

**CHAPTER-III: MINISTRY OF URBAN DEVELOPMENT
AND POVERTY ALLEVIATION
AND
MINISTRY OF INDUSTRY**

**3. Urban Employment Generation Programme and Prime Minister
Rozgar Yojana**

The Swarna Jayanti Shahari Rozgar Yojana was launched from 1 December 1997 to provide gainful employment to the urban unemployed/under-employed by setting up of self-employment ventures or through wage employment. The Ministry has not been able to address satisfactorily the issue of targeting the urban families below poverty line for providing employment under Swarna Jayanti Shahari Rozgar Yojna and registration of employment seekers. Beneficiaries have been neither registered nor issued family cards. Employment has, therefore, been provided to unregistered workers and in most cases they either did not have family cards or where these were available, the employment details were not noted in them. Thus, there was no certainty whether the intended population which was to be provided employment under the schemes was actually targeted in a comprehensive manner nor whether the persons provided employment had actually fulfilled the criteria for grant of wage employment. The figures of employment generated as also expenditure incurred were not genuine. The Ministry's role was confined only to framing and circulating the guidelines to the State governments, without ensuring compliance of the instructions so that benefits could flow to the targeted group, and funds properly utilised.

Highlights

Of the total Central and State share of fund of Rs 2039.89 crore released under UEGP during 1989-2000, Rs 645.98 crore remained unspent as on March 2000 because unspent balances under earlier schemes were not taken into account while releasing funds under this scheme.

Due to gross underperformance by HUDCO, out of Rs 117.17 crore released to them under SHASU component of NRY during 1989-96, Rs 57.46 crore remained unutilised as of March 2000. While HUDCO earned Rs 29.32 crore as interest on it, the objective of providing assistance for housing and shelter upgradation to economically weaker section of the urban population suffered. Rs 37.97 crore remain with them.

Against Rs 385.53 crore reported as expenditure by States/UTs, utilisation certificates of Rs 148.55 crore were not received.

The accounts of erstwhile schemes (NRY, UBSP and PMI UPEP) subsumed into SJSRY with effect from 1.12.1997 in most of the States/UTs was not closed. The unspent balances of Rs 561.89 crore of erstwhile schemes treated as opening balance under SJSRY were unauthentic.

Out of total expenditure of Rs 1117.94 crore, the sample selected by Audit for detailed examination covered about Rs 355.99 crore. Scrutiny revealed that actual expenditure on the programme was only Rs 157.71 crore. The rest of the funds were misspent, parked in PD/bank accounts, diverted to other activities, unapproved expenditure or misappropriated. Such leakages adversely affected efficient implementation of programme. Such implemental deficiencies were also noticed in PMRY.

Central Share of Rs 75.59 crore was released to the State governments with delay ranging from one month to seven years. Similarly State Share of Rs 133.65 crore was released to implementing agencies with delays upto 36 months. In addition both central/state share of Rs 57.51 crore was released with delay up to 2 years. In PMRY in some states, funds were released with delays ranging between 2 months to 6 years.

Implementing agencies abandoned 910 schemes midway after incurring Rs 6 crore.

In most cases the employment generation reported by the state governments were based only on arithmetical calculation. They reported the employment generated as the figure arrived at by dividing the wage component of the total expenditure with the minimum wages rather than on the basis of actual count of muster rolls. Similarly, the reports of expenditure under the programmes were also erroneous since amounts advanced to implementing agencies, kept in various deposits/banks, diverted to other programmes, etc. were also treated and reported as expenditure under the programme. Even in the calculation of the employment generation theoretically worked out such deposits were reckoned as expenditure.

Evidence of actual employment generation is established through muster rolls, which contain the names and other details of the persons who are provided employment, works on which employment is provided. The details also include inventory of assets linked to the muster rolls with secondary evidence in the form of registration of employment seekers and maintenance of family cards of the employment seekers. None of these have been maintained in a systematic manner. Viewed in the context of theoretical reporting of the employment figures, absence of evidence of employment generation casts a doubt on the actual employment generation under these programmes.

Monitoring of the Implementation and execution of the programmes was unsatisfactory. The emphasis seems to have been on spending the money and on collection of data on employment generation without verifying the accuracy thereof. Effective attention of the Ministries or the state governments was not attracted even when it was evident from year to year that the full money was not spent, unreliable data on the generation of employment was being received, non-permanent assets were steadily being created and that there was inefficient targeting of the poor and leakages all around.

Other shortcomings noticed in implementation of the programme related to diversion of funds, works undertaken which were not approved under the programme, misappropriation of funds, delay in payment of wages and payment of wages at lower than the minimum wages, failure to prepare and follow the shelf of projects and annual action plans, engagement of contractors depriving employment generation which could be provided in the contractors margin, abandoned works, non-utilization and non-maintenance of assets created under the programmes, etc.

Evaluation of the impact of implementation of the programme was not conducted by most of the states.

In PMRY, the evaluation for 1993-95 was conducted by IAMR and the recommendations relating to organising task force meetings at the Municipal/Block level, raising of limit of investment in Industry in service sector and business sector, introduction of collateral security and raising age limit were implemented. No further evaluation was conducted.

In PMRY, the projects created out of Government/Banks assistance either ceased to exist or were not set up leading to misutilisation of funds. The recovery of loan was about 52 per cent of the cases.

3.1. Introduction

The urban population of India as per 1991 census was 217 million spread over 3768 urban agglomerations and accounted for 25.72 per cent of the total population. While the total population increased from 683 million in 1981 to 844 million in 1991 or by 23.57 per cent, the urban population increased by 36.19 per cent during this period. The number of urban poor in India stood at 76.3 million in 1993-94 accounting for 32.4 per cent of the total Urban population. Urban growth was a result of natural increase in population, net migration from rural areas to urban areas and re-classification of towns. Though the incidence of urban poor declined from 49 per cent in 1973-74 to 32.4 per cent in 1993-94, the absolute number of poor did not decline much over this period of twenty years.

As per the National Sample Survey (50th Round), 85.7 million persons accounting for nearly 36.3 per cent of the total urban population in 1993-94 were part of the labour force. Nearly 66.8 million persons, accounting for around 78 per cent of the labour force were gainfully employed in self-

The urban population increased by 36.19 per cent during 1981 to 1991. The incidence of Urban poverty declined to 32.4 per cent in 1993-94

employment ventures or as regular wage employees, leaving 18.9 million persons either unemployed or employed on casual basis. These figures do not include nearly 75 per cent of urban women in the age group of 20-59, who did not seek employment. Unemployment/under-employment and poverty have been closely associated in urban areas.

Educated unemployed (middle level and above) numbered 5 million in 1993-94. However, in addition to this, there were nearly 30 million persons with education level of middle and above who were employed as casual workers and did not have regular wage/self-employment options. This could be taken as the broad target group for self-employment programmes like PMRY. Incidence of unemployment/under-employment was more severe amongst educated youth in both rural and urban areas.

3.2. Urban Employment Generation Programme

In order to alleviate the conditions of the urban poor, four schemes for providing employment namely Nehru Rozgar Yojana (NRY), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP), Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and Prime Minister Rozgar Yojana (PMRY) were launched. Salient details of the schemes are given in the table below.

Scheme	Period of operation	Nature and funding pattern	Components/objectives/target group
Nehru Rozgar Yojna (NRY)	Introduced from October 1989; merged with SJSRY in December 1997	Centrally Sponsored Scheme; 60:40 funding by GOI and states respectively	Scheme for setting up of urban micro enterprises (SUME); urban wage employment (SUWE); employment through housing and shelter up-gradation (SHASU) for urban poor with an annual household income of less than Rs 11850.
Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)	Since November 1995; merged with SJSRY from December 1997	Centrally Sponsored Scheme (sharing pattern varies for different components)	Creation of Self-employment through setting up of micro enterprises and skill development: environmental improvement through basic physical amenities in slums and shelter up-gradation by providing financial support to urban poor living below urban poverty line with annual household income of less than Rs 11850.
Swarna Jayanti Shahari Rozgar Yojna (SJSRY)	Since December 1997, erstwhile schemes of NRY, UBSP, PMIUPEP were subsumed in SJSRY.	Centrally Sponsored Scheme; 75:25 funding by GOI and states respectively	Self-employment through setting up of micro enterprises and skill development for urban unemployed and under employed, development of women and children in urban areas (DWCUA) through setting up of self employment ventures in a group as opposed to individual effort; urban wage employment programme (UWEP) by creating socially and economically useful public assets and delivery of inputs through the medium of urban local bodies and community centre.
Prime Minister Rozgar Yojana (PMRY)	Introduced w.e.f. 2 October 1993	100 per cent centrally funded in the form of capital subsidy and grants-in-aid	To provide self employment through industry service and business to all educated unemployed youth having 8 th standard qualification or trained for any trade in Government recognised institution

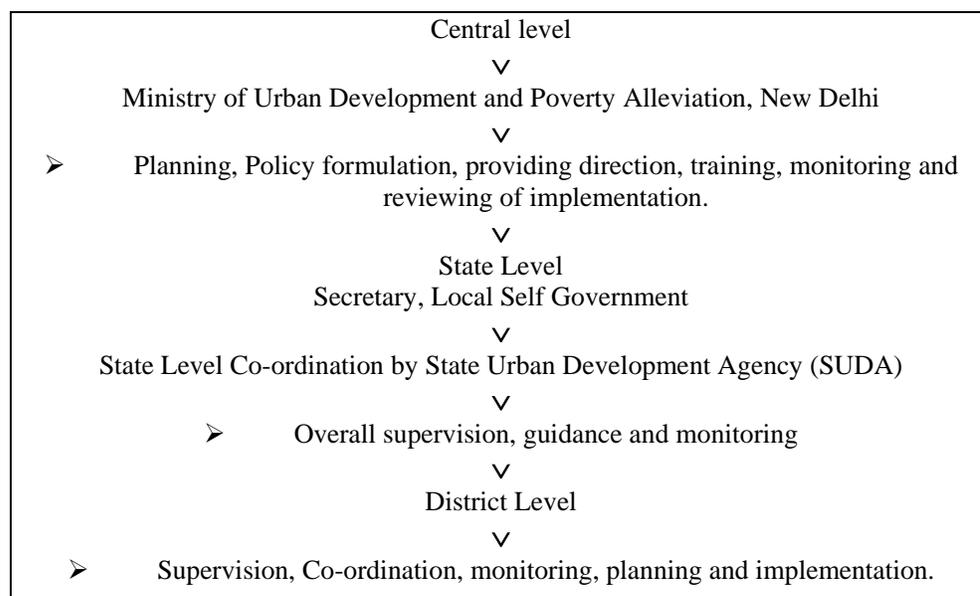
3.3. Organisational set up

Ministry of Urban Development is responsible for planning, release of funds and monitoring of the implementation of the programme

Ministry of Urban Development and Poverty Alleviation is responsible for planning, releasing funds and monitoring implementation of the programme. The essential task of identifying, earmarking and co-ordinating the relevant sectoral inputs is entrusted to the state governments and physical targets in conformity with the guidelines of SJSRY are also to be decided by them.

SJSRY programme at the state level is being monitored by State Urban Development Authority (SUDA). SUDA implements the programme through District Development Agency for which involvement of Urban Local Bodies is of utmost importance. At the State level, Secretary, Local Self Government is responsible for co-ordination, implementation and monitoring of the programme. The over all responsibility in regard to implementation and evaluation of UEGP is that of the Ministry of Urban Development and Poverty Alleviation.

Organisational structure of the Ministry of Urban Development and Poverty Alleviation and other agencies responsible is detailed below:



The **PMRY** scheme is being operated by District Industries Centres (DIC) in each State/UT at the district level. In metropolitan cities of Delhi, Mumbai, Calcutta and Chennai where there is no District Industry Centre, the Small Industries Service Institutes (SISI) of the Development Commissioner (SSI) in collaboration with the State Commissioner of Industries operate the scheme. The Task Forces at DICs and at SISIs in case of metropolitan cities scrutinize the applications of the beneficiaries and recommend them to the banks for providing loan. Details of implementing agencies state wise are given in **Annex I**. The overall responsibility for implementation and evaluation of the programme is of Ministry of Industry, Department of SSI and ARI.

3.4 Scope of Audit

3.4.1 SJSRY: Paragraph No.8.1 of Report No.2 of 1994 of Comptroller and Auditor General of India reviewed the Nehru Rozgar Yojana wherein the following major shortcomings were noticed:

- Surveys of targets in urban slums and dwellings were deficient in many states, percentages earmarked for women and ST/ST not achieved.
- The concepts of creation of social and economic useful assets were not implemented
- There were delays in release of funds for housing and shelter upgradation?
- Funds released were invested in deposits, Unit Trust, Indira Vikas Patra, etc.
- State level monitoring committees/cells were not set up.
- No evaluation of the programme was conducted.

Implementation of programme was reviewed by test check

3.4.2 The implementation of the SJSRY and PMRY programmes during 1995-2000 was reviewed by test check of documents in the concerned ministries and implementing agencies in twenty five states and three Union Territories between June 2000 to October 2000. Observations emerging there from are given in succeeding paragraphs.

The review aimed at examining the effectiveness of the various components of UEGP and PMRY

The review aims at examining the effectiveness of the various components of the programmes including the extent and adequacy of employment provided to beneficiaries and evaluation of overall impact of the programmes on urban unemployment. Besides progress made in identification of beneficiaries, issue of registration of family cards, creation of assets, effectiveness of monitoring were other areas examined.

3.4.3 Background

Hashim Committee, set up to review and rationalise Centrally Sponsored Schemes for poverty alleviation and employment generation, recommended closure of NRY, PMIUPEP and UBSP. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched with effect from 1 December 1997.

The self-employment and wage employment components of the NRY and PMIUPEP have been re-organised under this single programme. The shelter upgradation components of both NRY and PMIUPEP have been merged with the National Slum Development Programme. Audit findings on SJSRY are given in **Section A**.

