

CHAPTER X : MINISTRY OF RURAL AREAS AND EMPLOYMENT

Department of Rural Employment and Poverty Alleviation

District Rural Development Agencies

10.1 Blocking of funds under Ganga Kalyan Yojana

Funds to the tune of Rs 564.96 lakh lying unutilised, unauthorised diversion of Rs 128.96 lakh to other schemes and irregular payments to ineligible beneficiaries under Ganga Kalyan Yojana.

Ganga Kalyan Yojana(GKY), a centrally sponsored scheme for providing irrigation through exploitation of ground water was launched in February 1997. The scheme, financed by the central and state governments in the ratio of 80:20 was to be implemented by the District Rural Development Agencies (DRDA)/Zila Parishads (ZP). Small and marginal farmers were to be enabled through grant of subsidy by Government and term credit advance by financial institutions to sink wells in their fields.

Test check of records of DRDAs in Kerala , West Bengal and Haryana revealed that the Ministry released Rs 372.46 lakh during 1996-97 and 1997-98 to 14 DRDAs (Rs 181.80 lakh in February March 1997 and Rs 190.66 lakh in July 1997) in Kerala. The state's share amounting to Rs 83.58 lakh (Rs 45.45 lakh in March 1997 and Rs 38.13 lakh in September 1997) was also released. As the scheme was not implemented in the states, the entire amount of Rs 456.04 lakh was kept by DRDAs in deposit accounts in banks/treasuries. Five DRDAs temporarily diverted Rs 128.96 lakh to other schemes.

In July 1997 Commissioner for Rural Development (RD), Government of Kerala wrote to Government of India requesting modification of the guidelines of GK Y , suggesting deletion of the conditions relating to below poverty line status of the target group and reduction of the prohibited coastal strip width to 0-5 km considering the peculiar nature of the state. Further, progress in the matter was awaited. The commissioner (RD) stated in December 1998 that no clarification had been received from Central Government and that the entire amount would be utilised under restructured integrated rural development programme as soon as orders were received.

**Funds diverted to
other schemes**

Irregular release of funds of Rs. 228.79 lakh when the entire amount of Rs. 456.04 lakh lying unspent

Due to release of funds by the Ministry without proper assessment of feasibility of implementing the scheme in the state in accordance with the prescribed guidelines the entire amount of Rs 456.04 lakh was locked up for over two years. Release of funds of Rs 228.79 lakh in 1997-98 even when the entire amount released during previous year remained unspent was unnecessary. No action was taken by the Ministry either to get the unutilised amount refunded or to issue appropriate directions to DRDAs for utilising the amount especially when it was reported that the scheme could not be implemented in the state.

Rs 108.92 lakh remained unutilised due to decision pending on certain operational aspects

Sums of Rs 58.94 lakh and Rs 49.98 lakh were placed with the Project Officer, DRDA, Birbhum in March 1997 and June/July 1997 for disbursement of subsidy to small and marginal farmers. The entire amount of Rs 108.92 lakh remained unutilised including Central Government's fund of Rs 97.12 lakh. Government of West Bengal stated in May 1999 that the decision from the Government of India on certain operational aspects of the scheme was awaited. It was also stated that the Government of India had decided to merge this scheme with Swarna Jayanti Gramin Swarajgar Yojana the detailed guidelines of which were awaited and the fund of Ganga Kalyan Yojana available with DRDAs would be utilised thereafter.

The matter was referred to the Ministry in June/July 1999; their reply was awaited as of February 2000.

Slow/improper implementation

In the case of four DRDAs in Haryana it was found that out of Rs 93.40 lakh (Bhiwani:Rs 16.19 lakh, Rohtak:Rs 24 lakh, Sirsa: Rs 18.80 lakh and Hisar: Rs 34.41 lakh) released during 1996-98, Rs 3.63 lakh were paid to 45 beneficiaries by three DRDAs (Hisar: Rs 2.73 lakh to 33 beneficiaries during 1997-98, Bhiwani: Rs 0.15 lakh to three beneficiaries in 1998-99 and Sirsa :Rs 0.75 lakh to nine beneficiaries in December 1998) for installation of tubewells. Of this Rs 2.95 lakh were irregularly paid to 36 non below poverty line/ineligible beneficiaries (Hisar: 33 beneficiaries:Rs 2.73 lakh, Sirsa: three beneficiaries: Rs 0.22 lakh). Balance of Rs 90.67 lakh (including interest Rs 0.90 lakh) was lying unspent (Rs 44.24 lakh since 1996-97 and Rs 46.43 lakh since 1997-98) with the concerned DRDAs, thus defeating the very purpose of GKY. The funds for 1998-99 were also not released by GOI due to non-utilisation of previous balances.

