

**'IMPLEMENTATION OF RECOMMENDATIONS OF PAC BY MINISTRIES
OF FINANCE, DEFENCE AND WOMEN & CHILD DEVELOPMENT'**

[Action Taken by the Government on the Observations/Recommendations of
the Public Accounts Committee contained in their 5th Report (17th Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE
(2022-23)**

SIXTY-THIRD REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2292

SIXTY-THIRD REPORT

PUBLIC ACCOUNTS COMMITTEE (2022-23)

(SEVENTEENTH LOK SABHA)

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BY MINISTRIES OF FINANCE, DEFENCE AND WOMEN
& CHILD DEVELOPMENT'**

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05-04-2023

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05-04-2023

LOK SABHA SECRETARIAT
NEW DELHI

April, 2023 / Chaitra, 1945 (Saka)

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*Not attached

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2022-23)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Bhartruhari Mahtab
4. Shri Jagdambika Pal
5. Shri Pratap Chandra Sarangi
6. Shri Vishnu Dayal Ram
7. Shri Rahul Ramesh Shewale
8. Shri Gowdar Mallikarjunappa Siddeshwara
9. Dr. Satya Pal Singh
10. Shri Brijendra Singh
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Shri Jayant Sinha
13. Shri Balashowry Vallabbhaneni
14. Shri Ram Kripal Yadav
15. Shri Shyam Singh Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Shri Bhubaneswar Kalita
18. Dr. Amar Patnaik
19. Dr. C. M. Ramesh
20. Shri V. Vijayasai Reddy*
21. Dr. M Thambidurai
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri T. G. Chandrasekhar - Additional Secretary
2. Smt. Bharti S. Tuteja - Director
3. Ms. Malvika Mehta - Under Secretary

* Shri V. Vijayasai Reddy was elected as Member of Public Accounts Committee w.e.f. 13.12.2022.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2022-23), having been authorised by the Committee, do present this Sixty-third Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Seventeenth Lok Sabha) on **'Implementation of recommendations of PAC by Ministries of Finance, Defence and Women & Child Development'** relating to the Ministry of Finance, Defence and Women & Child Development.

2. The Fifth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 4th February, 2020. Replies of the Government to the Observations/Recommendations contained in the Report have been received. The Committee considered and adopted the Sixty-third Report at their Sitting held on 3rd April, 2023. Minutes of the Sitting of the Committee are given at Appendix-I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the office of the Comptroller and Auditor General of India.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Fifth Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI:
3rd April, 2023
13 Chaitra, 1945 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

CHAPTER – I

REPORT

This Report of the Public Accounts Committee deals with action taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Seventeenth Lok Sabha) on 'Implementation of Recommendations of PAC by Ministries of Finance, Defence and Women and Child Development' relating to Ministries of Finance (Department of Revenue), Defence and Women and Child Development.

2. The Fifth Report (Seventeenth Lok Sabha) was presented to the Parliament on 04.02.2020. It contained a total of 19 Observations/Recommendations. Action Taken Notes have been received from the Ministries of Finance (Department of Revenue), Defence and Women and Child Development in respect of all the Observations/Recommendations and are broadly categorised as follows:-

- (i) Observation/Recommendations which have been accepted by the Government

Para Nos. 2.15-2.18, 2.20-2.22, 3.10-3.12, 4.10, 5.14 and 5.16 - 5.18.

Total: 15

Chapter II

- (ii) Observation/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government

NIL

Total: 00

Chapter III

- (iii) Observation/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration

Para Nos. 5.15 and 5.19

Total: 02

Chapter IV

- (iv) Observations/Recommendations in respect of which the Government have furnished interim replies

Para Nos. 2.19 and 3.13

Total: 02

Chapter V

3. The Government is required to take action on the observations/recommendations given by the Committee and submit its replies within six months. After analyzing the action taken replies so submitted, Action Taken Reports are presented by the Committee to the Parliament. Regarding actual implementation of the recommendations of the Committee that have been accepted by the Government, though the C&AG

examines the status of implementation of these recommendations during follow up audit after a few years, there is no mechanism to simultaneously determine and ensure actual implementation of the same. The implementation of these recommendations is imperative in ensuring development, probity in public life and accountability to Parliament. It is in this context, to ascertain the actual implementation of the recommendations made by the Committee in their various reports that 8 reports were selected (four Original Reports along with their four Action Taken Reports) for finding out the extent of implementation of the recommendations made by the Committee. These are:-

- i. 75th Report (16th LS) on "Performance of Import and Export Trade Facilitation through Customs Ports" and 97th Report (16th LS) on "Action taken by the Ministry on the 75th Report" *ibid*;
- ii. 21st Report on "Role and Functioning of Indian Coast Guard" along with 51st Report (16th LS) on "Action taken by the Ministry on the 21st Report" *ibid*;
- iii. 32nd Report (16th LS) on "Indigenous Construction of Indian Naval Warships" and 59th Report (16th LS) on "Action taken by the Ministry on the 32nd Report" *ibid*; and,
- iv. 14th Report (16th LS) on "Integrated Child Development Services (ICDS)" and 35th Report (16th LS) on "Action taken by the Ministry on the 14th Report" *ibid*.