PMRY: The scheme commenced on 2 October 1993. The scheme initially covered all the urban areas in the year 1993-94 and was subsequently extended to all areas in the country from 1994-95 to mitigate unemployment among educated youth between the age group of 18-35 years by undertaking self-employment ventures in industry, services and business. Audit findings on the scheme are included in **Section B**.

Section A

Ministry of Urban Development and Poverty Alleviation

3.5 Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

The SJSRY seeks to provide gainful employment to the urban unemployed or under-employed poor by encouraging the self-employment ventures or provision of wage employment. The programme relies on creation of suitable community structures on the UBSP pattern *i.e.*, local bodies and similar community institutional structures.

3.5.1 Audit findings

3.5.2 Financial outlay and expenditure

Total release of Central share and State/U.T. share and expenditure incurred under NRY, UBSP and PMIUPEP up to 30 November 1997 were as under:

(Rs in crore)

Expenditure against Central and States assistance of Rs 1570.27 crore under NRY,UBSP, PMIUPEP amounted to Rs 1008.38 crore

Name of scheme	Year	Funds released			Expenditure against Central and State assistance	Unspent balance against Central and State assistance as on 30.11.1997
		Central	State	Total		
NRY UBSP PMIUPEP	1989-90 to 1997-98 (upto 30.11.97)	1059.48	510.79	1570.27	1008.38	561.89
Total		1059.48	510.79	1570.27	*1008.38	561.89

* Expenditure figures have been derived after deducting the unspent balances out of the total funds released, as the Ministry did/could not provide the expenditure figures.

The unspent balance of Rs 561.89 crore in respect of old schemes (NRY, UBSP and PMIUPEP) was treated as opening balance under SJSRY with effect from 1 December 1997. Central and State share releases and expenditure under SJSRY are detailed below: -

(Rs in crore)

SJSRY	Year	Opening Balance	Central releases	State releases	Total releases	Expenditure	Closing Balance
			1.12.97 to 31.3.2000	1.12.97 to 31.3.2000			
	1997-98	561.89	98.63	31.98	130.61	19.72	672.78
	1998-99	672.78	158.47	42.69	201.16	116.14	757.80
	1999-2000	757.80	118.77	19.08	137.85	249.67	645.98
	Total		375.87	93.75	469.62	385.53	645.98

Of the total fund of Rs 1031.51 crore available under SJSRY during the period December 1997 to March 2000 the actual expenditure was only Rs 385.53 crore. This constituted 37.38 per cent of the total release. Even the reported expenditure figure did not reflect the true picture as discussed in subsequent paragraphs.

3.6 Non closing of accounts of NRY, UBSP AND PMIUPEP

The accounts of erstwhile schemes remained unclosed in most of the states/UTs

Since the unspent balances from the Central and State share of assistance under the three schemes namely NRY, UBSP and PMIUPEP were treated as opening balances under SJSRY with effect from 1 December 1997, it was imperative for the States/UTs to ensure prompt closing of accounts to arrive at accurate figures. However, as on 28.2.2001, 13 states had closed accounts only of one scheme but had not closed the accounts of other two schemes: Andhra Pradesh, Arunachal Pradesh, Assam, Haryana, Jammu & Kashmir, Maharashtra, Manipur, Meghalaya, Nagaland, Sikkim, Tripura, Daman & Diu, Delhi. Bihar had not closed any of the accounts in respect of all three schemes. Thus, the accuracy of the unspent balance of Rs 561.89 crore as of 30.11.1997 is not established.

3.7 Injudicious release of Central and State/UTs assistance under SJSRY led to unspent balances of Rs 645.98 crore

Central assistance of Rs 375.87 crore released to states/UTs was unjustified as balance available was sufficient to meet the expenditure

In addition to the opening balance of Rs 561.89 crore under SJSRY, there was further central assistance of Rs 375.87 crore, States/UTs released Rs 93.75 crore between December 1997 and March 2000. Therefore, during this period while total funds of Rs 1031.51 crore were available with the States/UTs, the expenditure on the programme was only Rs 385.53 crore (37.38 per cent). Given that unutilised funds of Rs 561.89 crore were already available with the States/UTs as opening balance under SJSRY with effect from 1.12.1997, further releases by Centre and States/UTs were not correlated with the progress of expenditure under the programme. This led to increasing the unspent balances with the States/UTs which stood at Rs 645.98 crore as at the end of 1999-2000.

Ministry justified release of more funds, in addition to unspent balances, during 1997-2000 on the grounds that:

- SJSRY was launched in December 1997 and was in its infancy and the funds were released during 1997-99. During 1999-2000, the releases to the State/UTs were based on their reported performance;
- The number of prospective beneficiaries were expected to be much higher under SJSRY as compared to erstwhile schemes
- SJSRY was being implemented on a whole town basis in all the urban agglomerations/towns whereas the erstwhile schemes were not being implemented throughout the country.

The contention of the Ministry was not tenable as unspent balances in respect of erstwhile schemes were already lying with States/UTs. No mechanism was evolved to ensure that the States/UTs released funds only to those ULBs which were either having no/little unspent balances of erstwhile Schemes. It was also not ensured that BPL surveys in each town of the respective states had been conducted. In short, funding arrangements were done without any planning and co-ordination with the expected achievements, given the limitations that were existing.

3.8 Unintended financial aid to HUDCO under SHASU component of Nehru Rozgar Yojana.

Excess release of central subsidy to HUDCO conferred undue benefit

The erstwhile scheme of Housing and Shelter Upgradation (SHASU) under Nehru Rozgar Yojana (NRY) provided assistance for Housing and Shelter upgradation to economically weaker sections of the urban population and also opportunities for wage employment and upgradation of construction skills through training and infrastructure (T&I) support. Subsidies under the scheme were routed through HUDCO.

The scheme was merged w.e.f. 1 December 1997 with the National Slum Development Programme. Central funds of Rs 117.17 crore (Rs 90.58 crore as SHASU subsidy and Rs 26.59 crore as SHASU T&I) were released to HUDCO during 1989-90 to 1995-96. Of this, Rs 57.11 crore (Rs 48.77 crore as SHASU subsidy and Rs 8.34 crore as SHASU-Training) remained unutilised as of 31 March 2000. Total amount spent against central funds was only Rs 60.06 crore (Rs 41.81 crore as SHASU subsidy and Rs 18.25 crore as SHASU-T&I). Interest to the extent of Rs 28.42 crore was earned by the HUDCO during 1989-90 to 1999-2000 on the undisbursed SHASU subsidy.

As an unspent balance of Rs 46.38 crore was available as central subsidy with HUDCO as at March 1991 and beneficiaries were released Rs 41.81 crore only during 1990-91 to 1999-2000, there was no rationale in releasing subsequent instalments of Rs 41.73 crore to HUDCO during 1991-92 to 1994-95. The excess release of central subsidy to HUDCO conferred, therefore, undue benefit to them.

The amount remaining unutilised against central funds (Rs 57.11 crore) together with interest earned (Rs 28.42 crore) during 1989-90 to 1999-2000 amounted to Rs 85.53 crore. HUDCO refunded to Government only Rs 48.81 crore out of this, in two instalments ((Rs 46 crore on 12 May 1999 and Rs 2.81 crore on 28 June 2000). Recovery of Rs 36.72 crore was awaited from them as of October 2000.

Ministry stated in March 2001 that Rs 37.97 crore comprising of SHASU (T&I) and interest on SHASU (subsidy) and SHASU (T&I) of Rs 8.65 crore, Rs 23.94 crore and Rs 5.38 crore respectively were recoverable from HUDCO.

3.9 Shortfall in matching contribution by States/UTs in the implementation of SJSRY

Shortfall in matching contribution by states/UTs was to the extent of Rs. 31.54 crore

The SJSRY scheme was to be funded on 75:25 basis between the Centre and States/UTs. From 1.12.1997 to 31.3.2000, against a total central share of Rs 375.87 crore, the releases by States/UTs were to the extent of Rs 93.75 crore (18.71 *per cent*). While Government of India had released Rs 12.50 crore as central share during the said period, the State/UTs of Manipur, Andaman and Nicobar Islands, Chandigarh, Dadar and Nagar Haveli, Daman and Diu and Delhi had not contributed any sum. There was thus an over all shortfall of Rs 31.54 crore (6.29 *per cent*) in the release of matching contribution by States/UTs. The shortfall would evidently have an impact on the programme objectives.

Ministry stated in March and May 2001 that as per the reports furnished by the states up to December 2000, a number of States had released excess State share and the State share released from 1.12.97 to 28.2.2001 was Rs 143.51 crore and that there was no shortfall in State Share. The fallacy in this is that it takes into account the state share released up to February 2001 as against Centre's releases upto March 2000. Further, contention of the Ministry was also not correct since the States/UTs of Andhra Pradesh, Manipur, Assam, Bihar, Goa, J&K, Madhya Pradesh, Sikkim, Uttar Pradesh, Chandigarh, Dadar Nagar Haveli, Daman & Diu and Delhi were still defaulting in providing their matching share. The Ministry stated that the defaulting State governments were being persuaded at appropriate level.

3.10 Outstanding Utilization Certificates

Of the total funds of Rs. 1031.51 crore utilisation certificates to the extent of Rs. 236.98 crore were only received from states/UTs

General Financial Rules provide for submission of utilisation certificates by State Government when central grants are given to them for expenditure to be incurred by them through local bodies or private institutions. Of the total Central and State share of fund of Rs 1031.51 crore under SJSRY during December 1997 to March 2000, the expenditure reported by States/UTs was to the extent of Rs 385.53 crore. However, utilization certificates to the extent of only Rs 236.98 crore were received in the Ministry as of September 2000. Non-submission of utilization certificates is an old perennial problem for which the Central Government has had no effective remedy. Its absence renders a possibility of misutilisation/non-utilisation of funds besides exhibiting lack of accountability.

Ministry in March 2001, while furnishing State-wise position of pending Utilisation Certificates (UC) under SJSRY as on 28.2.2001 stated that as against the total central expenditure reported by the States/UTs of Rs 450.80 crore, UCs amounting to Rs 373.98 crore were received leaving pending UCs with the States /UTs to the extent of Rs 76.82 crore. It was, however, noticed that the year-wise Central share expenditure figure as furnished by the state government in the progress report was in some cases less than the utilisation certificate figure while the overall figure was equal or less than the amount of utilisation certificate the Ministry stated that the above discrepancy was being taken up with the state government.

3.11 Implementation

Neither the prescribed system of identification nor any other system was instituted or assessment made to ensure that the beneficiaries were genuine.

System of identification of genuine beneficiaries was not instituted in most states

3.11.1 Identification of beneficiaries

Guidelines for SJSRY provided, *inter alia*, for a house-to-house survey for identification of genuine beneficiaries. Non-economic criteria in addition to the economic criteria of urban poverty line have to be applied to identify the urban poor. Community structures like CDS (community development structures) were to be involved in this task under the guidance of the Town

Urban Poverty Eradication Cell (UPE Cell)/Urban Local Bodies (ULB). For ease of operation, the task of house to house survey for identification of beneficiaries could be got done by the state nodal agency through any identified body at the ULB/community level. The details of States/UTs where BPL survey had not been conducted are given below:

S.No.	Name of the State	No. of towns under CDS	No. of Towns where UPE cell formed	No. of CDS formed	No. of towns BPL survey conducted
1.	Arunachal Pradesh	17	Nil	Nil	Nil
2.	Assam	79	19	22	35
3.	Bihar	170	20	50	12
4.	Chandigarh	1	1	Nil	Nil
5.	D&N Haveli	1	Nil	1	Nil
6.	Goa	14	Nil	14	10
7.	Gujarat	149	1	186	138
8.	J&K	70	Nil	Nil	25
9.	Manipur	Nil	Nil	Nil	Nil
10.	Meghalaya	Nil	Nil	Nil	Nil
11.	Mizoram	15	3	3	3
12.	Nagaland	9	8	7	5
13.	Pondicherry	5	3	6	Nil
14.	West Bengal	122	107	225	108

The table shows that some states did not form the town UPE cell or conduct the survey. While in some states UPE cells were formed, they were non-functional. Absence of BPL survey in each town of the respective States indicates the lack of proper identification of beneficiaries. Consequently, extension of benefit to intended beneficiaries was very doubtful.

Ministry, in March 2001, stated that BPL surveys had been conducted in all the States except Arunachal Pradesh and UT of Dadar and Nagar Haveli. However, the Ministry did not indicate the State/UT wise position of the number of towns covered under the programme and the number of towns where BPL survey had been conducted. As the scheme was being implemented on a whole town basis in all urban agglomerations/towns throughout the country, specific details are required to determine extent of identification of the genuine prospective beneficiaries.

3.11.2 Improper maintenance of muster – rolls.

Since SJSRY is essentially a wage employment programme, maintenance of muster rolls is imperative.

Muster rolls were not maintained and where maintained, were kept in an imperfect manner. Besides, possibility of execution of unapproved works, and payment to ineligible beneficiaries could not be ruled out in the States of Nagaland, Orissa, Meghalaya, Tripura, Manipur, Andhra Pradesh and Punjab.

In the absence of proper maintenance of muster – rolls information on employment reported lacked authenticity

3.11.3 Absence of a system of registration for job seekers and non-issue of family cards.

Test check of records of States revealed that payment of Rs 2.75 crore have been made to unregistered labourers between 1995-2000. (Orissa Rs 23.01 lakh, Punjab Rs 36.09 lakh, Sikkim Rs 17.26 lakh and Uttar Pradesh Rs 199.00 lakh) Due to engagement of non-registered workers, the actual beneficiaries were deprived of the employment. Family Cards can establish the employment of urban poor. Sample check revealed that family cards were not issued to majority of persons in Assam, Punjab, Orissa, Uttar Pradesh and Sikkim. Thus in all these states the correctness of the extent of provision of employment to eligible beneficiaries could not be established.

