

TWENTIETH REPORT
STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF RURAL DEVELOPMENT
(DEPARTMENT OF RURAL DEVELOPMENT)

DEMANDS FOR GRANTS
(2000-2001)

*{Action taken by Government on the recommendations contained in the
Thirteenth Report of the Standing Committee on Urban and
Rural Development (Thirteenth Lok Sabha)}*

Presented to Lok Sabha on 19.4.2001

Laid in Rajya Sabha on 19.4.2001



LOK SABHA SECRETARIAT
NEW DELHI

April, 2001/Chaitra 1923 (Saka)

COMMITTEE ON URBAN AND RURAL DEVELOPMENT
(2001)

Corrigenda to the 20th Report (13th Lok Sabha)

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COMPOSITION OF THE STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT (2001)

Shri Anant Gangaram Geete — *Chairman*

MEMBERS

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2. Shri Mani Shankar Aiyar
3. Shri Padmanava Beher
4. Shri Jaswant Singh Bishnoi
5. Shri Ambati Brahmaniah
6. Shri Swadesh Chakraborty
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26. Shri Maheshwar Singh
27. Shri Chinmayanand Swami
28. Shri Sunder Lal Tiwari
29. Shri D. Venugopal
30. Shri Chintaman Wanaga

(iv)

Rajya Sabha

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32. Shrimati Shabana Azmi
33. Shri Kamendu Bhattacharjee
34. Shri N.R. Dasari
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36. Prof. A. Lakshmisagar
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38. Shri Faqir Chand Mullana
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SECRETARIAT

- | | | |
|---------------------------|---|--------------------------|
| 1. Shri S.C. Rastogi | — | <i>Joint Secretary</i> |
| 2. Shri K. Chakraborty | — | <i>Deputy Secretary</i> |
| 3. Shrimati Sudesh Luthra | — | <i>Under Secretary</i> |
| 4. Shri A.K. Srivastava | — | <i>Committee Officer</i> |

INTRODUCTION

1. The Chairman of the Standing Committee on Urban and Rural Development (2001) having been authorised by the Committee to submit the Report on their behalf, present the Twentieth Report on Action taken by the Government on the recommendations contained in the Thirteenth Report of the Standing Committee on Urban and Rural Development (1999-2000) on Demands for Grants (2000-2001) of the Department of Rural Development (Ministry of Rural Development).

2. The Thirteenth Report was presented to Lok Sabha on 24th April, 2000. The replies of the Government to all the recommendations contained in the Report were received on 25th August, 2000.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 12th March, 2001.

4. An analysis of the action taken by the Government on the recommendations contained in the Thirteenth Report of the Committee (1999-2000) is given in Appendix III.

NEW DELHI;
18 April, 2001
28 Chaitra, 1923 (Saka)

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

CHAPTER I

REPORT

This Report of the Committee on Urban & Rural Development (2001) deals with the action taken by the Government on the recommendations contained in their Thirteenth Report on Demands for Grants for the year (2000-2001) of the Department of Rural Development (Ministry of Rural Development) which was presented to Lok Sabha on 24th April, 2000.

2. Action taken notes have been received from the Government in respect of all the 37 recommendations which have been categorised as follows:

- (i) Recommendations which have been accepted by the Government 2.7, 2.11, 2.12, 2.17, 3.10, 3.19, 3.28, 3.29, 3.41, 3.42, 3.47, 4.9, 4.10, 5.5, 5.15, 5.19, 5.20, 5.21, 5.26 and 5.27
- (ii) Recommendations which the Committee do not desire to pursue in view of Government's replies 2.19, 2.22, 3.57 and 4.17
- (iii) Recommendations in respect of which Replies of the Government have not been accepted by the Government 2.3, 3.11, 3.15, 3.18, 3.30, 3.48, 3.54, 3.57, 4.13 and 5.29
- (iv) Recommendations in respect of which final replies of the Government are still awaited 2.14, 2.16, 3.40 and 5.7

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

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

A. Enhancement in outlay for anti-poverty programmes and the proper utilisation of resources

Recommendation (Para No. 2.3)

5. The Committee had recommended as under:

"The Committee are deeply concerned over the reduction in the outlay for the year 2000-2001 as compared to the previous year, resulting in proposals for lower allocations for the major schemes of the Department. The Committee are also concerned to note that the Planning Commission agreed to provide only around 25% of funds during 9th Plan period as against the proposals submitted by the Government. Keeping in view the fact that all the schemes of the Department are aimed at liberating the rural masses from abject poverty and for permanently improving their economic standards for the development of the country, the Committee strongly deplore the lackadaisical perceptions of those in the Planning Commission as well as in the Government for failing to concede the required outlay for the programmes. The Committee urge that high-level coordination be undertaken between the Government and the Planning Commission, in consultation with State Governments, RBI, NABARD and other concerned, to exponentially increase the allocation of resources for anti-poverty programmes and improve the efficacy of administration in particular by according primacy to the involvement of PRIs in all these schemes and eliminating waste and corruption to ensure that as many paise in the rupees as possible reach the intended beneficiaries."

6. The Government in their reply have stated:

"The issue of increasing allocation for the major schemes of the Department of Rural Development during the current financial year as also for the Ninth Five Year Plan, as a whole, was taken up with the Planning Commission and the Finance Ministry at the level of Minister of Rural Development, requesting to provide higher outlays for the poverty alleviation programmes, keeping in view the importance being accorded to the Rural Development sector.

Under SGSY there are Committees to review the performance of the programme and to ensure its effective implementation/administration by way of a continuous dialogue with the State Governments and Bankers. At the State Level, a State Level Coordination Committee (SLCC) monitors the programme and suggest remedial actions to increase the efficacy of administration of the Scheme. In this Committee Government of India, Planning Commission, State Governments, RBI, NABARD & other concerned Departments are members. Similarly at the Central Level, the Central Level Coordination Committee (CLCC) monitors, reviews and ensures effective implementation of the programme and lays down policy guideline relating to credit linkages for SGSY. In this Committee, the Government of India, RBI, NABARD, State Secretaries, Planning Commission and other concerned Departments/Agencies are members.

As per the existing Guidelines, 100% of the allocated funds under Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY) are released to the Panchayati Raj Institutions through the District Rural Development Agencies/District Panchayats. Steps have been taken to ensure that beneficiaries under the Indira Awaas Yojana, the Jawahar Gram Samridhi Yojana and the Swarnajayanti Gram Swarajgar Yojana are selected in the Gram Sabha meetings. The Gram Sabha has also been authorised to approve works to be undertaken under JGSY.

The PRIs are involved in the SGSY at different levels and stages, for example, Panchayat Samiti is to give its recommendations on the list of key activities identified by the Block level SGSY Committee, the list of BPL households, identified through BPL Census and duly approved by the Gram Sabha, is to form the basis for identification of families for assistance under the SGSY.

JGSY was launched with effect from 1.4.1999 after restructuring the erstwhile scheme of JRY. During 1998-99, the last year of JRY, the allocation was Rs. 2060 crore out of which about Rs. 1406 crore was meant for village Panchayats. After restructuring of JRY into JGSY, entire JGSY funds (Central and State Share) go to the village panchayats who are required to implement the programme. During 1999-2000, budget allocation under JGSY was Rs. 1689 crore (RE) out of which Rs. 1685.28 crore was released to the village Panchayat through the DRDAs/ZPs. Thus there was a 20% increase in the flow of Central Assistance to the Village Panchayats under JGSY during 1999-2000, over the funds released to them under JRY during 1998-99. During 2000-2001, total allocation under JGSY is Rs. 1650/- crore out of which Rs. 1645.50 crore is earmarked for release to the Village Panchayats. As compared to 1999-2000, it represents a reduction of only 2.36%.

Regarding the Committee's suggestion to accord primacy to the involvement of PRIs in the implementation of JGSY, it is mentioned that after restructuring JRY, the new programme JGSY is implemented entirely by the Village Panchayats. They are empowered to take up infrastructure development working costing up to Rs. 50,000/- with the approval of Gram Sabha. Entire funds including Central and State share go to the Village Panchayats through the DRDAs. The Gram Sabha can appoint vigilance Committees for each Village under its jurisdiction to oversee, supervise and monitor the implementation of each work under the programme. There is also provision for social audit of the works by the Gram Sabha.

The budgetary allocation of Employment Assurance Scheme during the current financial year is Rs. 1300 crore as against Rs. 2040 crore during 1999-2000. The Minister of Rural Development has already written a letter to Minister of Finance and Deputy Chairman Planning Commission requesting for additional funds under EAS for the current year at least to the level of 1999-2000 i.e. Rs. 2040 crore.

In so far as Rural Housing is concerned, it would be pertinent to mention that the Budget Estimate for Rs. 2000-2001 is Rs. 1710 crore, which is the same as the Budget Estimate for Rural Housing in 1999-2000.

As regards Rural Connectivity Programme, the Union Government are presently engaged in formulating a comprehensive scheme for the construction of roads to provide rural connectivity, in the country, which is to be launched in the current year. In consultation with the relevant organisations/agencies an allocation of Rs. 2,500 crore has been provided for the scheme in the year, 2000-2001.

So far NSAP is concerned, the allocation during 2000-2001 is higher by Rs. 5 crore. It is Rs. 715 crore as against the previous year's allocation of Rs. 710 crore (RE). The allocation is, however, much less than what is required to cover the number of people/families due to be benefited annually under NSAP. This Ministry has since written to the Finance Ministry for allocation of more funds for NSAP specifically in view of the requirement to adopt the "10% allocation out of the total BE for 1999-2000" norm for the NE States. Additional funds have been asked for so that the allocation to the non-NE States during the current year can be maintained at least at the level of 1999-2000.

As regards the involvement of the PRIs in implementing the schemes under NSAP, it may be stated that the modified NSAP Guidelines already provide for more active participation of the PRI/Municipalities in the delivery of social assistance so as to make the programme more responsive and effective.

So far as Annapurna scheme is concerned, the budgetary allocation made for this programme is Rs. 100 crore during 2000-2001 as against the projected requirement of Rs. 207 crore. This Ministry has already written to the Finance Ministry as well as the Planning Commission for enhanced budgetary allocations under this programme. The issue is being pursued at appropriate levels."

7. The Committee are not inclined to accept the action taken reply furnished by the Government. to ensure proper implementation of various anti-poverty programmes they in their earlier recommendation had stressed on the following:—

- (i) High Level coordination for increased allocation of resources;
- (ii) Improvement in the efficacy of administration;
- (iii) Primacy to the involvement of PRIs in all the schemes; and
- (iv) Elimination of waste and corruption.

Instead of furnishing the categorical reply indicating the steps taken/to be taken by the Government in pursuance of the recommendations of the Committee, the Government have furnished a routine reply enumerating the existing position regarding the implementation of various schemes of the Department of Rural Development, as per the guidelines already known to the Committee. Further, the Committee find that as per the Government's own data, as furnished in the action taken reply, the allocation during 2000-2001 under various schemes like JGSY and EAS is lesser than that of 1999-2000. The Committee take serious exception to the way the Government have tried to sidetrack the main issues and would like to reiterate their earlier recommendation. They desire that the main issues raised in their recommendation should be addressed specifically and meticulously in the action taken reply and the Committee should be informed about the steps taken in that direction as early as possible.

B. Allocation of 10% outlay to North-Eastern States

Recommendation (Para No. 2.14)

8. The Committee had recommended as under:—

“The Committee while appreciating the steps taken by the Government to allocate 10% of the total allocation of the Department exclusively for North-Eastern States and Sikkim, hope that the perspective plan for the development of rural areas in North-Eastern States and Sikkim will be finalized expeditiously to ensure their integrated development. They would also like to be apprised of the said perspective plan when finalized and the follow up action taken thereon.”

9. The Government in their reply have stated:

“All North-Eastern States including Sikkim were requested to prepare perspective plans for the development of rural areas in their States for ensuring integrated development. The importance of preparing perspective plans expeditiously was emphasized by the Minister of Rural Development in a meeting of the State Ministers of Rural Development of North-Eastern States in July, 2000. The Committee will be apprised of the perspective plan when finalized and the follow-up action taken thereon.”

10. The Committee wish to know whether perspective plans for development of rural areas have now been prepared by all the North-East States, including Sikkim, and, if not, the steps being taken to expedite this. The Committee would also like to know whether Government have a time-frame within which the Perspective Plan for the entire region will be finalised, the details thereof and the follow-up action taken thereon.

C. Special Plan for utilising 10% of the allocation earmarked for North-Eastern States.

Recommendation (Para No. 2.16)

11. The Committee had recommended as under:

“While appreciating the fact that, despite several special initiatives towards developing the North-East, the avowed objective in this regard remains unattained, the Committee urge the Government to put into place a special plan for utilising the entire 10% of the outlay exclusively earmarked for the North-East which should envisage implementation of 100% Centrally Sponsored Programmes with the Central and the States’ share standing at 90:10.”

12. The Government in their reply have stated:

"In a recently held meeting of the Ministers of Rural Development of the North-Eastern States, it was felt that this issue would need to be considered in consultation with the Planning Commission and the Ministry of Finance. The matter is being taken up with the Planning Commission and the Ministry of Finance."

13. While noting that the issue regarding special plan for utilising the entire 10% of the outlay exclusively earmarked for the North-Eastern States is being taken up by the Government with the Planning Commission and the Ministry of Finance, the Committee regret that an entire year has passed without these consultations being completed. They would therefore, like to be apprised of the outcome of the said consultation.

D. Release of substantial outlay under SGSY at the fag end of the year

Recommendation (Para No. 3.11)

14. The Committee had recommended as under:

"The Committee are surprised to note that the data regarding utilisation of outlay during 1999-2000 under restructured SGSY which was at Rs. 253.75 crore in January, 2000 surprisingly rose to Rs. 932.68 crore in March, 2000. They feel that a substantial part of the outlay is allocated at the fag end of the financial year just to inflate the data for providing a rosy picture about the implementation of the programme. Such fag end releases also result in unspent balances getting accumulated with the implementing agencies. The Committee, therefore, recommend that the release of funds should be in a phased manner throughout the year after properly gearing up the implementing agencies to absorb the releases. The Committee further recommend that real time monitoring of physical achievement and of the ratio of financial outlay to physical achievement, should be done alongwith effectively activating institutional mechanism including the PRIs, for the efficient and cost effective implementation of the Programme."

15. The Government in their reply have stated:

"Funds under SGSY are released in two instalments. For the 2nd instalment, the districts have to send their claims along with the Audit Report, Utilisation Certificates etc. The claims are to be made before the end of December every year otherwise the Guidelines provide for a deduction for delayed submission of claims. Notwithstanding this, some districts submit their claims late. Moreover, clarifications to be obtained from districts also take time. These factors are responsible for release of a substantial part of the allocation in the last quarter of the year.

A letter is being issued to all State Governments to gear up the speed of implementation. The SGSY Guidelines state that the Programme will be implemented and monitored by the DRDAs, the Panchayati Raj Institutions, Banks, the Line Departments & NGOs. The detailed monitoring formats for monitoring of physical and financial achievement under the SGSY were issued to all States/UTs as well as to all the DRDAs. The visits of Area Officers (of the Ministry of Rural Development) to their respective States also helps in monitoring the Programme."

16. The Committee are not satisfied with the plea advanced by the Government that clarifications to be obtained from districts took sometime resulting in lag end releases by the Central Government. The Committee are appalled that the Government in their action taken reply have not seriously pondered over the recommendation of the Committee to gear up the implementing agencies with a view to absorb the releases, which would ensure 100% utilisation of outlay earmarked for various schemes. The Committee, therefore, urge that the Government should pay serious attention to this, and find out ways and means to ensure that utilisation certificates from the respective State Governments are received in time and the second instalment is released expeditiously, particularly before the end of December, as stipulated in the guidelines. The Committee feel that this would not only ensure better utilisation of outlay, but would also obviate misutilisation of scarce resources. Further, while noting the action taken by the Government to gear up the speed of implementation and detailed monitoring of physical and financial achievements, the Committee wish to be informed of the ground realities. Moreover, the Committee regret that no action has been taken on the recommendation for real time monitoring of financial

outlay to physical achievement. They hope that the Government would quicken the pace of follow up with the State Governments and inform the Committee about the outcome. Finally, the Committee deeply regret the evident reluctance of the Ministry to even examine how PRIs can be more effectively involved in efficient and cost-effective planning and implementation of these programmes. The Committee wish to be informed in detail about the month-wise release of SGSY funds in 2000-2001 in comparison to releases in 1999-2000 to enable the Committee to gauge how effective are the revamped administrative measures.