4. After examining the extent of implementation of the recommendations made by the Committee in the aforesaid reports on the various subjects, the Committee had recommended various measures to be undertaken by Ministries of Finance, Defence and Women and Child Development. For the Ministry of Finance, recommendations included carrying out impact-analysis of various measures by Working Groups concerned of the National Committee on Trade Facilitation; comparative statement of the border and compliance costs of trading in India vis-a-vis other countries like China, Brazil and South Asian Association for Regional Cooperation (SAARC) countries; extent of utilisation of 24x7 facility; enrolment of Authorized Economic operators; implementation of eSANCHIT (Electronic Storage And Computerised Handling of IT documents) in a specified time frame; single integrated portal to be designed to assist importers and exporters for the required compliances/clearances under various laws, rules and regulations along with establishment of a Single Window for all clearances/approvals required from various regulatory agencies for ensuring necessary coordination between multiple agencies; allowing of instant refunds through electronic cash ledger; cadre review; containing of nexus between Shipping Lines and Container Freight Stations; status of completion/progress of 101 projects under the Sagar Mala; finalisation of Multimodal Transportation of Goods (MMTG) Bill and monitoring of Dedicated Freight Corridors etc.

5. For the Ministry of Defence, the Committee recommended development of dedicated training facility at the earliest and urgent efforts to select and finalise an alternate site and construction of the training facility in time bound manner; enactment

of suitable law to empower and strengthen the Coast Guard to investigate and arrest individuals, and seize vessels carrying out criminal and anti-national activities; completion of infrastructural development in time bound manner; taking up of issues such as identification and tracking of ships and uniform system of registration of fishing vessels and also demarcation of responsibilities of all the Ministries/Departments and forces concerned with the country's coastal security so as to ensure effective coordination and prevent system failures by the National Committee for Strengthening Maritime and Coastal Security (NCSMCS); incorporation of the provisions as suggested by ICG in the Merchant Shipping Bill, and early enactment of Central Marine Regulation Fisheries Act (CMRFA) for regulation of fishing in maritime zones; Navy to continue to augment their resources and reduce time and cost overruns in warship building projects; encouraging production of warships of international standards by Public Sector Undertakings as well as Private Ship Building Companies etc.

6. For the Ministry of Women and Child Development, the Committee had recommended that to resolve the problem of non-completion of construction and operationalisation of Anganwadi Centres, the Ministry interact with the State Governments to find out and find solution for constraints that they are facing in implementation of the Integrated Child Development Services (ICDS) Scheme; district-wise monitoring of the scheme on a regular basis and appointment of district welfare officers for monitoring various welfare schemes; revision and increase in remuneration of Anganwadi Workers and helpers; construction of Anganwadi Centres in urban slum areas; examination of similar programmes of Brazil and other countries in fighting malnutrition; construction of crèches in anganwadi centres in urban areas and increase in allocation of money for construction of drinking water facilities and toilets so that the remaining AWCs get facility of drinking water and toilets in a time bound manner etc.

7. The Action Taken Notes submitted by the Ministries on the Observations/Recommendations of the Committee contained in their Fifth Report (Seventeenth Lok Sabha) have been reproduced in the relevant Chapters of this Report in the succeeding paragraphs. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which need reiteration or merit comments.

8. The Committee desire that the Ministries of Finance (Department of Revenue), Defence and Women and Child Development furnish Action Taken Notes in respect of Observations/ Recommendations contained in Chapter I and V within six months of the presentation of the Report to the House.

Recommendation at Para No. 2.21

9. *In regard to cadre review and creation of vacancies and immediate recruitments to augment the operational requirements of the Customs at air/sea ports, the Committee had noted the Ministry's reply that CBEC had undergone cadre restructuring as early as 2014 and the next cadre review was due in 2018. The Committee had been*

disappointed to note that while the said replies were submitted in the second half of 2018, no mention was made of such a review being carried out. The Committee had, therefore, desired to be apprised of the status thereof and the steps taken to have adequate number of officers at air/sea ports for faster clearances of goods.

10. The Ministry of Finance, Department of Revenue in their Action Taken Notes have submitted as under:

"Department of Personnel and Training (DoP&T) vide O.M. F.No. 1.11019/9/2018-CRD dated 25.05.2018 issued the Calendar for Cadre Review of various Central Group A Services. Thereafter, process was initiated for formulating a comprehensive proposal for Cadre Restructuring for all Group A, B & C grades and reorganization of the field formations with the Board constituting a Working Group (WG) and the Core Team for Cadre Restructuring 2018 on 08.06.2018. Accordingly, the proposal for Cadre Restructuring and reorganization of the Field Formations under CBIC has been formulated following a zero based budgeting approach and a detailed analysis of workload and functionalities including forecasting for future requirement based on wide-ranging consultations with all stakeholders including officers and staff federations/ associations representing Group A, B & C officers and staff.

The said cadre restructuring proposal was presented before the Board for approval and the proposal has been approved by the Central Board of Indirect Taxes & Customs (CBIC) during the Board meeting held on 20th May, 2020.

Based on approval of the Board, a consolidated proposal for submission to DOPT was prepared and is under examination in the Ministry."

11. Audit have given the following observations:-

"Final outcome in this regard may be intimated."