Ministry stated in March 2001 that the State Government of Punjab had replied that it would not be practicable to make advance registration of unemployed workers with the ULBs since work force was at no point of time readily available to the ULB. Suitable directions had been given to the ULBs to get the works executed through muster rolls by employing local BPL workers and by strictly maintaining the material labour ratio. The Ministry further stated that the State Government of Sikkim had replied that the system of registration of job seekers and issue of family cards had not yet been adopted by the State. As the programme seeks to provide wage employment to the beneficiaries living below the poverty line within the jurisdiction of Urban Local Bodies, it was prima-facie essential for the Ministry to evolve a mechanism to ensure that the genuine beneficiaries were not deprived of employment. Unregistered labourers were paid Rs 17.26 lakh in works carried out in 21 rural areas in Sikkim in violation of the scheme. Genuine beneficiaries were thus deprived of the employment and the objectives of the scheme were defeated.

3.11.4 Mechanical determination of employment generated

Figures of employment generation were arrived at by mechanically dividing the expenditure on wage component with the prevailing minimum wage rate rendering it unreliable

The system of reporting employment generation was un-satisfactory. Figures of employment generation reported were unreliable as these were either not based on compiled records of muster rolls or they were arrived at mechanically by dividing the expenditure on wage component with the prevailing minimum wage rate. Test check of records in Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Karnataka, Orissa, Punjab, Rajasthan, Tripura, U.P., West Bengal and Pondicherry revealed that the total number of mandays of employment generated in SJSRY from December 1997 to March 2000 has been shown as 223.28 lakh, and 487.71 lakh in respect of NRY upto 30.11.97. However no compiled and consolidated database of number of mandays actually generated was available at any level. Hence reported figures of mandays generated and number of beneficiaries benefited is hypothetical. However, even at these theoretically estimated employment generation figures, total employment generated does not even come to 1 per cent of the total requirement.

Ministry stated in March 2001 that the number of mandays of work generated was to be calculated on the basis of the expenditure incurred on labour component divided by the prevailing rate of wages in the States. The material

labour ratio for works under Urban Wage Employment Programme was 60:40. They could not appreciate that actual employment generation could be determined only on the basis of muster rolls, which are required to be maintained according to prescribed guidelines. Employment cannot be measured by simple arithmetical ratio of 60:40.

3.11.5 Employment of women

Employment of women was far below the envisaged per cent in test checked areas

The programme envisaged extension of 30 per cent of the employment opportunities to women. Audit noticed that in Uttar Pradesh, Assam, Madhya Pradesh, Rajasthan, J&K, Arunachal Pradesh, Nagaland, Orissa, Punjab and Meghalaya, employment provided to women workers ranged between 2.44 per cent to 27.6 per cent. It was 25 per cent in respect of Assam, 4 to 12 per cent in J&K, 18.69 per cent to 31.45 per cent in Orissa 3.46 per cent in Punjab, 2.44 per cent to 27.6 per cent in Rajasthan, 6.90 per cent to 26 per cent in Uttar Pradesh and 20 to 22 per cent in Madhya Pradesh. It was zero per cent in Arunachal Pradesh, Meghalaya and in Nagaland the percentage coverage of women beneficiaries was not susceptible of verification.

3.11.6 Engagement of contractors

Works valuing Rs 7.03 crore were got executed through private agencies

The guidelines provide that the works of construction of socially and economically useful public assets are to be done departmentally to provide wage employment to the beneficiaries living below poverty line and to avoid expenditure on contractors or margins to middlemen. It was, however observed during test check of records that works costing Rs 7.03 crore were executed through contractors in Nagaland, Himachal Pradesh, Punjab, Assam, Orissa, Maharashtra, Arunachal Pradesh, Tripura, Rajasthan, Pondicherry, Gujarat, West Bengal, Bihar and Uttar Pradesh.

Instances of execution of works through contractors were noticed in Orissa, Rs2.38 crore, Nagaland Rs 1.42 crore, Himachal Pradesh Rs 0.54 crore, Punjab Rs 0.47 crore) Uttar Pradesh Rs 0.45 crore Assam Rs 0.18 crore as shown in **Annex 2**.

3.11.7 Inflated reporting of expenditure

Scrutiny of records in the states revealed that advances were paid to the executing agencies and other officials during 1995-2000 for execution of works etc. under various programmes by the ULBs. Such advances were to be adjusted immediately after they incurred the expenditure. It was, however,, noticed that advances of Rs 17.29 crore were booked as final expenditure and progress reports submitted to the government. While unspent balances were parked in unauthorized accounts, demands for further funds were made on the Central Government. The Ministry also accepted the figures of employment generated as reported by the States without independent verification as shown in **Annex 3**.

3.11.8. Physical and financial Performance

Performance of SJSRY was not satisfactory in fourteen states during 9th Plan

Based on the recommendations of the Hashim Committee, SJSRY was launched with effect from 1.12.1997 and NRY, PMI UPEP and UBSP were phased out. The performance of SJSRY during Ninth Plan indicated that

progress in fourteen States, particularly in the North Eastern States was reportedly not adequate as banks were not extending adequate cooperation for implementation of the self-employment component of the programme. In some cases, progress of the scheme was affected due to non-release of state share to the ULB's. The matter in regard to bank's contribution in the implementation of the programme had been taken up with the Ministry of Finance (Banking Division) and RBI at the level of Secretary (UD), in August 1999, the achievement made in this regard was not significant as shown in **Annex 4**.

Ministry stated in March 2001 that the matter was being pursued at appropriate levels to boost the performance of SJSRY in the state particularly in North Eastern States and that the Minister of Urban Development had taken a performance review meeting with the State Ministers on 27th December 2000.

3.12. Resource Management

3.12.1 Irregularities in resource utilisation

Government of India grants relating to NRY, PMIUPEP and SJSRY were being received in shape of demand drafts/cheques under various components. These were required to be deposited in savings bank accounts along with state share applicable for execution of various programmes.

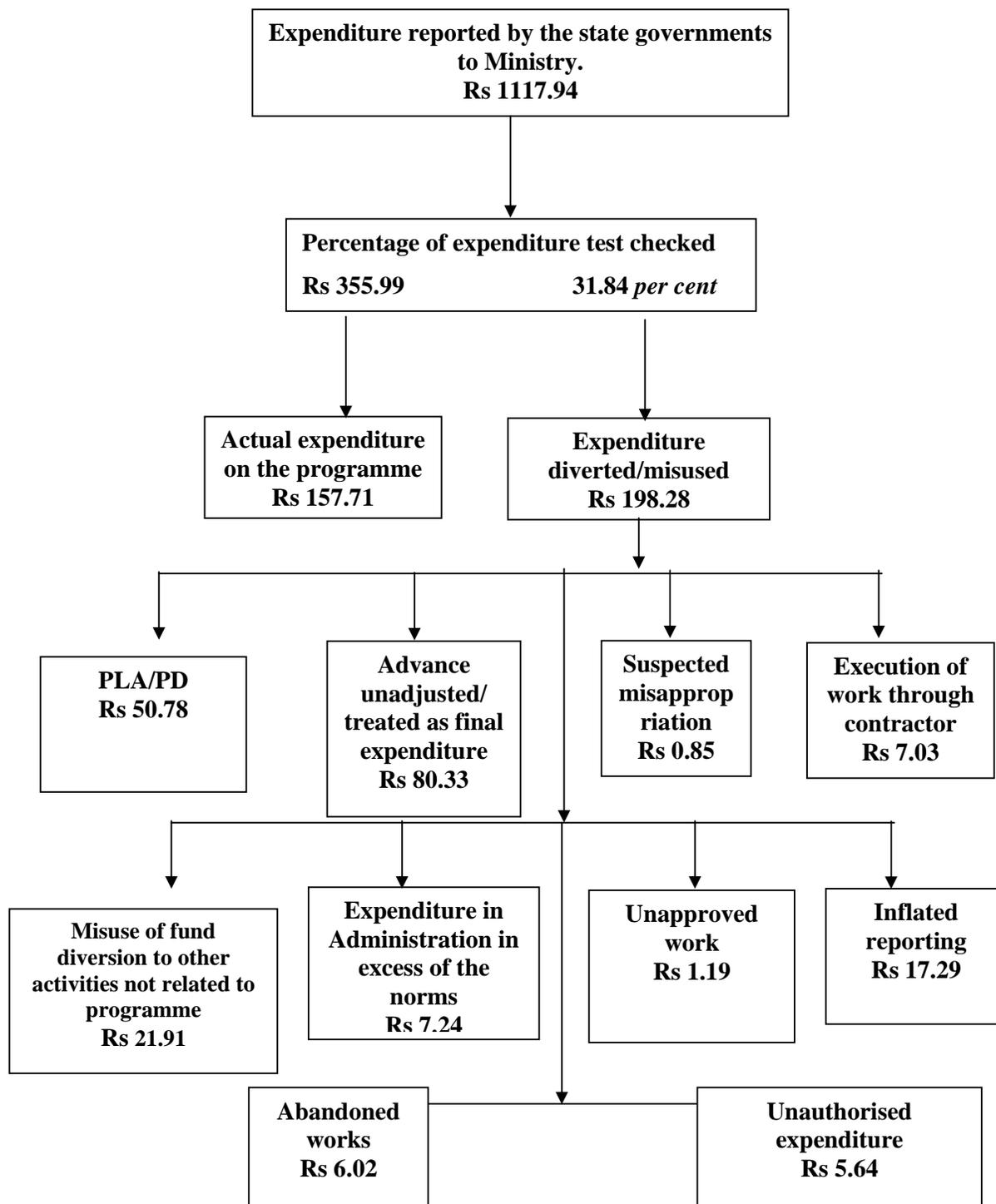
Of the total expenditure of Rs 1117.94 crore reported by the States on the programme during 1995-2000, the sample selected by the Audit for detailed examination covered about Rs 355.99 crore. Scrutiny revealed that actual expenditure on the programme was only Rs 157.71 crore (44.3 *per cent*). The rest of the funds were parked in unauthorised PD/Bank Account: Rs 50.78 crore, diverted to unauthorised activities: Rs 21.91 crore, administrative expenditure in excess of norms: Rs 7.24 crore, misappropriation: Rs 0.85 crore, unapproved works: Rs 1.19 crore, works executed through contractor: Rs 7.03 crore, abandoned and incomplete works: Rs 6.02 crore, inflated reporting: Rs 17.29 crore unauthorised expenditure: Rs 5.64 crore and advances treated as final expenditure: Rs 80.33 crore.

Audit of execution of the programme disclosed that whatever was provided by the Ministry and the State Government did not always reach the actual beneficiaries due to several aberrations in its implementation by the State Urban Development Authority (SUDA)/District Urban Development Authority (DUDA) and absence of effective internal oversight of the Ministry and State governments. The efficacy of the programme depended largely on the quality of expenditure incurred. There were many irregularities, which affected the objective of securing employment of the target population as shown in **Annex 5**.

The fund provided by the Ministry and the State Govt. did not reach the actual beneficiaries due to several aberrations in implementation and absence of internal oversight of the Ministry and the States Govts

Finance Inverse Tree

(Rs in crore)



3.12.2 Parking of funds

According to guidelines issued by the Ministry, the ULBs were to open saving bank accounts for depositing the funds received along with subsidy. Test check of records in states revealed that Rs 99.17 crore was parked in personal ledger accounts, personal deposit account, fixed deposits or term deposits, revenue deposits, hundi etc., out of which Rs 50.78 crore was lying parked as on March 2000. This defeated the objective of the scheme apart from violating financial procedures. (Annex 6).

Ministry stated in March 2001 that as per the report of Municipal Council Abohar and Regional Director, Ferozpur, Government of Punjab, accounts of SJSRY had been transferred from current account to saving account.

3.12.3 Delay in release of fund to executing agencies.

In Madhya Pradesh, Nagaland, Himachal Pradesh, Punjab, Assam, Orissa, Jammu and Kashmir, Meghalaya, Kerala, Mizoram, Arunachal Pradesh, Karnataka, Haryana, Uttar Pradesh, Pondicherry, Sikkim, Andhra Pradesh Rajasthan, Tamil Nadu and Goa, State departments released Rs 266.75 crore to the implementing agencies with delays up to 36 months between 1995-2000. Delayed release of funds and release at the fag end of the year adversely affected planning and execution process. In Nagaland, central share in respect of NRY was released after a gap of 7 years (Annex 7).

3.12.4 Short release of funds to implementing/executing agencies

Rs 58 crore were short released to the implementing/executing agencies during 1995-2000. Nagaland: Rs 0.32 crore, Orissa: Rs 1.27 crore, J&K: Rs 2.57 crore, Meghalaya: Rs 0.58 crore, Mizoram: Rs 0.07 crore, Arunachal Pradesh Rs 0.20 crore, Uttar Pradesh Rs 5.23 crore, Assam: Rs 30.53 crore, Andhra Pradesh: Rs 8.14 crore, Bihar: Rs 2.56 crore, Tamil Nadu: Rs 5.10 crore, Pondicherry: Rs 0.19 crore and Gujarat: Rs 0.74 crore (Annex 8).

3.12.5 Diversion of funds

NRY/SJSRY funds of Rs 21.91 crore were diverted to other activities

The funds of the scheme must not be diverted to any other scheme or purposes not connected with the activities of the schemes. Sample check disclosed diversion of Rs 21.91 crore during 1995-2000 to activities not connected with the programmes. Significant diversions of fund noticed in audit were as under:

In **Karnataka**, Rs 1.65 crore were diverted for municipal activities.

In **Tripura**, Rs 0.31 crore were diverted for purchase of land, construction of stadium and maintenance of town hall.

