed out by Audit. The Audit have been able to do only test check and the cases brought out by them are only illustrative and not exhaustive. The magnitude of the leakages of the loans for animal

**husbandry** has been estimated at 26 per cent by NABARD survey of 1984. The Committee desire the Ministry of Rural Development to get the expenditure made on creation of infrastructure subjected to audit by the respective Accountants General/Directors of Audit in all the remaining States Union Territories and furnish the Results thereof to the Committee. The Committee consider that it is very important to see that IRDP funds are not misutilised. Deterrent action against the officials responsible for misutilisation or diversion of IRDP funds must be taken and the State Government must be held responsible to replenish such misuse and diversions.

At this stage, the Committee would like to stress the highest importance of infrastructure to the I.R.D.P. The Committee clarifies that its reference to building of infrastructure includes those institutions that ensure a regular supply of stock that forms the production base. For instance, the same animal is seen to be brought and sold from and to several beneficiaries as stated **elsewhere** in this Report. This is not merely a question of corruption in transactions. It is also a question of lack of supply of adequate number of good quality animals in the country. This can be met only by the organisation of more breeding farms. Examples of this kind relevant to anti-poverty programmes can be multiplied. Funds for this should be provided not from the I.R.D.P. allocations but in the regular budgets of other relevant departments indicating clearly that these allocations are for supporting the I.R.D. Programme and be used only on a requisition made by the Rural Development Department. The Departments concerned would provide for these outlays in consultation with the Rural Development Departments at the Centre and in the States. Without such infrastructure, the subsidies and loans in the IRDP will be more or less a waste.

[Serial No. 43 Appendix-IV Para No. 5.32 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

In view of the recommendation of the Public Accouts Committee regarding irregular payment on creation of infrastructure under IRDP, the Deptt. of Rural Development has taken up the matter with the Joint Director (Report Central Civil of the C&AG of **India**) in all the remaining States/Union Territories to carry out special audit on funds utilized for **infrastructure** during VIth Plan and furnish the report.

Based on the observations of the audit the Deptt. of Rural Development have decided and advised to the State Govt. to set up Internal Audit Cells *vide* letter No. 29012/11/86-IRD-III dated 1.4.1986. The functions of the Internal Audit Cell consist of checking of non-adjustment of subsidy in the time, release of excess subsidy irregularities in the expenditure etc. The Union Govt. provides 50% of the expenditure for States and 100% for Union Territories for setting up of these Internal Audit Cells.

[Department of Rural Development O.M. 20012/460/87-IRD (A-II)  
dated 27.10.87]

#### **Latest Action Taken**

Audit objections regarding misuse of IRDP funds have been brought to the notice of the state govts. for remedial action. We have also advised the State Govts. to arrange for supply of good quality animals through Govt. breeding farms, cooperative farms, progressive farmers and through voluntary agencies like BAIF. An Internal Audit Cell is required to be set up in every state.

[Ministry of Rural Development O.M. 20012/460/87-IRD (A-II) dated  
2.9.92]

#### **Recommendation**

The Government of India have approved certain guidelines for identification of beneficiaries for the supplementary assistance. According to these guidelines it is to be ensured that the balance outstanding in the existing loan together with the proposed second loan is within the repaying capacity of the beneficiary and that adequate infrastructure facilities, backward and forward linkages materials, making facilities, etc. are available so that the investment does not become infructuous. The Committee find from the Seventh Plan document that around 50 per cent of the beneficiaries to be assisted in the Seventh Plan will be requiring supplementary assistance on an average rate of Rs. 500/- per household. The Committee are unable to understand how the Planning Commission/ Ministry of Rural Development came to a conclusion that a beneficiary would be able to cross the poverty line just with a supplementary dose of Rs. 500/-. Since 50 per cent of beneficiaries i.e. 75.51 lakh people are required to be given a supplementary dose of Rs. 500/- per family the amount on this account required in the Seventh Plan would be about Rs. 375 crores. The Committee consider that expenditure of this magnitude would not be able to achieve the desired objective. That being so, that number of target of households should be scaled down so that the crossing of poverty line by the beneficiaries is not uncertain.

[Serial No. 46 Appendix IV Para No. 5.49 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

The figure of Rs. 500/- per household quoted in para 2.35 of 7th Plan regarding supplementary assistance is for subsidy investment. This would fetch a loan of about Rs. 1,000, thus making the total investment of about Rs. 1,500 for second dose of assistance. However, actual average per family investment on second dose during 1985-86 was about Rs. 3590/- and Rs. 3725/- in 1986-1987 which appears adequate considering that it is a second dose.

*The table below indicates the order of financial investment in the programme and the achievements from 1980-81 to 1987-88  
Total financial investment and families assisted under IRDP 1980-87*

Years	(Rs. in crores)				Families assisted (in lakhs)
	Budgetary Resources (Total Expendr.)	Credit Mobilised	Total Investment		
	2	3	4	5	
1980-81	158.64	289.05	447.69	27.27	
1981-82	264.65	467.59	732.24	27.13	
1982-83	359.59	713.98	1073.57	34.55	
1983-84	406.09	773.51	1179.60	36.85	
1984-85	472.20	857.48	1329.68	39.82	
1985-86	441.10	730.15	1171.25	30.61	
1986-87	613.38	1014.88	1628.26	37.47	

The above table will indicate that in the VIIIth Plan, effort is more towards ensuring higher investments than mere achieving of physical targets.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 27.10.87]

### Further Action Taken

The average investment figures do not include expenses on administration & infrastructure. These comprise only the subsidy and credit components. This is for second dose cases.

### Latest Action Taken (Vetted)

Resources indicated were 500 per household for the 2nd dose providing a total investment of Rs.1500 including subsidy and credit. In practice actual investment has been much higher for the 2nd dose. The number of assisted families for the second dose were also fewer. A package of assistance should be provided in the first instance. 2nd dose of assistance has not proved very successful.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### Recommendation

According to the procedure approved for release of funds, funds are released in two instalments and the first instalment is generally an advance release but certain Audit formalities are to be completed before the second instalment is released. Another condition for release of instalment is utilisation of 50 per cent of available funds before release of the second instalment. One of the main reasons for rush of expenditure in the month of March, as given by the Ministry, is the delay in the sanction of loans by the banks. However, Department of Rural Development have now informed the Committee that a conscious effort has been made to eliminate constraints which may result in postponing expenditure to the end to the financial year and that with the introduction of the system of quarterly targets from the year 1985-86 the position will further improve. The Ministry have also fixed the physical targets to be achieved during each of the quarters. The Government have also drawn up the action calendar for various activities from the year 1986-87, viz, communication of outlays and targets for the year—1 April, approval of Annual Action Plan—and release of 1st instalment by Govt. of India and State Govt. 30 June, release of 2nd instalment 31 January 1987. It is not understood as to how more than 50 per cent amount released on 31 January each year and required to be spent during the last 2 months of the financial year would help in avoiding rush of expenditure during last quarter. It is also noticed from the statement made by the Minister of State in the Ministry of Finance on 8.4.1987 that a high level Committee has been set up by the Govt. to look into the problems relating to credit for IRDP and suggest improvements on ongoing basis. The Minister of State for Finance has also

stated that achievement of the IRDP credit targets are monitored at the meeting of the District Consultative Committee. The Committee hope that these efforts would expedite payments to beneficiaries and would like to be apprised of further progress in this regard.

The Committee, also recommend that communication of outlays and targets and the approval of Annual Action Plan etc. should be completed in sufficiently advance so that the first and the second instalments for the year could be released by the Government of India and State Government by 30 April and 30 September which should also provide targets for each month or quarter and the number of cases to be tackled. It may be desirable to post core staff dealing exclusively with IRDP at block level. Such staff should continuously deal with IRDP cases i.e. processing of applications, following up the progress, monitoring their problems and attending to all related work. Such a core staff exclusively for IRDP work at block level should help reducing the bunching of applications towards the end of the year resulting in rush of expenditure.

[Serial No. 49 Appendix IV Para No.5.57 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

#### Action Taken

Among the steps taken to avoid rush of expenditure during the last quarter is of introduction of quarterly Budgeting. According to the quarterly budgeting, target for each quarter is as follows:-

(i) First Quarter	15%
(ii) Second Quarter	20%
(iii) Third Quarter	35%
(iv) Fourth Quarter	30%
	100%

The utilisation of funds, credit mobilisation and families to be assisted should be according to the above targets. In case the States are not able to achieve above targets a proportional deduction could be made in the allocation of funds to the States at the time of release of 2nd instalment. Further in order to avoid excess carry over of funds with the DRDAs, the opening balance of the DRDA should not exceed 25% of the allocation of the year in which funds are being released. In case, the opening balance exceeds the limit, the Central share of the amount by which it exceeds this limit will be deducted at the time of second instalment.

For implementation of the programme, Annual Action Plan has been

prepared and intimated to the State Government *vide* letter R-14011/2/86-IRD III dated 18.5.87. According to this, first Instalment by the Centre and State is to be released during the first quarter. In fact during the current year i.e. 1987-88, Central share of Rs. 147.60 crores (96%) was released on 1st April 1987 out of due amount of Rs. 154.07 crores to be released during the first quarter of the year. The Department has also asked the States to draw 2nd instalment between October and December.

Under the scheme of Block Level Admn. for implementation of IRDP the Department has already approved posts at block level. States/UTs have been advised that one post of Joint BDO per block may be created for the blocks having a population of more than 1 lakh, 10 village level workers and 7 Extension Officers. In the IRDP areas and the North Eastern region, the Joint BDO can be posted irrespective of the population size. In these blocks, the strength of Gram Sewaks and Gram Sewikas can be augmented by 50% of the existing strength subject to such additional staff being not more than 5 VLWS and one VLW (Women) per block.

The G.V.K. Rao Committee has suggested in its report to the Planning Commission for development of Administrative structure for implementation of Rural Development Programme at Block, District and State Levels. The report is under consideration of the Planning Commission.

[Department of Rural Development O.M. No. 20012/460/87-IRD-II dated 27.10.87]

#### **Latest Action Taken**

Quarterly budgeting is being insisted upon. In case of need expenditure proportion deductions are being made from 2nd instalment. Additional staff at the block level and village level can be created under the BLA scheme. GVK Rao Committee recommendation for strengthening administrative support for RD programmes is pending with the Planning Commission.