12. The Ministry have submitted the following in response to Audit observations:-

"The Cadre Restructuring proposal has been submitted to DoP&T vide D.O. No. HRM-I/Pol/CRR/1/1/2021-Pol/RR-O/o ADG-HRM-1-DGHRD dated 16.07.2021."

13. Audit further observed the following on Ministry's action taken:-

"The cadre restructuring which was due in 2018 was approved by the Board on 20/05/2020 and forwarded to DoPT on 16/07/2021. This issue was reported in AR 13 of 2015 and Ministry may kindly elaborate on the interim arrangement being made by the Board for coping with shortage of officers at air/sea ports for faster clearance of goods, during the intervening period, till such reorganization is effected by DoPT."

14. Ministry's further submission on the matter is as under:

"The Cadre Restructuring exercise is held periodically every five years, as per DoPT guidelines. Cadre restructuring exercise aims at removing shortcomings, that might have crept in over a period due to changes in organisational functioning consequent to changes in governmental policies, introduction of

modern technologies, and adoption of global best practices etc. The major tasks of the cadre restructuring exercise include projection of manpower requirements and rationalisation of the department from the functional, structural and personnel angles. The last Cadre Restructuring exercise was completed in 2013 and implemented in 2014. The ongoing Cadre Restructuring exercise was initiated in 2018 and the proposal has been submitted for consideration to DoP&T on 16.07.2021.

In the interregnum, the field formations of CBIC function seamlessly with available staff allocated to the jurisdictional Commissionerates under which the air/seaports fall. The staff strength that was sanctioned during the previous Cadre Restructuring is optimally deployed and utilised for the enhanced workload that arises in the subsequent years leading up to the next Restructuring."

15. The Committee had noted that in order to augment the operational requirements of the Customs at air/sea ports, CBIC had undergone cadre restructuring in 2014. Though the subsequent cadre review was due in 2018, no mention of the same was made before the Committee despite the representatives of the Ministry having deposed before the Committee in the second half of 2018. The Committee had, therefore, desired to be apprised of the status thereof and the steps taken to have adequate number of officers at air/sea ports for enabling faster clearance of goods. The Committee note that the process was initiated for formulating a comprehensive proposal for Cadre Restructuring for all Group A, B & C grades and reorganization of the field formations with the Board constituting a Working Group (WG) and the Core Team for Cadre Restructuring 2018 on 08.06.2018. The cadre restructuring proposal was however, approved by CBIC only on 20.5.2020 and forwarded to DoPT more than a year later i.e. on 16.7.2021. The Committee observe from the submission of the Ministry that the staff strength sanctioned during the previous Cadre Restructuring is optimally deployed and is being utilised for the enhanced workload that has arisen in the subsequent years. The Committee are disappointed to note that it took three years to forward the cadre review proposal to DoPT and that the same continues to be under consideration. The Committee are of the considered opinion that timely cadre restructuring not only helps in ensuring that the workforce is optimally deployed but also in creating an effective compliance monitoring mechanism. The Committee feel that periodic cadre restructuring helps prepare and equip officers to face the challenges posed by automation, amendments in business processes and skill gaps etc. The Committee, therefore, desire that it may be ensured that the cadre restructuring exercise takes place within a crisp framework and timeline so as to improve productivity and quality of deliverables.

Recommendation at Para No.2.22

16. The Committee had noted that on the issue of arbitrary high charges imposed by Shipping lines, the Cabinet Secretary had directed that the nexus between Shipping lines and Container Freight Stations (CFS) and the issue of excessive charges being levied by shipping lines may be examined by Ministry of Shipping, Department of Revenue, Ministry of Commerce and Ministry of Railways for appropriate action. The Committee were perturbed to note that in spite of Cabinet Secretary's directions, the Ministries concerned had not taken concrete action to contain the nexus between the Shipping Lines and Container Freight Stations and on the issue of excess charges. The Committee were further disappointed to note that no response had been given by the Ministry of Shipping on appointing a regulator to oversee the issue. The Committee had desired to be apprised of the status of resolution of the matter. The Committee had hoped that NCTF would ensure that all the decisions taken by them in their various meetings would be implemented in letter and spirit. The Committee had further reiterated their recommendation made in the 97th Report that an agreement/ MoU with State Governments be invariably made before taking up infrastructure augmentation projects to avoid disputes at later stages. The Committee had desired to be apprised of the status of completion/progress of 101 projects under the Sagar Mala. The Committee had further desired that all infrastructure projects should be completed within a specified time frame and monitoring be done on a regular basis; the Multimodal Transportation of Goods (MMTG) Bill may be followed up and finalized and the Dedicated Freight Corridors may be monitored vigorously so that they are completed in time thereby preventing cost escalation. While acknowledging the various measures taken by the Ministry to facilitate trade, the Committee had also opined that timelines may be specified for each activity, the efficacy and success of initiatives undertaken by the Government may be regularly assessed and responsibility fixed in case of non-achievement of the specified targets.