Test check of records revealed that Rs 15.42 crore (Annex 9) were spent on purchase of items like computers, vehicles, carpets, colour television and video recorders. In some cases, funds were utilised for payment of staff salaries, bonus, provident fund and furnishing of offices etc. These irregularities were noticed in Madhya Pradesh, Nagaland, Himachal Pradesh, Punjab, Assam, Orissa, J&K, Meghalaya, Sikkim, Manipur, Andhra Pradesh, Rajasthan, Gujarat, Bihar, Pondicherry, Kerala, Uttar Pradesh, Karnataka, Tripura, Mizoram Maharashtra, West Bengal. In addition, Rs 6.49 crore was

diverted to other schemes. Andhra Pradesh: Rs 6.01 crore to Chief Minister's Youth Programme, Rs 0.21 crore to Public Health Division and in Madhya Pradesh: Rs 0.26 crore to NSDP. The funds diverted were not subsequently recouped and implementation of the UEGP schemes was adversely affected.

Ministry stated in March 2001 that Rs 8.03 lakh utilized for furnishing of CVO's office and Rs 10 lakh given to PWSSB in respect of Government of Punjab were recouped.

Rs 0.85 crore were misappropriated

3.12.6 Suspected misappropriation of funds

Lack of adequate control by supervisory officers and laxity in regulation of expenditure resulted in suspected misappropriation of funds and fictitious payment of Rs 0.85 crore in Nagaland, Assam and Orissa. Details are given below:

Nagaland, On 12 September 1997, Chief Town Planner (CTP) Kohima unauthorisedly retained Rs 119.18 lakh in the form of Deposit at Call (DAC). On 12/13 December 1997, the DDO and Cashier were abducted and evidently released after paying Rs 50 lakh from the DAC as ransom. Had the money not been irregularly withdrawn and retained by the CTP, the kidnappers would not have had access to departmental funds. The department was advised to reduce the closing balance of the cashbook by Rs 50 lakh by opening of new cashbook. Department stated in May 2000 that money had to be kept outside Government account to avoid the underground who were demanding money.

Assam, The NRY scheme was discontinued in December 1997 and merged with SJSRY. The district office of Town and Country Planning, Dibrugarh transferred unspent NRY funds of Rs 34.39 lakh in December 1998 to SJSRY scheme implemented by DUDA, Dibrugarh. The transferred amount of Rs 34.39 lakh included Rs 8.15 lakh kept in a bank, which was liquidated in 1990-91. The amount was neither recovered from the bank nor written off from the accounts of DUDA, Dibrugarh as on May 2000.

Orissa, Test check of the muster roll payments on works executed by the Executive Officer, Bhadrak, revealed that the payees acknowledgements in support of the Muster Roll payments made to the labourers engaged in works under NRY scheme were not obtained in most of the cases. However, the said amounts were shown as paid and booked in the expenditure statement, which could lead to suspected misappropriation of scheme funds of Rs 0.18 lakh in 22 cases between February 1996 to July 1996.

Maharashtra, Municipal Council Narkhad (district Nagpur) and Wadgaon (district Kolhapur) paid Rs 0.33 lakh to the same workers in more than one muster roll for the same period resulting in double payment.

3.12.7 Failure to prepare shelf of projects/Annual Action Plan led to execution of unapproved works

Non-preparation of shelf of projects led to the execution of unapproved works

The guidelines of the programme required the implementing agencies to prepare Annual Action Plan/shelf of projects proposed to be taken up in the district in the current and succeeding years after detailed survey of local resources and felt needs of the people. Shelf of projects were, however, not

prepared in Tripura, Pondicherry. Karnataka, Nagaland, Assam, Gujarat, Mizoram, Maharashtra, and Haryana.

This led to execution of unapproved works. The Ministry and State Governments did not ensure preparation of shelf of projects and continued to release funds to the executing agencies.

Sample check of records in States disclosed that implementing agencies executed works of Rs 1.19 crore without obtaining the administrative approval/technical sanction from the competent authority during 1995-2000 in Orissa: Rs 1.00 crore in 270 works, Maharashtra: Rs 0.03 crore in 2 works and Karnataka: Rs 0.16 crore.

3.12.8 Advances unadjusted treated as final expenditure

In 11 States, advances of Rs 80.33 crore given to executing agencies were treated as final expenditure though there was no evidence that this was actually fully spent, as utilisation certificates were not received. In **Karnataka**, Rs 2.53 crore was advanced to implementing agencies, which remained unadjusted but was treated as final expenditure without obtaining vouchers or other proof of expenditure. In **Uttar Pradesh**, Rs 4.80 crore was advanced to Project offices but treated as final expenditure without receipt of adjustment bills/utilisation certificates. In **Jammu and Kashmir** Rs 0.51 crore, in **Bihar** Rs 69 crore and in **West Bengal** Rs 0.45 crore were lying unutilised but reported to State/Central government as final expenditure. This resulted in reporting of inflated and misleading financial achievements (**Annex 10**).

3.12.9 Rush of expenditure

According to the provisions in the General Financial Rules, rush of expenditure in the closing months of the financial year is a breach of financial regularity and was to be avoided. However, four states released Rs 15.22 crore to implementing agencies in the last quarter of the financial year.

Some significant cases are discussed in the following paragraphs:

In **Mizoram**, Government of India released Rs 22.48 lakh and Rs 95.22 lakh out of Central share of Rs 69.63 lakh and Rs 146.26 lakh pertaining to the years 1997-98 and 1999-2000 at the fag end of March 1998 and March 2000 respectively. This left the implementing authority little scope for utilisation of these funds within the years of sanction. Again, out of Rs 322.60 lakh and Rs 184.44 lakh made available to the implementing authorities during 1998-99 and 1999-2000 under SJSRY, Rs 297.49 lakh (92 *per cent*) and Rs 147.40 lakh (80 *per cent*) were drawn in March 1999 and March 2000 respectively. Further, State government had released its share of Rs 10.00 lakh out of Rs 21.38 lakh in March 1998. As a result, these drawals could not be utilised in the relevant financial years and were made mainly to avoid lapse of budget grant.

In **West Bengal**, SUDA released 48 *per cent* of funds (Rs 3.22 crore against total 6.66 crore) under PMIUPEP and under SJSRY 43 *per cent* (Rs 2.74 crore out of total Rs 7.96 crore) during November 1995 to March 2000 to the

municipal bodies in the last quarter of the years, leaving no scope of their utilisation during the year.

In **Uttar Pradesh**, five ULB's (Rishikesh, Kanpur, Lucknow, Mathura and Moradabad) spent Rs 218.82 lakh out of Rs 285.25 lakh during last quarter of the years in 1995-2000.

In **Sikkim**, test check revealed that Rs 134.99 lakh out of Rs 355.99 lakh was spent during March in years 1995-2000.

3.12.10 Administrative expenditure in excess of norms

Rs 7.24 crore on administrative expenses in excess of limit resulted in reduction of funds for activities of NRY/SJSRY

According to the guidelines, the ceiling of expenditure on administrative and other operational expenses at the state level was fixed at five *per cent* of the total allotment made by the Government of India and the State Government. Rs 7.24 crore were, however, spent in violation of the prescribed ceiling: Kerala: Rs 32.42 lakh, Haryana: Rs 4.22 lakh, Gujarat: Rs 58.00 lakh, Dadar and Nagar Haveli: Rs 11.33, Sikkim: Rs 29.92 lakh, and Manipur: Rs 17.93 lakh, Madhya Pradesh: Rs 427.00 lakh, Rajasthan: Rs 142.88 lakh. **(Annex 11)**

Ministry stated in March 2001 that the State government of Haryana had replied that the expenditure on Administration and Office Establishment is uniform in all the districts as the salaries of the staff are the same. Due to revision of pay scales and grant of DA instalments the expenditure exceeded the limit of 5 *per cent*. However, State government has assured that the expenditure under Administration and Office Establishment will remain within the limit of 5 *per cent*.

The State Government of Sikkim had reported that every effort was being made to maintain the administrative expenditure within the norms.

3.13 Wage related issues

The guidelines of the scheme contemplated that 40 *per cent* of expenditure on works was to be incurred on the wages of unskilled workers. In case of need for supplementary requirement of fund for material component, it was to be provided by dovetailing resources from State Governments Plan/non plan/sectoral programme fund. A ratio of 60:40 was to be maintained for material and wage components.

3.13.1 Violation of prescribed ratio of wage and material 40:60

Test Check revealed that minimum ratio between wage and material component was violated in Madhya Pradesh, Himachal Pradesh, Assam, Goa, Orissa, Meghalaya, Arunachal Pradesh, Karnataka, Haryana, Tripura, Uttar Pradesh, Pondicherry, Gujarat, Dadar and Nagar Haveli, Sikkim, West Bengal, Rajasthan, Bihar & Tamil Nadu.

The percentage of expenditure on wage was very low and ranged between Zero *per cent* and 25 *per cent* leading to shortfall in employment generation. **(Annex 12).**

Payment of wages were made to male and female workers at differential rates

3.13.2 *Payment of wages at differential rates to male/female beneficiaries*

Rates of wages to be paid under the programme were to be as per prescribed minimum wages for the unskilled labour as notified by the concerned State Governments and were to be the same for men and women workers. Payment of wages to male and female at differential rates were made in Maharashtra and Tamil Nadu.

3.13.3 *Delay in payment of wages*

In **Madhya Pradesh, Meghalaya, Maharashtra, Uttar Pradesh, Pondicherry** and **Gujarat**, there were delays in payment of wages between 1 and 9 months. The delay was due to the maintenance of the joint account by CMO and PO's of DUDA's in respect of Madhya Pradesh. In Meghalaya and Uttar Pradesh the delay was due to incomplete maintenance of records and absence of system of weekly payment.

3.13.4 *Short/ non-payment of wages*

The implementing/executing agencies of SUDAs/DUDAs in **Madhya Pradesh** paid wages at the rate of Rs 45.50 as against at the rate of Rs 53.50 fixed by the District Collector. Conversely, in **Nagaland**, unskilled labour was paid at the rate of Rs 90 against the admissible rate of Rs 35 and Rs 25 resulting in less generation of mandays. In **Maharashtra**, wages aggregating Rs 10.10 lakh were not paid to the labourers for works executed between April and October 1999.

3.14 **Assets Creation**

3.14.1 *Maintenance of assets inventory.*

In **Karnataka, Nagaland, Orissa, Assam, Pondicherry, Goa, Gujarat, Tripura, Andhra Pradesh, Arunachal Pradesh, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, and Sikkim**, implementing agencies did not maintain any inventory or register of assets created under the employment programmes.

In absence of an inventory of assets, it was difficult to assess sustained employment and development besides existence, quality and cost effectiveness of the assets and the accrual of the benefits to the beneficiaries.

3.14.2 *Incomplete and abandoned works*

910 schemes in the States were abandoned midway after incurring Rs 6.02 crore

Sample check revealed that implementing agencies abandoned 910 schemes in the states midway after incurring Rs 6.02 crore. The works were aimed at creating durable assets like roads, drains and latrines etc. The reasons for incomplete and abandonment were lack of funds, encroachment, non-availability of labour, etc.

In **Bihar**, 772 works remained incomplete though Rs 5.08 crore was incurred on these works. The numbers of works remaining incomplete and the amount incurred on these works in Maharashtra 26 (Rs23.49 lakh), Orissa 72 (Rs 20.96 lakh) and Rajasthan 40 (Rs 49.67 lakh).

3.14.3 Unauthorised expenditure.

The Scheme's primary objective is to provide employment to identified BPL beneficiaries of the urban area and the secondary objective is to construct durable, productive and useful public assets for sustained development in the urban area. Test check revealed that many works were executed unauthorisedly by the implementing agencies resulting in an avoidable expenditure of Rs 5.64 crore in 727 cases.

The incorrect and unauthorised expenditure was noticed in Andhra Pradesh 278 works (Rs339.63 lakh), Arunachal Pradesh 15 works (Rs 33.12 lakh), Mizoram 10 works (Rs 1.20 lakh), Orissa (424 works) (Rs 190.00 lakh).

3.15 Miscellaneous financial irregularities

3.15.1 Loss of Rs 3.17 lakh due to setting of cement bags

Nagar Palika, Kishangarh (Jaipur, Rajasthan) purchased 4000 cement bags worth Rs 4.60 lakh in March 1998. Of this only, 1241 bags were used and balance 2759 cement bags remained unused till April 2000. The cement was found in set condition. This resulted in loss of Rs 3.17 lakh. Responsibility requires to be fixed for this lapse.

3.15.2 Unauthorised fixation of sodium lights

Nagar Palika, Sujangarh (distt. Churu) Rajasthan purchased 100 sodium lights in October and November 1997 at Rs 3.31 lakh for basic physical amenities in Kachi basti under PMIUPEP. However, all the sodium lights were fixed in the main market.

3.15.3 Works shown completed without payment to labourers on muster roll

Nagar Palika, Churu (Rajasthan) 10 works relating to nali construction and one work of fencing around 'Johri Sagar Talab' with cost of Rs 2.45 lakh were shown as completed without making any payment to labour on muster roll. No entry was shown in the measurement book.

In **West Bengal**, Municipalities (Habra and Barasat) withdrew NRY funds totalling Rs 3.56 lakh from banks but did not maintain cash book and did not produce records in support of utilisation.

Municipal Corporation of Chandan Nagar did not submit vouchers for Rs 2.25 lakh for purchase of computer and xerox machine. Municipality of Barrackpore did not produce vouchers for Rs 3.59 lakh for purchase of materials.

In **Karnataka**, Managing Director, KUIDFC drew aggregating Rs 23.52 crore (central share Rs 14.66 crore, state share Rs 8.86 crore, in August 1997 and March 1998 respectively) on the basis of release orders issued during March 1997 by State Government authorising the former to draw the entire amount. This violated the procedure in that Central Share would be released directly to State nodal agency. Managing Director also received demand drafts for Rs 14.66 crore towards Central Share during the same period from Government of India. The defective release order resulted in double drawal of Rs 14.66 crore out of which Rs 11.23 crore was remitted to state government

**Central share of
Rs 43 crore out of
Rs 14.66 crore drawn
twice from State
Govt. treasury had
not been remitted**

after delay of one to two years. The balance had not yet been remitted by the Managing Director of the State Nodal agency.