E. Constitution of SGSY Committees in the presence of a system of three tier Panchayati Raj

Recommendation (Para No. 3.15)

17. The Committee had recommended as under:

"The Committee express their concern over the constitution of SGSY committees when already a system of three tier Panchayati Raj System exists. They, therefore, feel that the implementation of SGSY should appropriately be entrusted to PRIs with a view to deep rooting and strengthening the Constitutionally recognized democratic apparatus at grass root levels."

18. The Government in their reply have stated:

"The Guidelines of the SGSY state (in paras 8.3 and 8.4) that the most important role under SGSY is played by the Gram Sabha *i.e.* the approval of the list of BPL families. The Gram Panchayat also monitors the performance of the Swarozgaris."

19. The Committee are dissatisfied with the vague reply furnished by the Government in response to their concern over the constitution of SGSY Committees in the presence of a three tier Panchayati Raj Institutions existing in respective States/UTs and further devolving the implementation of SGSY to PRIs. Instead of taking action on the recommendation of the Committee, the Government have reproduced the already known/existing guidelines according to which the list of BPL families is approved by Gram Sabha. The Government have perhaps not appreciated the recommendation of the Committee in the right perspective. The stress of the Committee's recommendation is to entrust the total implementation of SGSY to PRIs as in the case of JGSY. The Committee, therefore, reiterate their earlier recommendation and would like the categorical reply of the Government on the issue raised by the Committee in their earlier recommendation.

F. Recovery of loans advanced under SGSY

Recommendation (Para No. 3.16)

20. The Committee had recommended as under:

"While sharing the concern of the Government in ensuring a satisfactory position of recovery of loans advanced under SGSY, the Committee feel that the decision of the Government to debar Panchayats and intermediate Panchayats registering less than 80% recovery from SGSY *w.e.f.* 1.1.2001 is too harsh to be taken at this juncture. The Committee recommend that this decision may be deferred until the trends of recovery under the revised proposals are available."

21. The Government in their reply have stated:

"The above provision has been made in the Guidelines, as the thrust of the SGSY is on Self Help Group (SHG) and key activities. The evaluation studies conducted by NABARD revealed that recovery under SHGs have been cent percent, in the context of which, the target of 80% of recovery set for the Panchayats, is not unrealistic. Moreover, Swarozgaris happen to be from BPL list, approved by the Gram Sabhas and the Gram Panchayats are associated with the Programme at almost every stage. Apart from the Gram Panchayat, the responsibility of recovery is also with others for which provision has been made in the Guidelines.

In brief, the provision is as follows:

"The Block Level SGSY Committee would monitor every month the progress of different Swarozgaris. The Committee would also see whether the schemes/projects have been grounded and they are giving the intended income including repayment loan. Prompt action in case of default cannot be over emphasized. The bank shall also furnish every month a list of defaulters so that Block SGSY Committee may look into the reasons. In case of groups there shall be periodic meetings of SHGs to monitor the performance. The Gram Panchayat will also be given the list of defaulting Swarozgaris requesting them to take suitable measures for repayment of loans. In Panchayats with high default rates, the BDO/DRDA shall organize recovery camps. It is necessary that DRDA keep a close watch over the repayment position in each Panchayat. The District Administration shall assist the banks in the recovery through designated legal process including appointment of Special Recovery Officers and enactment of model Bill as recommended by Talwar Committee. Since recovery will be a joint effort and the thrust of SGSY is a group approach, recovery of 80% seems to be achievable. Since the SGSY is in its initial stage of implementation, it is, therefore, necessary to observe the performance of recovery of loans under SGSY before it is reviewed at appropriate time."

22. The Committee appreciate the concern of the Government with regard to the serious issue of recovery of loans advanced under SGSY to the beneficiaries. However, they feel that the perspective of the Government to achieve the target of 80% of the recovery is not realistic. Further, they are still to be convinced about the evaluation study conducted by NABARD claiming that the recovery under 'Self Help Groups' is 100%. While the perception of the Government and NABARD regarding 100% recovery rate may be reality in a few States, but it is unlikely to be the case everywhere. Further, the position of recovery of loan in respect of individuals is not very good, which also has to be taken into consideration, while fixing the said norms of 80%. The Committee, therefore, would like that the Government should collect the information from various State Governments regarding the recovery position in respect of loan advanced under SGSY to Self Help Groups as well as individuals during the year 2000-2001 and furnish the information before the Committee to enable them to appreciate the target of 80% of recovery under SGSY, as set in the guidelines, as a condition for Panchayats and Intermediate Panchayats to get the funds for the said Scheme. The Committee would also wish to receive a list of Panchayats/ Intermediate Panchayats who have been debarred for registering less than 80 percent recovery.

G. Attitude of Banks towards restructured SGSY

Recommendation (Para No. 3.19)

23. The Committee had recommended as under:

"The Committee desire that under the restructured SGSY, the following steps be taken to improve the attitude of banks towards the implementation of the programme:

- (a) the genuine beneficiaries are helped in completing the requisite formalities for getting the loan from banks;
- (b) only the genuine beneficiaries approved by the Gram Sabhas and other authorized local bodies as are eligible under the guidelines should get the loans from the banks;
- (c) the loan is sanctioned for viable projects;

- (d) maximum loan as per the guidelines are usually advanced;
- (e) the applications are disposed of within a specified time; while rejecting an application, the beneficiary is explained the reasons for the rejection of his/her application; and
- (f) the number of rejection of application of beneficiaries on flimsy grounds like incomplete forms etc. is reduced to the minimum.

24. The Government in their reply have stated:

- (a) & (b) Under the restructured scheme of the SGSY, Swarozgaris are to be assisted only from the BPL list which is approved by the Gram Sabha.
- (c) Under the SGSY, only the viable projects are to be identified which may provide a net income of Rs. 2000 per month after repayment of loan. The project reports are prepared for each activity and for each Block separately, whether it is for individual or group or both. The economics of the viable projects should clearly spell out details of investment required, returns, repayment schedule and net income to be accrued to the Swarozgaris.
- (d) The Unit cost of activities/project profiles is worked out by M/s. NABARD taking into account the prevailing local market rates. A copy of such unit cost is circulated to service area Banks to sanction and disburse the loan in accordance with these unit costs. Instructions have already been issued by RBI that no under-financing should be done by the Banks.
- (e) The Banks have been advised by the RBI that scrutiny of the loan applications should be done within a period of one month from the date of its receipt and disbursement made within a period of 3 months of its receipt. Banks have also been advised that they should clearly indicate the reasons for rejecting the applications so that necessary modifications could be made in consultation with the Swarozgaris.
- (f) The States/UTs have been asked to ensure that loan applications of the Swarozgaris are scrutinized fully before being sent to Banks, in order to minimize the chances of rejection of applications on non-material of grounds."

24A. While noting the reply furnished by the Government in pursuance of their recommendation regarding improvement in the attitude of banks towards the implementation of the restructured SGSY, the Committee find that the Government have not replied to their recommendation at Para 3.19(a) of the Report according to which the banks should help the illiterate beneficiaries in filling the form properly and complete the requisite formalities for getting the loans under SGSY. The Committee would like that the Government should reply to this specific issue raised in their earlier recommendation.

H. Democratisation of functional responsibility of SGSY and JGSY

Recommendation (Para No. 3.30)

25. The Committee had recommended as under:

"The Committee are also concerned that the distinction between income generation and infrastructure creation, which has characterised poverty alleviation programmes since their inception, has been blurred in the restructured JGSY. They urge that the focus on JGSY be on income generation through wage employment and the focus on SGSY be on infrastructure creation. Through self employment, the Committee note with satisfaction that an attempt has been made to democratise the functional responsibility of SGSY and JGSY by interconnecting the implementation of the former with the Intermediate Panchayats and the latter to the Village Panchayats. The Committee urge that similar exercises be carried out for the other programmes of the Ministry to avoid needless overlapping and duplication between different tiers of the Panchayati Raj System."

26. The Government in their reply have stated:

"There already exists a wage-employment programme called EAS. It was therefore, not felt necessary to have another wage employment programme. The decision to restructure JRY into JGSY with the primary objective of infrastructural development was therefore, a conscious one to avoid multiplicity of programmes. Conference of State Ministers of Rural Development, Panchayati Raj and Rural Housing held on 12-13 May, 1998 also recommended to rationalise JRY and EAS to avoid duplication and overlapping and to improve complementarity of the two programmes. The conference also recommended not to insist upon the strict adherence of the 60:40 wage-material ratio under the restructured JRY.

27. The Committee want to point out that the comments made in their earlier recommendation were not related to the relationship between JGSY and EAS but between JGSY and SGSY more specifically to the implementation of JGSY having been entrusted to the Village Panchayats and SGSY to the Intermediate Panchayats. Commending this, the Committee had urged that similar exercises be carried out for other programmes. It appears from the reply of the Government that such exercise have not been carried out. The Committee, therefore, desire that action be taken on their earlier recommendation in this regard and they would be informed accordingly.

I. Adequate outlay under EAS

Recommendation (Para No. 3.40)

28. The Committee had recommended as under:

"The Committee observe that even if Rs. 350 crore (allocated for watershed component of EAS to the Department of Land Resources) are added to BE 2000-2001), the total allocation comes to Rs. 1650 crore which is much less than the outlay released during 1999-2000 i.e., Rs. 2288.55 crore. They are concerned to note the sharp decline in the outlay and urge that adequate allocation should be made under EAS to achieve the set objective."

29. The Government in their action taken reply have stated as below:

"As stated in reply under para 2.3, a proposal has already been taken up with the Ministry of Finance and Planning Commission for enhancing the budget provision from Rs. 1300 crore to Rs. 2040 crore. Final outcome is awaited."

30. While appreciating the initiative taken by the Government to take up the matter regarding enhancement in outlay for EAS with the Ministry of Finance and Planning Commission, the Committee would like to be apprised of the final decision taken in this regard.

J. Requirement of funds for NSAP

Recommendation (Para No. 3.48)

31. The Committee had recommended as under:

"They recommend that the Government should analyse the performance under the three components of the scheme and take necessary steps to improve the implementation. Besides it is also urged that substantial allocation should be made for the components of the scheme so that the poorest of the poor are not deprived of the assistance provided under the scheme."

32. The Government in their reply have stated:

"A fairly rigorous monitoring and supervision mechanism has been put in place for reviewing the progress of NSAP. Quarterly review meetings are held with State Governments to review the progress of the schemes. A system of rigorous follow up through area visits and letters at all levels on a ongoing basis is in place. Districts are further penalized for slow performance as reflected in high opening balance and late reporting by imposing cuts in releases.

33. The Committee note that the districts are penalised for slow performance, but at the same time they would like to impress upon the Government to ensure that the beneficiaries should not suffer for the faults of implementing agency. The Committee, would therefore, like to be informed of the nature of penalties imposed on slow performers. A list of districts-State-wise where such "penalisation" has been resorted to, should also be furnished.

K. Implementation of NSAP by PRIs and Municipalities

Recommendation (Para No. 3.54)

34. The Committee had recommended as under:

"The Committee observe that whereas the District Collector has been given the nodal responsibility of implementing NSAP, the responsibility for implementing the schemes in their respective areas has been entrusted to Village Panchayats. They fail to understand this contradiction and wonder as to how the coordination between the different authorities, i.e. the District Collector and Village Panchayat would be maintained. As admitted by the Government, the poor coordination between the two agencies is the main reason for poor implementation of NMBS. In view of these circumstances, the Committee recommend that there should be no ambiguity in vestment of responsibility regarding the implementation of scheme and PRIs and Municipalities should alone be entrusted the responsibility of implementing NSAP as it a people's programme which can be best understood by elected local bodies."

35. The Government in their reply have stated:

"The roles played by the Panchyats/Municipalities and District Magistrates/Deputy Commissioners in implementing the NSAP schemes are not independent but supplementary to each other. The District Magistrate/Deputy Commissioner is responsible for overall supervision of the programme. The Panchayats/Municipalities on the other hand are responsible for identification of beneficiaries, disbursement of benefits in Gram Sabha meetings and dissemination of information etc. about NSAP and the procedure for obtaining benefits under it in their respective areas."

36. The Committee take serious note of the way the Government have dealt with their recommendation regarding entrusting the responsibility of implementation of NSAP to PRIs and Municipalities. The Government had themselves admitted that the poor coordination between District Collector and Village Panchayats is the main reason for poor implementation of NMBS, one of the component of NSAP (Refer Para 3.54 of 13th Report). However, the Government in their action taken reply have stated that the role played by Panchayats/Municipalities and the District Magistrate/Deputy Commissioner in implementing NSAP is not independent, but supplementary to each other. The Committee, therefore, reiterate their earlier recommendation that implementation of NSAP should be expeditiously entrusted to the elected local bodies i.e. PRIs and Municipalities.

L. Annapurna Scheme

Recommendation (Para No. 3.57)

37. The Committee had recommended as Under:

"The Committee express their apprehensions about the quality of food grains that would be supplied to senior citizens under Annapurna. Supply of foodgrains directly to the beneficiaries requires excessive and multi-faceted monitoring adding to the burden of the implementing agencies. They, therefore, recommend that instead of launching this new scheme, the scope of already existing scheme i.e. NOPAS should be enlarged further by providing old age pension to such persons who are eligible for it but are not receiving it at present. They also recommend that the Government should consider to increase the amount of pension under NOAPS."

38. The Government in their reply have stated:

“The Department of Public Distribution under the Ministry of Consumer Affairs and Public Distribution is responsible for ensuring the supply of the required quantities of the prescribed quality of foodgrains from the godowns of the Food Corporation of India to the agency designated by the State Governments.

The mechanism for monitoring and evaluation of Annapurna has already been drawn up. The districts are to send Monthly Progress Report (MPR) to their respective State Governments and State Governments shall compile the MPRs for sending Quarterly Progress Report (QPR) to the Government of India. There shall be a State Level Committee in each State to be represented by the Secretaries of the concerned Departments, MPs, MLAs/MLCs, atleast two Presidents of Zilla Parishads and representative of appropriate NGOs. There shall also be a District Level Committee in each district to oversee implementation of the scheme under the chairmanship of District magistrate/Deputy Commissioner.

The Annapurna scheme was announced by the Finance Minister in the Budget Speech, 1999-2000. The Ministry of Rural Development are the nodal Ministry of the scheme launched in April, 2000.

The issue of raising the amount of pension under NOAPS reviewed earlier. But as an enhancement in the rate of pension shall create a huge additional financial liability on the Government, it was decided to not to increase the pension amount. It may, however, be mentioned that the State Governments normally add to the Central amount of old age pension of Rs. 75/- according to their respective financial capability. As a result, the pensioners under NOAPS in most States receive old age pension ranging from 75/- to Rs. 275/- per month.

39. The Committee regret that Government have not all understood the purport of their recommendation. The Committee wanted NOAPS to be extended to all senior citizens and their pension increased so as to enable them to purchase additional foodgrains direct from the PDS instead of an extra foodgrains allowance being doled out to them through an overburdened machinery with its attendant risks of serious leakages resulting in many aged pensioners not receiving the foodgrains they so desperately require.

M. Multiplicity of housing schemes meant for rural poor.

Recommendation (Para No. 4.13)

40. The Committee had recommended as under:

"The Committee fail to understand the reasons behind launching of the new Centrally sponsored schemes *i.e.* Samagra Awaas Yojana (SAY) & Credit-cum-Subsidy in a situation where a comprehensive Yojana *i.e.* Indira Awaas Yojana for the same purpose already exists. They note that with multiplication of schemes, there are chances of overlapping and problems of coordination. In view of it they urge that more funds should be provided under IAY and the scope of the scheme should further be strengthened in conjunction with the drinking water and rural sanitation programme. Further, the Government should consider increasing the amount of allocation per beneficiary under the scheme. Besides the Committee feel that much greater attention needs to be paid to the repairing/rebuilding of houses built under earlier IAY."