17. The Ministry of Finance, Department of Revenue in their Action Taken Notes have submitted as under:

"Ministry of Shipping has submitted as under: -

"Ministry of Shipping has constituted a small group headed by Dy. Director General of Shipping to interact with the trade and shipping lines, identify and examine grievance and suggest remedial measures so as to bring transparency in transaction cost and reasonableness of various charges levied by the shipping lines/carriers for carriage of EXIM trade. The group held five meetings (23rd Feb, 14th & -15th March, 22nd March and 7th April 2016), to deliberate & discuss the pertinent issues. The group had identified 58 extra charges levied by shipping lines/agents on import shipments alone out of which there was consensus that 25 charges will not be charged henceforth. These 25 charges include Terminal Handling Charges (THC) and Inland Haulage Charges (IHC). With this decision it was felt that transaction cost will come down substantially. Accordingly, DGS had issued a Circular on 07.09.2016 listing out all such charges, followed by a clarification Circular dated 26.12.2016 aimed to redress the grievances of the

EXIM traders regarding the lack of transparency and the arbitrariness of the transaction costs. As the circular issued by the DG Shipping on 07.09.2016/26.12.2016 was not having any legal backing, the major shipping lines/carriers did not comply the instruction contained therein and they continued to charge unreasonable cost for carriage of EXIM goods."

Ministry of Shipping has further informed that the charges by all the 25 shipping lines are now hosted not only on their own website as well as on the websites of JNPT, IPA and PCS. Ministry has issued direction to all major ports for providing link of all rates and charges levied by port, shipping lines and related agencies on their websites.

Subsequently, Office of Commissioner of Customs, Mumbai Customs Zone-II took cognizance of DGS's Circular 1 dated 07.09.2016. They issued a Public Notice No. 158/2016 dated 25.11.2016, directing that Shipping lines, freight forwarders and Non-Vessel operating common carriers and their various associations, are bound to comply with instructions issued by DGS with the aim of bringing transparency in transaction cost of EXIM Trade. This public notice further advised that in case of any violation of the said legal requirements, suitable action would be taken under Handling of Cargo in Customs Area Regulation, 2009. It has further been advised that in case any difficulty experienced in this regard, the same may be brought to their notice.

Besides the above, it may also be stated that Allocation of Business Rules was amended to include the subject matter of integrated development of logistics sector in the domain of Department of Commerce since July 07, 2017 vide notification No. SO 2163 (E). Subsequently, the subject matter now falls under the purview of Ministry of Commerce & Industry, Department of Commerce. The Logistics Division of Department of Commerce has thoroughly revamped the Multi Model Transportation of Goods Act, 1993 and have recently circulated the Draft Cabinet Note to all concerned Ministries, including Ministry of Shipping, for introducing the MMTG Bill, 2020 in the Parliament.

As regards, the status of completion/progress of projects under the Sagarmala, Ministry of Shipping has submitted as under:

Sagarmala funded Project status as on 15.07.2020 (Given in *Annexure*)"

Further Logistics Division, Department of Commerce (Ministry of Commerce & Industry) has submitted that, "The issue of high charges by the shipping lines and nexus between the shipping lines and container freight stations is in the notice of the Logistics Division. A number of meetings have been called with all the stakeholders including the CSLA, CFSAI to come to a common understanding. A meeting was also called to discuss the report of the Committee on Transparency in Transaction Cost prepared by the Director General of Shipping. The Logistics Division is working closely with all the stakeholders to reach a consensus on various issues where there is a difference of opinion between the parties."

Further Ministry of Railways, in this regard has informed that in the recent past, it has taken many steps to enhance the railway share in Exim container cargo by rationalizing freight rates and providing other facilities for movement of containers.

However, the issue of additional charges being levied by JNPT terminals & Nhava Sheva terminals, whenever containers are moved by rail have been brought out by Social Economic Development Organization of Raigadh, Container Train

Operators (CTOs) and various stakeholders. This differential pricing vis-a-vis road-based container movement denies a level playing field to the railways by adding to the overall logistics cost of transportation through rail, thereby discouraging movement by rail.

Ministry of Shipping and Ministry of Commerce & Industry has been requested to intervene and facilitate a level playing field between railway and road.

The completion of any Railway project depends on various factors like land acquisition by State Government, forest clearance by officials of forest department, shifting of infringing utilities (both underground and over ground), statutory clearances from various authorities, geological and topographical conditions of area, law and order situation in the area of project site, number of working months in a year for particular project site due to several other unforeseen conditions and working of agencies/contractors etc. Regular meetings are held with the officials of State Government and concerned authorities to resolve the pending issues obstructing the progress of projects. Further, to ensure that projects are completed even before time, Railway has adopted the concept of incentives to the contractor in the form of bonus clause in contracts which will further enhance the pace of execution of projects. For capacity enhancement projects, institutional financing has been arranged, which has increased Railways' capacity for committed fund provision for capacity enhancement projects.

As regard the status of the Dedicated Freight Corridors, the Ministry of Railways has submitted that, "Eastern Dedicated Freight Corridor (EDFC — 1875 kms from Ludhiana to Dankuni) and Western Dedicated Freight Corridor (WDFC — 1506 kms from JN port to Dadri) have been sanctioned by Government with the estimated cost of Rs. 81,459 Cr. The project is under execution through substantial funding of World Bank & Japan International Cooperation Agency (JICA) except 538 kms Sonnagar-Dankuni section which has been planned to be executed under PPP mode.