Irregular payments of funds to ineligible beneficiaries

DRDAs, Rohtak and Hisar stated in January and September 1998 that SC farmers with land holding were not available and it was not possible to utilise funds under the scheme. Reasons for not utilising funds by DRDAs Bhiwani and Sirsa had not been furnished.

10.2 Incorrect application of IRDP funds

To promote group ventures and to ensure higher returns through higher investments, Government of India formulated in July 1996 group loaning (for groups of 5 to 15 beneficiaries) under the Integrated Rural Development Programme (IRDP) for projects costing Rs one lakh and above. Selected groups belonging to families below the poverty line formed as societies/ partnership firms were to be provided with 50 *per cent* of the cost of each project as subsidy. A special feature of the payment of subsidy was that it was linked to bank credit and was to be back-ended i.e the subsidy was to be paid by means of adjustment against repayment of the last few instalments of credit facility.

IRDP funds diverted for State sponsored scheme resulting in dilution of IRDP norms

On the launching of a State-sponsored programme called Chief Minister's Empowerment of Youth (CMEY) in Andhra Pradesh with linkages to IRDP , the Ministry of Rural Areas and Employment cautioned in January 1997 the State Government that absence of credit linkage for activities/ projects of Rs one lakh and below, proposed to be taken up under CMEY was clearly against the norms of IRDP group loaning scheme ; the Ministry also advised that it be ensured that no dilution of IRDP norms was allowed. The Government of Andhra Pradesh also assured in February 1997 that the beneficiary groups would avail bank loans for all activities/projects whether costing upto or above Rs one lakh.

It was however observed in audit (April 1998 and May-June 1999) that District Rural Development Agencies Adilabad, RangaReddy and Vizianagaram, (March-September, 1997) had released subsidy component aggregating to Rs 1.71 crore for projects each costing Rs one lakh and below from out of IRDP funds to registered self-employment societies¹ who in turn released these funds to 473 beneficiary groups (each comprising 5 to 15 youths) under CMEY. This was irregular because the two programmes were different in nature. Whereas in the case of IRDP, disbursement of subsidy/margin money is linked to bank credit to be released by the bankers directly to the suppliers and subsidy is released at the end of loan period, in the case of CMEY there is no such linkage for projects involving less than Rs one lakh. All forms² of assistance under CMEY are to be credited by DRDA itself to the savings bank accounts operated by the groups themselves. Direct release of subsidy out of IRDP funds to the CMEY beneficiaries account without following the back-ended mechanism changed the very complexion of the assistance to be granted under IRDP, undermining the safeguards against misutilisation of assistance built into the programme. This constituted unauthorised diversion of IRDP funds of Rs 1.71 crore in these three districts alone.

¹ Society for Training and Employment Promotion, Adilabad; keesara Society for Training and Employment Promotion, RangaReddy and society for Employment and Training, Vizianagaram.

² Group contribution : 15 per cent, State Government grant: 15 per cent and margin money loan from SC/ST/BC Finance Corporation or from Youth Welfare Department : 20 per cent

The matter was reported to the Ministry in August 1999; their reply was awaited as of February 2000.

10.3 Misutilisation of funds

DRDA Puri purchased 14 Ambassador cars worth Rs 33.42 lakh out of Jawahar Rozgar Yojana resources earmarked for administrative/contingent expenditure despite Government of India orders specifically prohibiting purchase of vehicles from Jawahar Rozgar Yojana funds.

The Ministry's guidelines of April 1994 for Jawahar Rozgar Yojana (JRY) provide that expenditure on administrative/contingent charges including additional staff created at any level of administration could be met by the State Government upto a maximum of two *per cent* of such funds utilised. Government of India further decided in December 1989 not to permit purchase of vehicles out of JRY resources earmarked for administrative/contingent expenditure and in order to effect strict adherence it was decided in February 1994 that in the event of purchase of vehicles from JRY funds, cost of such purchase would be recovered from DRDA authorities such as Chairman and Project Director (PD).

