

CHAPTER XII

UPGRADATION OF STANDARDS OF ADMINISTRATION

12.1 In making our recommendations, para 5(vi) of the President's order enjoins us to have regard, among other considerations, to 'the requirements of the States for upgradation of standards in non-developmental sectors and services, particularly of States which are backward in general administration, with a view to bringing them to the levels obtaining or likely to obtain in the more advanced States', and to indicate the manner in which such expenditure could be monitored.

12.2 Such a consideration was first mentioned in the terms of reference of the Sixth Finance Commission. It was asked to have regard to the requirements of States which were backward in standards of general administration, for upgrading the administration with a view to bringing it to the levels obtaining in the more advanced States over a period of ten years. For this purpose, that Commission adopted the yardstick of the per capita expenditure on administrative and social services in different States. Those States which fell below the all States' average in per capita expenditure in selected sectors were given supplemental provisions in the re-assessed forecasts by way of upgradation provisions. The Sixth Finance Commission confined itself to the expenditure on revenue account in estimating these requirements.

The corresponding term of reference to the Seventh Finance Commission was similar to ours. That Commission examined the requirements of upgradation of standards of administration according to physical norms. It also had regard to the feasibility of approved schemes supported by upgradation grants during the period covered by the Report of the Commission. It did not make a larger provision for any State than that proposed by the State itself.

12.3 Though we agree with the approach of the Seventh Finance Commission that the standards of service in the selected sectors should be judged according to physical norms, we do not think that the provisions made should necessarily be restricted to the amounts requested by the State. Thus, we have made provisions for upgradation on the basis of physical norms, uninhibited by the amount named by the State.

12.4 The proposals for upgradation received from all States would require a total outlay of Rs.19,424 crores. The proposals cover the whole gamut of administration. Given the limitation of resources, it is obviously not possible for us to provide for all the upgradation needs for which we have received requests, nor to the total extent asked. We have, therefore, selected the following sectors for upgradation. They are:

- (i) police;
- (ii) education;
- (iii) jail administration;
- (iv) tribal administration;
- (v) health;
- (vi) judicial administration;
- (vii) district and revenue administration;
- (viii) training; and
- (ix) treasury and accounts administration

12.5 It is, perhaps, for the first time that a Finance Commission has decided to support training by upgradation. We think that management training is essential for public servants as they are involved in every sphere of the nation's activities and their role is immense. It is obvious that such training will enhance their effectiveness. Though education and health are conventionally treated as developmental sectors, we have selected them for upgradation in view of their crucial importance. Besides, 33 years of Planning have brought into existence large-sized infrastructural facilities in health and education sectors. But, the vital inputs which these sectors need are lacking. Accordingly, we have sought to

States and sanctioning Central assistance. It hardly needs to be emphasised that when there is a natural calamity, the situation is one demanding urgency on all hands. We, therefore, think that the procedures should be streamlined as much as possible, and, the Centre should give its attention to this aspect. In any case, we think, it should be possible for the Centre to send a team within 15 days of receipt of a report from the State giving a broad assessment of the damage caused by the calamity, and, the assistance required. Sending of the Central team should not be delayed to await a detailed memorandum. It should also be the endeavour of the Centre to sanction relief within 15 days of the return of the Central team.

11.31 Lastly, we turn to the objections of certain States to linking of Central assistance to Plan assistance. Though the arguments of the States are not without some force, the fact remains that the major portion of advance Plan assistance is for relief employment, and, drinking water supply schemes. It should not be difficult for the States to dovetail these with their Plan programmes either by accelerating the existing Plan schemes or by taking up schemes which, in any case, would have been taken up in the near future as a part of Plan programmes, Dovetailing of relief expenditure with the Plan should not prove too difficult, if, the States have a shelf of schemes ready in advance.

11.32 To sum up, therefore, we recommend that the scheme of financing of relief expenditure as recommended by the Seventh Finance Commission should continue. The further relief we have proposed is in regard to the quantum of margin money and its sharing between the Centre and the States.

11.33. The revised margin moneys fixed by us for the different States are shown in the following Table. The margin moneys allowed by the last Commission are also shown alongside.

Margin moneys as recommended by the Eighth Finance Commission and the Seventh Finance Commission.

(Rs. crores)

S T A T E		Margin Money recommended by Eighth Finance Commission	Margin Money recommen- ed by Seventh Finance Commission
1.		2.	3.
1.	Andhra Pradesh	24.50	8.58
2.	Assam	7.25	3.46
3.	Bihar	33.75	13.08
4.	Gujarat	28.75	9.56
5.	Haryana	4.50	1.47
6.	Himachal Pradesh	1.75	0.51
7.	Jammu & Kashmir	1.50	1.30
8.	Karnataka	6.00	2.00
9.	Kerala	5.00	1.59
10.	Madhya Pradesh	4.75	1.83
11.	Maharashtra	7.25	4.57
12.	Manipur	0.25	0.08
13.	Meghalaya	0.25	0.07
14.	Nagaland	0.25	0.14
15.	Orissa	26.25	8.71
16.	Punjab	6.00	2.68
17.	Rajasthan	16.75	7.74
18.	Sikkim	0.25	0.01
19.	Tamil Nadu	8.75	8.59
20.	Tripura	0.75	0.18
21.	Uttar Pradesh	32.50	10.80
22.	West Bengal	23.75	13.60
TOTAL :		240.75	100.55

Half the margin money for each State, as now fixed by us, has been taken into account in the reassessment of the State's forecasts. We recommend that the remaining half of the margin money should be provided by the Centre.

rectify some of the deficiencies in these two sectors. In addition to the nine sectors enumerated above, we have taken into consideration the special problems of the States for which we have tried to provide reasonable outlays.

While we have estimated the outlays required for upgradation and special problems in this Chapter, we have indicated the amounts of grants-in-aid recommended by us for this purpose in the following Chapter.

POLICE

12.6 In the police sector, we have received proposals aggregating to Rs. 4341 crores. The proposals encompass the whole range of police administration. As a result of our discussions with the Union Home Secretary and the State Governments, we have chosen four programmes in the police sector for upgradation namely, police housing, pucca buildings for police stations and outposts located in the rented or temporary structures, opening of new police stations and augmentation of the number of women police constables.

Police Housing

12.7 In regard to police housing, we have tried to follow up the efforts of the Seventh Finance Commission. That Commission determined the minimum desirable police housing satisfaction level at 58.2 per cent of the total police subordinate force. It also decided that only 14 per cent of the lower subordinates need be provided family type accommodation. Several States have represented to us that barrack type of accommodation for the majority of police subordinate ranks is not acceptable to the police lower subordinates, and is not in keeping with modern times. The National Police Commission also recommended that 100 per cent family accommodation be uniformly provided to all the ranks of the police. We have, therefore, decided to provide outlays for family accommodation to all ranks of the subordinate police force.