41. The Government in their reply have stated:

"While the objective of implementing Indira Awaas Yojana is primarily to help construction of dwelling units by members of Scheduled Castes/Scheduled Tribes, freed bonded labourers and also non-SC/ST rural poor below the poverty line by providing them with grant-in-aid, it was felt that there are a large number of households in the rural areas below the poverty line and particularly just above the poverty line who cannot be covered under IAY as they do not fall within the range of eligibility or due to the limits imposed by the available budget. Furthermore, due to limited repayment capacity, these rural households cannot take benefit of fully loan-based schemes offered by some housing finance institutions. The target group under the Credit-cum-Subsidy Scheme are rural households having annual income upto Rs. 32,000 who can avail of loan cum credit to construct a house. On the other hand the underlying philosophy of Samagra Awaas Yojana is to provide convergence to the existing rural housing, sanitation and water supply schemes with special emphasis on technology transfer, human resource development and habitat improvement with peoples' participation. Adequate attention is being paid to the repairing/rebuilding of houses under Indira Awaas Yojana. With a view to addressing inadequacies in the huge stock of unserviceable kutch houses, 20% of the allocation under Indira Awaas Yojana has been mandatorily reserved for upgradation."

42. The Committee are not inclined to accept the plea furnished by the Government for having different Centrally Sponsored Housing Schemes like, Indira Awaas Yojana, Samgra Awaas Yojana and Credit-cum-Subsidy Scheme etc., stating that the different schemes meant for the rural poor are not covered under the existing scheme i.e. IAY. While appreciating the move of the Government to help those who are not eligible to get the benefits under IAY, the Committee strongly urge that instead of launching separate schemes to give benefit to the persons a little above poverty line, who are not covered under the existing scheme, the scope of the Indira Awaas Yojana should further be extended to cover the desired beneficiaries by making suitable modifications in the guidelines.

N. Increased role of MPs in the functioning of DRDAs

Recommendation (Para No. 5.7)

43. The Committee had recommended as under:

"While noting the reply of the Government on the issue of increased role of the local MPs in the functioning of DRDAs, the Committee hope that the decision in this regard will be taken expeditiously and they should be apprised accordingly."

44. The Government in their reply have stated:

"The matter is still under active consideration."

45. The Committee hope that Government might have considered the issue of increased role of local MPs in the functioning of DRDAs by now and if not, it is reiterated that decision in this regard should be taken within a stipulated time frame and the Committee be apprised accordingly.

O. Launching of programme regarding rural connectivity

Recommendation (Para No. 5.29)

46. The Committee had recommended as under:

"The Committee while appreciating the steps taken by the Government in respect of rural connectivity, would like to know the details of the programme and hope that the programme will be implemented at the earliest and will all sincerity. They express their apprehension that, as with other restructured programmes of the Department, restructuring might itself lead to unconscionable delays. This much be avoided and implementation should begin in right earnest as soon as possible during the current financial year."

47. The Government in their reply have stated:

"The Union Government are, at present, engaged in formulating a comprehensive Scheme for the construction of roads to provide rural connectivity in all parts of the country. A National Rural Roads Development Committee (NRRDC) was set up in this behalf whose Report was recently submitted. The Scheme is to be launched in the current year 2000-2001, for which an allocation of Rs. 2,500 crores has been provided."

48. The Committee are dismayed to note that it has taken more than year after the President's address to the two Houses of Parliament assembled together and ten months after the Finance Minister's budget announcement, to formulate the guidelines and announce allocations. In consequence, approvals are a small proportion of allocations and actual expenditure will fall far short of appropriations.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2.7)

The Committee are concerned over the dismal performance of the newly structured programmes SGSY, JGSY and RH meant to generate rural employment, poverty alleviation and rural housing. The very poor performance of these programmes could be attributed to the poor planning and deficient organisational techniques of the Government in implementing these schemes. The Committee, hence, recommend that the Government should evolve a fool-proof strategy to ensure that the funds are utilised throughout the year in a phased manner and physical targets achieved.

Reply of the Government

The slow progress under the SGSY during 1999-2000 was due to the fact that it was a new Programme and the Guidelines had to be understood by all concerned, including the Banks. The Reserve Bank of India issued instructions to the Banks in September, 1999 NABARD issued the Guidelines to the Cooperative and Regional Rural Banks in November, 1999. The Guidelines had to be understood not only by the DRDAs and all functionaries of the PRIs, the Line Departments, but also by the Banks. A large number of queries raised by the Banks were clarified by Reserve Bank of India in January, 2000.

Besides, the SGSY is a highly process oriented Programme. It involves, on the one hand, the selection of Key Activities and identification of activity clusters and on the other hand group approach has been adopted. The selection of Key Activities itself is a participatory process. Preparation of Project Profiles of Key Activities in each district took time as this being the 1st year of the SGSY. The SGSY also emphasizes group approach which involves formation of Self-Help Groups (SHGs) and their Capacity Building. The Guidelines stipulate a certain minimum period for becoming a Self-Help Group viable and before the Banks can consider the SHG for financing. Once these obstacles are over the Programme will pick up aiming at high degree of success. The States have informed that formation of SHGs is under way and Key Activities have been identified.

All State Governments/UTs have been requested to gear up the pace of implementation. The detailed monitoring formats for monitoring of Physical and Financial achievement under the SGSY were issued to all States/UTs as well as to all the DRDAs. To review progress under the SGSY in terms of Physical and Financial a periodical Performance Review Meeting is being held in the Ministry to ensure that the funds under the programme are utilised throughout the year. However, under the SGSY no physical targets are fixed.

1999-2000 being the 1st year of JGSY it took some time for the Central Government to finalise the Guidelines and start releasing 1st instalment to the States. The implementing agencies also took some time in understanding the scheme and the 2nd instalment proposals were received late. In most of the cases the proposals received were also defective. Therefore, there was delay in release of 2nd instalment to the States.

To ensure that funds are utilised throughout the year in a phased manner and physical targets are achieved, the following measure have been incorporated in the guidelines:—

- (i) First instalment of Central Assistance amounting to 50% of allocation of a district is released as soon as the vote on account is passed by Parliament. Second instalment amounting to the balance 50% is released on submission of necessary documents by the DRDA without any deduction on account of late submission of proposal up to December.

To maintain financial discipline, the Guidelines provide for mandatory deduction for late submission of 2nd instalment proposal by the State Government Under this system, there will be progressive deduction for proposals received in the month of January & February @15% and 30% respectively on the total Central allocation for the year.

In so far as Rural Housing is concerned, an Action Plan for Rural Housing has been adopted *w.e.f.* 01.04.1999. The Action Plan comprises of the following elements:—

- (1) Conversion of unserviceable kutcha houses in Indira Awaas Yojana (IAY)
- (2) Credit-cum Subsidy Scheme for Rural Housing

- (3) Innovative Stream for Rural Housing & Habitat Development
- (4) Rural Building Centres
- (5) Enhancement of equity contribution by Ministry of Rural Development to HUDCO
- (6) Samagra Awaas Yojana
- (7) National Mission for Rural Housing & Habitat

The adoption of an Action Plan should go on long way in the evolution of a fool-proof strategy to ensure that funds are utilized throughout the year in a phased manner and physical targets achieved.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 2.11)

While noting that the latest survey of persons living below the poverty line was carried out in 1998-99, the Committee would like to be apprised of the details of the said survey. Further the Committee desire that they should be informed about the details of the surveys being done by NSSO. They would also like to be apprised of the reasons for not considering the latest data as criteria for determining the number of persons living below poverty line. The Committee urge upon the Government to make available to them on periodic basis the results of the major as well as thin surveys conducted by the Government in this behalf.

Reply of the Government

National Sample Survey Organisation does not conduct surveys of people living Below Poverty Line. The Planning Commission estimates poverty at National and State level from the LARGE Sample Survey data on Consumer Expenditure conducted by the NSSO at an interval of approximately five years. The latest such survey data available with the Planning Commission is for the year 1993-94. These estimates have been made from the data obtained from the 5th Quinquennial Survey conducted by NSSO in its 50th Round, during July, 1993 to June, 1994.

The consumer expenditure surveys conducted by NSSO are of two types:

- (i) quinquennial surveys conducted after a period of five years where large sample size of about 1.20 lakh households are covered, and
- (ii) annual surveys based on thin sample of about 40 thousand households only.

The field work of the 6th Quinquennial Survey on consumer expenditure (July, 1999 - June, 2000) is under progress and results of the same are expected to be released by 2001. After 50th Round (1993-94) four annual surveys have been conducted and the latest one pertains to 54th round conducted during January-June, 1998. The data thrown up by annual surveys are based on small sample.

As the consumer expenditure distribution obtained from the thin sample of the NSS is inadequate to estimate State-wise poverty, the Planning Commission estimates poverty at National and State level from the Quinquennial NSS data, as per the recommendations of the Expert Group on Estimation of Proportion and Number of Poor.

The Government have taken note of the recommendation of the Committee and will make available to them the results of the major as thin Surveys on a periodic basis.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 2.12)

The Committee while appreciating the laudable objective of the Government to cover 30% of the rural poor with a view to raising them above poverty line during the next five years, express their doubts about the success of the objective especially when the Department has just got 25% of the outlay that had been asked for. As rural poverty is the major stumbling block bringing about an integrated development of the country in all areas for registering a remarkable place in the new world social order, the Committee stress on the Government the need to take extraordinary steps for compelling a review of the outlay agreed to by the Planning Commission so that all the schemes/programmes of the Department are implemented with unhindered vigour as well as for improving administrative efficacy and providing the full scale involvement of the PRIs in the planning and implementation.

Reply of the Government

Action Taken as indicated under 2.3. In addition, the Department of Rural Development has already taken a number of steps to involve Panchayati Raj Institutions in planning and implementation of its programmes as given below:

(i) Swarnjayanti Gram Swarozgar Yojana (SGSY)

The Swarozgaris (beneficiaries under SGSY) can be either individuals or groups. In either case, the list of BPL households identified through BPL census, duly approved by the Gram Sabha will form the basis for identification of families for assistance under SGSY. The Self Help Groups should also be drawn from the BPL list approved by the Gram Sabha. The individual swarozgaris are to be selected in the Gram Sabha. The programme has been designed to provide proper support and encouragement to tap the inherent talents and capabilities of the rural poor, and the Village Panchayats are actively involved in the process.

(ii) Jawahar Gram Samridhi Yojana (JGSY)

The Village Panchayat is the sole authority for preparation of Annual Action Plan for this scheme and its implementation with the approval of Gram Sabha. Funds are released to the village Panchayats for implementing this scheme.

(iii) Indira Awaas Yojana (IAY)

The Guidelines of the IAY provide that Zilla Parishads/DRDAs, on the basis of allocations made and targets fixed, shall decide the number of houses to be constructed Panchayat wise under IAY during the particular financial year. The same shall be intimated to the Gram Panchayats. Thereafter, the Gram Sabha will select the beneficiaries from the list of eligible households according to IAY guidelines as per priorities fixed, restricting this number to the target allotted. No approval of the Intermediate Panchayat is required.

(iv) Employment Assurance Scheme (EAS)

The revised Guidelines for EAS stipulate that Muster Rolls should be made available for scrutiny to the Gram Sabha of the Gram Panchayat where the work is located and also to the public on demand. It has also been stipulated that as part of Social Audit and to ensure transparency and accountability and social control, the details of the works under EAS should be publicised and Gram Sabhas informed. The meetings of the Gram Sabha shall be held every quarter at a fixed date, time and place. These meetings shall be open to all members of the village community, who shall be free to raise any issue regarding implementation of the programme. The concerned authorities should follow up the issues raised in such meetings and inform action taken to Gram Sabha in its next meeting.

The Ministry of Rural Development have requested the State Governments and Union territories to ensure that Gram Sabhas should meet at least once in each Quarter Preferably on 26th January—Republic Day, 1st May—Labour Day, 15th August—Independence Day and 2nd October—Gandhi Jayanti.

The then Minister of State (Independent Charge) for Rural Development had addressed all Chief Ministers/Administrators of UTs in March, 1999 for initiation of measures to energise Gram Sabha in tune with a Seven Point minimal Package during the year 1999-2000, which was observed as the 'Year of Gram Sabha'. One point of the Package is that the Gram Sabha should have full powers for determining the priorities for various programmes in the village and approval of budget and that prior approval of the Gram Sabha should be made mandatory for taking up any programme in the village. The Gram Sabha is responsible for Certification of expenditure and also propriety in financial dealings (which should be made mandatory).

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 2.17)

The Committee are dismayed to note that the Performance Budget (2000-2001) of the Department does not include the implementation of the Constitution (73rd Amendment) Act as one of the functions of the Department. Further the list of functions as given in the Performance Budget of the Department does not include constant and continuous monitoring of the impact of all the schemes of the Department on rural poverty ratios, as one of the functions of the Department. The Committee while appreciating the fact that several Committees and surveys for assessment of the extent of rural poverty had devised varying formulate for determining the extent of rural poverty leading to different assessments, are aghast at the way the Department have failed to mention the function of monitoring rural poverty as one of the major functions in the Performance Budget. Equally shocking is the fact that the Department have employed outdated terminologies to refer to local bodies instead of using the terms and phraseologies used in the Constitution. The Committee strongly deplore the casual approach of the Government in preparing the Performance Budget which ought to have been drafted with utmost care, precision and perfection especially when it has to be laid before Parliament and when it has to be crucially depended upon by the Committee. Hence the Committee caution the Government to be extremely careful in future in preparing such documents.

Reply of the Government

The Performance Budget provides only a brief introduction of the functions of the Department and focuses in greater detail on the programmes and schemes with a view to explain and elaborate on the figures in the detailed Demands for Grants. As recommended by the Committee, the focus on Panchayati Raj in the context of the Constitution (73rd Amendment Act) will be incorporated alongwith the other suggestions of the Committee, in the next Performance Budget.

Impact Assessment Studies are being conducted by this Department on a continuing basis to monitor the impact of the schemes. Twelve such studies have been commissioned in the year 1999-2000 and it is proposed to take up studies on 40 districts in the current year. As regards monitoring of rural poverty, it may be mentioned that this is a work assigned to the Planning Commission and they undertake this task periodically on a continuing basis based on the quinquennial household consumption expenditure surveys of NSSO.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 3.10)

The Committee note that the physical performance of re-structured SGSY programme during 1999-2000 has been dismal. They further note that the process of pre-implementation exercise such as issuing guidelines, interaction with banks and implementing agencies etc. was concluded by June-July, 1999. Thus there were around 8 months with the Government to implement the programme effectively. They are not inclined to accept the plea of the Government that it took sometime for the guidelines to be understood by all concerned including banks. They express their unhappiness over the way the restructured programme is being implemented.

Reply of the Government

The slow progress during 1999-2000 was due to the fact that the SGSY was a new programme and the guidelines had to be understood by all concerned, including the Banks. The Reserve Bank of India issued instructions to the Banks in September 1999. NABARD issued the guidelines to the Cooperative and Regional Rural Banks in November 1999. The Guidelines had to be understood not only by the DRDAs and all functionaries of the PRIs, the Line Departments, but also by the banks. A large number of queries raised by the Banks were clarified by Reserve Bank of India in January 2000.

The SGSY is a highly process oriented programme, involving, on the one hand, the selection of key activities and identification of activity clusters and, on the other, adopting the Group Approach. The selection of key activities is a participatory process. Preparation of project profiles of key activities in each district took time, 1999-2000 being the 1st year of SGSY. The SGSY emphasizes the Group Approach, which involves formation of Self Help Groups (SHGs) and capacity building for them. The Guidelines stipulate a certain minimum period for making a Self-Help Group viable, before the Banks can consider the SHG for financing. The Programme is expected to gather momentum as its implementation progressively settles in. Most States have confirmed that formation of SHGs is under way and key activities have been identified.

(Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 3.19)

The Committee desire that under the restructured programme, the following steps be taken to improve the attitude of banks towards the implementation of the programme:

- (a) the genuine beneficiaries are helped in completing the requisite formalities for getting the loan from banks;
- (b) only the genuine beneficiaries approved by the Gram Sabhas and other authorised local bodies as are eligible under the guidelines should get the loans from the banks;
- (c) the loan is sanctioned for viable projects;
- (d) maximum loan as per the guidelines are usually advanced;
- (e) the applications are disposed of within a specified time; while rejecting an application, the beneficiary is explained the reasons for the rejection of his/her application; and
- (f) the number of rejection of applications of beneficiaries on flimsy grounds like incomplete forms etc. is reduced to the minimum.