In **Arunachal Pradesh**, both Central and State share released by the State Government had been kept in the Saving Bank account by the State Urban Development Agency. During the period from September 1997 to March 2000, Rs 47.56 lakh accrued as interest. Similarly, during the period from November 1995 to January 2000, Rs 3.68 lakh earned as interest out of the fund placed with 4 District Urban Development Agencies for implementation of the schemes, records of which were test checked. Although no expenditure were made out of the accrued interest of Rs 51.24 lakh (Rs 47.56 + Rs 3.68) by the SUDA/DUDAs, the fact of accrual of interest had neither been reported to the Central Government nor it has been deducted for the purpose of central grants.

3.16 Monitoring

The operational guidelines for UEGP did not envisage submission of periodical monthly progress reports to the Ministry by the States. The Management Information System (MIS) introduced by the Ministry in April 1992 however prescribed submission of monthly and bi-monthly reports to the State headquarters by the district headquarters. The State Governments in turn were required to send their reports to the Ministry by 14th of every month. The Ministry did not make available the records relating to submission of return by the States. The information furnished by the Ministry, however indicated that the said returns were not received regularly and were in arrears in respect of twenty six States/UTs. Only four meetings were held at the level of the Ministry to review the progress of SJSRY during February 1999 to November 1999. The State Level Coordination Committee (SLCC) for the Urban Employment Programmes was responsible for overall supervision, guidance and monitoring of the programme. The SLCC was to meet regularly to review the progress of the implementation of the programme. Offices at the district levels were also to closely monitor all aspects of the programme through field visits at work sites.

Sample check revealed that SLCC neither met to monitor the implementation of the programmes nor was inspection carried out in **Meghalaya, J&K, Karnataka, Nagaland, Orissa, Assam, Dadar and Nagar Haveli, Delhi, Pondicherry, Gujarat, Punjab, Tripura, Kerala, Haryana, Arunachal Pradesh, West Bengal, Bihar, Uttar Pradesh, Manipur and Sikkim.**

Absence of proper monitoring resulted in haphazard execution of various activities under UEGP thus adversely affecting the objectives of the schemes.

Ministry stated in March 2001 that:

- (a) During the year 2000-01 three national level review meetings were held at the level of Hon'ble Minister for UDEPA and Secretary (UEPA).

- (b) Review and monitoring was done through letters to Chief Minister, Chief Secretary and other officers to ensure that the SJSRY was implemented effectively.

3.17 Evaluation

The essential task of identifying, earmarking and coordinating the relevant sectoral inputs was to be undertaken by the State Government and physical targets in conformity with the guidelines were also to be decided by them. It was prima facie essential for the Ministry to have periodical monthly progress reports for effective monitoring and evaluation of the programme. The Ministry and state governments were to undertake evaluation studies from time to time to assess the extent to which the programmes had been successful in generating employment for urban poor and whether the achievement were commensurate with the investments made. The Planning Commission had observed in August 1999 that the State governments, had been facing problems in availing loans from banks due to procedural problems . The Planning Commission also observed that an evaluation be conducted to indicate mid-term correction and assess the impact of the investment on urban poor. Ministry of Urban Development has yet to conduct an evaluation of SJSRY.

Ministry stated in March 2001 that the Evaluation study of four states namely **Andhra Pradesh, Karnataka, Madhya Pradesh** and **West Bengal** by IIPA was under process. The report was expected shortly. The empanelment of research agencies for conducting studies in some other states was also under process.

3.18 Conclusion

The review disclosed, that the implementation of the SJSRY programme was affected adversely due to shortcomings in critical areas. No system to identify genuine beneficiaries was instituted in most States. Crucial documents such as muster rolls were not maintained. Family cards were not issued, nor were there a system of registration for job seekers. The engagement of contractors in violation of the guidelines of the schemes resulted in resources being diverted to middlemen. The reported figures of employment generation were fake as the figures of employment in most States/UTs were arrived at mechanically by dividing the wage component of total expenditure by minimum wages rather than on the basis of actual count of beneficiaries on muster rolls. This is further corroborated by the fact that several instances of non-adherence to the stipulated minimum 40 *per cent* of the total expenditure on wage component to maximise employment generation was detected in audit. Even at these exaggerated employment generation estimates, the programme could provide employment to less than 1 *per cent* of the urban unemployed/under-employed. Delayed and excess/short payment of wages and differential rate of wages paid to men and women indicated improper execution at the ground level. Absence of inventory of assets, abandoned schemes due to shortage of funds and irregular and unauthorised expenditure on repairs and maintenance works, raised doubts about the creation, existence, quality, cost effectiveness and

Report No. 3 of 2001 (Civil)

sustainability of the assets as also accrual of the benefits to the BPL community.

Poor fund management under the programmes led to diversion of funds to other schemes and purposes, delay and short release of funds to executing agencies, misappropriation of funds, execution of unapproved works due to failure to prepare the shelf of projects/annual action plans, unadjusted advances treated as final expenditure and administrative expenditure in excess of norms.

Due to lack of proper monitoring, both at the Ministry and State level, the implementation of the programmes was not satisfactory and reported level of employment was neither realistic nor verifiable. No evaluation was conducted to assess the impact of the programme. The Ministry's role was confined only to framing and circulating the guidelines to the State governments, without ensuring strict compliance of the instructions for effective utilisation of funds and regulation of expenditure and execution of schemes, so that benefits could flow to the targeted group.

Section B

Ministry of Industry, Department of SSI and ARI

3.19 Prime Minister Rozgar Yojana (PMRY)

The PMRY, a central sector scheme, was launched on 2nd October 1993. The scheme was designed to provide self employment to more than a million persons by setting up seven lakh micro enterprises during the 8th Five Year Plan through industry, service and business routes. In 1993-94, the scheme was implemented only in the urban areas. From 1994-95, it was extended to rural areas as well. The scheme continued during 9th Five Year Plan with certain modifications covering all economically viable activities including agriculture and allied activities.

The salient features of the revised scheme are as under:

- All educated unemployed youth who have passed VIII standard or have been trained for any trade in Government recognised/approved institutions for a duration of at least six months and are between the age group of 18-35 years in general, with a 10 year relaxation for SC/STs, Ex-servicemen, physically handicapped and women, are eligible. Upper age limit for North Eastern Region was relaxed to 40 years.
- The beneficiary should be a permanent resident of the area for at least three years. The annual income of the beneficiary alongwith spouse as also of parents separately should not exceed Rs 24000 (Rs 40000 in the case of North Eastern Region)
- The beneficiary should not be a defaulter to any nationalised bank/financial institution/cooperative bank. Persons already assisted under other subsidy linked Government schemes are not eligible.

3.20 Audit findings

3.20.1 Funding Pattern

The scheme is hundred *per cent* centrally funded. Funds are released separately for capital subsidy and Grants-in-aid (training including contingencies etc). Capital subsidy at the rate of 15 *per cent* of the project cost subject to a maximum of Rs7500 (Rs 15000 for NE Region) is admissible for an individual beneficiary. The capital subsidy is authorised to the RBI, which in turn releases the funds to Lead Banks for giving credit to the individual beneficiaries. Loans are provided to the beneficiaries by the banks and carry normal rate of interest.

- Training funds, as per revised norms, are released @ Rs 1000 (Rs 700 training expenses and Rs 300 stipend) for industry and Rs 500 (Rs 350 training expenses & Rs 150 stipend) for service and business sector.
- Contingency funds (consists of office expenses publications and other administrative expenses etc.), as per revised pattern are released @ Rs 250 per entrepreneur to whom loan has been sanctioned by the bank.

Central government releases funds to the States/UTs who in turn release them to the implementing agencies at the district level i.e. District Industries Centers (DIC).

Year-wise details of funds released are as under:

(Rs in crore)		
Year	Capital subsidy	Grants-in-aid
1995-96	119.95	24.91
1996-97	98.02	16.91
1997-98	79.00	15.83
1998-99	119.50	15.96
1999-2000 (RE)	174.00	16.00
Total	590.47	89.61

3.21 Management of funds

3.21.1 Delay in release of funds by States/UTs to the implementing authorities.

Sample check of cases in States/UTs (details in **Annex-13**) revealed that State/UTs level authorities released funds to the implementing agencies with delays ranging between 2 months to 6 years. Delayed release of fund had adversely affected the planning and execution process.

The Ministry stated in January 2001 that state governments are being requested to release PMRY funds to the implementing agencies in time.

3.22 Absence of proper accounting procedure

The guidelines of the scheme did not prescribe the accounting procedure in regard to funds received. As a result, different States/UTs allowed different patterns, which led to loss of interest and little security of funds. The cases test checked in the states revealed the following shortcomings:

In Tamil Nadu, Rs 0.75 lakh earned as interest on deposits by DIC **Coimbatore** and DIC **Kancheepuram** during March 1998 and November 1999 was credited to the receipt head of the state government.

In five districts of **Vellore, Dharmapuri, Kancheepuram, Triuvalluvar, Coimbatore**, unutilised funds of Rs 38.05 lakh relating to the period 1995-99 were deposited in banks but the amount was booked as expenditure in accounts.

In Madhya Pradesh, there were outstanding advances aggregating to Rs 1.23 lakh as on 31 March 2000 pending for adjustment in **Bhopal, Gwalior and Jabalpur**.

In DIC **Raipur**, there was a case of suspected defalcation of Rs 2.39 lakh, which was under investigation.

3.23 Improper utilisation of training funds

3.23.1 Irregular payment of training cost to NGOs

Training funds were reimbursed without correlation to actual expenditure

Under the scheme, training programmes would be arranged through NGOs for the project beneficiaries. State Implementing Agencies disbursed the cost of training to NGOs on the basis of utilisation certificate furnished by them without verification of training expenditure. The following shortcomings were noticed in the States during audit.

In **Karnataka**, scrutiny of records of Additional Director (VISHWA) revealed that training for beneficiaries was arranged through a NGO Centre for Entrepreneurship Development (CEDOK) during 1995-2000. The NGO claimed Rs 4.38 crore against the actual expenditure of Rs 2.95 crore as reflected in their accounts. The implementing authority in the State released Rs 4.38 crore and made an overpayment of Rs 1.43 crore to the NGO. This needs investigation and recovery.

In **Rajasthan** and **Bihar**, payment towards cost of training of Rs 11.20 lakh and Rs 6.81 lakh respectively was made during 1995-2000 without obtaining bills and supporting documents. This needs investigation.

3.23.2 Incomplete utilisation certificate of training funds

UCs were accepted without scrutiny of actual expenditure on training and stipend

The Development Commissioner (DC) Small Scale Industry (SSI) releases training funds to the State/UTs in advance based on the anticipated number of beneficiaries to be trained during a particular year. The norms allowed Rs 1000 per trainee for industry sector (Rs 700 as training expenses and Rs 300 as stipend) and Rs 500 per trainee for business/service sector (Rs 350 as training expenses and Rs 150 as stipend). The State/UT governments are to furnish the utilisation certificates subsequently. On receipt of utilisation certificates from the States/UTs, DC (SSI) reconciles the data and adjusts surplus/deficit in subsequent years. The purpose of reconciliation is to ensure that the funds claimed by State/UTs are not higher than the prescribed norms. If the expenditure claimed is found to be higher, the amount is restricted to the prescribed sum. Where the expenditure claimed is found to be less than the prescribed norms, the same is accepted without enquiring into the reasons for lower expenditure. The utilisation certificates furnished by the State/UTs do not contain component-wise details of the expenditure incurred on training and stipend.

Test check of utilisation certificate for the year 1995-1999 as detailed in **Annex-14** where the claims preferred by the State/UTs were less than the prescribed norms, it could not be ascertained that the stipend, which was a compulsory payment to the trainee was paid in full or not.

In **Punjab**, sample check of records revealed that funds of Rs 4.58 lakh on account of stipend payable for the period 1993-98 were lying undisbursed. The reasons for non-payment were attributed to non-availability of beneficiaries and non-encashment of cheques. Similarly, stipend of Rs 11.34 lakh were not paid to trainees during 1998-2000 due to requisite funds being not available.

The Ministry stated in January 2001 that in all cases where expenditure on training is lower than the norms, actual expenditure is more than the stipend payable based on number of trainees. It also stated that it has advised state governments to ensure payment of stipends. However, in absence of the break up of expenditure on training by state governments, the assumption of full payment of stipend to trainees is not valid.

3.24 Cumulative status of total applications received and recommended

3.24.1 Cumulative status as reported by States/UTs in respect of total applications received and recommended for the scheme by them is given in the table below.

Year	Applications	
	Received	Recommended
1995-96	962064	613773
1996-97	879232	577139
1997-98	825480	549974
1998-99	821042	562154
1999-2000	859396	560646

Thus, it is seen that the application received and recommended by the State governments are far in excess of the targets fixed at 2.20 lakh per year for the scheme.

3.24.2 Target and achievement.

The target for providing self-employment opportunities to the educated unemployed youth was fixed at 2.20 lakh per year since 1994-95. In terms of number of cases of loan sanctioned and disbursed, this was generally achieved. The real problems, however, lay in the fact, as brought out in Paragraph 3.26, in doubtful sustainability of the employment besides some other aberrations like giving loan to ineligible beneficiaries, etc. The achievement of targets, therefore, offers little comfort from this angle. Besides, the data for achievement by the State Govt. and RBI does not tally despite the modalities of reconciliation circulated in May 1995 to all states and RBI. The States/UTs and RBI failed to implement the modalities for reconciliation of data under PMRY as shown below:

(Rs in crore)

Year (Target 2.20 lakh per year)	State Govt./RBI	Total number of cases and loan sanctioned		Total number of cases and loan disbursed	
		No of cases	Amount	No. of cases	Amount
1995-96	State	299583	1742	224819	1210
	RBI	287218	1678	241843	1378
1996-97	State	290953	1780	206220	1126
	RBI	271768	1653	228495	1352
1997-98	State	292342	1792	212127	1173
	RBI	263623	1592	208979	1217
1998-99	State	299856	1817	195958	1088
	RBI	272704	1627	189850	1082
1999-2000	State	290146	1929	161262	939
	RBI	254408	1646	142723	857

* Provisional figures

In the absence of reconciliation, the figures of actual achievement of targets could not be verified.