12.8 Regarding the unit cost of police housing, our Secretary had discussions with the Housing and Urban Development Corporation. After taking into consideration all the relevant aspects, we consider that a plinth area of 35 square metres should be provided for the residential unit of a lower subordinate and a plinth area of 95 square metres for the residential unit of an upper subordinate. We, accordingly, estimate the unit cost of housing for lower subordinates at Rs. 24,500 and Rs. 66,500 for upper subordinates. We have also allowed 30 per cent mark-up for the hill States of Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, Sikkim and Tripura.

12.9 The size of subordinate police force has increased from 7.40 lakhs from the time of the Seventh Finance Commission to 8.68 lakhs in 1981. It has thus registered an increase of 17.3 per cent. Presently the housing satisfaction is 48.95 per cent. In spite of the significant increase in the size of the subordinate police force, we have set the minimum desirable housing satisfaction level at 60 per cent of the total subordinate police force. Accordingly, we have provided an outlay of Rs. 299.81 crores for the construction of 1,01,131 additional residential quarters.

Police station buildings

12.10 Regarding the provision of pucca buildings to the existing police stations and outposts located in temporary or rented buildings, we find that presently, out of 15,061 police stations and outposts, 9,884 police stations and outposts are located in pucca Government buildings. The remaining police stations and outposts are in rented buildings or temporary structures. The percentage of police stations and outposts which are located in pucca Government buildings works out to 65.63 per cent. We consider 80 per cent as the minimum desirable norm for this purpose. We have accordingly provided outlays for the construction of 2,452 new pucca buildings for the police stations and outposts. In providing type designs for the police station buildings published by the National Buildings Organisation. It is reasonable to expect that some of the police stations may require larger plinth area because of their location in rapidly growing towns. We have, therefore, provided 222 square metres of plinth area per police station to one-third of the new police station buildings to be constructed. For the remaining two-thirds of the new buildings, we have provided a plinth area of 131 square metres per police station.

The unit cost for the bigger police station building will be Rs. 2.22 lakhs and for the smaller police station building the unit cost will be Rs. 1.31 lakhs. We have added 30 per cent mark up to the unit costs in case of seven hill States, i.e., Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, Sikkim and Tripura. We have thus provided Rs. 40.29 crores for the construction of 2452 additional buildings to the police stations and outposts now located in rented buildings or temporary structures.

New Police Stations

12.11 A police station is the basic unit of the department and is the level at which the police and the public come into contact with each other. There is an urgent need to increase the coverage of police stations, especially in rural areas. We have, therefore, decided to provide outlays for augmenting the number of police stations. For this purpose, we have taken into consideration the norms of crime, area and population, suggested by the National Police Commission. Presently, there are 9,174 police stations. In view of the shortage of resources, we have provided a 10 per cent increase over the existing number of police stations. We have, however, provided a minimum number of 10 additional police station in respect of small States like Himachal Pradesh, Manipur, Meghalaya, Nagaland, Sikkim and Tripura where a 10 per cent increase works out to less than 10 police stations. We have taken the police strength at 15 persons per new police station. In computing staff cost, we have adopted State specific emolument levels. We would strongly suggest that the new police stations should be established in rural areas. For the establishment of the new police stations, we have provided Rs. 34.09 crores.

Women-Police Wing

12.12 The National Police Commission recommended augmentation of the number of women in the police. It is stated by that Commission that women constitute 0.4 per cent of the total police force. This percentage is low compared to our neighbouring countries like Bangla Desh and Singapore where the women constitute 2.5 per cent and 12 per cent of the total police force respectively. Women in the police are a necessity for the investigation of offences involving women and juveniles. We have, therefore, decided to provide for the augmentation of the women police constabulary. In computing staff cost, we adopted State-specific emolument-levels. We have accordingly provided Rs. 7.08 crores for the creation of additional posts of 3,252 women police constables.

Armed Police

12.13 Since we have decided to provide significant outlays for strengthening the civil police for establishment of new police stations, provision of pucca buildings for the existing police stations, augmentation of the number of the women police constables and police housing, we do not consider it necessary to provide support for upgradation of Armed Police.

However, we have made an exception in case of Meghalaya. The Second Armed Police Battalion of Meghalaya was raised in 1981-82. We have provided Rs. 0.32 crore for the construction of head-quarter buildings for this battalion.

To sum up, we have provided Rs. 381.58 crores for the police sector. The State-wise and scheme-wise details may be seen at Annexure XII-1.

EDUCATION

School Buildings

12.14 In the education sector, we have received requests from the State Governments aggregating to Rs. 3966.25 crores. The proposals of the State Governments include appointment of additional teachers, provision for furniture and equipment, construction of buildings, provision for mid-day meals and other schemes of that kind. The Ministry of Education emphasised the need for clearing the backlog of pucca buildings for the primary and middle schools, the conversion of single-teacher schools into two-teacher schools, and provision of adequate inspecting staff and administrative facilities. The Ministry of Education have placed the financial requirements for the above schemes at Rs. 3,247.86 crores. It seems to us that lack of pucca buildings for the primary schools and the existence of single-teacher primary schools constitute two basic weaknesses in the education system. Presently, 1,85,666 primary schools accounting for 40.88 per cent of total number of primary schools in all the 22 States are functioning in thatched huts, tents, etc. We have decided that the States in which the percentage of primary schools without pucca buildings exceeds 40 per cent, should be helped with upgradation outlays to bring down the percentage of such primary schools to the all-India average, i.e., 40 per cent. We have assumed a unit cost of Rs.40,000 for a school building of two class-rooms. We have added 30 per cent to the unit cost for the hill States. We have thus allocated Rs.164.39 crores for the construction of 38,946 additional school buildings in 11 States to bring them to the all-India average of 60 per cent building satisfaction in respect of primary schools.

Additional Teachers

12.15 Another facet of the education sector, which caused us concern, was the preponderance of single-teacher primary schools in some States. Out of the 4,54,213 primary schools in the 22 States, 1,65,848 schools function as single-teacher schools. Thus, they form 36.5 per cent of the total number of primary schools. We have decided to extend our support to those States where the proportion of single-teacher schools exceeds 35 per cent, which is the all-India average. The States wherein the proportion of single teacher primary schools exceeds 35 per cent are Andhra Pradesh, Gujarat, Himachal Pradesh, Jammu and Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan and Tripura. We have provided outlays for the appointment of 45,255 additional teachers to bring these States to the all-India level. In the computation of upgradation outlays, we have adopted State-specific emolument-levels for each of the 11 States. We have thus provided Rs.122.01 crores. With this provision, it should be possible to raise the number of primary schools with two teachers or more, in the 11 States, to 65 per cent, which is the all-India average. We have provided a total sum of Rs. 286.40 crores for upgradation of the education sector. The State-wise and scheme-wise break up may be seen at Annexure XII-2.