Reply of the Government

- (a) & (b) Under the restructured scheme of the SGSY, Swarozgaris are to be assisted only from the BPL list which is approved by the Gram Sabha.
- (c) Under the SGSY, only the viable projects are to be identified which may provide a net income of Rs. 2000 per month after repayment of loan. The project reports are prepared for each activity and for each Block separately, whether it is for individual or group or both. The economics of the viable projects should clearly spell out details of investment required, returns, repayment schedule and net income to be accrued to the Swarozgaris.
- (d) The Unit cost of activities/projects profiles is worked out by M/s. NABARD taking into account the prevailing local market rates. A copy of such unit cost is circulated to service area Banks to sanction and disburse the loan in accordance with these unit costs. Instructions have already been issued by RBI that no under financing should be done by the Banks.

- (e) The Banks have been advised by the RBI that scrutiny of the loan applications should be done within a period of one month from the date of its receipt and disbursement made within a period of 3 months of its receipt. Banks have also been advised that they should clearly indicate the reasons for rejecting the applications so that necessary modifications could be made in consultation with the Swarozgaris.
- (f) The States/UTs have been asked to ensure that loan applications of the Swarozgaris are scrutinized fully before being sent to Banks, in order to minimise the chances of rejection of applications on non-material of grounds.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Paragraph 24-A of Chapter I of the Report)

Recommendation (Para No. 3.28)

The Committee feel that the fixation of 15% as ceiling on maintenance of assets will hamstring the PRIs from functioning with desirable autonomy based on ground situation. The Committee, therefore, call for the removal of the ceiling and for vestment of sufficient financial autonomy and flexibility to PRIs to decide the percentages of expenditure on various components of the Scheme for added efficacy and operational flexibility. Moreover, the Committee view with the deepest concern Government's intention of placing the entire burden of the cost of maintenance of JGSY assets on the village panchayats without first ensuring the sound finances of the panchyats. A nexus must be established between the financial burden of panchayats and their capacity to pay.

Reply of the Government

The JGSY was launched only from 1.4.99, and it is too early to make changes in the programme. The suggestions made by the Committee to remove the ceiling of 15% on maintenance of assets can be considered on receipt of feed back from the implementing agencies. Further the Central Government has not received any suggestion from any implementing agency for enhancement/abolition of the ceiling on maintenance of assets. Moreover, the provision for maintenance of assets under JRY was only 10%, which has been raised to 15% under JGSY as a result of restructuring.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 3.29)

The Committee are concerned to note the drastic reduction in the employment generation from 376.62 million mandays during 1998-99 to 122.89 million mandays during 1999-2000 (Nov. 1999). They feel that the relegation of wage employment to the level of secondary objective of the JGSY next only to the objective of building rural infrastructure has resulted in considerable decline in providing employment to the rural unemployed which surely would have had a deleterious effect on the improvement of economic standards of the rural masses. The Committee are not in conflict with the Governments efforts towards rural infrastructure building. However, they are of the opinion that wage employment and the absorption of the rural unemployed and under employed in economic activities are key objectives in themselves and it can be linked to building a viable rural infrastructure as indeed they were under the earlier JRY.

Reply of the Government

Under the JRY, the primary objective was creation of employment opportunities for BPL families living below poverty line in rural areas. Consequent upon the restructuring of JRY into JGSY, building up of infrastructure in rural areas has been made the primary objective under JGSY. This was a conscious decision taken by the Government. As rightly pointed out by the Committee, creation of employment opportunities for BPL families in rural areas is still an objective of JGSY. Since the main objective of JGSY is infrastructure development, the implementing agencies have been given the freedom to relax suitably the wage-employment in rural areas and accordingly the guidelines prescribes that wage-material ratio should be as close as 60:40.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 3.41)

The Committee are concerned to note the dismal performance during 1999-2000. Only 55% of the outlay could be utilised during that year resulting in decline to employment generation which was less than 40% of what was achieved during 1998-1999. The decline in EAS, when viewed in conjunction with the drastic fall in JGSY/SGSY

employment generation and the virtual stagnation in agricultural output, would point to a serious rise in the poverty ratio during 1999-2000. The under utilisation becomes highly conspicuous when the Government transferred Rs. 430 crore from JGSY on *ad hoc* basis. The Committee take serious view of non-utilisation of funds under the programme alongwith a abysmal physical achievement and desire that the Government should furnish a detailed analysis of the reasons for the shortfall as well as formulate a cogent strategy to obviate underspending and under achievement in physical targets.

Reply of the Government

The Employment Assurance Scheme has been restructured with effect from 1.4.1999. While restructuring the scheme, though basic parameters have been retained, the allocation to States/districts is more definitely applied. During 1999-2000, pending finalisation and issue of revised guidelines, *ad-hoc* release was made for completion of ongoing works. It was stipulated that no new works could be undertaken till the finalisation and issue of revised guidelines. The revised guidelines were issued only in November 1999. Due to these reasons, the pace of progress at the initial stage was little slow but it gathered momentum in the second half of the last financial year. The latest information indicates that under the EAS 2624.12 lakh mandays were generated during 1999-2000.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 3.42)

With EAS having emerged as single-most important wage employment generation programme of the Central Government, covering all parts of the country and all sections of the poor in search of work, the Committee urge that the question of financial allocation, targets and institutional mechanism be reviewed at the highest level by the Government and the Planning Commission, in consultation with State Governments and others concerned, so as to assist, direct and prioritise EAS in keeping with the requirements of the most needy of this country.

Reply of the Government

The recommendation of the Committee has been noted. For enhancement of the budgetary provision, a proposal at Minister (RD)'s level has been sent to the Ministry of Finance and Planning Commission. As soon as the budgetary provision is enhanced, targets will be refixed and the State Governments will be requested to ensure that the targets fixed for each Zilla Parishads are achieved in full. The Ministry reviews performance in implementation of the EAS with the State Authorities, from time-to-time, to make implementation more effective.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 3.47)

The Committee are concerned to note the reduction of outlay under NSAP at RE stage during 1998-99. They further note that the outlay during 2000-2001 has been increased from Rs. 710 crore during the previous year to Rs. 715 crore i.e. by Rs. 5 crore only whereas the requirement of funds has been indicated as Rs. 1611.23 crore as per the prescribed formula of deciding numerical ceiling for the three schemes. They are unhappy to note the way the Government have justified the outlay during 2000-2001 which is less than 50% of the required allocation on the ground of the poor performance of States in the past. They strongly disapprove the way the Government have tried to justify the reduced allocation instead of taking corrective steps to improve the implementation of the scheme.

Reply of the Government

This Ministry have already requested the Ministry of Finance and the Planning Commission for the enhancement of budgetary allocations for NSAP during the financial year, 2000-2001.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 4.9)

The Committee note that there has been virtual stagnation in the number of houses built since 1995-96, followed by a precipitous decline during 1999-2000. The Committee also note the worsening of the ratio of financial outlay to physical achievement which has resulted in virtually the same number of houses being built in 1998-99 as in 1995-96, but at nearly 50% higher financial outlay. They fail to understand how the target of providing 13 lakh houses annually in rural areas would be achieved with the poor trends of physical performance thus far. They, therefore, strongly recommend that financial outlays be increased, administrative and institutional mechanism vastly improved, and better technology be introduced to substantially reduce the unit cost of housing.

Reply of the Government

Financial & Physical progress under Indira Awaas Yojana
1995-1996 to 1999-2000

(Rs. in crore)				
Year	Resources (Central+State)	Utilization	Target	Houses constructed
1995-96	1368.34	1166.36	1147489	863889
1996-97	1425.00	1385.92	1123560	806290
1997-98	1440.85	1596.44	718326	767649
1998-99	1854.62	1803.88	987466	835770
1999-2000	2132.34	1689.89	1271618	906547* 420914**

* Houses constructed

** Houses under construction

The Ministry of Rural Development would like to humbly submit that in fact the ratio of financial outlay to physical achievement has not worsened since 1997-98. In fact with effect from 01.08.1996 the ceiling of assistance admissible under Indira Awaas Yojna increased from Rs. 14,000 and Rs. 15,800 to Rs. 20,000 and Rs. 22,000 for the plain and hill/difficult areas respectively. In short the per unit outgo

increased, even while budgeted amount under IAY remained stagnant. In 1998-99, there was a dramatic Rs. 410 crore increase in the Budget Estimate under Rural Housing. Expectedly the target and achievement improved. In 1999-2000, 906547 houses have been completed and 420914 houses are under construction as per the last reports received. Usually States send the Annual Progress Report only after 4-5 months into the new financial year.

As far as providing 13 lakh additional houses in the rural areas is concerned, as stated in our entire reply to Recommendation Serial No. 2.7, an Action Plan for Rural Housing has been adopted comprising of the following elements:—

- (1) Conversion of unserviceable kutcha houses in Indira Awaas Yojna (IAY)
- (2) Credit-cum-Subsidy Scheme for Rural Housing
- (3) Innovative Stream for Rural Housing & Habitat Development
- (4) Rural Building Centres
- (5) Enhancement of equity contribution by Ministry of Rural Development to HUDCO
- (6) Samagra Awaas Yojna
- (7) National Mission for Rural Housing & Habitat

As can be seen steps are being taken to improve the administrative/ institutional mechanism and disseminate improved technologies, designs and materials in the rural areas.

{Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development}

Recommendation (Para No. 4.10)

While noting the revised funding pattern *i.e.* sharing between Centre and States in the ratio of 75:25 as compared to the previous ratio of 80:20, the Committee hope that State Governments have been consulted before taking the decision and that their share would be forthcoming without any difficulty.

Reply of the Government

This matter was discussed with the State Governments and a consolidated view taken for all Schemes being implemented by the Ministry of Rural Development.

{Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development}

Recommendation (Para No. 5.5)

The Committee would like to know about the impact of the scheme of 'Strengthening of DRDA Administration' on various rural development activities. In particular, the Committee desire that, bearing in mind article 243 G of the Constitution, the bureaucratic overload of DRDAs be seriously reconsidered and an earnest effort made to merge the function of the DRDAs with the district Panchayats. The Committee feel that DRDAs are administrative arrangements existing before the insertion of part IX in the Constitution, and with the giving effect to part IX of the Constitution, DRDAs need to be democratised and rooted in the Panchayati Raj System.

Reply of the Government

The DRDA Administration has been re-organized *w.e.f.* 1.4.99. It is rather too early to assess its impact on various rural development activities.

One of the salient features of the DRDA Administration Guidelines is that the DRDA would be a lean organisation. As a matter of policy, the DRDA should not have any permanent staff. It is not even allowed to make any direct recruitment. In respect of the staff that is currently borne on the DRDA, the State Rural Development Department is to immediately draw up a 3-5 year plan for absorption of the staff into the line departments. Keeping in view the role and functions of the DRDA an indicative staffing structure has been suggested subject to modification by the State Governments but without altering the basic design to take care of the needs of the individual districts.

Steps have already been taken to democratise the DRDAs. The DRDAs are expected to co-ordinate effectively with Panchayati Raj Institutions. Clear instructions are there that the Chairman of Zilla Parishads shall be the Chairman of the Governing Body of the DRDA. The administration of the DRDA is carried out by a Governing Body which itself is democratic in nature. The Governing Body of the DRDA is well represented by MPs, MLAs, MLCs, Panchayati Samiti Chairpersons, representatives of various Bank and technical institutions, welfare officers, NGOs, representatives of weaker sections of society and rural women.

[Ministry of Rural Development O.M. No. H-11020/6/2000-CC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 5.15)

The Committee appreciate the point that training of functionaries of Panchayati Raj Institutions is a pre-requisite for effective implementation of various programmes. Despite the reasonable financial support extended by the Centre for the Apex Institutions for training, the overall picture as relates to training of functionaries of PRIs seems to be totally unsatisfactory. The Committee, therefore, call upon the Government to commission an in-depth study into the requirement of training as well as into the deficiencies in the system of training so that guidelines are evolved for imparting better training as well as for effectively linking training to field performance.

Reply of the Government

The suggestions made by the Hon'ble Committee have been noted for compliance.

[Ministry of Rural Development O.M. No. H-11020/6/2000-CC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 5.19)

The Committee urge that the Department, in their organisation of work, and in their monitoring and reporting of the work of the Department to Parliament and to others concerned, firmly anchor the implementation of the Constitutional provisions as the centre-piece and foundation of all their activities. What the Ministry must particularly guard against is the bureaucratisation of Panchayati Raj. It is also

incumbent on the Ministry to ensure that PRIs and the District Planning Committees are used to the full wherever any central or centrally-sponsored scheme relates to any subject listed in Scheduled XI of the Constitution. The Committee note from the Annual Report (Chapter 2) that two key conferences were organised by the Ministry on 2.8.97 and 13.5.98. Directions for the implementation of a Seven Point minimal package to observe the Year of the Gram Sabha (1999-2000) were also circulated to all concerned on 17.3.99. It is a sad commentary on the seriousness with which the recommendations of the two conferences are being followed-up, and the implementation of the minimal Seven-Point Gram Sabha programme is being monitored, that neither in the Annual Report nor in the evidence tendered before the Committee was any attempt made by the Department to assess and analyse the implementation of Panchayati Raj in the country.

Reply of the Government

The suggestions made by the Hon'ble Committee have been noted for compliance. A statement showing the Status of implementation of Panchayati Raj in all States/UTs on four major parameters is enclosed at Annexure. (Appendix II).

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 5.20)

The Committee are concerned to note that whereas the primary responsibility for monitoring the implementation of the Panchayats (Extension to Scheduled Areas) Act, 1996 vests in the Ministry, and certain problems in this regard have been identified in the Annual Report, the Committee have not been informed of the steps proposed to be taken to resolve these problems and the time-frame within which this is ought to be accomplished.

Reply of the Government

While implementing the provisions of Panchayats (Extension to the Scheduled Areas) Act, 1996, two issues still remain unresolved at the Central level. These two issues are, firstly definition of Minor Forest Produce and secondly the ownership of minor forest produce. Both these issues are to be resolved by the Ministry of Environment and Forests. This Ministry have been trying to settle these issues with the Ministry of Environment and Forests through review meetings at the level of Minister and Secretary, and through correspondence at various level. Every efforts will be made to settle these issues shortly. However, it may not be feasible to fix any timeframe.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 5.21)

The Committee would also wish to stress that in those States/regions of the country which are exempted from the provisions of Part IX, the Ministry must keep a close watch on how the legally authorised local bodies are faring and extend to them such assistance as they might require. This also applies to such States/regions where for whatever reasons elected local bodies are not functional.

Reply of the Government

The suggestions made by the Hon'ble Committee have been noted for compliance.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 5.26)

The Committee take serious note of the way the accounts are being maintained by CAPART. The Committee would like to be apprised of the detailed procedure followed by CAPART for the internal audit and would like to know the progress made for effecting necessary corrective steps.

Reply of the Government

CAPART has introduced an Internal Audit System by appointing a firm of Chartered Accountant from the financial year 1996-97. The following aspects are verified during internal audits.

- (i) To verify the cash book for each transaction with reference to paid vouchers.
- (ii) To verify the correctness of Bank Reconciliation Statement.
- (iii) To verify the rate of interest on the fixed deposit and saving bank accounts.
- (iv) To verify the correctness of all the bills with reference to CAPART's Rules.
- (v) To verify whether the releases to VOs are made correctly.
- (vi) To verify the accounting system adopted by CAPART.

(vii) To verify the status of outstanding loans and advances.

(viii) To verify the correctness of maintenance of ledger.

The internal audit is done on quarterly basis and all the deficiencies/discrepancies pointed out by the audit are set-right immediately

The same procedures are being adopted by all the Regional Committees of CAPART.

CAPART has appointed a qualified Chartered Accountant who is responsible for preparation of monthly accounts and annual accounts and other accounts related matters.