The Ministry stated in January 2001 that the efforts are being made for reconciliation of data.

3.25 Sanction of projects to ineligible beneficiaries

The scheme laid down specifically that projects for self-employment would be sanctioned to educated unemployed youth by setting up micro units through business, service and industry. However, following shortcomings were noticed:

In **Jammu and Kashmir**, a scrutiny of 370 PMRY beneficiaries revealed that in ten cases assistance had been provided to individuals having established shops/business. In 49 other cases, children/spouses of government servants/retired government servants were provided assistance under the scheme.

In **Maharashtra**, son of a bank manager in Thane district having declared annual income of Rs 22000 was sanctioned a project loan of Rs one lakh. The project thus sanctioned was in violation of the spirit of the scheme.

3.26 Doubtful sustainability of employment

The intention of the scheme was to ensure that the project would generate sustained employment. Neither has the Ministry any mechanism to verify whether projects under the schemes were continuing nor was any data available in the Ministry. Sample check of records in States/UTs revealed the following:-

(Rs in lakh)

Sl. No.	Name of State	Period	Amount misutilised	Remarks
1.	Mizoram	1995-99	--	Out of 975 beneficiaries, 307 beneficiaries who received loans of Rs 248.49 lakh did not set up business.
2.	Karnataka	--	156.00	In seven districts 641 beneficiaries either did not start or subsequently closed the business. In some cases, assistance was diverted to other purposes.
3.	Uttar Pradesh	1995-99	30.98	Test check of record in Jhansi, Kanpur and Mathura revealed misutilisation of loan of Rs 30.98 lakh by 38 beneficiaries by closing their business.
4.	Assam	--	407.67	Test check in four district revealed that out of 10018 cases of loan disbursed, in 530 cases no enterprises had been set up after receiving loan and subsidy of Rs 407.67 lakh.
5.	Arunachal Pradesh	1993-98	--	Test check of 4 Districts Industries Centres and 13 lead banks, where loan of Rs 317.95 lakh was disbursed to 462 beneficiaries, revealed that all were defaulters in repayment. In three lead banks, out of 99 enterprises financed, 72 had been closed and 16 did not start functioning. In SBI Along and Basar out of 63 units most had been closed/suspended operation.
6.	Manipur	1995-98	508.00	610 projects out of 1367 projects were identified as non-functional. Loan of Rs 5.08 crore were outstanding against them for repayment.
7.	Kerala	1997-98	15.53	28 units involving loan of Rs 15.53 lakh were non-functional
8.	Madhya Pradesh	---	486.74	Test-check of records of 10 districts revealed that projects worth Rs 486.74 lakh were misutilised.

Thus, the employment generated under the programme was unsustainable since a number of projects were either not set up or closed down. The Ministry stated in January 2001 that as per sample survey in 1994-95 carried out by the Institute for Applied Manpower Research (IAMR), it was observed that in 99.3 *per cent* cases of disbursements, units were actually set up. However, the central issue is not whether the units were setup but whether they continued to operate, thus ensuring sustained employment as envisaged by the scheme.

The Ministry has commenced a second evaluation of the scheme for the period 1995-96 to 1997-98 in March 2000. It would examine the success rate of the enterprises set up under the scheme during this period.

3.27 Default in re-payment of bank loans

Only 48 *per cent* of bank loans recovered

The guidelines of the scheme stipulated re-payment of loan between 3 to 7 years after the prescribed period of moratorium. Sample check of cases in States/UTs shown in **Annex 15** revealed that defaults in re-payment discouraged the banks from sanctioning further loans under the scheme apart from having an adverse impact on the quality of the bank's assets. Overall recovery of loans as reported by the Ministry to Parliament in March 1999 was only around 48 *per cent*.

The Ministry stated in January 2001 that it had already constituted a committee for improving the recovery of bank loans under the scheme.

3.28 Monitoring & follow up action on complaints

Poor monitoring at state/ district level

The scheme was to be monitored at district level by the District PMRY Committee and at the State/UT level by the State/UT PMRY Committee. At the Central level, monitoring is to be conducted by the High Powered Committee under the Chairmanship of Secretary (SSI & ARI). At the district level, the performance was to be reviewed monthly while at the state level it was to be reviewed quarterly. At the Central level, performance of the scheme as a whole was to be reviewed periodically in the High Powered Committees meetings/ National Workshops.

The Monthly/quarterly progress reports received from the State Government/UTs contain information on the number of application received, amount of loan sanctioned, amount disbursed, training provided to entrepreneurs, number of units set up etc. These reports form the basis for review of the performance of the scheme during the relevant period and for taking appropriate corrective action where necessary. These reports also serve as basic information for the High Powered Committee meetings held periodically at the Central level. Simultaneously, the data provided by the RBI is also used. The issues which arise out of the examination of the monthly/quarterly progress reports together with other points which are specifically referred by State/UTs banks and implementing agencies form part of the agenda for High Powered Committee meetings. The High Powered Committee besides reviewing the performance of the scheme also considers suggestions for possible improvements in the scheme. The recommendations

of the HPC are implemented by issuing requisite instructions to all concerned and by carrying out modifications in the scheme where necessary. Some major modifications carried out in the scheme as a result of monitoring process included age relaxation for reserved categories, relaxing the educational qualification, enlarging the coverage of activities, enhancement in the admissible project cost, reduction in period of training in the service and business categories alongwith training expenses and linking of additional targets with the recovery of loan.

At the District and State/UT level, weaknesses were noticed in monitoring of the scheme as given in **Annex-16**. Although all the State/UTs were irregular in organising the monthly/quarterly meetings, the DC (SSI) failed to take action to streamline the monitoring process in the State/UTs.

3.28.1 No follow up action on complaints

DC(SSSI) received 1929 complaints during 1995-2000 concerning PMRY scheme from the beneficiaries either directly or through the Prime Minister's Office. Most of the complaints related to matters being dealt with by the banks. The DC (SSI) while dealing with such complaints addressed the respective banks for taking necessary action. Records maintained at Development Commissioner (SSI) revealed that in 897 cases no reply had been received, while in 114 cases only interim reply had been received. The department did not take any follow up action for getting the cases expedited resulting in bulk of the complaints remaining unsettled.

3.29 Evaluation

Policy guidelines required concurrent evaluation of the performance on regular basis to assess the effectiveness of the scheme through reputed institutions, organisations and NGOs and for review of the recommendations by the HPC.

Evaluation was not conducted on regular basis

Scrutiny of records in this regard revealed that only one evaluation for the year 1993-94 to 1994-95 had been conducted through the Institute of Applied Manpower Research (IAMR) as national coordinator. A total expenditure of Rs 85.44 lakh had been incurred towards fee for National/State level consultants. The National consultant was appointed in March 1995, but no time limit was prescribed for completion of the study. The evaluator submitted its report during August 1999, which was considered in the HPC meeting held on 17th September 1999.

The key findings of the evaluation study were regarding, satisfactory average employment generation of 2.39 per PMRY unit as against the expected percentage of 1.5, 65 per cent repayment of loans by the beneficiaries, 52 per cent rejection of sponsored applications by banks, delay in disbursement of loan which constituted 57 per cent of the sanctioned cases and sanctioning projects to beneficiaries whose income exceeded the income ceiling laid down in the scheme in about 1/3rd of the cases sanctioned.

The main recommendations related to organising task force meetings at the municipal/block level, raising the ceiling on investment to Rs 2 lakh in case of

industry and Rs 1.5 lakh in case of service/business sectors, introduction of the system of collateral security for loans in excess of Rs one lakh and raising age limit from 35 years to 40 years. The main recommendations have already been implemented. However, no further evaluation was conducted.

New Delhi

Dated:

(H.P. DAS)

Director General of Audit

Central Revenues

Countersigned

New Delhi

Dated:

(V.K. SHUNGLU)

Comptroller and Auditor General of India

Annex 1

(Refers to Paragraph 3.3)

Statement showing organisational set up at State/District level.

S. No.	State/UT	State Level	District Level
1.	Andhra Pradesh	Commissioner of Industries	DIC
2.	Assam	Department of Industries	District Industry & Commerce Centre
3.	Arunachal Pradesh	Director of Industries	Dy. Director
4.	Bihar	Department of Industry	DIC
5.	Delhi	Department of Industry	DIC
6.	Goa	Industry & Mines Department	General manager (PMRY)
7.	Gujarat	Department of Industries and Mines/Commissioner of Cottage of Rural Industry	DIC
8.	Haryana	Directorate of Industries	DIC
9.	Himachal Pradesh	Director of Industries	DIC
10.	Jammu & Kashmir	Directorate of Employment	DIC
11.	Karnataka	Director of Industries & Commerce	DIC
12.	Kerala	Director of Industries & Commerce	DIC
13.	Madhya Pradesh	Department of Industry	DIC
14.	Maharashtra	Directorate of Industries	DIC
15.	Manipur	Director of Commerce & Industry	DIC
16.	Meghalaya	Directorate of Industries	DIC
17.	Mizoram	Director of Industries	DIC
18.	Nagaland	Department of Industries	DIC
19.	Orissa	Department of Industries	DIC
20.	Punjab	Director of Industries	DIC
21.	Rajasthan	Director of Industries	DIC
22.	Tamil Nadu	Director of Industries and Commerce	DIC
23.	Tripura	Department of Industries & Commerce	DIC
24.	Uttar Pradesh	Department of Industry	DIC
25.	West Bengal	Department of Cottage & Small Scale Industry	DIC
26.	Dadra & Nagar Haveli	--	DIC
27.	Pondicherry	Director of Industries	DIC
28.	Sikkim	Department of Urban Development & Housing	DIC

Annex 2

(Refers to Paragraph 3.11.6)

Execution of works through contractors

(Rs in lakh)

State	Implementing agencies	Scheme	Year	Amount	Manner of execution
Arunachal Pradesh	ZIRO & DAPORIJO	NRY/SJSRY	1995-96 to 1999-2000	13.68	Got executed through contractors, loss of 15629 mandays.
Assam	Nagaon, Dhubri Lanka town	UEGP Schemes	1995-96 to 1997-98	18.42	Got executed through contractors (9 works), loss of 4479 mandays.
Bihar	13 Districts	NRY/SJSRY	1996-1999	34.91	Got executed through contractor-remained incomplete (31 works)
Gujrat	Wankaner	NRY	1995-2000	6.34	Got executed through contractors and non completion of works as of Feb 2000.
Himachal Pradesh	Shimla	UEGP	1995-2000	54.20	Got executed through contractors (99 works) in 8 ULBs.
Maharashtra	Beed MC	NRY	1995-2000	10.31	Got executed through contractors loss 4532 mandays.
Nagaland	Kohima	UEGP	1997-98 & 1990-2000	142.43	Got executed through contractor, loss of 2.28 lakh mandays.
Orissa	19ULBS	NRY/PMPIUPEP/ SJSRY	1995-2000	237.53	Got executed through contractors
Pondichery	Karaikal	PMIUEP	1996-97	1.55	Got executed through contractors
Punjab	10 ULBS	SJSRY	1995-200	46.96	Got executed through contractors
Rajasthan	Hunumangarh	NRY/SJSRY	1996-98	40.92	Got executed through contractor (21 works)
Tripura	Dharamnagar	NRY	1996-97	3.00	Got executed through contractors lost 2180 mandays had the execution been done departmentally.
Uttar Pradesh	Agra, Bijnor, Dehradun & Kanpur	SJSRY	1997-98	44.62	Got done through contractors
West Bengal	Bongaon Coochbehar, Japaiguri, Serampore & Habra	SJSRY	1995-2000	48.55	Got executed through contractors
Total				703.42	

Annex 3

(Refers to Paragraph 3.11.7)

Inflated financial reporting

(Rs in lakh)

State	District	Scheme	Year	Actual expenditure incurred	Expenditure reported	Excess/ inflated reported	
Arunachal Pradesh	Shillong	NRV/ PMIUPEP / SJSRY	1989-2000	367.01	839.81	472.80	Utilisation actually not made.
Assam	Guwahati	NRV/ PMIUPEP	1992-98	Actually not spent	346.26	346.26	The amount was lying with the executive agencies although reported to GOI as expenditure
Himachal Pradesh	Dharamshala Sundernagar	SJSRY	1998-99	Actually not spent	38.08	38.08	Inflated reporting
Karnataka	Bangalore	SJSRY	1997	-	-	241.00	Over reporting of expenditure due to short reporting of unspent balance.
Maharashtra	BMC Mumbai	UBSP	Jan 2000	Over reporting of funds	236.62	3.22	BMC reported to State govt. over reporting of transfer of funds to SJSRY BY Rs 3.22 lakh.
Maharashtra	Pune M.C.	NRV	1995	Not actual expenditure	61.96	37.18	The excess reporting implies excess receipt.
Maharashtra	Nashik	NRV	1997-98	62.50	70.60	8.10	Over reporting of expenditure
Tamil Nadu	Chennai	NRV	Upto 1997	148.47	226.36	77.89	Misreporting of expenditure of Rs 77.89 lakh
Uttar Pradesh	Lucknow	PMIUPEP	1996-97	1389.00	1893.00	504.00	SUDA Lucknow had shown the expdr. Of Rs 13.89 crore in 1996-97 under PMIUPEPbut the expdr. Reported to govt. was to 18.93 crore.
				Total	3712.69	1728.53	