[Ministry of Rural Development O.M. No.20012/460/87-IRD (A-II) dated 2.9.92]

#### **Recommendation**

The Ministry have informed the Committee that evaluation studies have been made by Project Evaluation Organisation, Reserve Bank of India, National Bank for Agriculture and Rural Development and Institute of Financial Management and Reserves. Besides the above evaluation studies, the Department of Rural Development have also commissioned a number of studies out of which reports of two studies *viz.* National Institute of Urban Affairs and Indian Institute of Public Administration have been finalised and other studies are at various stages of completion. However, it has now been decided by the Ministry of Rural Development to have

concurrent evaluation of the programme and according to this decision every month two blocks each in 36 districts will be studied. In each block 10 old beneficiaries and 10 new beneficiaries would be studied. The evaluations would cover 36 districts, 72 blocks and 1440 families every month from 1985-86 onwards. The focus of the evaluation of new beneficiaries would be with reference to the procedure for selection, time taken for sanction of loan, purchase of stocks etc. Maintenance of assets, income generation, linkages etc. will be the focus of evaluation of old beneficiaries. For this purpose, the country has been divided in 18 zones and one or more research institutions have been identified to carry out the study in each of the zones. The results of these studies would be computerised. The Committee would like to know the results of such studies and the impact of the programme.

[Serial No. 62, Appendix IV, Para No. 7.15 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

The monthly reports of the Concurrent Evaluation are received from time to time and based on the findings of the report, the state governments are addressed to take corrective actions. As mentioned earlier, on receipt of the Annual Report of Concurrent (Oct. 85—Sept. 86), the Agriculture Minister has also addressed the Chief Ministers in this regard.

The gist of positive points and areas of concern as evidenced from the above mentioned Annual Report. Enclosed 5 Annexure V.

[Department of Rural Development Office Memorandum No. 20012/  
460/87-IRD(A-II) dated 27.10.87]

#### **Latest Action Taken**

Gist of positive points and areas of concern have been communicated.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]



**Main finding of Twelve Monthly Concurrent Evaluation Studies***Positive Points*

1. According to annual income of beneficiaries, as per records, the poorest of the poor had predominant coverage under IRDP. About 58% of the assisted families belonged to the destitute group (Re.1—Rs.2265) and 41% to the very very poor (Rs.2266—Rs.3500). However, according to the annual income as assessed by the investigators, the families belonging to very very poor group (Rs.2266—Rs.3500) has predominant coverage. As per assessed annual income, about 35% assisted families belonged to the income group (Re.1-Rs.2265) and 43% families to the income group (Rs.2266-Rs.3500). But 13% assisted families belonged to the income group (Rs.3501—Rs.4800), 5% belonged to the income group of Rs.4801—Rs.6400 and 4% families had income of more than Rs.6400 (Figure 1 and Figure 1A). However, it may be noted that, while families from destitute and very very poor group comprised only about 29% of the target group for IRDP assistance (i.e. those families with income upto Rs.4300), their coverage, even as per investigators was 78% which is excellent.

2. At the national level, about 56% beneficiaries were selected in the meetings of Gram Sabhas and about 39% beneficiaries selected by officials (Figure 4).

3. About 78% beneficiaries had found the assistance (subsidy and credit) sufficient for acquiring the asset (Figure 8).

4. About 45% of the sample families had no overdues and about 33% had overdues less than Rs.1000. This compares well with the NABARD study (1985) according to which the recovery under IRDP is estimated at 69% (Figure 12).

5. In 71% cases, the assets were found intact. The assets were not intact in the remaining 29% cases of which in about 6% cases due to unexpected events (deaths, illness etc.), in another 6% cases on account of inadequate income generation, in 5% cases because of their high maintenance cost, in 2% cases due to their defective conditions and in the remaining 10% cases to other reasons (Figure 14 and 15).

6. At the national level according to the perception of the beneficiaries, input facility was available in 85% cases and Marketing faculty was also available in same percentage of cases (Figure 24).

7. The assets had generated incremental income of more than Rs. 2000 in about 26% cases, the incremental income was between Rs.1001 to

Rs. 2000 in 24% cases and between Rs. 501 and Rs. 1000 in 15% cases. It was upto Rs. 500 in another 11% cases (Figure 19).

8. At the national level, about 52% old beneficiaries had crossed the poverty line of Rs. 3500 and 12% old beneficiaries, the revised poverty line of Rs. 6400 (Figure 20 and 20A)

9. Increase in the post assistance income is a percentage of pre-assistance income, income, indicates that at the national level 38% families experienced more than 50% increase in family income of whom 15% experienced even more than 100% increase (Figure 26).

### *Areas of Concern*

1. The selection of ineligible families has been as high as 9% (Figure 3 and 3A).

2. In 67% cases, there was no difference in the assessed and recorded value of assessed. However, in 9% cases, the difference was more than Rs. 1000 and in 5% cases, between Rs. 501 and Rs. 1000. Thus, in 14% cases a difference of more than Rs. 500 was found which indicates malpractices and leakages and require investigation by concerned authorities (Figure 9).

3. Working capital was required in 60% cases but was not provided in 32% cases to beneficiaries (Figure 10).

4. The repayment period was less than 3 years in 36% cases, together accounting for 62% cases (Figure 11A).

5. Insurance of the asset was required in 71% cases but could not be done in 23% cases (Figure 16).

6. Training was not imparted to beneficiaries in 21% cases out of the 25% requiring training (Figure 17).

7. After care and support by Government agencies was not made available to beneficiaries in about 42% cases out of the 68% requiring such support and after care (Figure 18).

8. Repair/maintenance facility was not available to beneficiaries in 33% cases (Figure 24).

9. In about 24% cases, no incremental income was generated by the assets. This is a matter of serious concern (Figure 19).

## CHAPTER IV

### RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

#### Recommendation

The Committee also note that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Employment Programme, Integrated Tribal Development Programme, Rural Landless Employment Guarantee Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas are also going on in the country. As all these programmes were aimed at the same target groups certain amount of over lap in the coverage of the programmes cannot be ruled out. In spite of the fact that these programmes are being implemented through different Ministries, the Secretary, Rural Development admitted during evidence that there is fairly large amount of overlapping. During study tours of the Committee to various States/Union Territories it was suggested that all programmes aimed at poverty alleviation should be merged. In this connection the Department of Rural Development have informed the Committee that each of these programmes has distinct focus and it is hardly feasible to merge all these programmes.

The Committee does not share this view. The Committee would urge that the Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should start as exercise to examine which Department of the Government of India should be brought under a single umbrella to ensure a high level of co-ordination so as to enable the fight against poverty to become more effective at the field level.

[Serial No. 8, Appendix-IV, Para No. 1.24 of the 91st report of P.A.C. (8th Lok Sabha)]

#### Action Taken

A number of programmes are implemented for improving the lot of rural poor and particularly for the persons below the poverty line. The Department of Rural Development implements the schemes of IRDP, NREP, RLEGP, DPAP and DDP etc. In addition, the Department of Agriculture implements scheme for Development of Small and Marginal Farmers for Increase in Agriculture Production. The Ministry of Welfare implements Integrated Tribal Development Scheme and Scheduled Castes Component Plan. The Department of Women and Children Development also implements a number of schemes in rural areas.

Each scheme has got a specific focus and identified target group. IRDP is a family oriented programme for providing assets to the beneficiaries in order to enable them to take up income generating activities. NREP and RLEGP provide wage employment. Integrated Tribal Development Project is meant for tribals in identified areas. Thus different schemes have got different focus and objectives. Therefore, it may not be possible to merge all such programmes into one. Efforts are made to dovetail the various programmes to get the optimum output of each programme.

The G.V.K. Rao Committee has also suggested certain measures to bring about better integration of rural development programmes. Their report is under consideration of the Planning Commission.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Further Action taken (Vetted)**

The G.V.K. Rao Committee submitted its report on December, 24, 1985.

#### **Latest Action taken**

Various programmes being sponsored by GOI have different parameters and target groups. However, efforts are being made to dovetail the programmes. G.V.K. Rao Committee also recommended better integration. Report under consideration of Planning Commission. Constitutional Amendment reg. Panchavati Raj will assist the process of integration of RD schemes. Pilot project for dovetailing various schemes for women development is being attempted in 12 districts.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

#### **Recommendation**

In order to remove regional imbalances, unemployment and poverty and to have resource mobilisation and wider distribution of income, the Committee feel that a more comprehensive approach to rural employment aiming at redesigning the whole rural economy and society aimed at elimination of the exploitation of the poor and providing them with gainful employment whether under public or private sector or self-employment opportunities is required. Effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. As a first step in this direction it is imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes are integrated and brought under one Ministry to avoid overlapping and to enable the

Government to have an effective control over these programmes. These must be an integral part of a single development plan formulated by a single Development Authority and for whose effective implementation a single authority is responsible and accountable. It is also desirable that a beneficiary is covered under only one programme/scheme and given adequate assistance to enable him to cross the poverty line in one-go and on sustained basis.

[Serial No. 9, Appendix-IV, Para No. 1.25 of the 91st report of P.A.C. (8th Lok Sabha)]

#### **Action taken**

While it may be difficult to integrate all rural development programmes under the **umbrella** of one ministry as this may be unwieldy and since other programmes may have different objectives, it is certainly necessary to dovetail the efforts under different programmes to ensure that the maximum benefits are made available to the rural poor, particularly the poorest.

The 7th Plan makes it very clear that the separate services being built up by various sectoral programmes are to coverge on the IRD beneficiaries. The Department has been emphasising this point to the State Governments from time to time.

Coordinating machanisms also exist at the block, district, state and central levels to facilitate this process of integrating various sectoral programmes into the IRD Programme.