JAIL ADMINISTRATION

12.16 We have received upgradation proposals from the State Governments in respect of jail administration totalling to Rs.530.09 crores. We have also received the recommendations of the Union Ministry of Home Affairs. The Ministry of Home Affairs have recommended the following areas in jail administration as deserving of our support:—

- (i) stepping up direct expenditure on prisoners for diet, medicines, clothing and other facilities;
- (ii) separate jails for women and juveniles;
- (iii) special jails for lunatics;
- (iv) establishment of new sub-jails;
- (v) provision of basic amenities in jails like electricity, water supply and sanitation;
- (vi) vocational training for prisoners;
- (vii) establishment of open and semi-open jails;
- (viii) staff quarters;
- (ix) staff training; and
- (x) strengthening of supervisory structure of the jail department.

12.17 Out of these, we have stepped up the provisions for direct daily expenditure on the prisoners, and provided outlays suitably in the revenue expenditure estimates. We do not, therefore, propose to provide separately for the daily expenditure on prisoners in this chapter. We propose to support the following areas in jail administration through suitable outlays:—

- (i) establishment of new sub-jails;
- (ii) provision of basic amenities in the existing sub-jails;
- (iii) separate institutions for women;
- (iv) separate institutions for juveniles;
- (v) separate institutions for lunatics; and
- (vi) staff quarters.

New Sub Jails

12.18 A sub-jail constitutes the basic unit of the Indian prison system. The average daily prisoner population of 822 sub-jails in the country is said to be 19,900. There are many district, sub-division and tehsil headquarters which have no sub-jail, but where criminal courts function. This causes great inconvenience in transporting undertrials and convicts over long distances from the jails to the courts. Besides, there is considerable over-crowding in the existing sub-jails. The Ministry of Home Affairs have identified 252 headquarter-towns of districts, sub divisions and tehsils which have no sub-jails, but have courts. We, accordingly, recommend the establishment of 252 new sub-jails, with a total capacity of 17,100 prisoners. We recommend prisoner capacity of 50 for tehsil and sub-division headquarters and a capacity of 100 for district headquarters. We have adopted a unit cost of Rs.50,000 per prisoner capacity to be created. We have added 30 per cent extra for the seven hill States. We have thus provided capital outlays of Rs.89.18 crores.

Basic amenities in the existing Jails

12.19 The Ministry of Home Affairs have informed us that there are 235 jails without electricity and 722 jails without proper sanitation or adequate water supply. We consider provision of electricity, water supply and sanitation facilities as of foremost importance. In our computation, we have adopted a unit cost of Rs. 5000 per prisoner capacity for provision of electricity and Rs. 2500 per prisoner capacity for provision of water supply and sanitation facilities. We have provided 30 per cent additional outlay for the seven hill States. We have thus provided Rs. 38.60 crores for the provision of basic amenities.

Jails for women

12.20 According to the Ministry of Home Affairs, the number of women prisoners by the end of December 1980 was 3401 constituting 2.13 per cent of the total prisoner population. Only six States have separate prisons for women. In view of the small number of women prisoners, their position in jails becomes vulnerable. It has been recommended by the Ministry of Home Affairs, that States having women convicts exceeding 100 should have a separate prison for women. Only one State falls into this category, namely Madhya Pradesh. We have provided one separate prison for women with a capacity of 100 prisoners for Madhya Pradesh. For the other States, including Madhya Pradesh, we have provided outlays for construction of separate prison annexes for the women convicts. We have assumed a unit cost of Rs. 50,000 per prisoner, with 30 per cent step up in the cost for the seven hill States. Accordingly, we have provided an outlay of Rs. 12.31 crores for creation of a separate jail and jail annexes for women prisoners.

Jail for Juveniles

12.21 According to information furnished by the Ministry of Home Affairs, there were 15,617 juvenile offenders at the end of December, 1982. The capacity of Borstal schools and juvenile jails is of the order of 3,930. The Ministry of Home Affairs have recommended creation of separate institutions for the care of juvenile offenders. We were given to understand that the custodial institutions for young prisoners may provide either medium level security or minimum level security. It was also suggested by the Ministry that two-thirds of the new institutions may have provision for minimum type of security and the balance may have provision for medium security. We have accepted this recommendation. It has been suggested to us that a unit cost of Rs. 20,000 per inmate for minimum security institution and a unit cost of Rs. 35,000 per inmate for medium security institution would be adequate. We have added 30 per cent step-up in case of hill States. We have accordingly provided for an outlay of Rs. 29.83 crores for providing institutional care to 11,823 juvenile offenders.

Jails for lunatics

12.22 According to information furnished by the Ministry of Home Affairs, the number of lunatics in Indian prisons was 2,333 by December, 1980. The need for special institutions for the care of insane prisoners is self-evident. We have, therefore, provided for the establishment of special institutions for the care of lunatic prisoners in the States of Assam, Maharashtra, Meghalaya, Nagaland and West Bengal where the lunatic prisoner population exceeds 75, and where such facilities do not exist. In case of lunatic prisoners, the jails should serve both as custodial and therapeutic institutions. For this purpose, we have adopted a unit cost of Rs. 1 lakh per lunatic prisoner. We have as usual added 30 per cent step-up for the seven hill States. We have accordingly provided Rs. 7.60 crores for this purpose.

Staff quarters

12.23 According to the Ministry of Home Affairs, there are 32000 prison-staff in the country. Residential quarters are stated to be available for 45 per cent of the staff. We think that the prison staff should be provided with Government accommodation upto the same level that the police subordinate staff have been provided. We have, accordingly, determined the minimum desirable norm of housing satisfaction for prison staff at 60 per cent. We have adopted the same unit cost of housing as in the case of police housing. Since the Commission did not have State-wise data of the available accommodation or the break-up of the prison staff into upper subordinates and lower subordinates, we have distributed the additional outlay of Rs. 13.88 crores among the States in proportion to the prisoner-capacity existing in the States. We have assumed that 10 per cent of the total staff quarters would be needed for the upper subordinates. Accordingly, we have provided Rs. 13.88 crores for construction of 4800 housing units.

12.24 To sum up, we have thus provided Rs. 191.39 crores for upgradation of jail administration. The State-wise and scheme-wise details are available at Annexure XII-3.