The following corrective steps have been adopted by CAPART to maintain the accounts properly:—

- (i) Only one bank account is in operation.
- (ii) The cash book is written on daily basis. When a cheque is issued, the cheque writer is required to enter the transaction in the cash book and submit to AO(Acct.)/CAO (Accounts) for their signature. AO/CAO sign the cheque as well as cash book at the time of making any payment.
- (iii) The cash book is being maintained on daily basis.
- (iv) Monthly bank reconciliation is done by 7th of the following month and submitted to Director General for his perusal. Any discrepancy found in bank reconciliation is settled immediately.
- (v) Review of financial position is being done on regularly basis. The position of FDs are reviewed on monthly basis and the report is submitted by 5th of the following month to Director General for his perusal.
- (vi) No cash payment is being made. All payments are made through a crossed cheque only. Whenever an amount is released to the Voluntary Organisation, the saving bank account number and the name of the bank of the voluntary organisation alongwith name of the VO is also written on the cheque so that the cheque may be encashed by the concerned VO only.

- (vii) To improve the transparency and quality of accounts, various accounting instructions and circulars are issued on the various aspects of accounts.
- (viii) An accounting Ex-next Generation package is being used by CAPART. The above procedures are being adopted by all the Regional Committees of CAPART also.

Accounts of CAPART are now maintained in proper manner. CAPART has also got the positive certificate for the financial year 1997-98 and 1998-99. The accounts for the year 1999-2000 will be submitted to C&AG on due date *i.e.* 30.06.2000.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 5.27)

While noting the various steps taken by the Government to bring transparency in the procedure of involving NGOs in the various rural development programmes, the Committee recommend that the credentials of NGOs should be thoroughly verified by CAPART before grants are sanctioned to them. The Committee further recommend the role of NGOs as well as the list of NGOs maintained by CAPART should be thoroughly reviewed. The Committee also recommend that NGOs whose genuineness is attested by MPs should be given due weightage by CAPART for providing grants.

Reply of the Government

M/s. CAPART have adopted the following steps in the procedure of involving NGOs in the various rural development programmes assisted by it:—

1. Eligibility conditions to make the voluntary agencies eligible for assistance;—
 - (a) The VO should be registered under the Societies Registration Act, 1860 or, a state amendment thereof, the Indian Trust Act, 1882 or the Charitable and Religious Trust Act, 1920;
 - (b) The VO have had a bank or post office account for the last three years.

- (c) The VO be working with beneficiaries in rural areas, if the VO headquarters are located in an urban area; and
- (d) The VOs have not been put on the CAPART list of organisations to which funding has been suspended.

2. CAPART has already taken up a programme to strengthen Evaluation and Monitoring System by enlisting professionally qualified project evaluators of proven integrity for taking up the pre-funding, mid-term and post evaluation monitoring and appraisal of the VO's projects.

3. These steps place emphasis more on funding of good VOs *i.e.* those with good track record, in the field of social mobilisation, people's participation in development projects and empowerment of marginalised groups *viz.* SC, ST, bonded labour, people below poverty line, women, people with physical/mental disabilities and to fund them to ensure that projects are properly implemented. In order to obtain information on these issues, a new organisation Profile has been developed which is required to be filled in by the VO alongwith the project proposal.

4. Towards acting as a think tank, CAPART has organised meetings of experts and voluntary organisations and others associated with rural development to present concepts, discuss issues and review Government's/CAPART's policies at the regional and national, and or international levels. It has sponsored such seminars/workshops organised by experienced and competent VOs. So far it has organised over 12 meetings throughout.

The revised guidelines prepared by CAPART and Ministry lay emphasis on good VOs and weed out contractor type VOs. CAPART had taken up a pro-active policy of developing good VOs after verifying the credentials of the NGOs already covered. Due weightage is always considered if genuine voluntary agency is attested by MPs/VIPs provided the VO fulfils the requirement necessary for getting assistance from CAPART.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

CHAPTER III

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

Recommendation (Para No. 2.19)

The Performance Budget of the Department however does not contain any information relating to the constitution of District Planning Committees, their role and involvement in rural development schemes and programmes. The Committee stress that the Constitution requires the Government to ensure the involvement of District Planning Committees as grassroot level institutional devices for democratic planning. They, therefore, direct the Government to ensure the fulfilment of the Constitutional requirements in this regard in all States for involvement of the District Planning Committees in all rural development programmes in future.

Reply of the Government

The Ministry of Urban Development is the implementing authority in respect of the Constitution (74th Amendment) Act, 1992 which envisages constitution of District Planning Committees. As per information available with this Ministry, only nine States, namely, Haryana (only in 3 districts), Karnataka (in 10 out of 27 districts), Kerala, Madhya Pradesh, Rajasthan, Sikkim, Tamil Nadu, Tripura and West Bengal and two Union Territories, namely, A&N Islands and Daman & Diu, have constituted District Planning Committees.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 2.22)

The Committee note that in one or two programmes, the Government have the system of transferring the funds directly to the implementing agencies through banks. However, in respect of certain other schemes, the Government appear to follow a complicated system of fund transfer leading to delays. The Committee disavour the system of transfer of funds through post as it inherently involves delay. The Committee are of the strong opinion that the Govt. should urgently switch over to a system of transfer of funds using a wide network of nationalised banks and also exploit the advantages of the current day information technology.

Reply of the Government

Under the SGSY there is already a system of transfer of funds directly to the implementing agencies, *i.e.* DRDAs by telegraphic transfer.

Under JGSY Central Assistance is released by means of D.D./T.T. in favour of the concerned Zilla Parishad, who are required to distribute Central or State share to Village Panchayats within 15 days of receipt. JGSY guidelines further allow DRDAs/ZPs to draw funds from JGSY accounts only for distribution of funds among the Village Panchayats.

As regards Rural Housing, for the allocation driven schemes such as the Indira Awaas Yojana and the Credit-cum-Subsidy scheme, funds are released directly to DRDAs/Implementing Agencies, as specified by the State Governments. These funds are, as per guidelines, kept in Scheduled Commercial Banks/Post Offices/Cooperative Banks in separate Saving Bank Accounts.

The Guidelines for the Rural Connectivity Scheme relating to construction of roads in the rural areas are being formulated, in the context of which the valuable suggestion of the Committee would, no doubt, be duly considered.

Funds under the NSAP are released directly to the Districts through Telegraphic Transfer (TT) for credit into the Bank Accounts specifically opened in the districts for receiving Central Funds.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Recommendation (Para No. 9.17)

While appreciating the steps taken by the Government to enhance the equity support to HUDCO under rural housing from Rs. 5 crore to Rs. 355 crore during 9th Five Year Plan, the Committee hope that the set targets for the year 1999-2000 would have been achieved by now. The Committee would also like to be apprised about the targets fixed for the year 2000-2001.

Reply of the Government

As per information received from HUDCO 13,04,072 and 10,06,253 houses have been sanctioned by HUDCO for Economically Weaker Sections in the rural areas in the years 1998-99 and 1999-2000 respectively.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

CHAPTER IV

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

Recommendation (Para No. 2.3)

The Committee are deeply concerned over the reduction in the outlay for the year 2000-2001 as compared to the previous year, resulting in proposals for lower allocations for the major schemes of the Department. The Committee are also concerned to note that the Planning Commission agreed to provide only around 25% of funds during 9th Plan period as against the proposals submitted by the Government. Keeping in view the fact that all the schemes of the Department are aimed at liberating the rural masses from abject poverty and for permanently improving their economic standards for the development of the country, the Committee strongly deplore the lackadaisical perceptions of those in the Planning Commission as well as in the Government for failing to concede the required outlay for the programmes. The Committee urge that high-level coordination be undertaken between the Government and the Planning Commission, in consultation with State Governments, RBI, NABARD and other concerned, to exponentially increase the allocation of resources for anti-poverty programmes and improve the efficacy of administration in particular by according primacy to the involvement of PRIs in all these schemes and eliminating waste and corruption to ensure that as many paise in the rupee as possible reach the intended beneficiaries.

Reply of the Government

The issue of increasing allocation for the major schemes of the Department of Rural Development during the current financial year as also for the Ninth Five Year Plan, as a whole, was taken up with the Planning Commission and the Finance Ministry at the level of Minister of Rural Development, requesting to provide higher outlays for the poverty alleviation programmes, keeping in view the importance being accorded to the Rural Development sector.

Under SGSY there are Committees to review the performance of the programme and to ensure its effective implementation/administration by way of a continuous dialogue with the State Governments and Bankers. At the State Level, a State Level Coordination Committee (SLCC) monitors the programme and suggest remedial actions to increase the efficacy of administration of the Scheme. In this Committee Government of India, Planning Commission, State Governments, RBI, NABARD & other concerned Departments are members. Similarly at the Central Level, the Central Level Coordination Committee (CLCC) monitors, reviews and ensures effective implementation of the programme and lays down policy guideline relating to credit linkages for SGSY. In this Committee, the Government of India, RBI, NABARD, State Secretaries, Planning Commission and other concerned Departments/Agencies are members.

As per the existing guidelines, 100% of the allocated funds under Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY) are released to the Panchayati Raj Institutions through the District Rural Development Agencies/District Panchayats. Steps have been taken to ensure that beneficiaries under the Indira Awaas Yojana, the Jawahar Gram Samridhi Yojana and the Swaranjayanti Gram Swarojgar Yojana are selected in the Gram Sabha meetings. The Gram Sabha has also been authorised to approve works to be undertaken under JGSY.

The PRIs involved in the SGSY at different levels and stages, for example, Panchayat Samiti is to give its recommendations on the list of key activities identified by the Block level SGSY Committee; the list of BPL households, identified through BPL Census and duly approved by the Gram Sabha, is to form the basis for identification of families for assistance under the SGSY.

JGSY was launched with effect from 1.4.99 after restructuring the erstwhile scheme of JRY. During 1998-99, the last year of JRY, the allocation was Rs. 2060 crore out of which about Rs. 1406 crore was meant for Village Panchayats. After restructuring of JRY into JGSY, entire JGSY funds (Central and State Share) go to the Village Panchayats who are required to implement the programme. During 1999-2000 budget allocation under JGSY was Rs. 1689 crore (RE) out of which Rs. 1685.28 crore was released to the Village Panchayats through the DRDAs/ZPs. Thus there was a 20% increase in the flow of Central Assistance to the Village Panchayats under JGSY during 1999-2000 over the funds released to them under JRY during 1998-99. During 2000-2001, total allocation under JGSY is Rs. 1650 crore out of which Rs. 1645.50 crore is earmarked for release to the Village Panchayats. As compared to 1999-2000, it represents a reduction of only 2.36%.

Regarding the Committee's suggestion to accord primacy to the involvement of PRIs in the implementation of JGSY, it is mentioned that after restructuring JRY, the new programme JGSY is implemented entirely by the Village Panchayats. They are empowered to take up infrastructure development works costing up to Rs. 50,000/- with the approval of Gram Sabha. Entire funds including Central and State share go to the Village Panchayat through the DRDAs. The Gram Sabha can appoint vigilance Committees for each village under its jurisdiction to oversee, supervise and monitor the implementation of each work under the programme. There is also provision for social audit of the works by the Gram Sabha.

The budgetary allocation of Employment Assurance Scheme during the current financial year is Rs. 1300 crore as against Rs. 2040 crore during 1999-2000. The Minister of Rural Development has already written a letter to Minister of Finance and Deputy Chairman, Planning Commission requesting for additional funds under EAS for the current year at least to the level of 1999-2000 i.e. Rs. 2040 crore.

In so far as Rural Housing is concerned, it would be pertinent to mention that the Budget Estimate for 2000-2001 is Rs. 1710 crore, which is the same as the Budget Estimate for Rural Housing in 1999-2000.

As regards Rural Connectivity Programme, the Union Government are, presently, engaged in formulating a comprehensive scheme for the construction of roads to provide rural connectivity, in the country, which is to be launched in the current year. In consultation with the relevant organisations/agencies an allocation of Rs. 2,500/- crore has been provided for the scheme in the year 2000-2001.

So far NSAP is concerned, the allocation during 2000-2001 is higher by Rs. 5 Crore. It is Rs. 715 crore as against the previous year's allocation of Rs. 710 crore (RE). The allocation is however, much less than what is required to cover the number of people/families due to be benefited annually under NSAP. This Ministry has since written to the Finance Ministry for allocation of more funds for NSAP specifically in view of the requirement to adopt the "10% allocation out of the total BE for 1999-2000" norm for the NE States. Additional funds have been asked for so that the allocation to the non-NE States during the current year can be maintained at least at the level of 1999-2000.

As regards the involvement of the PRIs in implementing the schemes under NSAP, it may be stated that the modified NSAP Guidelines already provide for more active participation of the PRI/ Municipalities in the delivery of social assistance so as to make the programme more responsive and effective.

So far as Annapurna scheme is concerned, the budgetary allocation made for this programme is Rs. 100 crore during 2000-2001 as against the projected requirement of Rs. 207 crore. This Ministry has already written to the Finance Ministry as well as the Planning Commission for enhanced budgetary allocations under this programme. The issue is being pursued at appropriate levels.

{Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development}

Comments of the Committee

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

Recommendation (Para No. 3.11)

Further, the Committee are surprised to note that the data regarding utilisation of outlay during 1999-2000 which was at Rs. 253.75 crore in January, 2000 surprisingly rose to Rs. 932.68 crore in March, 2000. They feel that a substantial part of the outlay is allocated at the fag end of the financial year just to inflate the data for providing a rosy picture about the implementation of the programme. Such fag-end releases also result in unspent balances getting accumulated with the implementing agencies. The Committee therefore recommend that the release of funds should be in a phased manner throughout the year after properly gearing up the implementing agencies to absorb the releases. The Committee further recommend that real time monitoring of physical achievement and of the ratio of financial outlay to physical achievement, should be done alongwith effectively activating institutional mechanism including the PRIs, for the efficient and cost effective implementation of the programme.

Reply of the Government

Funds under the SGSY are released in two instalments. For the 2nd Instalment, the districts have to send their claims alongwith the Audit Report, Utilisation Certificates etc. The claims are to be made before the end of December every year otherwise the Guidelines provide for a deduction for delayed submission of claims. Notwithstanding this, some districts submit their claims late. Moreover, clarifications to be obtained from districts also take time. These factors are responsible for relase of a substantial part of the allocation in the last quarter of the year.

A letter is being issued to all State Governments to gear up the speed of implementation. The SGSY Guidelines state that the Programme will be implemented and monitored by the DRDAs, the Panchayati Raj Institutions, Banks, the Line Departments & NGOs. The detailed monitoring formats for monitoring of physical and financial achievement under the SGSY were issued to all States/UTs as well as to all the DRDAs. The visits of Area Officess (of the Ministry of Rural Development) to their respective States also helps in monitoring the Programme.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 3.15)

The Committee express their concern over the constitution of SGSY committees when already a system of three tier Panchayati Raj System exists. They therefore feel that the implementation of SGSY should appropriately be entrusted to PRIs with a view to deep rooting and strengthening the Constitutionally recognized democratic apparatus at grass root levels.

Reply of the Government

The Guidelines of the SGSY state (in paras 8.3 and 8.4) that the most important role under the SGSY is played by the Gram Sabha i.e. the approval of the list of BPL families. The Gram Panchayat also monitors the performance of the Swarozgaris.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 3.18)

While sharing the concern of the Government in ensuring a satisfactory position of recovery of loans advanced under SGSY, the Committee feel that the decision of the Government to debar Panchayats and intermediate Panchayats registering less than 80% recovery from SGSY *w.e.f.* 1.1.2001 is too harsh to be taken at this juncture. The Committee recommend that this decision may be deferred until the trends of recovery under the revised proposals are available.

Reply of the Government

The above provision has been made in the Guidelines, as the thrust of the SGSY is on Self Help Group (SHG) and key activities. The evaluation studies conducted by NABARD revealed that recovery under SHGs have been cent per cent, in the context of which, the target of 80% of recovery set for the Panchyats, is not unrealistic. Moreover, Swarozgaris happen to be from BPL lists, approved by the Gram Sabhas and the Gram Panchayats are associated with the Programme at almost every stage. Apart from the Gram Panchayat, the responsibility of recovery is also with others for which provision has been made in the Guidelines.