G.V.K. Rao Committee report now under examination of the Planning Commission has also suggested certain measures to bring about better coordination intègration of implementation of Rural Development Programmes at District and Block levels.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Latest Action taken**

Need for dovetailing to ensure maximum benefit to the poorest accepted. Coordinating mechanisms have been set up. G.V.K. Rao Committee recommendations are under consideration of the Planning Commission. Constitutional amendment through the Panchayati Raj Bill will facilitate a comprehensive approach to rural development.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

#### **Recommendation**

One of the main objectives of Integrated Rural Development Programme was to raise the families in the target groups above the poverty line-income level of Rs. 3500 and to create substantial additional opportunities of employment in rural sector. It is surprising that the

Government of India instead of having blockwise figures of families below the poverty line relied upon the Statewise figures of families which emerged from 32nd round of National Sample Survey of 1977-78. The Department of Rural Development informed the Committee that the rural population below poverty line rose from 51.5 per cent in 1977-78 to 53.3 per cent at the base year of the Sixth Five Year Plan and then came down to 40.4% in 1983-84 in the 38th round of National Sample Survey. The Secretary, Rural Development admitted during evidence that this 11 per cent fall in poverty situation was not merely due to IRDP but on account of other development programmes also. He however, claimed that they had assisted about 16.5 million people in the implementation of the programme. However, different organisations/economists are not unanimous on this issue and gave conflicting figures. According to the Seventh Five Year Plan document the number of persons who would have crossed the income level of Rs. 3500 would not exceed around 40%. Various studies conducted in this regard have brought out that 17-49% of the families have crossed poverty-line. In this connection one of the economist has said that at the end of 7 years of operation of the programme only 3% of the poor would have been helped to live above poverty line and that too for a while only. All this is due to non-identification of families living below the poverty line. But it is obvious that the programme has fallen short in achievement of its objectives.

The Secretary, Rural Development suggested that a direct attack is required to be made to bring the persons living below the poverty line to 28% by the end of Seventh Plan and to 10% by 1994-95. The Committee are of the view that combined and concerted efforts by the State/Union Governments and the district level functionaries are needed to achieve this objective.

[Serial No. 15, Appendix-IV, Para No. 2.25 of the 91st report of P.A.C. (8th Lok Sabha)]

#### **Action Taken**

The National Sample Survey provides figures of the incidence of poverty at state level. The Department, therefore, uses this as a basis for its planning process. In fact, as a corrective measure, the allocation of funds from the centre under the IRD Programme has been changed from one of uniformity, which prevailed in the 6th Plan, to one based on incidence of poverty in the 7th Plan. The purpose of this change is to ensure higher allocations and therefore, greater coverage under IRDP in areas which have higher poverty incidence.

As regards allocation of funds, and therefore the programme activity below state level, in the Conference of State Secretaries of Rural Development in July, 1985, a decision was taken that the states will have freedom to re-allocate funds within the districts/blocks. The decision was as follows:

“It was also pointed out that the outlays under the programme had been allocated to the States and the states have the freedom to reallocate funds within the districts/blocks. The States may then intimate the Districtwise allocations to the Ministry so that the Central share of assistance to the DRDAs is also released accordingly.”

A number of Evaluation Studies of the programme were done in the 6th Plan and they have shown that in varying percentage, families did cross the poverty line. An important aspect which has been brought out in the study by the Programme Evaluation Organisation is that 88.2% of the sample households had reported that their income had increased. The concurrent Evaluation for the period October 1985—September 1986 indicates that about 52% old beneficiaries had crossed the poverty line of Rs. 3500 and 12% old beneficiaries, the revised poverty line of Rs. 6400.

It is agreed that to achieve the major objective of reducing poverty in the country, the same is only possible through a combined and concerted effort by the State/Union Government and the district level functionaries.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD(A-II) dated 27.10.87]

#### **Subsequent Action taken**

The Department of Rural Development has been conducting a Concurrent Evaluation of the IRDP since October, 1985. The 3rd round of the Survey for January–June, 1989 is based on the analysis of 8448 household schedules examined during this period. According to this report 78% of the old families in the sample had crossed the old poverty line of Rs. 3500 and 28% revised poverty line of Rs. 6400. At the national level 67% beneficiaries were selected in the Gram Sabhas and 73% had assets intact. The main findings of the Concurrent Evaluation Report is given in the Appendix IV.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 21.9.90]

#### **Latest Action taken**

NSSO data is still utilised for allocation of funds under IRDP. The IRDP allocation is based entirely on the incidence of poverty in the state. Efforts are also being made to step up the per family investment. The investment has now reached Rs. 7000 in 1992-93. Other inputs line backward and forward linkages. Simplification of procedures and better qualitative monitoring have been evolved to improve the impact.”

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

According to the original study of the Study Group of the IRDP at a global approach it was estimated that an amount of Rs. 5700 crores would be required. However, the net outlay for IRDP including Central and States shares is only Rs. 2358.81 crores. In this connection the representatives of the Planning Commission stated during evidence that the Planning Commission did favour an increase in the subsidy level. But a final view about the total investment would be taken after the first two years of the Seventh Plan. The Committee strongly urge that outlays appropriate to each identified household living below the poverty line should be made available to help it generate the income needed to cross the poverty line. To this extent, there should be no obligation to provide an outlay for a beneficiaries household even beyond the Rs. 7000-9000 ceiling indicated by experts. The test should be whether the outlay for a household does in fact help it cross the poverty line. This would naturally call for the allocation of much higher level of funds for the I.R.D. Programme both towards subsidy in the budget and towards matching loan by the banking system. Depending upon such outlays, the target for the families to be assisted should be fixed based on the criterion of Rs. 7000-9000 per household with provision for supplementary allocations to meet the needs of specific household that would need outlays higher than Rs. 7000-9000 level. Allocations of such increased outlays alone would prove that the plan objective of reducing the poverty percentage to 10 per cent in 1995 is possible. If such outlays cannot be provided, then the targets also should be scaled down. In this view, the Committee is unable to appreciate the apprehension of the Secretary, Rural Development that reduction in physical target will *ifso facto* mean reduced financial allocations in the target. What the Committee is recommending is increased financial allocation at not less than Rs. 7000-9000 per household for 15 million households. If this is not practicable, then the number of target households should be scaled down. There is no point in fixing targets which are impossible of realisation. The Committee would like to make it clear that what the Government should be concerned about is crossing of poverty line by the beneficiaries in no uncertain terms and nothing less, so that such successful efforts become models for being followed all over the country in this and other similar programmes. The level of assistance and manner of implementation should be such that a household progresses beyond the poverty line in one go and not by resort to a second dose of assistance etc. as at present contemplated by Government, which in truth is impracticable. A programme which does not help poor households cross the poverty line in one go, cannot carry any credibility as to its validity. Hence credible outlays are the elementary need of the I.R.D.P.

[Serial No. 23, Appendix-IV, Para No. 3.30 of the 91st Report of P.A.C. (8th Lok Sabha)]



### Action Taken

According to the VII Plan, the poverty alleviation programmes, (IRDP being one of them) have to be viewed in the wider perspective of socio-economic transformation in the country. The strategy of direct attack on poverty has to be sustained and supported by an overall growth of the economy itself. Thus, according to the Plan, the programme for poverty alleviation are to be regarded as supplementing the basic plan for overall economic growth in terms of generating productive assets and skills as well as the incomes of the poor. In fact, the ability of a poorer household to cross the poverty line will depend upon its overall income, i.e. income from the poverty alleviation programmes and the other wage and non-wage incomes accruing to them.

The Department agrees that the investment should give an adequate return to enable the family to cross the poverty line. This point has been emphasised by the Department from time to time. This point about adequate investment was also emphasised by the Agriculture Minister in a letter addressed by him to the Chief Ministers on 29th August, 1985.

The Department also feels the need for higher allocation of funds for the IRD Programme, but this is depend upon the overall resources position. The table below gives details of allocations, actual expenditure, credit mobilised and families assisted from 1984-85 (last year of VI Plan) to 1987-88.

Year	Total allocation	Expenditure (Rs. crores)	Credit mobilised (Rs. crores)	Total families to be assisted (in lakhs)	Total families assisted (in lakhs)
1984-85	407.36	472.20	857.48	30.27	39.82
1985-86	407.36	441.10	730.15	24.71	30.61
1986-87	543.83	613.38	1014.88	35.09	37.47
1987-88	613.64			39.12	

The figures for 1984-85 and 1985-86 would reveal that while the allocation for these two years remained more or less the same, the targets for the latter year (1st year of VII Plan) were indeed kept lower than those for 1984-85 which is the last year of the VI Plan. The intention was very clear, namely, to have increased investments. Even the achievements would indicate that while in 1984-85 the achievements were much more than the targets, this was not so in 1985-86 and 1986-87. Thus the effort of the state governments was geared towards realistic achievements rather than more physical progress.

The allocations of the second and third year of the VII Plan also indicate a steep rise showing the government's concern for greater

financial resources for this programme. Simultaneously, the credit mobilisation has also been increasing in the last few years.

It may also be mentioned that the overall outlay is on doubt dependent upon the overall resources available to Government. Keeping in mind the resources, the targets are fixed and it has been stressed to the State Governments that the investment should be adequate to ensure a return which enables the family to ultimately cross the poverty line.

It may also be mentioned that in the total effort of enabling the families to cross the poverty line, the contribution of IRDP is one factor. There are other inputs also such as the overall impact of economic growth, benefits of other sectoral and infrastructural programmes etc. These are also factors which contribute to the Government's total efforts at alleviating poverty.

[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

#### **Further Action taken (Vetted)**

The average net per capita investment is given below:—

Year	Per Capital Investment (in Rs.)
1984-85	3339
1985-86	2953(old) 3311(new)
1986-87	3590(old) 4511(new)

This Department does not favour reduction of target but rather has emphasised increase in outlay / allocation to cover physical targets fixed.

Crossing of the poverty line by families assisted is a slow process. Hence the findings of the concurrent evaluation studies regarding the indicator-crossing the poverty line, relates to old beneficiaries who had been assisted during the VIth Plan period. However, the findings of the concurrent evaluation for the period October 1985 to September 1986 indicate that in 76% cases the assets given to IRDP beneficiaries generated incremental income.

The sample survey of concurrent evaluation for the period October 85 to September 86 indicates that 52% of the old beneficiaries cross the poverty line of Rs. 3,500 and 12% old beneficiaries the revised poverty line of Rs. 6,400.

#### **Subsequent Action Taken**

As mentioned in the action taken notes, the allocation and physical targets fixed in the Seventh Plan Document were notional. Actual allocation/ targets are fixed on the basis of annual plan discussions. To comply with the observations of PAC for increase of allocation / reduction of targets, the Department had been continuously pressing the Planning Commission for the same. Therefore, on the basis of annual plans, total allocation of an amount of Rs. 3000.27 crores has been provided for the implementation of IRDP as against the Seventh Plan Document allocation

of Rs. 2358.81 crores. The Department had been successful in stepping up of the allocation by Rs. 641.46 crores. Not only this, the physical target was reduced to 160.38 lakhs i.e. reduction of 39.62 lakhs families. Achievements under the programme may be seen at appendices II, III, & IV of this report.