Physical and Financial progress of WDFC & EDFC project (entire 1506 kms WDFC and 1337 kms of Ludhiana-Sonnagar stretch of EDFC) is 70% & 68% respectively. The project is targeted for completion in phases by December, 2021. In the current year, 500 kms of DFC has been completed comprising 194 kms Khurja-Bhadan section of EDFC and 306 kms of Rewari-Madar section of **WDFC**.

18. Audit gave the following vetting comments on the reply of the Ministry: -

"Further progress in this regard may be intimated."

19. Ministry's further submission on the matter is as follows: -

"Further Comments of Ministry of Railways:

The completion of any Railway project(s) depends on various factors like quick land acquisition by State Government, forest clearance by officials of forest department, deposition of cost share by State Government in cost sharing projects, priority of projects, shifting of infringing utilities, statutory clearances from various authorities, geological and topographical conditions of area, law and order situation in the area of project(s) site, number of working months in a year for particular project site due to climatic conditions etc. and all these factors affect the completion time of the project(s), which is finally worked out at the completion stage. However, Railways is making all the efforts for expeditious completion of projects.

Various steps being taken by the Government for effective and speedy implementation of rail projects include (i) prioritisation of projects, (ii) substantial increase in allocation of funds, (iii) delegation of powers at field level, (iv) close monitoring of progress of project at various levels (v) regular follow up with State Governments and concerned authorities for expeditious land acquisition, forestry and Wildlife clearances and for resolving other issues pertaining to projects.

Budget outlay has been provided to the projects in a rationalized manner and budget has been allotted to the projects which are in advance stage of completion, priority projects, important New Line & National projects, executable & important Gauge conversion projects and the projects which are important from the throughput enhancement considerations. Thus, focused attention is given in fund allotment, rather than thinly spreading the resources without commensurate results.

Physical and Financial progress of WDFC & EDFC: The overall Financial progress of Western DFC (Jawaharlal Nehru Port to Dadri 1506 kms) is 74% and the Eastern DFC (Ludhiana to Sonnagar 1337 kms) is 75%.

2. The following sections of DFC have been fully commissioned:

- (1) Khurja - Bhaupur section of EDFC (351 km)
- (ii) Rewari - Madar section (306 km) of WDFC.

The work on the following sections has also been completed:

- (1) Ganjkhwaja-Chirailpathu (100 kms) of EDFC
- (2) Madar-Palanpur (335 kms) of WDFC.

With completion of the above sections, a total length of 1110 RouteKmsDFC network is complete.

3. Remaining sections of Eastern DFC (excluding Sonnagar-Dankuni section) and Western DFC are targeted for completion in phases by June 2022.

4. The implementation of DFC project is closely monitored at the highest level including Project Monitoring Group (PMG), PMO, and other important platforms such as PRAGATI (Pro-Active Governance and Timely Implementation), e-samiksha etc.

Further Comments of Logistics Division of Department of Commerce (Ministry of Commerce & Industry) has submitted as under:

With reference to 6th steering committee meeting of the NCTF, a note has been received by Logistics Division from MoPSW and it has been studied. It has been brought out that DG shipping does not have statutory powers to enforce the advisory on prices charged by shipping lines from its customers. It has been realized that regulatory regime needs to be strengthened in a structural manner to address the issue. It may be noted that Logistics Division also has no regulatory power to regulate the charges being levied by shipping lines. As per information from MoPSW, the regulation of shipping charges has been included in Merchant Shipping Bill (section 323) being drafted by MoPSW.

A task force has also been constituted by the Cabinet Secretary under the chairmanship of Additional Secretary (MoPSW) to monitor container shortage and high shipping freight rates. The progress on the issue may be sought from MoPSW.

This issues with the approval of Special Secretary to the Govt. of India.

20. Audit's vetting comments dated 17.02.2022 are as follows: -

"Progress report of the task force constituted under the Chairmanship of Additional Secretary (MoPSW) to monitor container shortage and high shipping freight rates may be intimated."

21. Ministry's further submission on vetting comments of Audit is as under: -

"Ministry of Ports, Shipping and Waterways has reported as follows:

1. The following consultations/meetings were held to decide on the measures to augment the availability of containers for Indian manufacturers:

a. Secretary, PSW held meeting with all stakeholders on 02.09.2021 to discuss challenges faced by Exporters and identify measures to mitigate them.

b. A Task Force constituted in compliance of Office Memorandum No. 652/1/2/2021Cab.III dated 03.09.2021 comprising of Additional Secretary (PSW) to monitor the evolving situation and regular follow up on the initiatives to augment the availability of containers.

c. Secretary, PSW on 06.09.2021 held meeting with concerned Ministries and Government Agencies to decide on the Action Plan to overcome challenges.

d. First meeting of Task Force held on 07.09.2021 under the chairmanship of Additional Secretary, PSW regarding implementation of action plan.