In brief, the provision is as follows:

"The Block Level SGSY Committee would monitor every month the progress of different Swarozgaris. The Committee would also see whether the schemes/projects have been grounded and they are giving the intended income including repayment loan. Prompt action in case of default cannot be over emphasised. The bank shall also furnish every month a list of defaulters so that Block SGSY Committee may look into the reasons. In case of groups there shall be a period meetings of SHGs to monitor the performance. The Gram Panchayat will also be given the list of default Swarozgaris requesting them to take suitable measures for repayment of loans. In Panchayats with high default rates, the BDO/DRDA shall organise recovery camps. It is necessary that DRDA keep a close watch over the repayment position in each Panchayat. The District Administration shall assist the banks in the recovery through designated legal process including appointment of Special recovery Officers and enactment of Model Bill as recommend by Talwar Committee. Since recovery will be a joint effort and the thrust of SGSY is a group approach, recovery of 80% seems to be achievable. Since the SGSY is in its initial stage of implementation, it is therefore necessary to observe the performance of recovery of loans under SGSY before it is reviewed at appropriate time."

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 3.30)

The Committee are also concerned that the distinction between income generation infrastructure creation, which has characterised poverty alleviation programmes since their inception, has been blurred in the restructured JGSY. They urge that the focus on JGSY be on income generation through wage employment and the focus on SGSY be on infrastructure creation. Through self employment, the Committee note with satisfaction that an attempt has been made to democratise the functional responsibility of SGSY & JGSY by interconnecting the implementation of the former with the intermediate Panchayats and the later to the Village Panchayats. The Committee urge that similar exercises be carried out for the other programmes of the Ministry to avoid needless overlapping and duplication between different tiers of the Panchayati Raj System.

Reply of the Government

There already exists a wage-employment programme called EAS. It was therefore, not felt necessary to have another wage employment programme. The decision to restructure JRY into JGSY with the primary objective of infrastructural development was therefore, a conscious one to avoid multiplicity of programmes. Conference of State Ministers of Rural Development, Panchayat Raj and Rural Housing held on 12-13 May, 1998 also recommended to rationalise JRY and EAS to avoid duplication and overlapping and to improve complementarity of the two programmes. The conference also recommended not to insist upon the strict adherence of the 60:40 wage-material ratio under the restructured JRY.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 3.48)

They recommend that the Government should analyse the performance under the three components of the scheme and take necessary steps to improve the implementation. Besides it is also urged that substantial allocation should be made for the components of the scheme so that the poorest of the poor are not deprived of the assistance provided under the schemes.

Reply of the Government

A fairly rigorous monitoring and supervision mechanism has been put in place for reviewing the progress of NSAP. Quarterly review meetings are held with State Governments to review the progress of the schemes. A system of rigorous follow up through area visits and letters at all levels on an ongoing basis is in place. Districts are further penalized for slow performance as reflected in high opening balances and late reporting by imposing cuts in releases.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Para No. 33 of Chapter I of the Report)

Recommendation (Para No. 3.54)

The Committee observe that whereas the District Collector has been given the nodal responsibility of implementing NSAP, the responsibility for implementing the schemes in their respective areas has been entrusted to Village Panchayats. They fail to understand this contradiction and wonder as to how the coordination between the different authorities, i.e. the District Collector and Village Panchayat would be maintained. As admitted by the Government, the poor coordination between the two agencies is the main reason for poor implementation of NMBS. In view of these circumstances, the Committee recommend that there should be no ambiguity investment of responsibility regarding the implementation of the scheme and PRIs and Municipalities should alone be entrusted the responsibility of implementing NSAP as it is a people's programme which can be best understood by elected local bodies.

Reply of the Government

The roles played by the Panchayats/Municipalities and the District Magistrates/Deputy Commissioners in implementing the NSAP schemes are not independent but supplementary to each other. The District Magistrate/Deputy Commissioner is responsible for overall supervision of the programme. The Panchayats/Municipalities on the other hand are responsible for identification of beneficiaries, disbursement of benefits in Gram Sabha meetings and dissemination of information etc. about NSAP and the procedure for obtaining benefits under it in their respective areas.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P) dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Para No. 36 of Chapter I of the Report)

Recommendation (Para No. 3.57)

The Committee express their apprehensions about the quality of foodgrains that would be supplied to senior citizens under Annapurna. Supply of foodgrains directly to the beneficiaries requires excessive and multi-faceted monitoring adding to the burden of the implementing agencies. They therefore, recommend that instead of launching this new scheme, the scope of already existing scheme i.e. NOAPS should be enlarged further by providing old age pension to such persons who are eligible for it but are not receiving it at present. They also recommend that the Government should consider to increase the amount of pension under NOAPS.

Reply of the Government

The Department of Public Distribution under the Ministry of Consumer Affairs and Public Distribution is responsible for ensuring the supply of the required quantities of the prescribed quality of food grains from the godowns of the Food Corporation of India to the agency designated by the State Governments.

The mechanism for monitoring and evaluation of Annapurna has already been drawn up. The districts are to send Monthly Progress Report (MPR) to their respective State Governments and State Governments shall compile the MPRs for sending Quarterly Progress Report (QPR) to the Government of India. There shall be a State level Committee in each State to be represented by the Secretaries of the concerned Departments, MPs, MLAs/MLCs, atleast two Presidents of Zilla Parishads and representative of appropriate NGOs. There shall also be a District Level Committee in each district to oversee implementation of the scheme under the Chairmanship of District Magistrate/Deputy Commissioner.

The Annapurna scheme was announced by the Finance Minister in the Budget Speech, 1999-2000. The Ministry of Rural Development are the nodal Ministry for the scheme launched in April, 2000.

The issue of raising the amount of pension under NOAPS was reviewed earlier. But as an enhancement in the rate of pension shall create a huge additional financial liability on the Government, it was decided to not to increase the pension amount. It may however, be mentioned that the State Governments normally add to the Central amount of old age pension of. 75/- according to their respective financial capability. As a result, the pensioners under NOAPS in most States receive old age pension ranging from Rs. 75/- to Rs. 275/- per month.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Para No. 39 of Chapter I of the Report)

Recommendation (Para No. 4.13)

The Committee fail to understand the reasons behind launching of the new Centrally sponsored schemes i.e. Samagra Awaas Yojana (SAY) & Credit-cum-Subsidy in a situation where a comprehensive Yojana i.e. Indira Awaas Yojana for the same purpose already exists. They note that with multiplication of schemes, there are chances of overlapping and problems of coordination. In view of it they urge that more funds should be provided under IAY and the scope of the scheme should further be strengthened in conjunction with the drinking water and rural sanitation programme. Further, Government should consider increasing the amount of allocation per beneficiary under the scheme. Besides the Committee feel that much greater attention needs to be paid to the repairing/rebuilding of houses built under earlier IAY.

Reply of the Government

While the objective of implementing Indira Awaas Yojana is primarily to help construction of dwelling units by members of Scheduled Castes/Scheduled Tribes, freed bonded labourers and also non-SC/ST rural poor below the poverty line by providing them with grant-in-aid, it was felt that there are a large number of households in the rural areas below the poverty line and particularly just above the poverty line who cannot be covered under IAY as they do not fall within the range of eligibility or due to the limits imposed by the available budget. Furthermore, due to limited repayment capacity, these rural households cannot take benefit of fully loan-based schemes offered by some housing finance institutions. The target group under the Credit-cum-Subsidy Scheme are rural households having annual income upto Rs. 32,000 who can avail of loan cum credit to construct a house. On the other hand the underlying philosophy of Samagra Awaas Yojana is to provide convergence to the existing rural housing, sanitation and water supply schemes with special emphasis on technology transfer, human resource development and habitat improvement with people's participation. Adequate attention is being paid to the repairing/rebuilding of houses under Indira Awaas Yojana. With a view to addressing inadequacies in the huge stock of unserviceable kutch houses, 20% of the allocation under Indira Awaas Yojana has been mandatorily reserved for upgradation.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Para No. 42 of Chapter I of the Report)

Recommendation (Para No. 5.29)

The Committee while appreciating the steps taken by the Government in respect of rural connectivity, would like to know the details of the programme and hope that the programme will be implemented at the earliest and with all sincerity. They express their apprehension that, as with other restructured programmes of the Department, restructuring might itself lead to unconscionable delays. This must be avoided and implementation should begin in right earnest as soon as possible during the current financial year.

Reply of the Government

The Union Government are, at present, engaged in formulating a comprehensive Scheme for the construction of roads to provide rural connectivity in all parts of the country. A National Rural Roads Development Committee (NRRDC) was set up in this behalf whose Report was recently submitted. The Scheme is to be launched in the current year 2000-2001, for which an allocation of Rs. 2,500 crores has been provided.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Para No. 48 of Chapter I of the Report)

CHAPTER V

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

Recommendation (Para No. 2.14)

The Committee while appreciating the steps taken by the Government to allocate 10% of the total allocation of the Department exclusively for North Eastern States and Sikkim, hope that the perspective plan for the development of rural areas in North Eastern States and Sikkim will be finalised expeditiously to ensure their integrated development. They would also like to be apprised of the said perspective plan when finalised and the follow-up action taken thereon.

Reply of the Government

All North Eastern States including Sikkim were requested to prepare Perspective Plans for the development of rural areas in their States for ensuring integrated development. The importance of preparing Perspective Plans expeditiously was emphasized by the Minister of Rural Development in a meeting of the State Ministers of Rural Development of North Eastern States in July, 2000. The Committee will be apprised of the Perspective Plan when finalised and the follow-up action taken thereon.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 2.16)

While appreciating the fact that, despite several special initiatives towards developing the North-East, the avowed objective in this regard remains unattained, the Committee urge the Government to put into place a special plan for utilising the entire 10% of the outlay exclusively earmarked for the North East which should envisage implementation of 100% Centrally Sponsored Programmes with the Central and the States' share standing at 90:10.

Reply of the Government

In a recently held Meeting of the Ministers of Rural Development of the North Eastern States, it was felt that this issue would need to be considered in consultation with the Planning Commission and the Ministry of Finance. The matter is being taken up with the Planning Commission and the Ministry of Finance.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 3.40)

The Committee observe that even if Rs. 350 crore (allocated for watershed component of EAS to the Department of Land resources) are added to BE 2000-2001, the total allocation comes to. 1650 crore which is much less than the outlay released during 1999-2000 i.e., 2288.55 crores. They are concerned to note the sharp decline in the outlay and urge that adequate allocation should be made under EAS to achieve the set objective.

Reply of the Government

As stated in reply under para 2.3, a proposal has already been taken up with the Ministry of Finance and the Planning Commission for enhancing the budget provision from 1300 crore to Rs. 2040 crore. Final outcome is awaited.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

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

Recommendation (Para No. 5.7)

While noting the reply of the Government on the issue of increased role of the local MPs in the functioning of DRDAs, the Committee hope that the decision in this regard will be taken expeditiously and they should be apprised accordingly.

Reply of the Government

The matter is still under active consideration.

[Ministry of Rural Development O.M. No. H-11020/6/2000-GC(P)
dated 22.8.2000 Department of Rural Development]

Comments of the Committee

(Please see Para No. 45 of Chapter I of the Report)

NEW DELHI;
18 April, 2001
28 Chaitra, 1923 (Saka)

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

APPENDIX I

COMMITTEE ON URBAN AND RURAL DEVELOPMENT (2001)

**EXTRACT OF THE MINUTES OF THE SIXTH SITTING OF THE
COMMITTEE HELD ON MONDAY, THE 12TH MARCH, 2001**

The Committee sat from 1500 hrs. to 1620 hrs. in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anant Gangaram Geete — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Shankar Aiyar
3. Shri Jaswant Singh Bishnoi
4. Shri Swadesh Chakraborty
5. Shrimati Hema Gamang
6. Shri Holkhomang Haokip
7. Shri Madan Lal Khurana
8. Shri Shrichand Kriplani
9. Shri Bir Singh Mahato
10. Shri Punnulal Mohale
11. Dr. Ranjit Kumar Panja
12. Shri Chandresh Patel
13. Shri Dharam Raj Singh Patel
14. Shri Chinmayanand Swami
15. Shri Sunder Lal Tiwari
16. Shri Chintaman Wanaga

Rajya Sabha

17. Shri Karnendu Bhattacharjee
18. Shri N.R. Dasari
19. Prof. A. Lakshmisagar
20. Shri A. Vijaya Raghavan

SECRETARIAT

1. Shri S.C. Rastogi — *Joint Secretary*
2. Shri K. Chakraborty — *Deputy Secretary*
3. Shrimati Sudesh Luthra — *Under Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee.

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3. *** *** *** ***

4. The Committee thereafter took up for consideration Memorandum No. 6 regarding draft report on the action taken by the Government on the recommendations contained in the Thirteenth Report of the Committee (13th Lok Sabha) on Demands for Grants (2000-2001) of Ministry of Rural Development (Department of Rural Development) and adopted the draft action taken Report with some modifications and additions as indicated in Annexure.

5. The Committee then authorised the Chairman to finalise the said draft action taken Report on the basis of factual verification from the concerned Ministry/Department and to present the same to Parliament.

The Committee then adjourned.

ANNEXURE

[See Para 4 of Minutes dated 12.03.2001]

Sl. No.	Page No.	Para No.	Line No.	Modifications
1	2	3	4	5
1.	1	2(i)	11	Delete 3.30
2.	1	2(i)	12	Delete 3.48
3.	1	2(iii)	19	After 3.18 insert "3.30 and 3.48"
4.	7	7		After line No. 7 insert the following: "(iv) Elimination of waste and corruption".
5.	9	10		For existing para substitute "The Committee wish to know whether perspective plans for development of rural areas have now been prepared by all the North-East States, including Sikkim, and, if not, the steps being taken to expedite this. The Committee would also like to know whether Government have a time-frame within which the perspective plan for the entire region will be finalised, the details thereof and the follow-up action taken thereon."
6.	11	13	2	for the words "the Committee would" substitute "the Committee regret that an entire year has passed without these consultations being completed. They would, therefore,

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7.	14	16	<i>For</i>	<p>"Further, while appreciating the steps taken by the Government to gear up the speed of implementation and detailed monitoring of physical and financial achievements, the Committee are of the view that the results can only be achieved by a concerted effort in intensifying further pursuance with various agencies with a view to accelerate the effective monitoring of the programme. They hope that the Government would quicken the pace of follow up with the State Governments and inform the Committee about the outcome."</p>
			<i>Substitute</i>	<p>"Further, while noting the action taken by the Government to gear up the speed of implementation and detailed monitoring of physical and financial achievements, the Committee wish to be informed of the ground realities. Moreover the Committee regret that no action has been taken on recommendation for real time monitoring of financial outlay to physical achievement. They hope that the Government would quicken the pace of follow up with the State Governments and inform the Committee about the outcome. Finally, the Committee deeply regret the evident reluctance of the Ministry to even examine how PRIs</p>

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				can be more effectively involved in efficient and cost-effective planning and implementation of these programmes. The Committee wish to be informed in detail about the month-wise release of SGSY funds in 2000-2001 in comparison to releases in 1999-2000 to enable the Committee to gauge how effective are the revamped administrative measures."
8.	19	22	8-9	<p><i>For</i></p> <p>"but the overall scenario in the country in this regard gives rise to concern."</p> <p><i>Substitute</i></p> <p>"it is unlikely to be the case everywhere."</p>
9.	19	22		<p><i>Add</i> the following <i>at the end</i> of para 22:</p> <p>"The Committee would also wish to receive a list of Panchayats and Intermediate Panchayats who have been debarred for registering less than 80 per cent recovery."</p>
10.	22	24		<p><i>Insert</i> the following paras after para 24.</p> <p>H. Democratisation of functional responsibility of SGSY and JGSY.</p> <p>Recommendation (Para No. 3.30)</p> <p>25. The Committee had recommended as under:</p> <p>"The Committee are also concerned that the distinction between income generation and infrastructure</p>

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creation, which has characterised poverty alleviation programmes since their inception, has been blurred in the restructured JGSY. They urge that the focus on JGSY be on income generation through wage employment, and the focus on SGSY be on infrastructure creation. Through self employment, the Committee note with satisfaction that an attempt has been made to democratise the functional responsibility of SGSY and JGSY by interconnecting the implementation of the former with the Intermediate Panchayats and the latter to the Village Panchayats. The Committee urge that similar exercises be carried out for the other programmes of the Ministry to avoid needless overlapping and duplication between different tiers of the Panchayati Raj System."