Scrutiny of records of DRDA Puri revealed that at the instance of Government of Orissa (April 1994), PD drew Rs 33.42 lakh out of JRY funds earmarked for administrative/contingent expenditure (Rs 32.17 lakh in April 1994 and Rs 1.25 lakh in March 1995) for purchase of 14 Ambassador cars for supply to the newly created DRDAs. The cars were purchased between May 1994 and January 1995.

Since procurement of vehicles out of funds under JRY was not permissible under the scheme and was specifically prohibited by the Government of India, the expenditure of Rs 33.42 lakh incurred by the PD was unauthorised and amounted to misutilisation of funds. On this being pointed out by audit, the PD stated in April 1998 that the vehicles were purchased as per instructions of the Government of Orissa. The reply was not tenable in view of the above specific clarifications/observations of the Government of India.

The matter was referred to the Ministry in June 1999; their reply was awaited as of February 2000.

**Funds withdrawn
at the instance of
Government of
Orissa**

Department of Wastelands Development

10.4 Unauthorised expenditure

Integrated Wastelands Development Project (IWDP)-a centrally sponsored scheme aimed at checking land degradation, restoration of ecological balance, increasing production of fuelwood, fodder and biomass in the rural areas, providing employment to the most needy sections of society particularly SC/ST and landless labourers and using wastelands in a sustainable manner was launched (1989-90) by the National Wastelands Development Board of Government of India encompassing all the states in the country with large tracks of wastelands.

Under IWDP scheme, Baleshwar Wastelands Development Project (BWDP) comprising 29,865 hectares area covering 30 villages of Sikar district was approved by Government of India (GOI) in March 1993 at a cost of Rs 397.19 lakh and Rs 140.00 lakh in March-June 1993 was released with the condition that the proposed areas should not overlap with any other scheme so that there would be no duplication of Central/ external assistance. The funds so received were transferred in December 1993 to the personal deposit account of the District Rural Development Agency, Sikar.

Since some areas of Aravali Afforestation Project (AAP), financed by Overseas Economic Cooperation Fund, Japan were overlapping with BWDP areas, Rajasthan Government informed in June 1994 the GOI that it was not possible to implement BWDP in the 30 villages as per approval of GOI in March 1993 and suggested diversion of the funds to another project in the same district.

The proposal for transfer of funds was not accepted by GOI which directed in June 1994 the Rajasthan Government to refund Rs 140 lakh alongwith interest immediately. Rajasthan Government did not refund the amount, and instead, forwarded in December 1994 the revised BWDP proposal (after eliminating overlapping areas of AAP) at estimated cost of Rs 367.70 lakh to GOI for approval. It also decided in February 1995 to start the works of BWDP in anticipation of the sanction of GOI.

GOI directed in May 1995 the Rajasthan Government to revise the proposed BWDP in accordance with the provisions of the new common guidelines for Watershed Development (issued by the GOI in October 1994, made effective from April 1995). Rajasthan Government accordingly formulated revised BWDP at an estimated cost of Rs 492.79 lakh and sent (July 1995) it to GOI. GOI did not approve this revised BWDP proposal and ultimately Rajasthan Government decided in February 1997 to close the BWDP.

State Government did not refund the amount and proposed revised project

GOI did not approve revised project proposal

During the course of audit (December 1997-April 1998) of records of DRDA, Sikar it was noticed that executing agency viz. Forest Department had incurred upto March 1997 an expenditure of Rs 125.26 lakh including liability of Rs 6.68 lakh, adjustment of which was still awaited from DRDA, Sikar.

While accepting (March 1999) the facts of starting the works of BWDP in anticipation of sanction of GOI, Rajasthan Government stated that further revised BWDP at an estimated cost of Rs 423.00 lakh (after excluding expenditure already incurred so far) was submitted to the GOI in January 1998, which was under their consideration.

However, GOI conveyed its decision in March 1999 to foreclose this project due to its slow implementation by DRDA and asked Rajasthan Government to refund the unspent amount with interest. Ultimately, Rajasthan Government refunded in October 1999 the unspent amount of Rs 14.74 lakh and interest of Rs 4.56 lakh.

**Unauthorised
expenditure of Rs
125.26 lakh**

Thus the commencement of works of BWDP without obtaining sanction of GOI led to unauthorised expenditure of Rs 125.26 lakh and blocking of unspent balance Rs 14.74 lakh (till it was refunded).

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.