TRIBAL ADMINISTRATION

12.25 We have received requests for upgradation of tribal administration amounting to Rs. 1068.81 crores. The Ministry of Home Affairs have sent us a memorandum in which they have supported, in a general way, the requests of the State Governments. The requests for upgradation relate to the following areas of tribal administration:—

- (i) grant of compensatory allowances to Government servants and the employees of the local bodies;
- (ii) construction of staff quarters for the public servants working in the tribal areas;
- (iii) provision of recreation facilities for the staff;
- (iv) construction of office buildings for the various departments of the Government;
- (v) establishment of public health facilities like hospitals; and
- (vi) establishment of better communications.

Out of the above schemes suggested by the State Governments and recommended by the Ministry of Home Affairs, we have selected the following for support through upgradation provisions:—

- (i) grant of compensatory allowances;
- (ii) construction of Staff Quarters; and
- (iii) provision of infrastructural facilities in tribal areas.

Haryana, Jammu & Kashmir and Punjab have no tribal population. These States, therefore, do not have the need for upgradation in tribal administration. In the States of Meghalaya and Nagaland, the tribal population accounts for more than 80 per cent of the total population. We, therefore, consider that no earmarked outlays are necessary for upgradation in tribal administration in these two States.

Compensatory Allowances

12.26 It is well known that public services in tribal areas are thinly spread. One of the reasons for the low level of public services in tribal areas is the reluctance on the part of the transferable Government servants to move to tribal areas with their families. Their reluctance is due to the fact that living conditions in tribal areas entail considerable hardships. The Seventh Finance Commission took this fact into consideration and provided Rs. 30.71 crores towards compensatory allowances for the transferable Government servants working in the tribal areas. Though all the State Governments and the Ministry of Home Affairs have requested provision for the sanction of compensatory allowances, no details are forthcoming about the number of Government servants, working in the tribal areas, who are still to be covered by the scheme of compensatory allowances. We are, therefore, slightly handicapped in assessing the quantum of outlay required for carrying further the process initiated by the Seventh Finance Commission. We, however, think that we should provide an outlay roughly equal to what the Seventh Finance Commission provided. We have, therefore, provided Rs. 30 crores for payment of compensatory allowances to the transferable Government servants working in the tribal areas. We have distributed the grant as follows: First, we multiplied the Government servants-strength of a State by the percentage share of tribal population to the total population of the concerned State (1971). We have totalled the products thus obtained and computed the share of each State in the aggregate. Then, we have allocated to each State a share in the grant of Rs. 30 crores equal to the State's share in the aggregate of Government employees, of all States multiplied by tribal population percentage. We wish to make it clear that this amount should be utilised by the State Governments for the benefit of the transferable Government employees who could not be granted compensatory allowances earlier due to the paucity of the resources. The scale of compensatory allowances will, of course, be according to the local norms prevalent in the concerned State. The liability on account of grant of compensatory allowance flowing from the Seventh Finance Commission's recommendation has already been taken into account as committed liability in the expenditure forecasts of the State Governments.

Staff Quarters

12.27 Regarding the staff quarters, State Governments have not furnished to us the number of Government servants working in tribal areas and the present level of available accommodation. In the absence of requisite data, we have decided to allocate to each State staff quarters equal in number to 10

per cent of 93,846 tribal villages in the States. We have adopted a unit cost of Rs. 40,000 per house. We have also provided an additional mark up of 30 per cent for the hill States. Accordingly, we have provided a sum of Rs. 37.83 crores for the construction of 9,385 Staff quarters.

Provision of infra-structural facilities

12.28 The official Report of the "Group on Administrative Management and Personnel Policies in Tribal Areas" headed by Shri Maheshwar Prasad, the then Secretary, Department of Personnel and Administrative Reforms recommended the creation of "requisite physical facilities in tribal areas". The Study Group have highlighted, in particular, the need for creation of "communications, education and health institutions" in tribal areas. The above recommendations of the Study Group are pertinent for rendering service in tribal areas attractive. We, therefore, suggest that facilities like schools, dispensaries, drinking water facilities and other related conveniences be created in selected tribal villages. We suggest that one per cent of the 93,846 tribal villages should be provided with infrastructural facilities in the education and health and communications sector, and we have accordingly provided a sum of Rs. 5 lakhs per tribal village for 941 tribal villages for provision of the requisite facilities, amounting to Rs. 47.05 crores. In all, we have thus provided Rs. 114.88 crores for upgradation of tribal administration. The State-wise and scheme-wise break-up may be seen at Annexure XII-4.

HEALTH SECTOR

12.29 State Governments have requested for a sum of Rs. 2977.23 crores as upgradation assistance in medical and public health sectors. The proposals of the State Governments cover the entire medical and public health administration. In order to obtain a clear picture of the priorities in this sector, we had discussions with the Union Secretary of Health and Family Welfare.

12.30 The Ministry of Health and Family Welfare regard the following as the priority areas:—

- (i) staff quarters for doctors working in primary health centres;
- (ii) provision of rural allowance at Rs.250/- p. m. per doctor working in primary health centres;
- (iii) Sanction of house rent allowance for doctors in primary health centres who have not been provided Government accommodation;
- (iv) supply of professional equipment to the doctors of primary health centres;
- (v) upgradation of select number of primary health centres into community health centres by provision of front-line specialities like medicine, surgery, gynaecology and obstetrics, paediatrics and dentistry.

The Union Health Ministry had estimated the requirements of funds at Rs. 108.5 crores for schemes suggested by them.

12.31 Out of the schemes suggested by the Ministry of Health and Family Welfare, we have selected the following for our support:—

- (a) Sanction of rural allowances to the doctors of primary health centres as an incentive for working in rural areas;
- (b) payment of house rent allowance to the doctors not provided with Government accommodation;
- (c) construction of staff quarters for all the doctors working in the primary health centres; and
- (d) supply of professional equipment to the primary health centres.

Staff Quarters

12.32 There are 5,575 primary health centres in the 22 States. The authorised strength in each primary health centre is three doctors. Out of the 16,725 doctors, 8,828 doctors have Government accommodation, thus accounting for 52.78 per cent housing satisfaction. We have decided that all the doctors of the primary health centres should be provided with Government accommodation. Accordingly, we have provided for the construction of 7,897 additional quarters. We have adopted a unit cost of Rs. 66,500 per quarter. We have also added 30 per cent step up to the unit cost for the hill States. Thus, we have provided Rs. 53.53 crores for the construction of 7,897 additional quarters to ensure 100 per cent satisfaction.