26. The Government in their reply have stated:

"There already exists a wage-employment programme called EAS. It was therefore, not felt necessary to have another wage employment programme. The decision to restructure JRY into JGSY with the primary objective of infrastructural development was therefore, a conscious one to avoid multiplicity of programmes. Conference of State Ministers of Rural Development, Panchayati Raj and Rural Housing held on 12-13 May, 1998 also

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				<p>recommended to rationalise JRY and EAS to avoid duplication and overlapping and to improve complementarity of the two programmes. The conference also recommended not to insist upon the strict adherence of the 60:40 wage-material ratio under the restructured JRY.</p>
				<p>27. "The Committee want to point out that the comments made in their earlier recommendation were not related to the relationship between JGSY and EAS but between JGSY and SGSY more specifically to the implementation of JGSY having been entrusted to the Village Panchayats and SGSY to the Intermediate Panchayats. Commending this, the Committee had urged that similar exercises be carried out for other programmes. It appears from the reply of the Government that such exercises have not been carried out. The Committee, therefore, desire that action be taken on their earlier recommendation in this regard and they would be informed accordingly."</p>
11.	24	27		<p><i>After Para 27 add</i></p> <p>J. Requirement of Funds for NSAP</p> <p>Recommendation (Para No. 3.48)</p> <p>31. The Committee had recommended as under:</p> <p>"They recommend that the Government should analyse the</p>

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performance under the three components of the scheme and take necessary steps to improve the implementation. Besides it is also urged that substantial allocation should be made for the components of the scheme so that the poorest of the poor are not deprived of the assistance provided under the scheme."

32. The Government in their reply have stated:

"A fairly rigorous monitoring and supervision mechanism has been put in place for reviewing the progress of NSAP. Quarterly review meetings are held with State Governments to review the progress of the schemes. A system of rigorous follow up through area visits and letters at all levels on a ongoing basis is in place. Districts are further penalized for slow performance as reflected in high opening balances and late reporting by imposing cuts in releases.

33. The Committee note that the districts are penalised for slow performance, but at the same time they would like to impress upon the Government to ensure that the beneficiaries should not suffer for the faults of implementing agency. The Committee, would therefore, like to be informed of the nature of penalties imposed on slow

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				performers. A list of districts-State-wise where such "penalisation" has been resorted to, should also be furnished.
12.	26	30	4 from bottom	<p>For the following:</p> <p>"The Committee therefore reiterate their earlier recommendation and would like that coordination and implementation of NSAP is expeditiously entrusted to elected local bodies, i.e. PRIs and Municipalities."</p> <p><i>Substitute</i></p> <p>"The Committee, therefore, reiterate their earlier recommendation that implementation of NSAP should be expeditiously entrusted to the elected local bodies i.e. PRIs and Municipalities."</p>
13.	29	33		<p>For existing Para substitute</p> <p>39. The Committee regret that the Government have not at all understood the purport of their recommendation. The Committee wanted NOAPS to be extended to all senior citizens and their pension increased to as to enable them to purchase additional foodgrains direct from the PDS instead of an extra foodgrains allowance being doled out to them through an overburdened machinery with its attendant risks of serious leakages resulting in many aged pensioners not receiving the foodgrains they so desparately require."</p>

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				performers. A list of districts-State-wise where such "penalisation" has been resorted to, should also be furnished.
12.	26	30	4 from bottom	<p>For the following:</p> <p>"The Committee therefore reiterate their earlier recommendation and would like that coordination and implementation of NSAP is expeditiously entrusted to elected local bodies, i.e. PRIs and Municipalities."</p> <p><i>Substitute</i></p> <p>"The Committee, therefore, reiterate their earlier recommendation that implementation of NSAP should be expeditiously entrusted to the elected local bodies i.e. PRIs and Municipalities."</p>
13.	29	33		<p>For existing Para substitute</p> <p>39. The Committee regret that the Government have not at all understood the purport of their recommendation. The Committee wanted NOAPS to be extended to all senior citizens and their pension increased to as to enable them to purchase additional foodgrains direct from the PDS instead of an extra foodgrains allowance being doled out to them through an overburdened machinery with its attendant risks of serious leakages resulting in many aged pensioners not receiving the foodgrains they so desperately require."</p>

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14.	34	39	3&4	For "without any further delay" substitute "within a stipulated time frame".
15.	36	42		For existing <i>Para</i> substitute "The Committee are dismayed to note that it has taken more than a year after the President's address to the two Houses of Parliament assembled together and ten months after the Finance Minister's budget announcement, to formulate the guidelines and announce allocations. In consequence, approvals are a small proportion of allocations and actual expenditure will fall far short of appropriations.

APPENDIX II

(Please see reply of the Govt. at page 58 *vide* recommendation Para No. 5.19)

IMPLEMENTATION AND FUNCTIONING OF PANCHAYATI RAJ INSTITUTIONS IN THE STATES/UTs.

1. The 73rd Constitutional Amendment Act, 1992 envisaged the establishment of a democratic decentralised development process through people's participation in decision making, implementation and delivery.

2. The Act for the first time bestowed constitutional status to the traditional institutions of local self Government that had existed in India for long and provided for the establishment of mandatory three/two tier set-up of Panchayat Raj Institutions, regular elections to Panchayats, a legal status to the Gram Sabhas, reservation of seats for Scheduled castes/Scheduled tribes and the women, setting up of an Independent State Finance Commissions (SFC) and an independent Election Commission and the constitution of District Planning Committees. Since all the States except Arunachal Pradesh have passed State legislation in conformity with the provisions of the Amendment, for the first time some degree of uniformity has been conferred on the panchayats namely in terms of structure, composition, powers and functions. However, the States are free to adopt two or three tier system of panchayats depending upon the population.

3. The 73rd Constitutional Amendment Act, 1992 came into force on 24th April, 1993. According to Article 243-N of the Constitution of India, all States/UTs were required to enact state legislation within one year from the date of commencement of the Constitution (73rd Amendment) Act, 1992 if any provision of any law relating to Panchayats in force in a State was inconsistent with the provisions of Part IX of the Constitution.

In pursuance of this requirement, all the States/UTs, except Arunachal Pradesh have enacted new Panchayati Raj Acts in conformity with the provisions of the Part IX of the Constitution of India.

4. Some States are exempted from the purview of this Act. Part IX of the Constitution pertaining to the formation of panchayats is not applicable to the States of Jammu & Kashmir. The State of Jammu & Kashmir has been accorded a special status under Article 370 of the Constitution.

Part IX is also not applicable to the States of Nagaland, Meghalaya, Mizoram, North Cochar Hills District and Karbi Anglong District of Assam and to the hill areas in the State of Manipur for which District Council exists under any law for the time being. Provisions of Part IX relating to Panchayats at the district level is not applicable to the hill areas of the District of Darjeeling in the State of West Bengal for which Darjeeling Gorkha Hill Council exists. The exemption to the States of Meghalaya, Mizoram, Tripura and Nagaland are also covered by the Schedule VI of the Constitution and the traditional system of local self-Government exists in these states.

NCT Delhi had repealed the Panchayati Raj act earlier and now is actively considering adopting the Seventy third Constitution Amendment Act, 1992 and revive the Panchayats.

5. Consequent upon the enactment of the Constitution Amendment Act, 1992, Panchayats have been constituted according to the new provisions in all the States except in the States of Arunachal Pradesh, Assam, Bihar, Goa and the UT of Pondicherry.

1. Arunachal Pradesh: Panchayat elections have not been held in Arunachal Pradesh because the Arunachal Pradesh Panchayati Raj Act, 1997 which was passed by the Arunachal Pradesh Legislative Assembly was referred by the Governor of the State to the President of India. The assent of the President on the said Act was withheld. The Ministry of Rural Development has introduced the Constitution (86th Amendment) Act, 1999 in the Rajya Sabha for amending Article 243-D of the Constitution in order to exempt Arunachal Pradesh from the requirement of providing for reservation of seats for scheduled castes in the panchayats. Presently the issue is before the Parliamentary Standing Committee for Rural and Urban Development which is deliberating upon the issue.

2. Bihar: In Bihar, Panchayat elections could not be held because provisions relating to the backward classes in the Bihar Panchayati Raj Act are *sub-judice*.

3. Pondicherry: Elections have not been held in the UT because the matter is *sub-judice*.

4. Assam, where panchayat elections fell due in 1997, has been postponing panchayat election on grounds of law and order. State Govt. has informed that elections will be held in September-October, 2000.

Since the enactment of the 73rd Constitutional Amendment Act, 1992, first round of panchayat elections have been held in most of the States. As a result of these panchayat elections, 234,074 gram panchayats, 5906 intermediate level panchayats and 474 zila parishads have been constituted all over the country. In all, there are 27,50,865 elected representatives at the village level and 15,509 at the zila parishad level in the country. Of these one third are women. All the states have followed the reservation policy faithfully as a result of which a large number of representatives belonging to the reserved categories in accordance with the new policy have been elected.

Panchayat elections on the expiry of the first term have been held in the States of Haryana, Karnataka and Madhya Pradesh. Recently Government of Uttar Pradesh have notified the dates for the panchayat elections.

The status and functioning of the panchayati raj institutions in the country can be viewed in terms of the following parameters:

- (i) conduct of election
- (ii) devolution of financial powers
- (iii) devolution of functions and functionaries
- (iv) constitution of district planning committees
- (v) status of gram sabhas

Functioning of PRIs in the States:

Andhra Pradesh

The Andhra Pradesh Panchayati Raj Act, 1994 came into effect on 30th May, 1994. A three-tier system of Panchayati Raj institutions consisting of Gram Panchayats (GP) at the village level, Mandal Parishads at the intermediate level and Zila Parishads at the district level was introduced. The State Election Commission was appointed on 12.9.1994 for a fixed tenure of five years. Panchayat election for all the three levels were held in 1995. The elections are overdue in the year 2000. The State Government has obtained a stay order from the Supreme Court.

Irregular elections to the local bodies and delay in devolution of powers and functions to these bodies have lowered down the spirit of Panchayati Raj movement in the State. Though Gram Sabhas have been constituted for every village, the gram sabha meetings are not convened regularly. It is also not mandatory on the part of the Gram Panchayats to implement the decisions of the Gram Sabha. These impediments required to be removed in order to strengthen the Gram Sabha. PRIs in Andhra Pradesh are not autonomous either functionally or financially. Devolution of powers with regard to functions and finances are yet to be effected. Although the State Finance Commission has submitted its report, its recommendations are yet to be implemented. Functional devolution of powers with regard to 29 items listed in the XIth Schedule of the Constitution have not been attempted yet. Out of the three tiers of panchayats, the panchayats at the district level only are strong and the other two levels of panchayats are treated as subordinate to the ZP and thus they are not independent. PRIs have no role to play either in planning or preparing budget. District Planning Committees (DPC) have not been constituted in A.P. Elections to the panchayats in the scheduled V areas of the State have not been held.

In A.P., DRDAs have not been merged with Zila Parishads. The budgets of PRIs and Zila Parishads are allocated separately. The State Government should hold the election in time and also consider devolution of powers to the three levels of panchayats.

Arunachal Pradesh

Panchayati Raj in Arunachal Pradesh has its origins in the passage of the NEFA Panchayat Raj Regulation Act of 1967. The first Election to the PRIs was held during 1969. The Arunachal Pradesh PR Bill, 1994 which was to replace the 1967 Act could not be implemented as this Bill which was passed by the Legislative Assembly could not become an Act as it was reserved by the Governor of Arunachal Pradesh for the assent of the President of India who also did not give his assent and the Bill was returned to the Legislative Assembly. The Arunachal Pradesh Legislative Assembly again passed the Bill in March, 1997 and the Bill was again sent for the assent of the President of India in April 1997 which is still awaited. On September, 1997 on expiry of five years of their elections, the Government of Arunachal Pradesh dissolved the Panchayats. Thus the elections to PRIs which were due in 1995-96 could not take place and the PRIs are not in position in Arunachal Pradesh. The Ministry of Rural Development has introduced the Constitution (86th Amendment) Act, 1999 in the Rajya Sabha for amending Article 243-D of the Constitution in order to exempt Arunachal Pradesh from the requirement of providing for reservation of seats for scheduled castes in the panchayats. Presently the issue is before the Parliamentary Standing Committee for Rural and Urban Development which is deliberating upon the issue.

Assam

After the 73rd Amendment, the Assam Government enacted the Assam Panchayat Act, 1994 but panchayat elections have not been held so far (these are now scheduled for September/October, 2000). A State Finance Commission was set up but its recommendations have been partially accepted; District Planning Committees have not been constituted. As Panchayat Elections have not been held, there is no devolution of administrative and financial powers. Gram Panchayats may take up execution of small works financed by own resources.

Bihar

The Bihar Panchayat Raj Act, 1993 came into effect on 23rd August, 1993. However, Panchayat Elections have not been held so far, due to the SLP pending before the Hon'ble Supreme Court.

NCT of Delhi

It is understood that while the Panchayati Raj was earlier suspended, the present Government are considering the revival of the Panchayats.

Goa

After its liberation in 1962, Goa had adopted a single-tier Panchayati Raj system and only Gram Panchayats were constituted. With the passage of the Goa Panchayat Raj Act, 1993 (which was passed on 9th July, 1994 and came into force *w.e.f.* October, 26, 1995), a two-tier system has been introduced. The election to the Gram Panchayats were held on 12.1.1997. Zila Panchayat elections were held on 6th February, 2000. The State Finance Commission report has not been received. There has been some degree of devolution to the PRIs. Gram Panchayats can spend unlimited amounts, but estimates are to be prepared and technical sanction of the competent Technical Officer is necessary.

Gujarat

Gujarat Panchayats Act, 1993 was passed in 1993. State Election Commission has been set up and the first round of elections of gram panchayats were held in June, 1998, of Taluka Panchayat in January 1996 and District Panchayat in June, 1996.

State Finance Commission was set up and it has submitted its report but the report has not been placed before the legislature yet.

In Gujarat, District Panchayats have been vested with powers and functions in relation to the 29 subjects. Zila Panchayat has devolved a number of functions on the taluka panchayat such as power to increase taxation rates. The gram panchayat has powers to impose twenty different taxes and fees. No sanction is required for works from panchayats own funds. Sanction is required for works from the State grants. However, there are critical powers like control over the three tiers which are vested with the State Government through the Development Commissioner. Sarpanch can be removed by District Development Officer and Gram Panchayat can be dissolved by Development Commissioner. The DRDA and the District Planning Board work closely with the panchayat bodies but have not merged with them and are independent of them. District Planning Committees have not been constituted which is an omission since DPCs have been conferred constitutional status by the 74th Constitutional Amendment Act.

Haryana

The Haryana Panchayati Raj Act, 1994 was passed in 1994. Second round of Panchayat elections were held in March, 2000.

The State Finance Commission has been constituted and it has submitted its report. The State Government is considering the recommendations.

The State has delegated supervision and monitoring of activities of 16 Departments to the PRIs. However, it has been noticed that though local level functions of the Departments were transferred by the State Government to the PRIs in 1995, the administrative and financial control is still vested in the respective department and only planning, monitoring and supervisory powers have been given to the PRIs. It has been provided in the Act that unless otherwise provided, the Gram Panchayat, Panchayat Samiti and the Zila Parishad will be subject to such authority and control as the Government may prescribe. Moreover, District Planning Committees have not been constituted in three districts only.

The State Government has retained several powers. It may suspend from office any chairman or vice-chairman or a member of the panchayat samiti against whom any criminal proceeding has been instituted. The Government may advise, supervise and coordinate the functions of the panchayat samitis. Government may call for any information, statement or record from the samiti.

Himachal Pradesh

The Himachal Pradesh Panchayati Raj Act, 1994 came into force on 23rd April, 1994 and has established a three-tier Panchayati Raj system in the State. The State Finance Commission and the State Election Commission were constituted on 23rd April, 1994. Elections to the PRIs were held in December, 1995. The State Government have devolved powers, functions and responsibilities relating to 15 departments in PRIs on 31.7.1996. Functional control over village level functionaries have been given to the gram panchayats.

The State Finance Commission was constituted in 1994 and submitted its Report in 1997 which has been accepted by the Government. District Planning Committees have not been constituted.