- e. Meeting was organized under the chairmanship of Hon'ble Minister of Commerce and Industry, Textiles, Consumer Food and Public Distribution in the presence of the Hon'ble Minister of Railways, Communications and Electronics and Information Technology and Hon'ble Minister of State for Commerce and Industry on 09.09.2021 to discuss the logistic issues affecting exports from India.
- f. Further, Secretary (PSW) held meeting on 15.09.2021 with Ministries, other agencies along with the members of Task Force to discuss the progress on Action Plan by the concerned agencies.
- g. Meeting held by Secretary(PSW) with Chairmen of Major Ports on 5.10.2021 and Ports asked to further improve turnaround time of Containers by improving monitoring and consider further discounts to improve Shipping space availability.
- h. Follow up meeting was held with CSLA and Shipping lines by Director General of Shipping on 6.10.2021.
- i. Second meeting of Task Force held on 27.09.2021 under the chairmanship of Additional Secretary, PSW regarding progress in the implementation of action plan.
- j. Third, fourth and fifth meeting of Task Force held on 11.10.2021, 29.10.2021 & 18.11.2021 respectively under the chairmanship of Additional Secretary, PSW regarding progress in the implementation of action plan.

2. Measures taken by MoPSW

- a. Major Ports are encouraging shipping lines to arrange a direct call of mother vessels for transshipment services to avoid additional time and cost incurred due to congestion at foreign ports. Major Ports are also, extending incentives in port charges for additional transshipment volume.
- b. Fiscal incentives have been provided by Port Authorities i.e., volume link discounts on port charges, increasing free storage period and concessional storage charges.
- c. By regular interaction with all the stakeholders by the Port Chairmen, the number of empty imported (TEUs) containers is approx. double as compared to exported TEUs resulting in availability of additional 90,000 TEUs in last two months for EXIM trade at 12 major Ports.
- d. Quarantine restrictions on vessels arriving from COVID affected countries have been removed.
- e. An advisory has been issued by the DG Shipping (DGS) asking CSLA and its members shipping lines to allow payment of Inland Haulage Charges directly to the railway authorities and not levy any special priority charges.

f. CMA CGM have issued memorandum to stop any increase in this spot prices on all services operated by their shipping brands with effect from 09.09.2021 till 01.02.2022.

g. Import of empty containers increased, so far 1.67 million TEUs have been repositioned by shipping lines.

h. Export of many commodities like rice, sugar, steel products, etc. have been converted successfully in Mumbai port into bulk and break bulk shipment by extending fiscal incentives like volume linked, discount in port charges and increasing in free storage periods. Similarly, import of pulses, soyabean, etc. has begun to be received in bulk and break bulk form in Mumbai Port.

i. Sandstone and Porcelain Tiles Export Association has been offered services by SCI. They are in discussion with the Shipping Corporation of India (SCI) to convert the cargo from containers to bulk and break bulk for export to Europe.

j. SCI have diverted one 4500 TEU containership engaged in Coastal trade to EXIM trade. Hon'ble Union Cabinet Minister, Ministry of Ports Shipping and Waterways flagged off 'SCI Chennai' on 03.10.2021 for EXIM trade. Route of service would be Kandla, Kochi, Turicorin, Nava Sheva, Kandla, Jebel Ali in UAE and Hamad in Qatar.

k. Due to regular interventions the following additional capacity has been added/being added:

i. Additional capacity of 8500/9500 TEUs per month deployed by MSC to USA. A new service started from India to the US by MSC with effect from the 31st of August.

ii. Hapag added 4000/5000 TEUs once in two months. They are also starting a new service from Chennai to USA.

iii. MSC added 4500/6500 TEUs weekly to West Africa

iv. A new ME2 service of MAERSK from Mundra & Nhava Sheva (BMCT) to Mediterranean ports has been started from the 12th of Aug, with 10,000 TEU vessel size which is double the earlier capacity.

v. MSC have also restructured their Europe service adding additional capacity of approx. 2000 TEUs and improved transit time from India.

vi. CSLA has also intimated new services of 14300 TEUs per week for far East.

vii. IDAMEX has been launched jointly by CMA-CGM & HAPAG LLOYD between Mundra & Nhava Sheva & the U.S. East Coast, the weekly capacity of which (both CMA-CGM & HAPAG LLOYD from Mundra & Nhava Sheva put together) is about 3,500 TEUs. (First sailing sailed MUNDRA 25/10 & NHAVA SHEVA 29/10).

viii. South China India Express (SIX) has been launched between Mundra / Nhava Sheva & South China / North Vietnam, the weekly capacity of all these lines ex both Mundra & Nhava Sheva put together is about 2,000 TEUs. (First sailing slightly delayed due to delays of the incoming vessel at Far East ports. Now expected to arrive NHAVA SHEVA during the second week of NOV 21 & thereafter at MUNDRA).

3. Action Plan to augment the availability of containers

The Action Plan (AP) prepared after detailed consultation with all stakeholders along with the progress of implementation:

3.1 Augment the container availability for EXIM trade

3.1.1 Duty free period for keeping the container in India be increased from 6 months to 1 year

- Around 28% of containers stay for more than 6 months in the country and permission for extension are given by Custom Officers on case-to-case basis.

3.1.2 Release of Abandoned, Detained / Seized Containers by Customs

- Around 19,000 containers (1.9.21) are abandoned or detained/seized in custody of Custom across the country, can have multiplier effect if these are put in circulation

Progress on 3.1.1 & 3.1.2

- CBIC issued circular on 10.09.2021 for expeditiously disposing of the unclaimed/ uncleared/ seized/ confiscated goods including that are holding up containers.
- CBIC vide circular no. 21/2021-Customs dated 24.09.2021 has extended the re-export timelines by 3 months, if intimated that it will be exported laden, applicable till 31.02.2022
- CBIC has informed that, 1107 long-standing containers have been released till 15.10.2021 and 17712 seized containers have been identified.