Allowances and Equipment

12.33 Pending the construction of additional quarters, we have provided an outlay of Rs.5.69 crores for payment of house rent allowance to doctors at Rs. 150/- per month per doctor. We have also made a provision for payment of rural allowance to the doctors working in the primary health centres at the rate of Rs. 250/- per month per doctor. We have, accordingly, provided Rs.25.09 crores for the entire authorised strength of 5,575 primary health centres. We have provided Rs. 10,000 per primary health centre to enable the doctors working in the primary health centres to obtain requisite professional equipment. For this purpose, we have included Rs.5.58 crores for the upgradation of the health sector. In all, we have provided Rs.89.88 crores for upgradation of the health sector. The State-wise and scheme-wise distribution may be seen at Annexure XII-5.

JUDICIAL ADMINISTRATION

12.34 In the judicial administration sector, we have received upgradation proposals from 18 States amounting to Rs.630.24 crores. The proposals of the State Governments include creation of new courts, appointment of additional staff, construction of buildings, supply of office aids and similar facilities. According to the information supplied by the State Governments, there were 90.74 lakhs of cases pending on 31.12.1981, in the district and subordinate courts. Out of the proposals of the State Governments, we have selected the following four schemes for support through upgradation:—

- (i) creation of new courts to cope with the arrears;
- (ii) construction of pucca buildings for the courts now located in rented buildings;
- (iii) structural alterations and extensions for providing amenities to the public and the staff, like record rooms, lock-up rooms, malkhanas or property rooms, waiting halls for litigants; and
- (iv) construction of staff quarters for judicial officers.

Creation of new Courts

12.35 The State Governments have furnished us the year-wise figures about institution of cases and their disposal for four years, viz., 1978 to 1981. We have worked out the weighted annual average for these four years for both institution and disposal. Thereafter, we have calculated separately (i) the annual disposal as a percentage of institution and (ii) as a percentage of pendency, as on December 31, 1981. The all-States average of annual disposal as a percentage of institution in the district courts is 96.76. In the case of subordinate courts, the all-States average disposal as a percentage of institution is 94.07. In the district courts the all-States average of annual disposal as a percentage of pendency (as on 31.12.1981) is 115.90. Similarly in the subordinate courts the all-States average of annual disposal as a percentage of pendency is 110.

12.36 The Seventh Finance Commission made provisions for creation of new courts on the assumption that criminal cases would be disposed of within six months and civil cases within 12 months from their institution. We did not get information separately about the civil and criminal courts. We have, therefore, proceeded on the basis that the States where the arrears exceed one year's institution require additional courts. In determining the number of additional courts, we have divided the pendency in excess of one year's institution by the State-specific annual disposal per court or all-States average whichever is higher. We have, thereafter, provided annual phasing for five years and determined accordingly the number of additional courts. We have thus determined that 210 additional courts (38 district courts and 172 subordinate courts) are needed. For the new courts to be established, we have allowed a staff strength of 8 for a subordinate court and 9 for a district court. In calculating the staff costs, we have adopted State-specific emolument levels. Besides, we have also included in our estimates non-recurring outlay of Rs.50,000 per new court for furniture, law books and other miscellaneous requirements. Accordingly, we have estimated the outlay required for 210 new courts at Rs.9.37 crores.

Pucca Buildings for the Courts

12.37 From the information given by the State Governments it appears that there are 429 courts in the States located in rented buildings. We have decided that all the 429 courts should be provided with pucca Government buildings. For this purpose, we have assumed a unit cost of Rs.4 lakhs per court building. We have provided 30 per cent increase for the hill States. Accordingly, we have provided Rs. 17.40 crores.

Structural alterations

According to the information given by the States, there are 7647* courts in the 22 States. We have not received information from all the States regarding the number of courts which require Structural

alterations or extensions for provision of facilities to the public and the staff. We have, therefore, assumed that 25 per cent of the 7647, i. e., 1912 courts will be requiring structural alterations/ extensions for the creation of better amenities. We have assumed a unit cost of Rs. 1 lakh per court for provision of amenities. We have also added 30 per cent extra to the unit cost for the hill States. Thus, we have provided Rs. 19.36 crores for this purpose.

Staff quarter

12.38 According to the information given to us by the State Governments, out of the 7238* judicial officers, 3819 officers have been allotted the Government accommodation. This represents 52.76 per cent housing satisfaction level. We think that the minimum desirable level of housing satisfaction for the judicial officers should be 80 per cent, and have accordingly provided outlays for the construction of 2107 additional residential quarters. We have assumed a unit cost of Rs. 70,000 per quarter. We have allowed 30 per cent extra for the hill States. We have thus provided Rs. 14.94 crores for this purpose. In total, we have provided Rs. 61.07 crores for upgradation of judicial administration. The State-wise and scheme-wise break-up may be seen at Annexure XII-6.

DISTRICT AND REVENUE ADMINISTRATION

12.39 District and Revenue Administration provides the general framework of Government. In this sector, we have received proposals from 21 State Governments amounting to Rs. 1246.62 crores comprising the following programmes:—

- (i) Creation of new revenue divisions, districts, sub-divisions, tehsils, circles and villages,
- (ii) strengthening of staff in the existing offices;
- (iii) construction of office buildings for offices not having buildings of their own;
- (iv) reconstruction of old buildings;
- (v) amenities and extensions to the existing buildings;
- (vi) construction of residential quarters; and
- (vii) vehicles and office aids.

The Commission had discussion with the Union Home Secretary who was of the view that it would be better to improve the working of the existing offices rather than to create new offices.

Buildings for Revenue Offices at sub-division/tehsil level and below

12.40 Agreeing with the views of the Ministry of Home Affairs, we have decided to support two schemes, namely construction of buildings for the offices at sub-division/tehsil level, circle/firka/kanungo (supervisory) level and village offices and provision of better amenities through structural alterations and extension for the offices at the sub-division/tehsil and lower levels. We have decided that provisions should be made for pucca buildings for 5 per cent of the offices at the sub-division/tehsil level, 10 per cent of the offices at circle/firka/kanungo (supervisory) level and 1 per cent of the offices at the village level (offices require new buildings). We have adopted a unit cost of Rs. 4 lakhs for a sub-division/tehsil level building, Rs. 1 lakh for the circle/firka/kanungo (supervisory) level and Rs. 0.25 lakh for the village level offices. We have added 30 per cent to the unit cost in case of hill States. We have accordingly provided for construction of 183 sub-division/tehsil level building, 1256 circle/firka/kanungo (supervisory) level and 1452 village level offices. We have thus provided in the outlays a sum of Rs. 23.93 crores for the construction of new buildings in the revenue and district administration.