With regard to crossing of the poverty line by the families assisted under the programme, main findings of the Concurrent Evaluation Report of IRDP for Jan-June, 1989.

[Department of Rural Development O.M. No. 20012/460/87-IRD. (A-II)  
dated 27.10.87]

#### **Latest Action Taken**

Allocation under IRDP have been going up. However these are constrained by the overall resource position. It must be noted that the direct attack on poverty in the 7th Plan was a supplement to the basic growth strategy of the plan and should not be viewed in isolation. Allocations for IRDP have been almost stagnant over the last 3 years. Efforts have been made to get higher allocations during the 8th Plan.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 27.10.87]

#### **Recommendation**

The Committee have been informed that during VII Plan the net outlay for IRDP is only about Rs. 2372 crores. During evidence, the representative of the Department of Banking stated that it would not be possible for them to allocate more than Rs. 6000 crores for the programme. As stated in Para 2.32 of Seventh Plan document the ceilings of subsidy fixed for different categories of beneficiaries in the Sixth Plan would continue during the VII Plan and within these, the average subsidy per household would be around Rs. 1333 against Rs. 1000 in the VI Plan for generating which the per capita investment level would have to around Rs. 4000 / -. The Committee however hope that Government would be able to provide more resources so that more number of families could be brought above the poverty line.

[Serial No. 34 Appendix-IV Para No. 4.61 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

The total allocation for IRDP in the Seventh Plan is Rs. 2358.81 crores of which Central share is Rs. 1186.79 crores. As mentioned during evidence, this allocation is an indicative figure. The actual allocation for the programme is provided on the basis of Annual Plan discussions and financial resources available during each year. Out of the Central Sector allocation Rs. 820.25 crores is anticipated to be utilised during the first three years of the Seventh Plan i.e. about 69.10% of the total Central

share of allocation. The allocation for the next two years together with actuals of the allocations made so far would exceed the total allocations initially made for the VII Plan period.

As far as average level of investment is concerned, it is continuously increasing over the years. The Seventh Plan envisaged per family investment of Rs. 4000 for new family. During 1985-86, average per family investment was Rs. 3812 and this rose to Rs. 4511 in 1986-87 for new family.

**[Department of Rural Development Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]**

#### **Latest Action Taken**

Allocation of resources under IRDP has been increasing in the 7th Plan. Per family subsidy has also increased. Average per family investment in 1990-91 was Rs. 6422.

More funds are required in getting additional allocation for the 8th Plan as allocation for IRDP in the last 3 years has been stagnant in the face of inflation.

**[Ministry of Rural Development O.M. No. 20012 / 460 / 87-IRD (A-II) dated 2.9.92]**

#### **Recommendation**

The Ministry have, however, stated that in order to consolidate the benefits of assistance given during the Sixth Plan, the State Governments and Union Territories have been requested to carry out a detailed house to house survey of the families assisted under the Programme so that the families requiring supplementary assistance during the Seventh Plan could be identified. The Committee would urge the Govt. to undertake comprehensive surveys so as to assess the magnitude of the problem.

**[Serial No. 47 Appendix IV Para No. 5.50 of the 91st report of P.A.C. (8th Lok Sabha)]**

#### **Action Taken**

As early as 23rd July 1985 based upon the findings of the evaluation study conducted by the programme evaluation organization of Planning Commission, a detailed circular was issued to the State Govts. The relevant para states:

### ***III. SELECTION OF TARGET FAMILIES AND PROVISION OF BENEFIT SCHEMES***

(a) The study finds that nearly 81% of beneficiaries assisted were covered under primary sector schemes, about 8% in the secondary sector and remaining 11% through tertiary sector. Particular reference has been made to the provision of milch animals, particularly provision of only one animal, poor quality of animal, lack of proper breeding programme, some animals changing hands in a few cases and inadequate veterinary support.

(b) The study highlights urgent need for a proper follow-up including physical verification of assets in respect of beneficiaries assisted earlier. The study highlights the Government guidelines which provide for additional dose of assistance to the beneficiaries till they are able to cross the poverty line. The study suggests that the first commitment of the ensuring Annual Plans should be towards providing additional economic units to all deserving beneficiaries rather than taking up new beneficiaries.

Over-emphasis on primary sector has been brought to the notice of the State Governments, by us, time and again. The position has considerably improved at the micro-level. However, we could leave to the judgement of the local administration, the actual choice of the schemes should be based on the local environment, infrastructure, the entrepreneurial capacity of beneficiaries and a variety of other factors.

We have also highlighted the need for a second dose of assistance to previously helped families. This is an important pillar of our strategy in the first three years of the VIIth Plan. As mentioned earlier, we had requested the States to carry out a survey to identify all such eligible beneficiaries who would require a second dose of assistance to the needy families with the same vigour as was found in covering new beneficiaries during the VIth Plan. The PEO study proves the need for a second dose of assistance in order to consolidate past achievements.

Further in his letter of 6th January 1986 the Secretary, Rural Development further highlighted the need for such a survey. The relevant portion of this letter is given below:—

“A survey of the families assisted in the last three years of the Sixth Plan should be completed by February, 1986 so that the assistance to the families identified for supplementary assistance can start flowing w.e.f. April 1986 itself, within the target specified for 1986-87”

[Department of Rural Development O.M. No. 20012/460/87-IRD (A-II)  
dated 21.9.90]

#### **Further Action Taken (vetted)**

The State / Union Territory wise position of survey of families assisted during the VIth Plan is given at Appendix V of this Report.

#### **Latest Action Taken**

The second dose of assistance is more in view of small investments made under IRDP earlier and the required objective of crossing the poverty line. Para 2.11 of the IRDP Manual, April, 1991 prescribes the procedure for identification of beneficiaries for the poverty alleviation programmes. The Manual has also set out the detailed steps in regard to the list of poor families already assisted during the previous Plans to enable them to cross the poverty line through supplementary assistance during the eighth plan. It has been considered necessary to further strengthen the system of

identification of the families below the poverty line so as to ensure proper selection of beneficiaries during the 8th Plan. A fresh household survey of beneficiaries in each village is to be carried out by 30-6-92 with reference to the revised poverty line of Rs. 11,000 per annum per family.

[Ministry of Rural Development O.M. No. 20012 / 460 / 87-IRD (A-II)  
dated 2.9.92]

## CHAPTER V

### RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### Recommendation

An outlay of Rs. 1500 crores was made to cover the expenditure on subsidy to be granted to 15 million families during Sixth Five Year Plan period. The programme had thus built-in constraints, as with the above outlay, an assistance of Rs. 1000 only per family could be provided which was far below the amount of Rs. 7000 to Rs. 9000 estimated by the experts as being required to generate such income to raise the beneficiaries above the poverty line.

[Serial No. 3 Appendix-IV Para No. 1.19 of the 91st report of P.A.C. (8th Lok-Sabha)]

#### Action Taken

From the start of the Seventh Plan, the Department has been emphasising that these investment levels have to be adequate to enable the families to rise above the poverty line. The Secretary (Rural Development)'s letter to State Government No. K. 14011 / 1 / 85-IRD-III dated 13th May, 1985 (Annexure-I) is the first circular of the Seventh Plan in this regard and was followed by others. The Agriculture Minister's letter No. M. 13011 / 4 / 84-IRD-II dated 29th August, 1985 (Annexure-II) also stresses this point.

The Table below indicates the rising trend of investment over the years:—

#### LEVEL OF TOTAL PER FAMILY INVESTMENT UNDER IRDP

Year	Per family investment (Subsidy and Credit)	
1980-81	Rs. 1186 (gross)	
1984-85	Rs. 3339 (gross)	
	<i>Old families</i>	<i>New families</i>
1985-86	Rs. 3725 (net)	Rs. 3812 (net)
1986-87	Rs. 3590 (net)	Rs. 4511 (net)

[Department of Rural Development Office Memorandum No. 20012 / 460 / 87-IRD (A-II) dated 27.10.87]

### Subsequent Action Taken

During the Seventh Plan, total allocation of Rs. 2358.81 crores was provided for assisting 200 lakh families including 100 lakh old families of Sixth Plan for supplementary dose of assistance. Against this, actual allocation on the basis of annual plans has been of the order of Rs. 3000.27 crores. During this period, it was targetted to assist 160.38 lakh families on the basis of annual plan targets. The total families assisted during this period was 181.77 lakh families. Of which about 52 lakh families were old families of the Sixth Plan supplementary dose of assistance during the Seventh Plan.

There has been considerable step up in the level of investment during the seventh plan. Per family investment which was Rs. 3545 during 1985-86 increased to Rs. 5507 during 1989-90.

A statement indicating progress of IRDP, during VIth Plan and VIIth Plan is given at Appendix III and IV of this Report.

[Department of Rural Development .O.M. No. 20012/460/87-IRD (A-II)  
dated 21.9.90]

### Latest Action Taken

State Govts. have been advised to step up investment. Rising trend of investment has been indicated.

Current average investment is Rs. 6,422/-per family. It is expected to rise to Rs. 7000 in 1991-92. As per the concurrent evaluation of IRDP 1989, 28% of the assisted families crossed the poverty line. Given the constraint of resources, the physical target has been moderated to further encourage the stepping up of per family investment. Increasing the quantum of subsidy, fixed 10 years ago is under the consideration of the government.

[Ministry of Rural Development, O.M. No. 20012/460/87-IRD (A-II)  
dated 2.9.92]

### Recommendation

The programme was started without gearing up the organisational set up and District Rural Development Agencies. A number of posts of experts, project officers, specialists etc. and staff which were essential for effective implementation/monitoring of the IRDP were not filled up in time.

[Serial No. 6 Appendix-IV Para No. 1.22 of the 91st report of P.A.C.  
(8th Lok Sabha)]



### **Action Taken**

The Integrated Rural Development Programme was extended to all the Blocks after merging on-going schemes of SFDA, IRD and CAD. There were already agencies for implementation of these schemes. After extension of IRDP to all the Blocks, some new DRDAs were set up. The State Governments had been advised to fill up the posts at DRDA level. In addition, a separate scheme of strengthening the Block Level Administration had also been approved in 1980-81 under which the Union Government agreed to provide 50% of cost of the additional posts sanctioned under the scheme. A separate scheme of setting up of Monitoring Cell at the State Headquarters was also approved. It was suggested that a Monitoring Cell at the State Headquarter may be created consisting of 5/6 experts/specialists for giving guidance and monitoring of IRDP etc. The State Governments have taken some time to get the posts sanctioned and filled up. The G.V.K. Rao Committee have suggested further strengthening of Block/District staff and the same is under consideration of Planning Commission.