3.1.3 Conversion of Containerized cargo to bulk/break bulk wherever possible

- Exporters and vessel operators may consider conversion of more Containerized export and import to bulk/break bulk wherever feasible; imports may also facilitate accordingly.
- Sub-Committee be constituted under the chairmanship of DGFT and JS logistics, Additional DG Shipping, Director SCI and representatives of FIEO, CSLA, INSA, CONCOR, MORTH, NACFS as members to facilitate exporters and vessel operators.

Progress on 3.1.3

- Meeting held under the chairmanship of DGFT along with JS logistics, Additional DG Shipping, Director SCI and representatives of FIEO, CSLA, INSA, CONCOR etc. on 17.09.2021 to discuss complexity and way forward for conversion of containerized cargo into bulk or breakbulk shipment to facilitate exporters and vessel operators.
- Successful conversion of containerized cargo to bulk and break bulk done at Mumbai Port.

3.1.4 Measures by Department of Commerce and Ministry of Railways to improve container availability for EXIM trade

- Extend and further improve the Transport and Market Assistance(TMA)
- Freight rebate for repositioning of empty containers by CONCOR

Progress on 3.1.4

TMA for specified products Notified by Deptt. of Commerce on 9.09.2019 and extension of TMA to other products has been approved by Hon'ble Minister of Commerce & Industries and sent to the Department of Expenditure.

- The proposal to extend the TMA schemes for non-agricultural commodities has been rejected by the dept of Expenditure.
- Freight rebate of 50% for imported empties from gateway ports to ICDs offered by CONCOR have resulted in the movement of 1,46,000 T TEUs to hinterland
- CONCOR announced a rebate of 75% for movement of 10,000 TEUs per month and further they are not going to charge anything if volume is 15,000 TEUs per month to promote EXIM business. One Shipping Line may achieve the target to get the rebate of 75% in the month of October.
- Further, CONCOR committed to provide at least 3000 – 4000 domestic containers for EXIM movement.
- CONCOR informed that there are sufficient containers for the EXIM trade. More than 29, 000 empty containers are available at their EXIM terminals

3.2. Reducing the Turnaround Time of Containers to bare minimum

- Monitoring container movement along the entire logistics chain to reduce delays and improve turnaround time.
- Sub-committee be constituted comprising CEO, NICDC and JS Ports, JS Logistics, JS Customs, Additional DG Shipping, MD CONCOR and representatives from FIEO, CSLA & NACFS to improve the container movement monitoring system under the NICDC Logistics Data Services Ltd. for improving the turnaround time.

Progress on 3.2

- Chairmen of Major Ports monitoring the movement to improve turnaround time at ports

- Meeting held under the chairmanship of CEO, NICDC along with other stakeholders on 20.09.2021 to expand the scope of NICDC's Logistics Databank for monitoring the movement of containers to reduce turnaround time.
- Following action items proposed for enabling Logistics Data Bank (LDB) to improve the container visibility while under custodian of stakeholders other than ports:
 - Integration of LDB with operating systems of CFSs / ICDs for real time movement of containers (empty / laden).
 - Installing LDB RFID readers at entry / exit gates of CFSs / ICDs being managed by CONCOR
 - Installation of RFID readers at empty yards and maintenance yards of shipping lines to monitor the movement of empty containers
 - Deptt of Revenue has directed field formation to instruct CFSs to coordinate with NICDC/LDB system to share the data of empty containers on daily basis.
 - DG Shipping has instructed the Shipping Lines to provide data regarding their empty/maintenance yards to NICDC
 - NICDC representative informed that they are targeting to cover 100% CFSs & ICDs by the end of July in terms of installation and integration. Out of 128 CFS locations, 123 are covered for RFID readers and daily inventory of 104 out of 128 is being received. Out of 105 ICDs, 22 are covered by RFID readers and daily inventory of 53 out of 105 is being received.
 - It was requested that CBIC instruct the remaining CFS / ICDs (including CONCOR) to expedite sharing of the daily container inventory data with LDB.
 - **NDA was shared with CONCOR and multiple meetings held between officials of NICDC & CONCOR. It was informed that permission still to be given to install RFID readers at ICDs managed / operated by CONCOR.**
 - JS(PSW) requested CONCOR to expedite the matter as it is being monitored at the highest level in the Government.
 - **FIEO representative** informed that with the help of DG Shipping most of the shipping lines have on boarded the portal except HAPAG LLOYD. It is informed that around 2950 exporters have on boarded as compared to around 2700 as on 28th December, 2021.