Structural alterations to the buildings at Sub-Division/Tehsil level and below

12.41 We have similarly made provision for meeting the cost of structural alterations and extensions for creation of amenities like toilets, cycle stands, waiting halls, record rooms, etc. in respect of 10 per cent of the sub-division/tehsil level buildings, 20 per cent of the circle/firka/kanungo (supervisory) level offices and 5 per cent of the village level offices. We have adopted a unit cost of Rs. 1 lakh per sub-division/tehsil level office, Rs. 0.25 lakh per circle/firka/kanungo (supervisory) level and Rs. 0.05 lakh for village level offices. We have added 30 per cent to unit costs in case of hill States.

* According to the information furnished by the State Governments, in Madhya Pradesh, Punjab, Uttar Pradesh and West Bengal, the number of courts is 568, 176, 1368 and 410 respectively, while the number of judges in those States is 561, 161, 1000 and 379 respectively. There is a short-fall in the number of judges by 421 in these four States. In the case of Gujarat and Maharashtra, the number of courts is 412 and 699 while the number of judges is 420 and 703 respectively. There is thus excess in the number of judges over that of number of courts by 12.

We have accordingly provided Rs. 13.79 crores for this purpose. The total outlay provided by us for the district and revenue administration is Rs. 37.72 crores. The State-wise and purpose-wise distribution may be seen at Annexure XII-7.

TRAINING

12.42 Eleven States have submitted proposals to us for upgradation of training facilities. The amount requested by the States is Rs. 40.72 crores. The Association of the State Training Institutes of India presented a memorandum to the Commission requesting a grant of Rs. 75 crores for upgradation of the training sector. The State Governments have sought support for strengthening the infrastructure of training institutes. The Association of State Training Institutes also highlighted the need for augmenting the training facilities in the States through adequate provision for buildings, libraries, audio-visual aids and other miscellaneous facilities. The Commission recognise that training forms a cost-effective investment for improving the over-all performance of public administration. Our discussions with the State Governments and the Union Government have convinced us that there is acute need for updating the management skills of public servants through appropriate training programmes. We have, accordingly, provided an outlay of Rs. 23.90 crores and recommend its distribution among the States in proportion to the number of Government employees. The State-wise distribution of outlays may be seen at Annexure XII-8.

TREASURY AND ACCOUNTS ADMINISTRATION

12.43 Twenty States have submitted proposals for upgradation of treasury and accounts sector. The proposals entail an outlay of Rs. 208.18 crores. The broad purposes for which grants have been requested from the Commission are the following:—

- (a) Creation of the Directorates of Treasuries where they do not exist;
- (b) establishment of staff training institution;
- (c) establishment of data processing centres;
- (d) conversion of district treasuries into Pay and Accounts Offices;
- (e) establishment of new district treasuries and sub-treasuries;
- (f) construction of buildings for the treasuries;
- (g) provision of office aids like typewriters, calculators, telephones, etc.,
- (h) construction of staff quarters; and
- (i) increasing the staff-strength of existing treasuries.

Based on our discussions and correspondence with the Accountants-General and the State Governments, we have selected the following schemes for support through upgradation outlays:—

- (a) Establishment of additional sub-treasuries;
- (b) construction of pucca buildings for the existing sub-treasuries;
- (c) structural additions or extensions for provision of amenities like toilets, cycle-sheds, waiting-halls for the public, record rooms, strong rooms etc., and
- (d) staff training.

Establishment of new sub-treasuries

12.44 From our discussions, we have found that one of the weaknesses in the treasury administration of the States is the inadequate number of sub-treasuries. We have, therefore, adopted a normative approach and estimated the total requirement of sub-treasuries at the rate of one sub-treasury for two Community Development Blocks. According to this calculation the number of new sub-treasuries needed works out to 649. For a sub-treasury, we have provided a staff strength of seven consisting of one sub-treasury officer, one accountant, four assistants or clerks and one peon. In computing the staff cost, we have adopted State-specific emolument levels. Besides, we have also provided non-recurring revenue expenditure of Rs. 25,000 per new sub-treasury for facilities like typewriters, furniture and other miscellaneous aids. We have thus provided Rs. 15.03 crores for establishment of new sub-treasuries.

Buildings for the sub-treasuries

12.45 Another weakness in the treasury administration is the lack of proper buildings for the sub-treasuries. Since all the States have not given us the factual information regarding the number of sub-

treasuries presently located in rented buildings, we have assumed that 5 per cent of the sub-treasuries will require pucca buildings. We have adopted a unit cost of Rs.2 lakhs per sub-treasury building. We have provided 30 per cent step up for the hill States. We have accordingly provided Rs.2.40 crores for the construction of 118 new buildings for the existing sub-treasuries.

Structural alterations to the sub-treasury buildings

12.46 We also find that the existing buildings of the sub-treasuries are in need of structural alterations or extensions for greater convenience of the staff and the public. Here again, we have not received complete data from all the States. We have, therefore, assumed that 10 per cent of the existing sub-treasuries will need structural alterations and extensions. We have adopted a unit cost of Rs.1 lakh per sub-treasury for structural alterations. We have also provided 30 per cent mark up for the hill States. Accordingly, we have provided Rs.2.41 crores for this purpose.

Treasury staff training

12.47 In our opinion, staff training constitutes a vital input for efficient functioning of the Treasury and Accounts Administration. In the absence of complete information, we have provided Rs.20 lakhs each for the purpose of training for the 15 large States. For the hill States of Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, Sikkim and Tripura, we have provided an outlay of Rs.15 lakhs each. We have thus provided Rs.4.05 crores for the training of the personnel of Treasury and Accounts Departments.

On the whole, we have provided Rs.23.89 crores for upgradation of Treasury and Accounts Administration. The State-wise and scheme-wise distribution of outlay may be seen at Annexure XII-9.

SPECIAL PROBLEMS

12.48 We consider that one of the objectives of grants-in-aid is to support the States in their efforts to solve special problems facing them. The special problems are of a varied nature, e.g., the terrain, large tribal populations, etc.

12.49 Several States have requested us to provide support through upgradation outlays for the special problems facing them. We have carefully considered these requests and our views are explained in the subsequent paragraphs.