[Department of Rural Development. Office Memorandum No. 20012/460/87-IRD (A-II) dated 27.10.87]

### **Further Action Taken**

Circular regarding setting up of a Monitoring Cell at the State Headquarters was issued on 19th August, 1981.

The G.V.K. Rao Committee submitted its report on 24th December, 1985.

### **Latest Action Taken**

State Govts. have been advised to fill up posts in the DRDAs. The staffing pattern has been revised in the IRDP guidelines, April, 1991. A study about organisational set up of DRDAs has been assigned to PRADAN. Dept. of Administrative Reforms also studying the DRDAs.

Scheme for strengthening of Block level administration is continuing from the 7th Plan. Further strengthening of block/district administration was recommended by G.V.K. Rao Committee is under consideration of Planning Commission.

Monitoring Cell are also assisted at State headquarters.

[Ministry of Rural Development. O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### **Recommendation**

According to guidelines for identification of beneficiaries, household survey was to be carried out and on an average, 600 families in a block in a year atleast 3000 families per block during the Sixth Five Year Plan were to be assisted, the target being to assist atleast 15 million families in the

country. The survey was to cover every family assisted under IRDP during the first two years of the Sixth Five Year Plan and after completing the house-hold survey the families were to be classified in 3 groups (0-1500; 1-2500 and 2501-3500) on the basis of their annual income. The families were first to be screened on the basis of land holdings and other economic indicator and before selecting the families for assistance their eligibility and economic status was to be verified from the village assembly. The families falling in the lowest income group were to be covered first for providing assistance under the programme. The Ministry of Rural Development have intimated that there were about 8,000 to 10,000 families below the poverty line in a block whereas they envisaged to cover only 3,000 families per block over a period of 5 years. The Committee are distressed to find that only due to the mere apprehension that the data collected in the survey would become out-dated and obsolete by the time the entire block was covered and by doing survey in the whole block they would be raising hopes in the minds of all the families, the Government decided to confine the comprehensive survey to 800 blocks only and in the case of other blocks survey of families in the identified clusters was undertaken. The Committee would like to know whether comprehensive survey was completed in the above 800 blocks and clusters of poor families identified and if so full details be furnished to them.

[Serial No. 16, Appendix-IV, Para No. 2.26 of the 91st report of P.A.C.  
(8th Lok Sabha)]

#### **Action Taken**

With the extension of IRDP to all the Blocks, it has been advised to conduct comprehensive house-hold survey in all the Blocks, preferably on cluster basis. In order to keep the survey confined to the hopes of the people by not covering all the families in the survey, it was advised to survey limited number of families as a block-wise target during the Sixth Plan to assist 3000 families in a block is against expected families of 8,000 to 10,000 living below the poverty line.

The reference of comprehensive survey to 800 Blocks in the P.A.C. report seems to refer to a scheme of Area Planning for Full Employment No.M 11012/18/80-IRD (III) dt. 3.2.1981. As is evident from this letter, the separate identity of the Scheme of Area Planning for full Employment ceased with effect from 2.10.1980 after extension of IRDP to all the Blocks. As such, no information for the completion of the survey has been compiled.

[Department of Rural Development Office Memorandum No. 20012/460/  
87-IRD (A-II) dated 27.10.87]

### Latest Action Taken

Comprehensive survey for identification of BPL families for use during the 8th Plan is likely to be completed by the 30th Sep. 1992.

[Ministry of Rural Development. O.M. No. 20012/460/87-IRD (A-II) dated 2.9.92]

### Recommendation

The Committee express their displeasure over the reply of the Government of Karnataka that "the Government is seized of the problem of misutilisation. However, any precipitate action may discourage the people from availing the benefits under this programme". As a separate bond for subsidy to be recovered in case of misutilisation was to be executed before releasing the subsidy, the Committee recommend that the recovery of subsidy in all cases of misutilisation should be made in order to discourage other beneficiaries to misuse or sell out their assets. The Committee is of the view that action against officials responsible for non-verification of assets in contravention to the prescribed instructions on the subject. The Minister of State in the Ministry of Finance stated in the Lok Sabha on 8 April, 1987 that the Government have undertaken a concurrent evaluation study in 36 districts covering 72 blocks with a sample survey of twenty beneficiaries from each block under the IRDP. The Committee would like to be apprised of the results of this evaluation study.

[Serial No. 54, Appendix IV, Para 5.73 of the 91st Report of P.A.C. (8th Lok Sabha)]

### Action Taken

The guidelines clearly provide that a bond/pronote is to be filled up for the subsidy portion—exclusively by the beneficiary to guard against misutilisation of subsidy or misappropriation of the asset. The States have been asked to make this bond/pronote unenforceable under the provisions of the local laws to enable recovery of the misutilised/misappropriated amount from the erring beneficiaries. They have also been requested to issue suitable notifications under the Loan Recovery Act or Public Demand Recovery Act or any other such Act.

The annual Report of the Concurrent Evaluation on IRDP for the period October, 1985—September, 1986 has been published. On receipt of each monthly report, the State Governments were addressed to remedy the shortcomings. These matters were also discussed in the various meetings held with State representatives during the course of the year. On receipt of the annual report, the Agriculture Minister also wrote to the Chief Ministers of all States pointing out the specific areas of concern and requesting corrective measures.

[Department of Rural Development. O.M. No. 20012/460/87-IRD. (A-II) dated 27.10.87]

### Further Action Taken

As mentioned in the action taken note already that States have been asked to take action under the provisions of the local laws for recovery of mis-utilised misappropriated amount from the erring beneficiaries. Specific instructions to States/UTs will be issued in those specific cases of misutilisation/misuse/sell assets brought to the notice of the Government in the course of inspections. CAG Report etc.

### Latest Action Taken

Bond/Pronote is taken from beneficiaries. Recovery under LR and PDR Act is to be taken by the State Govt. AM wrote to the CMs accordingly. [Ministry of Rural Development. O.M. No. 20012/460/87—IRD. (A-II) dated 2.9.92]

### Recommendation

At the State level, a senior officer is entrusted with the responsibility of overseeing the implementation of this programme. The State Level Coordination Committees were to be formed in all the States to sanction the schemes, to plan the works and to monitor their progress. Since the membership of the governing body was likely to be large, the Chairman of the agency was given powers to nominate an executive committee consisting of 5 to 6 members including the Chairman, a project officer, representatives from major departments and banks which was to meet at least once in a month to look into the various programmes intensively and take necessary decisions. The governing body was also to meet at least once in a quarter. The Committee would like to know whether the executive committees and the governing bodies were meeting regularly in all the States/Union Territories as provided in the guidelines. The Committee note that in a number of States adequate staff have not been provided mainly due to financial constraints. This deficiency has been practically noted in the DRD Agencies in North-Eastern region where there is also a problem of obtaining technically qualified staff. In this connection, the Department of Rural Development have stated that 10 per cent of the Programme allocations can be utilised for meeting expenditure of administrative infrastrative at State, DRDA and block level as per the prescribed norms, and where there are no such norms in the State the same could be laid down with the approval of State Level Coordination Committee. The Financial Commissioner, Government of Andhra Pradesh pleaded for additional staff at the ministerial level to attend to the additional schemes and responsibilities entrusted to them as the present staffing pattern was fixed in 1964 or so. It was also brought out that administrative infrastructure is not provided for newly created districts and that a number of essential posts were also lying vacant. In this connection

the Committee learnt that in 1953 when the Community Development Programme was launched, there used to be one BDO, 8 extension officers, 8 male and 8 female village level workers all working under the Collector whereas there was only one BDO and 6 village level workers taken from the Agricultural Department. Keeping in view the above facts and the findings of G.V.K. Rao Committee, the Committee feel that the staffing position in each DRDA needs to be reviewed. While dedicated and capable workers should be posted in such places, some incentive is also required to be given to the officers posted in difficult terrains and remote areas. The difficulties of grassroot workers like lack of housing or transport, lack of supervision and guidance and lack of motivation and training needs to be officially looked into. The report of Central Team to Orissa had also indicated that no systematic programme of training officials at the block and district level had been drawn up and implemented.

[Serial No. 56, Appendix IV, Para 6.33 of the 91st Report of P.A.C. (8th Lok Sabha)]

#### Action Taken

With about 424 DRDAs in the country, it is difficult for the Department of Rural Development to keep of the quarterly meetings of the Governing Body and the monthly meetings of the Executive Committee. The guidelines, do provide that these should meet as mentioned above.

In regard to the provision of adequate staff, in the past two years a number of decisions have been taken to strengthen the staff at district and block level, which are as follows:

- (I) Provision of joint BDO in blocks having a population of more than one lakh and 10 VLWs and 7 extension officers in position.
- (II) In the integrated Tribal Development Project areas and the north-eastern region, one additional BDO can be posted irrespective of the population size.
- (III) In the ITDP areas and north-eastern region, the strength of Gram Sewaks and Gram Sevikas can be augmented by 50% of the existing strength subject to such additional staff being not more than 5 VLWs and 1 VLW (Women) per block.

Realising that the administrative expenditure norm of 10% may not be adequate in every case, in 1987, the Government of India permitted the following norms for administrative expenses:—

(a) DRDAs having four or fewer blocks	15%
(b) DRDAs having 5 7 blocks	12½%
(c) DRDAs having 8 or more blocks	10%

This recent revision will certainly help in easing the situation at the district level.

The GVK Rao Committee has also stated a number of measures to

strengthen the administrative structure and processes relating to rural development programmes. The Planning Commission has called for the views of various state governments and a decision would be taken on receipt of the same.

The training of personnel is also a very important aspect to enable the right type of attitude and approach among administrations as also to educate them regarding the programmes and policies of Government. At state level a number of induction and inservice training programmes are organised for officers at various levels. Since 1986, the Government of India has also begun a process of annual workshops of Project Directors from all the DRDAs to create a better understanding of programmes among them.

To improve transport facilities the Department has also permitted the giving of loan from interest earning of DRDA to Block Staff for purchase of two-wheeler as per norms of State Government.