Annex 4

(Refers to Paragraph 3.11.8)

**NRV
Financial Performance and
Physical targets and Achievements**

(Rs in lakh)

Funds available during eight Plan against Central and State Assistance	Expenditure upto (31.3.1997)		Upto 1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98 (upto 30.11.1997)		Grand Total	
			T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A
15625.26	16467.40	No.of beneficiaries assisted to set up micro enterprises	2.87	1.42	0.92	2.37	1.25	1.52	1.02	1.25	1.17	1.25	0.87	1.29	0.37	1.33	8.47	10.43
3848.48	2738.40	Persons trained / under going SUME	0.68	0.48	0.32	0.41	0.42	0.31	0.34	0.38	0.40	0.46	0.30	0.46	0.13	0.61	2.59	3.11
19703.05	19618.43	Mandays of work generated SUWE	257.84	195.24	63.74	76.27	50.84	72.17	41.12	50.85	36.22	54.64	33.74	9.57	21.11	29.01	504.61	487.71
		No. of dwelling units upgraded/in progress under SHASU	2.85	0.28	1.77	2.28	1.76	0.56	1.60	0.62	0	0.23	0	0.87	0	0.10	7.98	4.90
5124.73	5090.09	Mandays of work generated under SHASU	246.87	18.16	94.46	64.22	91.89	51.50	65.00	13.11	0	38.31	0	47.46	0	11.33	498.22	243.33
1684.46	1206.14	Persons trained/under going training under SHASU	0.62	0.15	0.16	0.17	0.16	0.17	0.15	0.05	0.15	0.21	0	0.16	0	0.18	1.24	0.99

Annex 5

(Refers to Paragraph 3.12.1)

**Total expenditure reported by the State Government to Ministry and expenditure test checked
(1995-96 to 1999-2000)**

(Rs in lakh)

Sl. No.	Name of the State	Expenditure	Expenditure test checked
1.	Andhra Pradesh	10768.00	3554.00
2.	Arunachal Pradesh	296.00	70.00
3.	Assam	1203.68	407.86
4.	Bihar	2002.00	1527.00
5.	Goa	530.66	282.69
6.	Gujarat	3532.00	832.00
7.	Haryana	1412.00	421.68
8.	Himachal Pradesh	835.63	305.37
9.	Jammu and Kashmir	1080.00	795.00
10.	Karnataka	13826.00	2791.00
11.	Kerala	2499.42	300.35
12.	Madhya Pradesh	11544.44	3424.00
13.	Maharashtra	10887.73	3964.42
14.	Manipur	194.00	194.00
15.	Meghalaya	314.00	217.00
16.	Mizoram	710.00	520.00
17.	Nagaland	455.06	341.03
18.	Orissa	2439.65	994.06
19.	Punjab	2684.94	638.33
20.	Rajasthan	5304.65	2434.94
21.	Sikkim	364.98	310.33
22.	Tamil Nadu	10885.00	2433.00
23.	Tripura	367.31	258.29
24.	Uttar Pradesh	18845.00	6497.00
25.	West Bengal	8319.86	1842.56
26.	Dadar Nagar Haveli	112.69	N/A
27.	Pondicherry	184.39	179.30
28.	Delhi.	195.16	64.03
	Total	111794.25	35599.24

Annex 6

(Refers to Paragraph 3.12.2)

Fund parked in revenue deposit/personal ledger/personal deposit accounts/Fixed deposits

(Rs in lakh)

State	District	Scheme	Period	Amount	Remarks
Assam	Guwahati (SUDA)	NRY/ UBSP	1994 January 1999	73.39	Kept in RD accounts Deposit-at-call receipt.
Assam	SUDA Assam	UEGP	1997 to March 2000		
Bihar	Patna	NRY	1998-2000	1528.00	Kept in Civil deposit/term deposit of SBI.
Bihar	SUDA	SJSRY	1998-2000		Unauthorisedly locked in term deposit as of July 2000
Gujarat	SUDA	NRY	1997-98	1104.00	Invested in Sardar Sarovar Narmada Nigam Ltd. and GIPC.
Haryana	Chandigarh	SJSRY	1999	125.00	Kept in Fixed Deposit
J & K	HUDD,	SJSRY, UPA	1998	134.00	Converted into Hundi & not encashed (Loss of interest of Rs 25.17 lakh @ 9 percent)
Maharashtra	BMC	NRY PMIUPEP	1997-99	37.00	Kept in fixed deposit.
Maharashtra	ULBS	NRY/ SJSRY	1996-2000		
Maharashtra	Municipal Corporation	SJSRY/ PMIUPEP	1999-2000		
Manipur	DUDAs	SJSRY	1999	640.00	Kept in Civil desposit.
Mizoram	Project Director	SJSRY	1998-2000	88.53	Kept in Civil deposit
Orissa	ULBS (18)	SJSRY/ NRY	1997 to 2000	80.00	Kept in term deposit and Orissa Rural Housing Development Corporation Limited
Orissa	SUDA, Bhubaneshwar	SJSRY/ NRY	1993-1999		Kept in term deposit
Karnataka	Chief Officer TMC, Deputy Commissioner Bangalore, Gulbarga and DMA	SJARY	1995 on wards	1262.89	Kept in term deposit.
West Bengal	Municipalities Katwa, Chakdah	PMIUPEP	1997	5.56	Kept in term deposit
Total				5078.37	

Annex 7

(Refers to Paragraph 3.12.3)

Delay in release of fund to the implementing agencies

(Rs in lakh)

State	By whom released	Scheme	Amount	Period of delay	Year	Funds whether state or central
Andhra Pradesh	State Govt.	SJSRY	1835.17	3 to 18 months	1997	State share
Arunachal Pradesh	State Govt.	NRV/UBSP/ SJSRY	55.37	2 to 36 months	1989-94	State share
Assam	State Govt.	SJSRY	300.00	More than 1 year	1999-2000	Central share
Goa	SUDA	NRV/ PMIUPEP/ SJSRY	193.98	3 to 12 months	1995-96 1997-98	Central and State share
Haryana	State Govt.	SJSRY	317.64	3 to 12 months	1998-99	Central/State share
Himachal Pradesh	Central Govt.	NRV	60.15	3 months	1995-96	Central share released after the close of the financial year
Himachal Pradesh	Central Govt.	SJSRY	50.54	2 months	1997-98	Central share -do-
Himachal Pradesh	Central Govt.	SJSRY	37.47	1 months	1998-99	Central share -do-
Himachal Pradesh	State Govt.	SJSRY	232.03	8 months	1998-99	Central/State share
J&K	State Govt.	PMIUPEP/ NRV	396.00	4 to 12 months	1995-1999	Central share
Karnataka	State Govt.	NRV/ SJSRY	369.00	Two to 17 months	1995-96 & 1999-2000	Central/State share
Karnataka	State Govt.	SJSRY	2340.30	15 months	1997-98	Central share
Kerala	State Govt.	PMIUPEP	450.18	3 months to 4 months	1995-98	Central Share/State share
Madhya Pradesh	State Govt.	PMIUPEP/ SJSRY	1759.00	2 to 4 months	1995-1998	State share
Madhya Pradesh	State Govt.	”	5862.14	1 to 12 months	1995-1999	State share
Meghalaya	State Govt.	NRV/ PMIUPEP/ SJSRY	148.31	15 days to 12 months	1995-2000	Central/State share
Mizoram	State Govt.	PMIUPEP	27.79	2 years	1997	Central share
Mizoram	State Govt.	SJSRY	69.63	1 year	1997-98	Central share
Nagaland	State Govt.	NRV	126.54	1 to 7 years	1989-90 1994-95	Central share
Nagaland	State Govt.	UBSP	35.00	1 to 7 years	1994-95	Central share

(Rs in lakh)

State	By whom released	Scheme	Amount	Period of delay	Year	Funds whether state or central
Orissa	State Govt.	NR Y	151.60	18 months	1995-96	Central/State share
Orissa	State Govt.	NR Y	90.05	24 months	1996-97	Central/State share
Orissa	State Govt.	PMIUPEP	250.00 145.54	32 days to 79 days	1995-96 1996-97	Central/State share
Orissa	State Govt.	SJSRY	223.11 360.40	13 days to 4 months	1997-98 1998-99	Central/State share
Pondicherry	State Govt.	NR Y/ PMIUPEP/ SJSRY	194.30	1 to 6 months	1995-2000	Central share
Pondicherry	State Govt.	NR Y/ PMIUPEP/ SJSRY	76.28	6 to 28 months	1996-98	State Share
Punjab	State Govt.	UEGP	592.78	4 to 15 months	1995-2000	Central/State share
Punjab	SUDA	UEGP	2226.17	1 month to 17 months	1995-96	Central/State share not released to ULB
Rajasthan	State Govt.	NR Y/PMIUPE P/ SJSRY	2945.54	1 to 15 months	1995-96 & 1999-2000	Central share
Rajasthan	State Govt.	NR Y/PMIUPE P/ SJSRY	1705.44	2 to 15 months	1995-96 to 1999-2000	State share
Sikkim	GOI	NR Y/PMIUPE P/ SJSRY	75.65	12 months	1995-96 & 1996-97	Central share
Tamil Nadu	State Govt.	PMIUPEP	900.44	2 months to 5 months	1995-96	Central Share
Uttar Pradesh	State Govt.	NR Y	2072.00	5 months to 16 months	1995-97	State Share
Total			26675.54			

Annex 8

(Refers to Paragraph 3.12.4)

Short/non-release of fund to implementing/executing agencies

(Rs in lakh)

State	By Whom released	Scheme	Year	Amount	Entity(ies) responsible for short/non release.
Andhra Pradesh	State Govt.	SJSRY	1997-2000	814.00	Central Share state Government.
Arunachal Pradesh	State govt.	NRV/UBSP	1989-2000	61.34	State share State Government.
Arunachal Pradesh	State govt.	NRV/SJSRY	1989-2000	19.86	Central share State Government
Assam	State govt.	UEGP	-	664.37	Central & State fund not released to the implementing agencies by State Government.
Assam	State govt.	UEGP	-	2389.10	Central & State share not released by the State Government.
Bihar	State Govt.	NRV/UBSP PMIUP	1995-1998	256.00	Central share short released by the State Government.
Gujarat	State Govt.	NRV	1989-1997	74.00	Short release of funds by State government as state share
J & K	State Govt.	SJSRY	1998-1999	136.00	Central share funds not released by State Government.
J & K	State govt.	SJSRY	1997-1998	121.00	State share not released.
Meghalaya	MIJDA	NRV	1997-2000	57.58	State share not released till the end of March 2000 by MUDA
Mizoram	State Govt	SJSRY	1998-2000	7.11	Central share not released by State Government.
Nagaland	State Govt.	NRV	1998-1995	31.59	Central and Sate share not released by State Government.
Orissa	State Govt.	PMIUPEP/ SJSRY	1997-98 & 1999-2000	126.70	State share not released by State Government.
Pondicherry	State Govt.	SJSRY	1999-2000	18.60	Central share not released to ULBs by State Government.
Tamil Nadu	State Govt.	NRV	1997-1998	257.95	Central/State share not released by State Government..
Tamil Nadu	State Govt.	SHASHU/ PMIUPEP	1995-1997	252.44	Fund not released.
Uttar Pradesh	State Govt.	SJSRY	1999-2000	523.00	State share not released till the end of financial year 2000.
Total				5810.64	

Annex 9
(Refers to paragraph 3.12.5)

(A) Diversion of funds to other activities not connected with programme

(Rs in lakh)

State	District	Scheme	Year	Amount	Activities for which fund was diverted
Andhra Pradesh.	Hyderabad	SJSRY	1998-99	2.76	Purchase of office equipment
Assam	Guwahati	NRY/ SJSRY	April 92 to Feb.2000	182.95	Payment of telephone and electricity bills, purchase of vehicles, purchase of air conditioner etc.
Bihar	SUDA	NRY / SJSRY	1995-96 to 2000	90.90	Purchase of sofaset, chairs, for collector of Munger repairs of tractor construction of chairmans chamber badminton hall loan to Water Board and two other Institutions etc.
Himachal Pradesh	Sunder Nagar	NRY	1996-97	24.82	Salary of staff & wages, removal of snow and slips
Himachal Pradesh	Mandi	SJSRY	1999		
J & K	8 ULBS	NRY/ PMIUPEP	1998-99-2000	109.25	Purchase of vehicles, camera computers, for Ministers and officials Payment of telephone bills, colour TV, loan to Punch Municipality and private institutions.
Karnataka	5 ULB	NRY /SJSRY	1992-93 to 1996-97	67.33	Municipal activities
Kerala	ULB	UPA	1996-99	25.50	For payment of salary to staff, repayment of loan.
Maharashtra	Bombay Municipal corporation (BMC)	NRY	1998	55.61	For payment of Pay and allowances, LTC., establishment charges etc.
Maharashtra	M.C.Khalkaranji	SJSRY	1999-2000		For meeting expenditure on payment of bonus and contractors bills.
Manipur	Imphal	NRY /SJSRY	1995-2000	44.81	Pay and allowances, purchase of two cars and advanced to other authority.
Mizoram	AIZAWAL	NRY	1997	9.18	Purchase of gypsy car.
"	AIZAWAL	SJSRY	1998-99		Purchase of vehicles for project officers. (Aizal Lunglee)
Nagaland	Kohima	PMIUPEP	1997-98 & 1998-99	8.77	Purchase of computer (Rs 4 lakh), repair of quarters (Rs1 lakh) and purchase of vehicle (Rs 3.77 lakh)
Orissa	Bhubaneshwar (14 ULBS)	SJSRY /NRY & PMIUPEP	1998-2000	173.22	Payment of salaries and other municipal expenses
"	4 ULBS	UEGP	3/97 to 2/2000		Purchase of electrical goods, motor vehicle, soil testing etc.
Punjab	Ferozepur	SJSRY	1998	332.82	Pay and allowances of MCD, staff (municipal committee) and furnishing of CVO office, Computerisation of Punjab Water Supply Sewerage Board, execution of work, staff training and Information Education and Communication.
"	"	SJSRY	1999		Purchase of Ambassador vehicle for Director of agency.
Rajasthan	Ajmer, Bhilwara, Bikaner, Jodhpur, Pali and Udaipur	NRY	1995-96 1997-98	77.39	Salary, allowances. Purchase of fax machine, coolers photocopier etc.
"	Jaipur	PMIUPEP	1999		
Sikkim	Gangtok	NRY/ PMIUPEP	1996-98	12.07	Purchased 3 vehicles
Tripura	Ranibazar and Dharamanagar and Panchayah	NRY /SJSRY	1995-96 to 1999-2000	30.81	Purchase of land, Purchase of Jeep, repair and maintenance of town hall, construction of stadium, purchase of tractor
West Bengal	Ten Municipal bodies	NRY / PMIUPEP/ SJSRY	1995-2000	237.00	Salary wages provident fund payment purchase of tractors electricity charges, refund of security to contractors, two wheelers and weigh machine.
Madhya Pradesh	Bilaspur	NRY/SJSRY	1998	3.30	Diverted to collector as loan
Pondicherry	-	NRY/SJSRY/	1996-2000	12.17	Supply of news papers and salary to Teachers.
Uttar Pradesh	Ghaziabad, Meerut, Muzzafar Nagar, Nanital and Sharanpur	NRY/PMIUPE P/ SJSRY	1996-97 1998-99	41.72	Purchase of electricity material.
Total				1542.38	