District Autonomous Councils of Assam, Meghalaya and Tripura

12.50 The State Governments of Assam, Meghalaya and Tripura have requested upgradation outlays for the District Autonomous Councils functioning in their States. The District Autonomous Councils have legislative, executive and judicial functions. They also have separate administrative machinery. The Government of Assam have requested for a recurring annual grant of Rs.2.72 crores for making up the revenue deficits in the two District Autonomous Councils of Karbi Anglong and North Cachar Hill Districts. Having regard to all the circumstances, we recommend a total outlay of Rs.5 crores for both the District Autonomous Councils in Assam for the forecast period. The Government of Meghalaya have requested a grant of Rs.1.61 crores to enable the three Autonomous District Councils (Khasi hills, Garo hills and Jaintia hills) to establish the necessary administrative machinery for administering laws for the regulation of the transfer of land, trading by non-tribals and grazing of cattle. We recommend an outlay of Rs.1 crore to Meghalaya for this purpose during the forecast period. The Government of Tripura have requested a grant of Rs.30.72 crores for the following programmes:—

- (i) Construction of office buildings for village committees;
- (ii) construction of office buildings for village councils;
- (iii) construction of office buildings for special blocks;
- (iv) construction of buildings for large-sized cooperative societies;
- (v) improvement of communications;
- (vi) setting up of growth centres; and
- (vii) office buildings and other facilities for Autonomous District Councils.

From out of the above programmes, we think, it will suffice if we provide for the construction of office buildings and related facilities for the Autonomous District Councils, with an outlay of Rs.0.8 crore.

Creation of new sub-divisions in Sikkim

12.51 Sikkim has requested upgradation outlay of Rs. 5 crores for the creation of 21 sub-divisions in the State. Being the youngest State in India, Sikkim does not have administrative net-work at the grass-roots level. Recognising this, we recommend an outlay of Rs. 1 crore for establishment of necessary administrative net work at the sub-division level and below.

Development of Bastar District in Madhya Pradesh

12.52 The Government of Madhya Pradesh have submitted a comprehensive proposal for the development of Bastar district, which is entirely a tribal area. Bastar district has an area of 39,000 kilo metres. The State Government have impressed on us the need for developing this vast region, and have formulated a development plan with an outlay of Rs. 45.21 crores. Recognising this special burden cast on the State Government, we recommend an upgradation grant of Rs. 10 crores for development of necessary infrastructural facilities in Bastar district.

Border problems of Punjab

12.53 The Government of Punjab have brought home to us the special strains and stresses which the State has to suffer due to being a border State. In this State, cultivation of land takes place right up to the international borders. This necessitates maintenance of continuous vigil by the State police. We appreciate the need for maintenance of a large police force in a border State like Punjab. Similarly, the State Government have to invest large amounts in construction and maintenance of flood protection works in the river courses running adjacent to the international boundaries. Recognising these special burdens cast on Government of Punjab we recommend an outlay of Rs. 20 crores.

Development of desert areas in Rajasthan

12.54 Development of the desert areas of Rajasthan deserves our support through upgradation outlays. Communication and water supply are the two important needs of desert areas. We accordingly recommend an outlay of Rs. 10 crores for dealing with these two problems.

Creation of infrastructure in Leh District of Jammu & Kashmir

12.55 The Government of Jammu & Kashmir have requested an upgradation grant of Rs. 2.48 crores for the creation of necessary storage facilities for food and essential articles, construction of office buildings and other related facilities in the Leh district. The State Government have represented to us that Leh district is totally inaccessible during the winter months on account of heavy snow-fall. We recognise that this is a special problem of Jammu & Kashmir. We, therefore, recommend an outlay of Rs. 2.48 crores for the construction of necessary facilities in Leh district.

Construction of Central Jail at Shimla

12.56 The Government of Himachal Pradesh have asked for a grant of Rs. 50 lakhs for re-construction of a Central Jail at Shimla. The Commission was shown the Central Jail at Shimla during its visit to the State capital. We are satisfied that the Central Jail needs to be re-constructed, and accordingly recommend Rs. 50 lakhs for this purpose.

Security prision at Imphal

12.57 The Government of Manipur have requested a grant of Rs. 7 crores for the construction of a 1000 prisoner capacity maximum security Jail at Imphal in view of the frequent escapes from the prisons in Manipur. The need for such a prison seems indisputable. We, however, think that it will be adequate to provide an outlay of Rs. 2 crores for this purpose.

12.58 In all, we recommend an outlay of Rs. 52.78 crores for support to the State Governments in their efforts to solve the special problems facing them. The State-wise distribution or outlay may be seen at Annexure XII-10.

12.59 There are some special problems of the States which have been taken into account by us in the reassessed expenditure-forecasts of the State Governments. The Government of Kerala have sought

our support for the implementation of the Unemployment Assistance and the Agricultural Workers' Pension Schemes. These being on-going schemes, we have provided for them in the reassessed forecast of expenditure.

12.60 Similarly, the Government of Himachal Pradesh have sought an upgradation grant for the maintenance of the Hindustan-Tibet Road. We have again made a suitable provision in the expenditure forecast of Himachal Pradesh.

12.61 Government of Assam wanted assistance for the construction of new capital at a cost of Rs.200 crores, for which a site has now been selected. In this connection, we would recall that the Government of Assam were promised assistance of Rs.25 crores by the Centre when the State of Meghalaya was created out of the erstwhile composite State of Assam. The Government of Assam could not avail itself of the Central assistance due to its inability to decide on the location of the new capital. We think that the State cannot launch upon the construction of a new capital without the support of the Centre which, we hope, will be forthcoming.

12.62 The States of Maharashtra, Tamil Nadu and West Bengal have requested upgradation grants of the order of Rs.1000 crores, Rs.500 crores and Rs.151.95 crores respectively for solving the problems of urban congestion in the cities of Bombay, Calcutta and Madras. Whilst we are acutely conscious of the problems of urban congestion in these three metropolitan cities, we think that the Planning Commission is the appropriate body to deal with these problems, which we commend for their sympathetic consideration.

12.63 The Government of Andhra Pradesh have requested an upgradation grant for construction of protective and preventive works to minimise the damage caused by the cyclones. We feel that the State Government should undertake appropriate plan programmes for mitigating such damages.

12.64 Certain State Governments have asked for upgradation grant to raise the service level of local bodies, particularly of urban local bodies. We think that the problem is too large to be dealt with through upgradation provisions.

12.65 Some State Governments have requested upgradation grants for the construction of Secretariat buildings and State Assembly buildings. Paucity of resources has prevented us from considering their requests favourably.

12.66 In the education sector, the Association of Vice-Chancellors met the Commission for support through earmarked upgradation outlays. We have adopted a high rate of growth in the assessment of expenditure estimates of the State Governments in the education sector so as to enable the States to properly maintain all educational institutions, including the Universities. We do not, therefore, think it necessary to make any special provision for Universities.

12.67 To sum up, we have provided Rs.1263.49 crores as the total upgradation outlay for the betterment of service levels in nine sectors, and for meeting the special problems faced by some States. The State-wise and sector-wise distribution of outlays may be seen at Annexure XII-11.