Another important step taken by the Government in 1986 was to ask the state governments to constitute audit cells at state head-quarters. The composition of these cells is envisaged as follows:—

State with 20 DRDAs or less

Accounts Officer	One
Accountant	One
L.D.C.	One
Class—IV	One

State with 21 35 DRDAs

Accounts Officer	One
Accountant	Two
L.D.C.	One
Class—IV	One

State with 36 or more DRDA

Accounts Officer	One
Accountant	Three
L.D.C.	Two
Class-IV	One

[Department of Rural Development. O.M. No. 20012/460/87-IRD. (A-II)  
dated 27.10.87]

#### Latest Action Taken

Difficult to monitor monthly meetings of the Executive Committee of 450 DRDAs. States are doing the needful.

Under the Block Level Admn., the post of Gram Sevikas can be created. Administrative expenditure norms have been increased upto 15% for smaller Districts. GVK Rao Committee recommended strengthening of

RD hierarchy. Matter pending decision of the Planning Commission. Training of personnel being dealt with through SIRDs/NIRD. Annual workshop of PDs held by the Ministry. Audit Cell created at the State Govt. to improve monitoring. Making the DRDA more effective has been recently studied by PRADAN and paper is under consideration in the Ministry.

[Ministry of Rural Development. O.M. No. 20012/460/87—IRD (A—II)  
dated 2.9.92]

### **Recommendation**

From the Audit Report, it is noticed that in a number of States, the trainees were paid stipend at rates higher than what was admissible to them. In this connection, the Ministry of Rural Development have stated that the matter regarding payment of stipend at higher rates was under investigation with the respective District Rural Development Agencies. The Committee would like to be apprised of the circumstances leading to overpayment of stipend and recommend that stern action should be taken against officials found responsible for these irregularities.

[Serial No. 64, Appendix IV, Para No. 8.14 of the 91st Report of P.A.C.  
(8th Lok Sabha)]

### **Action Taken**

The matter had been taken up with the State Governments of Haryana and Karnataka for the recovery of excess payment. The replies received from them were not satisfactory and they have again been reminded to take necessary action for fixing responsibility for this lapse and take suitable action *vide* letter No. 20012/460/84-IRD(A-II) dated 31.8.1987.

As regard the suggestion of Tamil Nadu, the matter is still under consideration of the Government.

[Department of Rural Development. O.M. No. 20012/460/87-IRD(A-II)  
dated 27.10.87]

### **Further Action Taken (Vetted)**

Suggestion of the Tamil Nadu Government is under consideration and the final position will be intimated to the PAC in due course.

Letter No. 20012/460/84—IRD (A—II) dated 31.8.1987 to the Govt. of Karnataka is at Annexure VI.

**ANNEXURE-VI**

No. 20012/460/84-IRD(A—II)  
 Government of India  
 Ministry of Agriculture  
 Department of Rural Development

Krishi Bhavan, New Delhi.  
 dated 28th August, 1987.

To,

The Secretary,  
 In-charge (Rural Development & Panchayat Raj Department)  
 Government of Karnataka.

Subject:— Over-payment of Stipend.

Sir,

This is to say that in Karnataka, the DRDAs Bellary, Mandya, Mysore, Shimoga and Tamkur paid stipends to 251 trainees in excess of the prescribed rates amounting to Rs. 0.37 lakhs.

This lapse appeared in para 4.12.2 of the C & AG's report for the year 1983-84.

The Public Accounts Committee has in the 91st Report further observed as under:

From the Audit Report, it is noticed that in a number of states, the trainees were paid stipend at rates higher than what was admissible to them. In this connection, the Ministry of Rural Development have stated that the matter regarding payment of stipend at higher rates was under investigation with the respective District Rural Development Agencies. The Committee would like to be apprised of the circumstances leading to overpayment of stipend and recommend that stern action should be taken against officials found responsible for these irregularities.

The Internal Financial Adviser (Rural Development & Cooperation Department) to the Government of Karnataka had in D.O. letter No. 94, IFA/84 dated 13.9.85 had stated that the matter is under investigation with the District Rural Development Agencies.

It is therefore requested that the results of the investigation may please be intimated to this Ministry and stern action may be taken against officials found responsible for this irregularity.

Yours faithfully,

Copy forwarded to the Project Director/Officer, Bellary, Mandya, Mysore, Shimoga and Tamkur for information and necessary action.

#### **Subsequent Action Taken**

With regard to overpayment of stipend to the trainees under TRYSEM in the initial Period of the implementation of the programme, the State



Government, of Tamil Nadu informed that such overpayment were due to the problems of initial stages of implementation of the programme, no clear-cut instructions/Directions and also due to oversight by the implementing officials. The State Government of Tamil Nadu had suggested that recovery of overpayment from the TRYSEM trainees may not be advisable after a gap of 8-9 years as the trainees come from below poverty line group. In any way the trainees were not responsible for receipt of overpayment. Further most of such trainees may not be traceable at this distance of time as they would have moved somewhere else for their employment/work etc. Keeping in view above, the Government of Tamil Nadu has suggested that the recovery of overpayment from the trainees should be waived.

The proposal of Govt. of Tamil Nadu was considered in the Department. The GAG and PAC in their reports have also not suggested for the recovery of overpayment made to the trainees. Therefore it has been decided that there should not be any recovery of overpayment of stipend. However, the State Govt. has been instructed to investigate the circumstances leading to overpayment and take action against the officials responsible for this irregularity.

[Department of Rural Development O.M. No. 20012/460/87-IRD (A—II)  
dated 21.9.90]

#### **Latest Action Taken**

Govt. of Haryana and Karnataka were asked to recover the payment. They have been further asked to fix responsibility for the lapses. Govt. of TN is still to respond.

[Ministry of Rural Development O.M. No. 20012/460/87-IRD (A—II)  
dated 2.9.92]

NEW DELHI;  
December 4, 1992

*Agrahayana 13, 1914 (Saka)*

ATAL BIHARI VAJPAYEE,  
*Chairman,*  
*Public Accounts Committee.*

## PART II

### MINUTES OF THE 14TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 19 NOVEMBER, 1992

The Committee sat from 1030 hrs. to 1230 hrs. on 19 November, 1992.

#### PRESENT

##### CHAIRMAN

Shri Atal Bihari Vajpayee

##### MEMBERS

##### *Lok Sabha*

2. Shri Girdhari Lal Bhargava
3. Shri Nirmal Kanti Chatterjee
4. Shri Vilas Muttemwar
5. Shri R. Surender Reddy
6. Shri K.V. Thangka Balu
7. Prof. (Dr.) Sripal Singh Yadav

##### *Rajya Sabha*

8. Shri Viren J. Shah

#### SECRETARIAT

1. Smt. Ganga Murthy — *Deputy Secretary*
2. Shri K.C. Shekhar — *Under Secretary*

#### REPRESENTATIVES OF AUDIT

1. Shri P.K. Sarkar — *Dy. C&AG*
2. Shri D.S. Iyer — *Addl. Dy. C&AG*
3. Shri A.K. Banerjee — *Pr. Director (Reports-Central)*
4. Shri K. Muthukumar — *Pr. Director of Audit Economic & Service Ministries*

2.           \*\*\*           \*\*\*           \*\*\*           \*\*\*           \*\*\*

3. The Committee then considered the following draft Action Taken Reports:—

(i) Integrated Rural Development Programme [Action-taken on 91st Report of the PAC (8th Lok Sabha)]

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

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

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

4. \*\*\*           \*\*\*           \*\*\*           \*\*\*           \*\*\* The Committee

adopted the draft Reports at Serial Nos. (i) \*\*\* \*\*\* above without any amendment.

5. The Committee authorised the Chairman to finalise the draft Action Taken Reports in the light of the suggestions made by some Members and other verbal and consequential changes arising out of factual verification by Audit and present the same to Parliament.

*The Committee then adjourned.*

## APPENDIX I

### *The Main Findings of the Concurrent Evaluation of IRDP January—June 1989*

#### **Positive Points:**

1. About 28% of the beneficiaries belonged to Scheduled Caste, 17% to Scheduled Tribe, and 19% were women. The coverage of SC/ST was significantly higher than the stipulated target of 30% at the national level. The beneficiaries also include 6% families of Exbonded labourers, 0.5% of Handicapped and 1% of Assignees of surplus land.
2. Primary and Tertiary Sectors were areas of main thrust covering 42% and 46% families respectively. In Primary Sector, Dairy Units (19% coverage) were more popular, as compared to other schemes. In **Tertiary** and Secondary Sectors, reliance was more on Shops (19% coverage) and Village industries (**7% coverage**) respectively.
3. According to the pre-assistance annual income of assisted families, as per official record, 34% families belonged to destitute group (Rs. 1—2265) and 53% families to very very poor group (Rs. 2266—3500). Thus 87% of the assisted families belonged to the destitute and very very poor groups, as per the official records. However, according to the assessment of pre-assistance income of the assisted families, made by the Investigators, 10% families belonged to the destitute group (Rs. 1—2265), 37% families to the very-very poor group (Rs. 2266—3500), 34% families to the poor group (Rs. 3501—4800) and 12% to the poor group (Rs. 4801—6400). Also 7% families had annual income more than Rs. 6400. Thus according to the assessed pre-assistance annual income of the assisted families, only 47% of the assisted families belonged to the destitute and very-very poor groups. Even this coverage of families of the destitute and very-very poor groups under the Programme is creditable, if compared with the proportion of 29% of the families of destitute and very very poor in the target group.
4. At the national level, 67% beneficiaries were selected in the meetings of Gram Sabhas.
5. In the opinion of the beneficiaries, the assets provided to them were of good quality in 81% cases.
6. About 81% beneficiaries had found the assistance (subsidy—Credit) sufficient for acquiring the assets.
7. The per capita investment level was Rs. 7160 (subsidy Rs. 2225 and

Credit Rs. 4935) for Irrigation, Rs. 6390 (subsidy 2585 and Credit 3805) for poultry schemes and Rs. 4064 (subsidy Rs. 1465 and credit 2599) for Dairy units in Primary Sector, it was Rs. 5780 (subsidy Rs. 2062 and credit Rs. 3718, for Bullock carts Rs. 4550 (subsidy Rs. 1574 and credit Rs. 2981) for shops, Rs. 3425 (subsidy Rs. 1448 and credit Rs. 1978) for Tailoring and Knitting units in Tertiary Sector, and it was Rs. 3651 (subsidy Rs. 1441 and credit Rs. 2210) for Handicrafts, Rs. 3585 (subsidy Rs. 1276 and credit Rs. 2309) for village industry and Rs. 3548 (subsidy Rs. 1570 and credit Rs. 1978) for Handlooms schemes in Secondary Sector.