Karnataka

The Karnataka Panchayati Raj Act, 1993 came into force on May 18, 1993. Panchayat elections have been held in February-March, 2000.

The SFC was constituted in 1994 and it submitted its final report in 1996 and many of its recommendations have been accepted.

DPCs have been set up in only 10 districts and are being constituted in other remaining 17 districts.

In Karnataka most of the powers are with the zila panchayat followed by taluka panchayat and the gram panchayats. ZP is competent to dissolve gram panchayat on the recommendations of the taluka panchayat. There is no provision in the Act with regard to suspension of Gram Sabha. State Government is the appellate authority. The gram panchayat is concerned only with the part of the poverty alleviation programmes such as the identification of the beneficiaries. The taluka panchayat is concerned mainly with the poverty alleviation programmes, roads and women and child development. All the remaining subjects are with the ZP except public distribution system, rural electrification and rural housing.

Functional control over village level functionaries is not with the Gram Panchayat; VLWs, ANMs, Patwaris, Anganwadi Sevikas, and Primary School teachers are under the control of Taluk Panchayats. The State Government has reserved considerable powers of supervision, control, issue of directives and of supersession.

Kerala

Kerala Panchayat Raj Act of 1994 was enacted on 23rd April, 1994. The Gram Panchayats in Kerala had a strong financial base. Election to the panchayats were held in September, 1995.

The recommendations of the State Finance Commission have been accepted by the State Government in May, 1997.

The Government have transferred responsibilities, institutions, posts and schemes to the PRIs. The responsibilities and institutions listed in Appendices I, II and III of the KPRA, 1994 have been transferred to the gram panchayats *w.e.f.* 2nd October, 1994. Along with the institutions, the assets, liabilities with posts etc. were transferred to PRIs. Gram Panchayats can approve schemes of any amount subject to the availability of funds. DRDAs and ZPs have merged. However, the Government has retained the power to suspend and supercede the PRIs.

District Planning Committees are in position. The creation of three-tier panchayati raj system in the State for the first time has brought into focus certain problems relating to inter-tier relations. PRIs in Kerala at all the three levels are independent of one another and the intermediate level panchayat and the district panchayat are newly created bodies. Gram Sabhas have been given due importance in Kerala.

Madhya Pradesh

Madhya Pradesh Panchayat Raj Adhiniyam, 1993 came into force on 25th January, 1994. Elections to gram panchayats, janpad panchayats and zila panchayats have been held in January, 2000. The report of the State Finance Commission has been received and accepted by the Government.

Gram Panchayats in Madhya Pradesh can approve schemes upto Rs. 3.00 lakhs on gram sabha resolutions. Functional control over village level functionaries except patwari has been given to the Gram Panchayat. DRDAs and Zila Parishads have been merged *u.e.f.* 2nd October, 1997.

The functions of 23 departments have been transferred to the three-tier Panchayati Raj system and the implementation of schemes. Projects and programmes have been placed under the functional control of the PRIs. Though the staff of these departments work under the functional control of the PRIs they continue to be under the administrative control of their respective line departments.

In the absence of financial devolution that is, devolution of funds by various Departments like Agriculture, Education, Health and Family Welfare, the elected representatives are not in a position to play a significant role in the planning and implementation of the programmes of these departments.

Despite decentralisation of power and functions, the State Government can still suspend or remove office bearers of panchayats, to suspend the execution of panchayat resolutions and also to dissolve panchayats. In actual practice, gram sabha meetings are postponed for want of quorum on many occasions. The training of PRI functionaries is also not to the desirable extent. The district collector still holds sway over the administration and wields considerable power over the sectoral heads.

Maharashtra

Consequent to the 73rd Constitution Amendment Act, 1992, the Maharashtra Legislature enacted Bombay Village Panchayat and Maharashtra Zilla Parishad and Panchayat Samities Act, 1994 which came into force on April 24, 1994. This Act introduced a three-tier panchayati raj system in the State. Election of the panchayats were held in April-May, 1999.

The constitution of the District Planning Committees are under consideration of the Government SFC had submitted its report to the Government on 31st January, 1997 but the report is still under scrutiny.

In Maharashtra, district has been accepted as the unit of devolution of powers by making the panchayat samiti the executive arm of the zila parishad. As regards devolution of powers and functions, a number of district level schemes have been transferred to the ZPs. Out of the 29 subjects to be transferred to the panchayats 3 subjects have been transferred fully and 11 subjects have been partly transferred whereas the State Government has retained 15 subjects.

The DRDAs and Zila Parishads have not been merged. DRDAs have not been placed under ZP, except that the CEO of Zila Parishad is the Chairman of DRDA also. Schemes under DRDA are implemented through PS and GPs. Gram Sevak is appointed by the ZP. State Government has retained the power to dissolve the gram panchayat. Collector can suspend Sarpanch in case of criminal cases. ZP can remove Sarpanch guilty of misconduct and neglect of duty. Gram panchayat can approve schemes taken from its own resources only.

Manipur

The Government of Manipur enacted the Manipur Panchayat Raj Act, 1994 which came into effect on 23.4.1994 extending to all parts of the State barring the areas to which District Council Act, 1971 or the Manipur Village Authorities in hill areas Act 1956 was applicable. The elections to the PRIs were held towards the end of January, 1997. State Government constituted the State Finance Commission in May, 1996. Some powers and functions have been transferred to the PRIs but they are mostly advisory in nature and the real powers including control of financial powers remain with the bureaucracy and the State level executives. At the grass root level the gram sabhas lack functional and financial autonomy.

Orissa

The Government of Orissa adopted the provisions of the 73rd Constitutional Amendment Act in 1994. Panchayat elections were held in 1997.

A State Finance Commission was set up and its Recommendations were accepted by the Government.

As regards devolution of financial and administrative powers to the PRIs, effective steps have not been taken by the State Government so far. District Planning Committees have not been constituted. Gram Panchayats can approve projects upto Rs. 15,000/-. GPs have not been given functional control over the village level functionaries. Power to suspend and dismiss the gram panchayat rests with the State Government.

Punjab

The Government of Punjab enacted the Punjab Panchayati Raj Act, 1994 which came in force on 21, April, 1994.

Elections to the Gram Panchayats were held on June, 1998 and elections to Panchayat Samitis and the Zila Parishads were held in September/October, 1995. State Finance Commission was set up in 1994 and submitted its recommendations in 1995. The recommendations of SFC have been accepted. DRDAs are independent of the Zila Parishads. As regards devolution of powers, GP can approve schemes upto Rs. one lakh and in case of Unnat Gram Schemes it can approve schemes upto Rs. 5 lakhs. Functional control over the village level functionaries have not been given to the GPs. They can supervise the work of village level functionaries and can report to the Government Department concerned. Director, PRI of the State Government can remove the Sarpanch and the State Government has retained the power to dissolve the Gram Panchayats.

District Planning Committees have not been constituted.

Rajasthan

The Rajasthan Panchayati Raj Adhiniyam, 1994 was enacted in 1994. The State conducted elections to the three tier PRIs in January, 2000.

State Finance Commission was constituted in April, 1994 and most of its recommendations were accepted by the State Government.

There has been partial devolution of power to the PRIs. Gram Panchayats can take up pucca works upto Rs. one lakh without requiring any external sanction. As regards functional control, control over VLW, primary school teachers and hand pump mistries. However, the State Government has the power to dismiss or suspend the gram panchayats. District Planning Committees have been formed.

Sikkim

The Sikkim Panchayat Act, 1993 was enacted in 1993 and it extends to the whole of Sikkim except the areas which may be declared as or included in the Nagar Panchayat. First round of panchayat elections were held on 18.2.1993. State Finance Commission has been constituted but the report has not been submitted so far. District Planning Committees have been constituted. State Government have devolved some powers to the PRIs. Gram Panchayats have functional control over the village level functionaries.

Tamil Nadu

The Tamil Nadu Panchayats Act was enacted in 1994. The SEC conducted elections in October, 1996. Next elections are due in October, 2001.

The report of the State Finance Commission has been received and its recommendations have been received.

The Gram Panchayats require no external sanction for schemes/works taken from its own funds or surplus funds. GP has full powers for maintenance of village roads, street lights, hand pumps & power pumps. Village Panchayat can sanction works upto Rs. one lakh and district panchayats can sanction schemes upto Rs. ten lakhs. Panchayat Unions can sanction schemes upto Rs. five lakhs. Village Panchayat Presidents can engage consulting engineers. As regards functional control, GP has been given control over panchayat clerks and assistants only. State Government can dissolve gram panchayats. In Tamil Nadu, DRDA has not merged with the district panchayat.

State Government has transferred 26 functions out of 29 to the local bodies. However, Government orders have been issued in respect of a few selected subjects only.

Tripura

The Tripura Panchayats Act, 1993 came into force on 16th November, 1993. It established a three-tier structure in the State. Elections to all the three-tiers of the panchayats were held in July 16, 1999.

Gram Panchayats in Tripura are competent to issue technical sanction for works of cash equivalent of 200 man-days and of 750 man-days in the case of labour intensive works. However, GPs have no control over village level functionaries. State Government has the power to suspend/dismiss gram panchayats.

Report of the State Finance Commission has been received and the State Government has accepted the recommendations with certain modifications.

Uttar Pradesh

The Uttar Pradesh Panchayat (Amendment) Act, 1994 was passed in 1994. The rules and regulations regarding the constitution and functioning of Panchayats were modified and amended within the broad guidelines prescribed in the 73rd Constitutional amendment Act, 1992. It introduced a three-tier panchayati raj structure comprising of Gram panchayat, Khetra panchayat and Zila panchayat. A separate Election Commission was set up for conducting elections and panchayat elections of all the three tiers of the panchayats in U.P. were held in early 1995. Second round of elections are being held in Uttar Pradesh presently.

In Uttar Pradesh, SFC report has been received and its recommendations have been accepted by the State Government.

In Uttar Pradesh Gram Panchayats have been given functional control over the village level functionaries but have no administrative control over them. The Collector can remove the Gram Pradhan and the State Government can dissolve the gram panchayats.

The Government of UP has devolved some powers and functions to the PRIs. Though ZPs have not been assigned specific roles in the fields of agriculture, minor irrigation or poverty alleviation programmes, the other two tiers have been given supervisory roles in all the 29 subjects through executive orders. Financial allocation to different departments along with transfer of staff is yet to take place. Power of financial sanction and other controls still vests with the Government officials.

West Bengal

Village panchayats were constituted in the State of West Bengal in early fifties when the West Bengal Panchayat Act, 1957 was enacted which introduced a two-tier system of gram panchayats and anchal panchayats in the State. Later on West Bengal Zila Parishad Act, 1963 was enacted which provided for anchalik panchayats at the block level and the zila parishads at the district level. Thus West Bengal had a four-tier PRI structure. The West Bengal Panchayat Act, 1973 was enacted displacing the two Acts mentioned above and replacing it with a three-tier structure with gram panchayat, panchayat samiti and the zila parishad. This Act was amended several times including in 1997 when it was amended so as to conform to the provisions of the 73rd Constitutional Amendment Act, 1992.

Panchayat elections were held in 1993 which was prior to the enactment of the 73rd Constitutional Amendment Act, 1992. Last elections were held in May, 1998. Next elections are due in the year 2003.

In West Bengal, Gram Panchayats have considerable powers to approve schemes. Functional control over field level staff is with the panchayat bodies. The relationship between the panchayat functionaries and the bureaucracy is very sensitive. Departments have not been placed under the panchayats. However, the officials are members of the standing committees of the Zila Parishads and panchayat samities. At the district level, Sabhadhipati of the Zila Parishad heads the coordination committees of the various departments. But the officials are not responsible to the panchayats and the line departments are controlled by their department heads. State Government has devolved functions of 16 departments on the PRIs. These functions fall under three categories: obligatory, discretionary and assigned. However, the State Government have not transferred all the 29 items of the XI Schedule to the PRIs as intended under Article 243-G of the Constitution of India. Moreover, financial resources have not been provided. The internal resource generation of the panchayats is very poor and they have to depend on grants. The expenditure on the salary etc. is borne by the State Government.

The State Finance Commission was appointed in 1994. Though the recommendations of the Commission was accepted by the State Government in 1996, none of these recommendations have been implemented so far.

District Planning Committees have been constituted in 17 districts. However, the attempt towards decentralised planning has not been very successful. The allocation for the departmental schemes being fixed the panchayats have little manoeuvrability and moreover united funds are not provided to the panchayats forcing the PRIs to remain contented with being a part of the delivery system of the State Government.

Union Territories

A&N Island

Panchayat Elections have been held in September, 1995. Next elections are due in September, 2000. District Planning Committees have been constituted. The report of the State Finance Commission has been received and is under examination of the Ministry of Home Affairs. The Government have taken some steps to devolve administrative and financial powers to the PRIs. The GP has power to sanction schemes worth Rs. sixty thousand. Some functional control over the village level functionaries has been given to the GP.

Chandigarh

While Panchayat elections have been held, DPCs have not so far been constituted.

Dadra and Nagar Haveli

Panchayat elections have been held in November, 1995. DPCs have been constituted. The report of the State Finance Commission is pending with the Ministry of Home Affairs. The Government has taken some steps to devolve administrative and financial powers to the PRIs. The local administration has issued notification devolving 29 functions to the PRIs.

Daman & Diu

Panchayat elections have been held in September, 1995 and will be due in September, 2000. DPCs have not been constituted. Village level functionaries have been directed to work under control of the Village Panchayat. Their salaries are paid by the Government. Gram Panchayats have no power to approve any scheme (the approval of BDO is required).

Lakshadweep

Panchayat elections have been held (next election would be due in December, 2003). DPCs have not yet been constituted. Gram Panchayats have no power to approve schemes and have not been accorded functional control over village level functionaries.

NCT of Delhi

The 73rd Constitutional Amendment Act not applicable to the NCT of Delhi.

Pondicherry

Panchayat elections are yet to be held in Pondicherry (Writ Petitions are pending in the Hon'ble High Court at Chennai).

Conclusion—Broad issues for consideration

An analysis of the functioning of Panchayati Raj Institutions in the country brings out the following issues:

1. There has been some resistance to devolution of powers and functions to the Panchayati Raj Institutions. There is often reluctance to relinquish control over the development schemes and allocated funds. Some States have (wrongly) visualised the 3-tier system as a hierarchical structure—subordinating Gram Panchayats to the other two tiers. The Zila Parishads would also like to retain control over the lower levels of PRIs.

2. The District Planning Committees have not been constituted thus defeating the concept of decentralised planning.

3. The Gram Sabhas have yet to be accorded due status. While the State Acts have provided for the Gram Sabhas, their functions and authority have not been spelt out. Gram Sabha meetings have often been conducted without requisite quorum. Absence of women folk in these meetings, small participation of weaker sections of the community and the domination of the influential sections are areas of concern. While 33.3 percent reservation of women in PRIs (at all levels of three tiers) has strengthened the numerical number, in actual practice participation is limited. Deficiencies also noticed in the nature and extent of participation of the elected representatives of the reserved categories.

APPENDIX III
(Vide Para 4 of the Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON
THE RECOMMENDATIONS CONTAINED IN THE THIRTEENTH
REPORT OF THE STANDING COMMITTEE ON URBAN AND
RURAL DEVELOPMENT (13TH LOK SABHA)**

I. Total number of recommendations	37
II. Recommendations that have been accepted by the Government (Para Nos. 2.7, 2.11, 2.12, 2.17, 3.10, 3.19, 3.28, 3.29, 3.41, 3.42, 3.47, 4.9, 4.10, 5.5, 5.15, 5.19, 5.20, 5.21, 5.26 and 5.27)	20
Percentage to the total recommendations	(54.06%)
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies (Para Nos. 2.19, 2.22 and 4.17)	3
Percentage to total recommendations	(8.10%)
IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee (Para Nos. 2.3, 3.11, 3.15, 3.18, 3.30, 3.48, 3.54, 3.57, 4.13 and 5.29)	10
Percentage to total recommendations	(27.02%)
V. Recommendations in respect of which final replies of the Government are still awaited (Para Nos. 2.14, 2.16, 3.40 and 5.7)	4
Percentage to total recommendations	(10.82%)