Annex 10

(Refers to Paragraph 3.12.8)

Advances being unutilised/treated as final expenditure though not actually incurred

(Rs in lakh)

State	District	To whom advanced	Period	Amount of advance	Scheme	Purpose for Which advance granted
Bihar	Patna	Distt. Agencies	1995-2000	6881.00	NRV/SJSRY	Released funds to Districts agencies were shown as expenditure.
Himachal Pradesh	Shimla Sunder Nagar Mandi	H.P SEB	1999	26.70	SJSRY	For providing street light
J&K	TAC/ NACs	JUDA/ UDAK & DUDAS	1995-96 to 2000	51.48	UEGP	For works under wage employment.
Karnataka	Karwar, Sirsi Bangalore etc.	ULBs / NGO	1997-98 to 1999- 2000	253.07	PMIUPEP /SJSRY	Treated as final expenditure without giving vouchers, proof of expenditure
Nagaland	Kohima	Eight DUDAS	1999- 2000	156.12	SJSRY	Implementation of SJSRY
Orissa	Bhubaneshwar	ULBs	1995- 2000	136.67	NRV/SJSRY	Execution of works
Tripura	Agartala	Deposited into banks	1994-95 to 1998- 99	2.74	NRV	Treated as final expenditure, though not actually incurred
Uttar Pradesh	SUDA	U.P. Jal Nigam	1995-98	105.00	PMIUPEP	Treated as final expenditure without receipt of adjustment bills/vouchers.
Uttar Pradesh	SUDA	Executing Agencies	1995-98	59.79	NRV	
Uttar Pradesh	Ghaziabad Udham Singh Nagar Varanasi	Project Officer	1995-98	315.00	NRV/ PMIUPEP/ SJSRY	
West Bengal	Six Municipalities Barasat, Garulia, Habra, Jalpaiguri, Ranaghat and Serampore		1995- 2000	45.42	NRV/SJSRY/ PMIUPEP	Treated as final expenditure
Total				8032.99		

Annex 11

(Refers to Paragraph 3.12.10)

Expenditure on administration in excess of norms

(Rs. in lakh)

State	Scheme	SUDA/DUDA	Amount in excess of norms	Year
Dadar and Nagar Haveli	SJSRY	SUDA	11.33	1997-98 to 1999-2000
Gujarat	NRY/SJSRY	SUDA	58.00	1995-98 and 1999-2000
Haryana	SJSRY	DUDAs	4.22	1998-99
Kerala	PMIUPEP	UPI Cell	32.42	1995-2000
Madhya Pradesh	SJSRY	DUDA Bilaspur Indore Raipur Durg	427.00	1995-2000
Manipur	NRY/SJSRY	SUDA	17.93	1995-2000
Rajasthan	NRY/PMIUPEP/SJSRY	SUDA	142.88	1997-98 to 2000
Sikkim	UBSP/PMIUPEP/SJSRY	SUDA	29.92	1995-2000
Total			723.70	

Annex 12

(Refers to Paragraph 3.13.1)

Violation of prescribed ratio of expenditure on material and wage components: 60:40

State	District	Scheme	Audit findings
Madhya Pradesh	Bilaspur Gwalior Indore Jabalpur Raipur	SJSRY	The expenditure on labour were 21%, 29%, 22%, 24%, 29% respectively.
Himachal Pradesh	Shimla	UEGP	Test check of 32 works executed between 1995-2000 the ratio of labour ranged between zero and 37 per cent.
Assam	Guwahati	UEGP	Test check of 51 works material components were higher than the prescribed ratio involving Rs 5.47 lakh extra expenditure on material.
Goa	Goa 8 Municipal Councils	UWEP (SJSRY)	During 1997-98 1998-99 three Municipals councils did not maintain work wise account of expenditure to ascertain the ratio on material and labour was maintained.
Orissa	11 ULBS	NRY/PMIUPEP SJSRY	The ratio of engagement of labour component ranged between 16.58 per cent and 26.11 per cent.
Arunachal Pradesh	Papumpare	NRY	In 1996-97 four number of works executed under NRY the ratio of labour and material was 32:68
Arunachal Pradesh	"	SJSRY	In 1997-98 four number of works executed under SJSRY the ratio of labour and material was 43:57.
Karnataka	ULBs	--	In 36 test check cases of ULBs excess expenditure on material was Rs 42.10 lakh leading denial of employment of 0.27 lakh mandays.
Haryana	Jind and Khrukshttra	NRY /SJSRY	During 1995-1998 under NRY the actual expenditure on labour component was only 17 and 35 per cent in four districts less expenditure on labour component led to generation of less employment of 11492 mandays.
Haryana	Jind and Sonapat	SJSRY	During 1998-2000 under SJSRY labour component varied between 13 and 25 per cent which led to less generation of employment of 7683 mandays. In Jind and Sonapat districts expenditure on labour was 13-14 per cent only.
Tripura	ULB	NRY	During 1995-96 to 1998-99 the ratio of expenditure on labour varied from zero to 30 in 11 works executed by two ULBs'
Uttar Pradesh	DUDAs	NRY/ SJSRY	Expenditure on material component was in excess of Rs 39.84 lakh, which affected wage employment of 81306 mandays.
Pondicherry	Karakal	NRY/ SJSRY	During 1995-97 & 1999-2000 the ratio ranged from 75:25 to 91:9 for 9 works on material and labour.
Gujarat	Jetpur - Navagadh Wankaner	NRY	During 1996-98, Wage material ratio ranged between 26.74 and 35.65 (11 works) against 40:60
Dadar Nagar Haveli	Silvassa	NRY	During 1995-2000, the excess expenditure on material was Rs 5.68 lakh leading less generation of 13908 mandays.
Sikkim	Gangtok	NRY/ SJSRY	During 1995-96 to 2000 the ratio of material and labour in NRY- 52:48 to 80:20, SJSRY 80:20 to 58:42.
Rajasthan	Jaipur (ULBs)	NRY/ SJSRY	During 1995-96 to 2000 the ratio of material was between 61 and 90 percent.
Bihar	Patna	SJSRY/NRY	During 1995-96 to 2000 the ratio of labour was between 7 and 17 per cent under SJSRY, 24 and 46 per cent under NRY
Tamil Nadu	Chennai	SJSRY	During 1997-98 to 2000 the ratio of material and labour not maintained.
West Bengal	20 Municipal Bodies	NRY/ SJSRY	During 1995 to 2000 average ration for labour and material was 28:72.

Annex 13

(Refers to Paragraph 3.21.1)

Statement showing delay in release of funds by State/UTs to implementing agencies

(Rs. in lakh)

Sl. No.	State/UT	Period	Extent of delay	Amount	Remarks
1.	Andhra Pradesh	1995-98	4 - 9 months	84.69	Funds were released with delay.
		1999-2000	3 months	153.00	Funds received during 1999-2000 were not released till June 2000.
2.	Assam	1995-2000	367.50	Government of Assam did not release Rs 367.50 lakh to nodal agencies and nodal agencies did not release Rs 135.71 lakh to executive agencies.
3	Jammu and Kashmir	1995-99	4 to 12 months	48.00	State released to the implementing agencies
		1998-2000	7 months	8.00	State Government did not release as of April 2000
4.	Madhya Pradesh	1995-99	2 to 8 months	580.09	State released to implementing agencies.
5.	Manipur	1996-97	4 years	10.12	State government did not release funds to industries/ department and kept under deposits till March 2000.
		1995-2000	3.25	Director of industries did not release contingency fund to DICs.
6.	Nagaland	1995-2000	1 to 6 years	Delayed release by State government due to financial constraints PMRY funds had been utilised by State elsewhere.
7	Tamil Nadu	1995 upto 12/1999	2 to 10 months	424.82	State released funds with delay ranging between 2 to 10 months
8.	Uttar Pradesh	1997-98	10 months	200.00	Funds received in October 1997 from Government of India were released to DIC in August 1998.

Annex 14

(Refers to Paragraph 3.23.2)

Statement showing the cases where training funds were claimed at rates less than the norms.

Year	Name of State/UT	Activity	No. of beneficiaries trained	Amount claimed (Rs)	Admissible norms per trainee (Rs)	Actual claimed per trainee (Rs)
1995-96	Assam	S & B	5901	1049000	500	178
	Bihar	S & B	6660	2078143	500	312
	Delhi	S & B	243	85200	500	351
1996-97	Gujarat	Ind. & B	8678	3428630	1000 500	400
	Haryana	Ind.	1735	946434	1000	545
		S & B	3120	1665782	1000	534
		S & B	3328	1006909	500	303
	Gujarat	Ind.	2737	1124720	1000	411
		S & B	5990	1847780	500	308
1996-97	Haryana	Ind.	1295	800643	1000	618
		S & B	6191	2040663	500	330
	Himachal Pradesh	Ind.S & B	1612	759620	1000& 500	471
	Jammu & Kashmir	Ind.	608	744700	1000	430
		S & B	1124		500	
	Madhya Pradesh	Ind.	9283	6574580	1000	708
		S & B	29070	10119650	500	348
	Gujarat	Ind.	2555	1071500	1000	419
		S & B	5937	1780000	500	300
	Haryana	Ind.	851	558888	1000	657
1997-98		S & B	4935	2064672	500	418
	Himachal Pradesh	Ind.S & B	1973	735890	1000&500	373
	Jammu & Kashmir	Ind.	588	202000	1000	344
		S & B	1975	680000	500	344
	Goa	Ind.	22	15400	1000	700
		S & B	132	46200	500	350
1998-99	Gujarat	Ind.	2479	1028000	1000	415
		S & B	6526	1684870	500	258
	Haryana	Ind.	998	564990	1000	566
		S & B	6294	1792920	500	285

Ind : Industry**S: service****B : Business**

Annex 15

(Refers to Paragraph 3.27)

Statement showing default in repayment of bank loans

Sl. No.	State/UTs	Period	Percentage of re-payment of loan in default	Remarks
1	Assam	1996-2000	81 to 89	--
2	Haryana	1995-2000	NA	36 percent based on test check of 1314 cases, defaulters 469 in 5 districts
3	Himachal Pradesh	1995-2000	42 to 62	Based on test check of 3 districts, Shimla, Kangra and Mandi.
4	Karnataka	1996-99	49 to 63	Based on test check of 1.35 lakh cases in 7 districts.
5	Madhya Pradesh	--	74	Out of the demand of 137.26 crore, 101.84 crore were overdue in 10 test checked districts.
6	Manipur	1998-2000	97 to 99	Rs 1.49 crore/ Rs 1.48 crore as on 31st December 1999.
7	Mizoram	1995-2000	NA	Based on the records of SBI Aizwal main branch (77 percent of the cases).
8	Nagaland	1993-2000	99.31	Rs. 6.98 lakh recovered out of Rs 1011.11 lakh
9	Rajasthan	1995-2000	33	Based on test check of 624 cases in 7 District and 22 Banks
10	Tamil Nadu	1996-99	55 to 58	Based on records of 5 districts test-checked.
11	Tripura	As on 31 st March 1999	79	Based on 58 th report of state level Bankers Committee
12	West Bengal	--	73 to 92	Based on information of Lead Banks of 3 districts.
13	Pondicherry		63 to 75	Based on review meeting of Lead Banks in November 1996 and July 1997.
14	Sikkim	1994-99	74	Based on test check of 115 cases.

Annex 16

(Refers to Paragraph 3.28)

Statement showing deficiency in monitoring

Sr. No.	State/UT	Period	Remarks
1.	Assam	1995-2000	District consultative Committee (DCC) and District Level Review Committee (DLRC) held 53 meetings and 23 meetings against 92 and 46 meetings during 1998-99.
2.	Arunachal Pradesh	1995-2000	At state level no monitoring cell had been created due to shortage of manpower.
3.	Sikkim	1995-2000	No monitoring cell was established.
4.	Bihar	1995-2000	No monitoring cell was created at state and District level.
5.	Jammu & Kashmir	1995-2000	No monitoring cell was created at state and District level.
6.	Mizoram	1995-2000	No monitoring cell was created at state and District level.
7.	Nagaland	1995-2000	No monitoring cell was created at state and District level.
8.	Madhya Pradesh	1996-2000	As against 16 quarterly meetings 11 were held during the period.
9.	Pondicherry	1995-99	Committees were formed in four regions but no meeting was held.