8. The Incremental Capital output Ratio worked out to 0.78 for Tailoring and Knitting units and shops 0.84 to 0.89 for Handlooms and Handicrafts 0.97 for village industry, 1.90 for Dairy units 2.0 to 2.13 for Bullock carts and land development schemes. The **ICCR** for all schemes in Secondary and Tertiary scheme worked out 0.95 and for Primary Sector 1.77.
9. In 36% cases the banks were located at a distance of less than 2 Kms and in 29% cases between 2 to 5 kms from the beneficiaries villages.
10. About 37% beneficiaries had no overdues and 30% beneficiaries had overdues less than Rs. 1000. Thus about 67% beneficiaries had overdues upto Rs. 1000. This compares well with the findings of NABARD (1985) according to which recovery is estimated at 69%.
11. At the national level, 95% beneficiaries had not borrowed any money from Private sources after acquisition of the asset.
12. The assets were found intact in 73% cases at the national level. However, they were not intact (either sold, perished or defective etc.) in the remaining 27% cases. Of these, in 3% cases these were not intact due to unexpected events (illness, death etc.) 6% cases due to inadequate income generation, 1% cases because of high maintenance cost, 2% cases because of high input prices, 2% cases because of household consumption requirement, 2% cases due to their defective condition and in 11% cases for other reasons.
13. The assets had generated additional income (net of cost of maintenance and repayment of loan) of more than 2000 in 43% cases, between Rs. 1001 and Rs. 2000 in 18% cases between Rs. 501 and Rs. 1000 in 10% cases.
14. The total annual family income of the beneficiaries (from the asset and other sources) had increased by more than 50% of their initial annual income (as per official record) in 70% cases. Such increase in annual income was even more than 100% of their initial income in 46% cases. However, the increase in the total annual income of the beneficiaries was more than 50% of their initial annual income

(as assessed by the investigator), in 39% cases. Such increase was even more than 100% of the initial assessed annual income in 18% cases.

15. The old beneficiaries had crossed the poverty line of Rs. 3500 in 78% cases and revised poverty line of Rs. 6400 in 28% cases at the national level.
16. The families belonging to the destitute and very very poor groups (whose assessed annual income Rs. 3500) had crossed the poverty line of Rs. 3500 in 60% cases and the revised poverty line of Rs. 6400 in 14% cases at the national level.
17. Among the old beneficiaries, those who had taken up Poultry Units had crossed the poverty line of Rs. 3500 in 95% cases, Irrigation schemes in 90% cases, Handicraft and shops in 86 to 87% cases. The Irrigation Schemes and shops had also helped the beneficiaries in crossing poverty line of Rs. 6400 in 41 to 42% cases, Handloom and Tailoring and Knitting in 33% to 34% and village industry in 28% cases.

*Areas of Concern:*

1. Ineligible families were assisted in 19% cases at the national level.
2. In 82% cases, there was no difference in the cost of the asset as per official record and its value in the opinion of the beneficiary. However, in the remaining 18% cases, some differences were observed. Of these, in 9% cases there were significant difference of more than Rs. 500. This indicates some malpractices and leakages in the implementation, which needs to be probed in by the authorities.
3. Working capital was not provided to beneficiaries in 22% cases out of such 65% cases, where working capital was required.
4. The banks had kept the repayment period of less than 3 years in 9% cases and just 3 years in 29% cases.
5. After-care and Government support was not made available to the beneficiaries in 53% cases out of 75% cases requiring such support.
6. Adequate infrastructure facility was not available to the beneficiaries in most of the cases. The input facility was available in 43% cases in Primary Sector, 57% cases in secondary sector and 52% in Tertiary Sector. The Marketing facility was available in 46% cases in Primary Sector, 52% cases in Secondary Sector and 53% cases in Tertiary Sector. The repair facility was available in 43% cases in Primary Sector, 49% cases in Secondary Sector and 47% in Tertiary Sector.
7. The beneficiaries were not aware of the Group Life Insurance Scheme in 80% cases at national level.
8. The assets of the beneficiaries were not insured in 27% cases out of the 74% cases requiring insurance.

9. In 33% cases, the beneficiaries required replacement of the Perished assets, but they were not aware/prompted in 15% cases. The remaining 18% applied for claim, but their claims could not be settled in 9% cases.
10. In 85% cases, TRYSEM beneficiaries were provided IRDP assistance for activities other than the activities for which they were trained under TRYSEM.
11. The Vikas Patrikas were provided to beneficiaries in 37% cases but were updated in 26% cases.
12. In 24% cases, the assets of the old beneficiaries had not generated any incremental income.

## APPENDIX II

*Performance under Integrated Rural Development Programme during 1980—90***Target for Sixth Plan (1980—85)**

- \*1. Total allocation — Rs. 1500 cr.
2. Credit Mobilisation — Rs. 3000 cr.
3. Total physical lakh families — 150 lakhs

**Target for Seventh Plan (1985—90)**

1. Total allocation — Rs. 2358.81 cr.
2. Credit Mobilisation — Rs. 4000 crore
3. Physical target — 200 lakh families including 100 lakh old families of sixth plan for supplementary dose of assistance

As per Plan documents.

## A. FINANCIAL (Rs. in crores)

Years	Total allocation*	Central	Central Release	% of Central Release	Total Utilisation	% of Utilisation
1980—85	1766.81	901.08	788.40	87.49	1661.17	94.02
1985—90	3000.27	1513.84	1465.26	96.79	3315.81	110.52
1980—90	4767.08	2414.92	2253.66	93.32	4976.98	104.40



## B. TERM CREDIT MOBILISED (Rs. in crores)

Years	Target for credit mobilisation	Credit coop banks	Mobilised comm. banks	Total banks	%age of Credit mobilisation	Total Investment (A5+B4)
1981-85	2826.91	632.59	2152.32	3101.61	109.72*	4762.78
1985-90	4744.43	685.19	4672.05	5372.53	113.24	8688.34
1981-90	7571.34	1317.78	6824.37	8474.14	111.92	13451.12

\*\* On the basis of annual allocation

‡ In addition an amount of Rs. 31.32 crores has been released for BIA & MC set up for implementation of IRDP out of Central Share.

## C. PHYSICAL (Nos. in lakhs)

Years	Target to assist families	Total families assisted	%age families assisted	SC / ST families assisted	%age of SC/ST to total	Women beneficiaries assisted	%age of women ben. to total
1981-85	151.01	165.63	109.68	64.62	39.02	Not Monitored	
1985-90	160.38	181.77	113.33	81.97	45.10	34.33	18.89
1981-90	311.39	347.40	111.56	146.42	42.20	—	—

\*Including 52 lakh old families of sixth plan given supplementary dose of assistance.  
 \*\*On the basis of annual target.

## D. LEVEL OF INVESTMENT

Years	Per family subsidy	Per family credit	Per family investment
1980-81	582	1060	1642
1984-85	1186	2153	3339
1981-85			Gross investment
1985-86	1260	2051	3545
1989-90	1845	13663	5507
			Net investment for new families

## E. SECTOR WISE COVERAGE (%age)

Years	Primary Sector	Secondary Sector	Tertiary Sector
1980-81	93.58	2.32	4.12
1984-85	54.51	15.70	29.80
1985-86	48.62	17.18	34.20
1989-90	43.05	19.39	37.56

## F. CATEGORY WISE PER FAMILY INVESTMENT (Rs.)

Years	All families (new)	SC families	ST families	Women beneficiaries
1985-86	3545	3288	3273	2626
1986-87	4511	3786	3510	2943
1987-88	4470	3935	3650	3528
1988-89	5069	4638	4067	4184
1989-90	5507	5331	4460	4927

**APPENDIX III**  
*Integrated Rural Development Programme (1980—85)*

Sl. No.	Items	Sixth Plan Target (1980—85)	Achievements					Total of the 6th Five Year Plan (1980—85)
			1980-81	1981-82	1982-83	1983-84	1984-85	
1	2	3	4	5	6	7	8	9
1.	Total allocation (Rs. in crs.)	1500	250.55	300.66	400.88	407.36	407.36	1766.81
2.	Central allocation (Rs. in crs.)	750	127.80	153.36	204.48	207.72	207.72	901.08
3.	Central release (Rs. in crs.)	750	82.58	128.45	176.17	194.23*	206.96	788.39
4.	Total expenditure (Rs. in crs.)	1500	158.64	264.65	359.59	406.09	402.20	1661.17
5.	Total term credit mobilised (Rs. in crs.)	3000	289.05	467.59	713.98	773.51	857.48	3101.61
6.	Total investment (Rs. in crores)	4500	447.69	732.24	1073.57	1179.60	1329.68	4762.78
7.	Total No. of beneficiaries to be covered (lakhs)	150	30.07	30.07	30.07	30.54	30.27	151.02
8.	Total No. of beneficiaries covered (lakhs)	—	27.27	27.13	34.55	36.85	39.82	165.62

9.	No of SC/ST beneficiaries covered (lakhs)	45	7.81	10.01	14.06	15.37	17.38	64.63
10.	Percentage of coverage to target	—	90.69	90.25	114.93	120.66	131.55	109.67
11.	Percentage of SC/ST to total	30	28.60	36.90	40.70	41.71	43.65	39.02
12.	Percentage of Central release to Central allocation	—	64.62	83.76	86.16	93.50	99.63	87.49
13.	Percentage of Utilisation to total allocation	—	63.32	88.02	89.70	99.69	115.92	94.02
14.	Per capita subsidy (Rs.)	—	582	975	1041	1102	1186	
15.	Per capita credit (Rs.)	—	1060	1723	2066	2099	2153	
16.	Per capita investment (Rs.)	—	1642	2698	3107	3201	3339	
17.	Subsidy credit ratio	—	1:1.82	1:1.77	1:1.98	1:1.90	1:1.82	

\*It includes an amount of Rs. 787.50 lakhs as advance release during 1983-84 for 1984-85 to DRDAs.