Monitoring

12.68 We are required further to recommend the manner of monitoring of utilisation of upgradation grants. The Seventh Finance Commission which was required to do likewise stated the objectives of monitoring to be as follows:—

- (i) Ensuring the utilisation of grants for the purpose for which they have been provided; and
- (ii) ensuring that desired results in physical terms are achieved by the outlays.

That Commission desired that expenditure progress reports from the States should be supplemented by indices of physical progress. It identified Planning Commission as the agency for monitoring the provision of adequate maintenance outlays for the efficient use of capital assets. In respect of upgradation expenditure on Stamps and Registration, and of Treasury and Accounts administration, that Commission recommended that the Ministry of Finance should monitor the expenditure. Similarly, for monitoring the expenditure of upgradation grants in Judicial administration, that Commission recom-

mended that the Department of Justice should undertake this responsibility. For utilisation of upgradation grants in Police, Revenue and District, Tribal administration and Jails, it expected the Ministry of Home Affairs to do the same.

12.69 Regarding regulation of release of grants, the Seventh Finance Commission recommended an initial release on an 'on account' basis. It envisaged the preparation of a plan of action on the basis of which subsequent grant releases should be regulated. The Seventh Finance Commission expected that the release of grants from the third year (i.e. 1981-82) would be based on audited expenditure. It stated that the grants would be available for the entire five year period. The grants would lapse after March 31, 1984.

12.70 Seven States, namely, Jammu & Kashmir, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Tamil Nadu and West Bengal have stated their views regarding monitoring in their memoranda. All the States are unanimous in saying that the States should have flexibility in the utilisation of upgradation grants. They feel that the need for clearance of a plan of action by the Central Government is the source of avoidable delay.

12.71 We had written to the Ministries of Finance, Home Affairs and Planning Commission to give us the details of releases of grants, their utilisation by the State Governments in financial and physical terms and the utilisation of enhanced asset-maintenance provisions. Regarding the monitoring of the upgradation provisions on maintenance expenditure, the Planning Commission stated that it was not possible for them to follow up the recommendation of the Seventh Finance Commission. The position which emerged from our discussions with the Ministries of Finance and Home Affairs was as follows. The Seventh Finance Commission recommended upgradation grants totalling Rs. 436.79 crores. The Government of India released at the end of March 1984 Rs. 388.59 crores. There was thus a lapse of Rs. 48.20 crores. The releases amount to 88.96 per cent. No State could obtain cent per cent release of the grant provided by the Seventh Finance Commission. The States which could obtain releases exceeding 90 per cent are Andhra Pradesh, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Nagaland, Rajasthan and Uttar Pradesh. The States of Assam, Bihar, Kerala, Manipur, Meghalaya, Orissa, Sikkim, Tamil Nadu and Tripura obtained releases varying from 74.03 per cent to 89.96 per cent. West Bengal could obtain only 35.03 per cent of the grant. Among the sectors, the releases were highest at 95.26 per cent in case of stamps and registration and treasury administration. Police administration ranks next at 92.03 per cent. Judicial Administration recorded lowest release with 64.64 per cent.

12.72 We could not get complete data regarding the utilisation of grants by the State Governments out of the amounts released. We have incomplete information regarding the physical progress. From the available information, we find that police housing recorded a 56.38 per cent physical achievement. In absolute terms, that means that 45788 housing units were built out of 81219 housing units envisaged by the Seventh Finance Commission. In judicial administration out of 538 new courts recommended by the Seventh Finance Commission, 450 were set up. The objectives of monitoring visualised by the Seventh Finance Commission could not be realised in full since there was no single coordinating agency which took upon itself the monitoring both of financial and physical progress.

12.73 We think that simplicity in monitoring should be the guiding principle. The objective of monitoring is to see that funds have been applied for the purpose for which they were intended. There should be some flexibility for the States in regard to physical specifications and cost norms. For this purpose, we suggest the following institutional arrangements:-

- (i) At the Government of India level, there should be an inter-ministerial Empowered Committee for monitoring the progress of utilisation of upgradation grants. The Committee should have representatives of the concerned Union Ministries as Members. The Officer-in-Charge of the Finance Commission Division, which we have proposed in a later Chapter should be the Convenor of the Committee. This Committee should meet as often as necessary, but not less than once in a quarter, to review the physical and financial progress of utilisation of upgradation grants. Based on escalation in prices or alterations in physical norms for State-specific reasons, the Committee should be empowered to alter the physical targets contained in the upgradation grants within the amounts specified by the Commission. The Empowered Committee would be competent to transfer the grants from one scheme to another scheme within the same sector. For example, in tribal administration, the Ministry of Home Affairs transferred funds from compensatory allowance to staff quarters while

implementing recommendations of the Seventh Finance Commission. Similarly, if it becomes necessary to transfer grants from the establishment of new treasuries, which we have recommended, to the construction of buildings for the existing treasuries, or effecting structural alterations to the existing treasuries, the Empowered Committee should be competent to do so. This is the kind of flexibility which the Empowered Committee will have in over-seeing the implementation process. We also expect the Members of the Empowered Committee to visit the States and make random inspection of the works under construction and the offices set up out of the upgradation grants. The Empowered Committee should have frequent discussions with the State Governments at State capitals, if necessary.

- (ii) At the State level, we envisage the constitution of a similar State level Empowered Committee under the chairmanship of the Chief Secretary or a very senior officer. The Empowered Committee should be competent to sanction schemes, provide funds and monitor the progress. An officer of the State Finance Department should be the convenor of the Empowered Committee to coordinate the implementation arrangements. We recommend that the Empowered Committee should have the Finance Secretary, the Secretary of the Public Works Department and the Secretaries of other concerned Departments as Members. We expect the State Level Empowered Committee to meet frequently (preferably not less than once in two months) in order to resolve any problems that may occur.

12.74 In order to expedite the utilisation of upgradation grants, we recommend that the Ministry of Finance should release initially on an 'on-account' basis 10 per cent of the grant recommended for a State, with the request to constitute necessary institutional arrangements described in the earlier paragraphs. After receipt of advice regarding the accomplishment of institutional arrangements, and a plan of action for execution of the physical content of the upgradation grants, the Ministry of Finance should release another 30 per cent of the grant. Subsequent grant releases should be determined by the extent of physical progress. For the convenience of monitoring by the State Governments and Central Government, we have indicated in the Annexure XII-12, the annual phasing of the execution of each programme and release of grants for each sector. We recommend that an evaluation study be conducted by a suitable organisation as to the benefits of the upgradation programmes. The evaluation study should identify the deficiencies in monitoring, and suggest remedial measures.