**APPENDIX IV**  
*Progress under IRDP (1985—90) — All India*

Sl. No.	Items	Achievements					Total of the Seventh Five Year Plan (1985—90)	
		Seventh Five Year Plan Target*	1985-86	1986-87	1987-88	1988-89		1989-90
1	2	3	4	5	6	7	8	9
1.	Total allocation (Rs. in crs.)	2358.81	407.36	543.83	613.38	687.95	747.75	3000.27
2.	Central allocation (Rs. in crs.)	1186.79	205.93	277.31	310.60	345.00	375.00	1513.84
3.	Central release (Rs. in crs.)		207.10	279.67	299.72	330.84	347.92	1465.26
4.	Total expenditure (Rs. in crs.)		441.10	613.38	727.44	768.47	745.43	3315.81
5.	Total term credit mobilised (Rs. in crs.)	4000.00	730.15	1014.88	1175.35	1231.62	1220.53	5372.53
6.	Total investment (Rs. in crs.)		117.25	1678.26	1902.79	2000.09	1985.96	8688.34
7.	Total Nos. of families to be assisted (lakhs)	200.00	24.71	35.00	39.64	31.94	29.09	160.38
8.	Total Nos. of families covered (lakhs)	100.00 old families)	30.60	37.47	42.47	37.72	33.51	181.77
9.	No. of SC/ST families covered (lakhs)		13.23	16.80	18.99	17.50	15.45	81.97

10.	No. of Women beneficiaries covered (lakhs)	3.03	5.67	8.30	8.74	8.59	34.33
11.	percentage of coverage to target	123.88	107.00	107.16	118.12	115.21	113.33
12.	Percentage of SC/ST to total	43.23	44.84	44.71	46.39	46.10	45.10
13.	Percentage of Women to total	9.89	15.13	19.53	23.16	25.62	18.90
14.	Percentage of Central release to central allocation	100.57	100.85	96.50	95.90	92.78	96.79
15.	Percentage of utilisation to total allocation	108.28	112.79	1128.60	111.70	102.36	110.52
16.	Per new family subsidy (Net) (Rs.)	1159	1478	1526	1718	1845	—
17.	Per new family credit (Net) (Rs.)	2386	3033	2944	3350	3663	—
18.	Per New family investment (Rs.)	3545	4511	4470	5069	5507	—
19.	Subsidy credit ratio	1:2.05	1:1.98	1:1.95	1:1.97	1:1.99	—

\*As Per Seventh Plan document.

## APPENDIX V

List of States/UT's which have conducted household surveys for identifying old families assisted during the VIth Plan

Sl. No.	Name of the States/UTs	No. of families Surveyed (in lakhs)	No. of families surveyed having Annual Income of Rs. 3500/-
1.	Andhra Pradesh	10.110	
2.	Arunachal Pradesh	—	
3.	Assam	—	
4.	Bihar	15.249	
5.	Goa	0.300	
6.	Gujarat	6.352	
7.	Harayana	1.943	
8.	Himachal PradcsH	—	1.386
9.	J&K	—	
10.	Karnataka	7.643	
11.	Kerala	—	4.749
12.	Madhya Pradesh	—	7.140
13.	Maharashtra	7.197	
14.	Manipur	—	
15.	Meghalaya	0.116	
16.	Mizoram	—	
17.	Nagaland	—	
18.	Orissa	6.169	
19.	Punjab	3.531	
20.	Rajasthan	5.900	
21.	Sikkim	—	
22.	Tamil Nadu	10.977	
23.	Tripura	—	
24.	Uttar PradcsH	26.780	0.440
25.	West Bengal	—	
26.	A&N Islands	—	3.526
27.	Chandigarh	—	
28.	D&N Haveli	0.020	
29.	Delhi	—	0.014
30.	Daman & Diu	—	
31.	Lakshadweep	0.010	
32.	Pondicherry	6	0.076
	All India	102.297 17.331	119.628
		(15) (7)	(22 States & UTs)

\*Having Annual Income of Rs. 4800/-.

**APPENDIX VI**  
**Conclusions/Recommendations**

S. No.	Para No.	Ministry/ Department Concerned	Conclusion/Recommendation
1	2	3	4
1.	1.3	Ministry of Rural Development (Department of Rural Development)	The 91st Report of the Committee was presented to Parliament on 29.4.1987. More than five years have elapsed since then but the Government have failed to furnish final action taken notes on a number of recommendations of the Committee contained in that Report. The Committee take a very serious view of the lackadaisical approach of the Government in examining the implementation of their recommendations on such an important poverty alleviation programme. The Committee recommend that final action taken notes on all the recommendations in respect of which Government have furnished interim replies so far should be furnished expeditiously.
2.	1.11	Ministry of Rural Development (Department of Rural Development)	In their earlier Report the Committee had noted that apart from Integrated Rural Development Programme a number of other allied programmes aimed at improving the lot of rural masses such as National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Integrated Tribal Development Programme, Minimum Needs Programme and Development of Women and Children in Rural Areas were also being implemented. As all these programmes were aimed at the same target groups, certain



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amount of overlap in the coverage of the programmes could not be ruled out. The Committee had, therefore, recommended that the then Department of Rural Development, as the Principal Department concerned with the alleviation of poverty, should initiate an exercise to find out which Departments of the Government of India should be brought under a single umbrella to ensure a high level of coordination so as to enable the fight against poverty to become more effective at the field level. The Ministry of Rural Development have stated that various programmes being sponsored by Government of India have thrown out parameters and target groups and efforts are being made to dovetail the programmes. Further, constitutional amendment through the Panchayati Raj Bill, will according to the Ministry facilitate a comprehensive approach to rural development. The Ministry have also stated that the G.V.K. Rao Committee has also suggested certain measures to bring about better integration of rural development programmes and this Report is under consideration of the Planning Commission. The 91st Report of the Committee was presented to Parliament on 29.4.1987 and the G.V.K. Rao Committee Report was submitted on 24.12.1985. The Committee are deeply concerned to note that more than 5 years have elapsed since the presentation of their 91st Report to Parliament, and about seven years have elapsed since the submission of G.V.K. Rao Committee Report but no concrete measures have so far been taken by the Government to bring about desired integration of rural development programmes as recommended by them earlier. What is all the more disturbing is the fact that the Report of the G.V.K. Rao Committee is stated to be still under the consideration of the Planning Commission. The Committee take a very serious view of the apathy and lackadaisical approach on the part of the Government in such an

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important national programme of poverty alleviation. The Committee have no doubt that effective implementation of IRDP can best be achieved only if there is integrated planning and coordinated implementation. It is, therefore, imperative that all allied programmes and activities and the economic infrastructure required for effective implementation of these programmes are integrated and brought under one Ministry to avoid overlapping and to enable the Government to closely monitor and have an effective control over these programmes. The Committee, therefore, emphasize that all necessary measures to bring out better integration of rural development programmes in the light of their earlier recommendations and the suggestions made by G.V.K. Rao Committee should be taken without any further delay. The Committee would like to be apprised of the concrete steps taken in this regard within a period of 3 months.

3. 1.30 Ministry of Rural Development (Department of Rural Development) & Ministry of Finance.

One of the main objectives of Integrated Rural Development Programme was to raise the families in the target groups above the poverty line and to create substantial additional opportunities of employment in rural sector. In their earlier Report the Committee had noted the fact that the programme had fallen short in achievement of its objectives. The Committee had also taken note of the suggestion made by the Secretary, Rural Development that a direct attack was required to be made to bring the persons living below the poverty line to 28 per cent by the end of Seventh Plan and to 10 per cent by 1994-95. The Committee had emphasized that combined and concerted efforts by the States/Union Governments and the district level functionaries were needed to achieve the objective. According to the Government, as a corrective measure, the allocation of funds from the Centre under the IRD Programme has been

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changed from one of uniformity, which prevailed in the 6th Plan, to one based on incidence of poverty in the 7th Plan. The purpose of this change is stated to be to ensure higher allocations and, therefore, greater coverage under IRDP in areas which have higher poverty incidence. The Committee also note that the Department of Rural Development had been conducting a concurrent evaluation of the IRDP since October, 1986. According to the third round of the survey for Jan-June 1989 whereas 78 per cent of the old families in the sample had crossed the old poverty line of Rs. 3500, only 28 per cent of the families had crossed the revised poverty line of Rs. 6400. As the actual success of the programme had obviously to be related to the revised poverty line figures, the Committee are constrained to observe that the fact of only 28 per cent of the beneficiaries crossing the poverty-line is not a satisfactory achievement. The Committee are also deeply concerned to note that a number of deviations and irregularities were revealed as a result of the concurrent evaluation of IRDP January-June, 1989. Some of the glaring deviations were as follows:—

(i) Ineligible families were assisted in 19 per cent cases at the national level.

(ii) Working capital was not provided to beneficiaries in 22 per cent cases, out of such 65 per cent cases, where working capital was required.

(iii) The banks had kept the repayment period of less than 3 years in 9 per cent cases and just 3 years in 29 per cent cases.

(iv) After care and Government support was not made available to the beneficiaries in 53 per cent cases out of 75 per cent cases requiring such support.

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(v) In 85 per cent cases, TRYSEM beneficiaries were provided IRDP assistance for activities other than the activities for which they were trained under TRYSEM.

(vi) In 24 per cent cases, the assets of the old beneficiaries had not generated any incremental income.

The Committee are distressed to find that in respect of assistance to ineligible families, making available after care and government support and generation of incremental income, the position has deteriorated as can be seen from the findings of the concurrent evaluation done for October, 1985—September 1986 and January-June 1989. The Committee take a very serious view of these deviations/irregularities and recommend that urgent remedial steps should be taken, if not already done, to obviate such recurrence in future. The reasons for these **deviations and irregularities should also be examined with a view to fixing responsibility.** The Committee strongly reiterate the need for combined and concerted efforts by the States/Union Governments and the district level functionaries to achieve the objectives of IRDP.

In their earlier Report, the Committee had recommended increased financial allocation at not less than Rs. 7000-9000 per house-hold for 15 million house-holds. According to the Government, efforts are being made to step up the per family investment. Average per family investment which was Rs. 6422/- in 1990-91 has now reached Rs. 7000 in 1992-93. A revised household survey of beneficiaries was being carried out with reference to the revised poverty line of Rs. 11,000 per annum per family. According to the Ministry of Rural Development more funds are required in getting additional allocation for the 8th Plan as allocation for IRDP in the last three years has been

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stagnant in the face of inflation. The Committee have no doubt that allocation of adequate funds for this scheme during the 8th Plan is very necessary for achieving the Plan objective of reducing the poverty percentage to 10 per cent by 1994-95. The Committee would also like to emphasize that the level of assistance and manner of implementation should be such that the household progresses beyond the poverty line in one go and not by resorting to a second dose of assistance etc. If per family investment cannot be appreciably increased on account of requisite financial allocation not being available, the Committee are strongly of the view that the number of target households should be scaled down as there is no point in fixing targets which cannot be realised.

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