3.3. Advance booking of Containers for specified time periods

- Portal created by Federation of Indian Export Organizations (FIEO) for exporters to place their requirement in advance with provision for shipping lines to indicate availability be made reliable and robust

Progress on 3.3

- Meeting held under the chairmanship of DGFT along with JS logistics, Additional DG Shipping, Director SCI and representatives of FIEO, CSLA, INSA, etc. on 17.09.2021 for bringing additional exporters of agriculture, marine and pharmaceutical commodities on the portal.
- Hon'ble Minister of Commerce inaugurated the portal "Ease of Logistics Platform" on 27.09.2021
- Till now, the platform has brought together 2465 exporters and 500 shipping lines / freight forwarders
- 9511 containers demand have been posted since start of operations

- So far 39 exporters from APEDA and 36 exporters of MPEDA registered on the portal

3.4. Promotion of procurement & domestic production of Containers

Container manufacturing should be incentivized under a PLI scheme,

- DPIIT may prepare a Scheme for promotion of Container Manufacturing
- CONCOR may consider placing more orders supply of containers from domestic manufacturers.

Progress on 3.4

- CONCOR has accorded approval to procure containers from indigenous vendors, PSUs
- 1000 nos. of 20 feet High Cube End Open 34 T containers from M/s. Braithwaite Co. Ltd.
- 1000 nos. of 22 feet High Cube End Open 34 T containers from M/s. Bharat Heavy Electricals Ltd.
- CONCOR has floated a tender to procure 6000 containers from indigenous manufacturers
- 24 bidders have qualified, financial bids are being evaluated and work order will be given within 7 days.
- Manufacturing Policy Division of DPIIT is examining regarding the ways to incentivize the manufacturing of containers.
- It was informed that another 10000 containers are under process of procurement. CONCOR has taken approval for global tenders. Tender was floated on 16.02.2022 and will be opened on 04.04.2022.
- MoPSW has approached DPIIT for initiating PLI scheme for container manufacturing.

This issues with the approval of Special Secretary to the Govt. of India.”

22. The Committee were concerned that no concrete action had been taken to contain the nexus between the Shipping lines and Container Freight Stations on excess charges. The Committee had been disappointed to note that no response was given by the Ministry on appointing a regulator to oversee the issue and had desired to be apprised of the status of resolution of the matter. The Committee had further reiterated their earlier recommendation that an agreement/ MoU with State Governments be invariably made before taking up infrastructure augmentation projects so as to avoid disputes at later stages. The Committee had also desired to be apprised of the status of completion/progress of 101 projects under the Sagar Mala. The Committee had further desired that all infrastructure projects may be completed within a specified time frame and monitoring be done on a regular basis; the Multimodal Transportation of Goods (MMTG) Bill may be followed up and finalized and the Dedicated Freight Corridors may be monitored vigorously so that these are completed in time and thereby prevent cost escalation. The Committee had also opined that timelines may be specified for

each activity, the efficacy and success of initiatives undertaken by the Government may be regularly assessed and responsibility fixed in case of non-achievement of the specified targets.

On the issue of shipping lines, the Committee note the response from the Ministry that regulation of shipping charges has been included in the Merchant Shipping Bill (Section 323) being drafted by the Ministry of Ports, Shipping and Waterways and that a task force to monitor container shortage and high shipping freight rates has been constituted by the Cabinet Secretary under the chairmanship of Additional Secretary (MoPSW). The Committee would like to be apprised of the status of the said Bill and the resultant decrease in charges being imposed by shipping lines due to the action taken on the recommendations of the task force.

The Committee note from the reply of the Ministry that 506 projects are being implemented under the Sagarmala programme and are expected to mobilise more than Rs. 3.5 lakh crore infrastructure investment. From the website of the Sagarmala project, the Committee find that there are a total of 574 projects with a cost of approximately Rs. 6.01 lakh crore and that as of 30-September-2019, a total of 121 projects (cost: Rs. 30,228 Cr) have been completed and 201 projects (cost: Rs.309, 048 Cr.) are under implementation. The Committee would like to be apprised of the present status of completion of projects. The Committee trust that every possible effort would be made to ensure that the remaining projects would be completed within their specified timelines.

The Committee note from the reply of Ministry of Railways that the Physical and Financial progress of WDFC & EDFC project (entire 1506 kms WDFC and 1337 kms of Ludhiana-Sonnagar stretch of EDFC) is 70% & 68% respectively and that the project was targeted for completion in phases by the end of December, 2021. As per the website of Dedicated Freight Corridors Corporation India Limited, a total of 2843 Km (except Sonnagar-Dankuni section) has now been targeted to be constructed under the project by June 2024 and 85% of the project is complete. Further, the Committee note from the audit findings contained in Para 3.1 of C&AG Report of 22 of 2021 that the progress of the project got adversely affected due to delay in awarding of contracts and delay in appointment of consultants; deficiencies in planning for maintenance of rolling stock for DFC, delay in up-gradation of feeder routes and adoption of different moving dimensions in eastern and western DFCs etc. The Committee feel that there has been laxity in monitoring of the project and reiterate their earlier recommendation that the efficacy and success of initiatives undertaken by the Government may be regularly assessed and responsibility fixed in case of non-achievement of the specified targets. The Committee would also like to know the status of the Multimodal Transportation of Goods (MMTG) Bill.

Recommendation at Para No. 5.14

23. *The Committee understood that shifting of sites by State Governments for Anganwadi Centres, pending court cases and less amount of money allotted for construction of the same are some of the reasons for non-completion of construction and operationalisation of Anganwadi Centres. The Committee desired that the Ministry interact with State Governments to find out the constraints that they were facing in implementation of the Integrated Child Development Services (ICDS) Scheme and construction of Anganwadi Centres and then help them in resolving their problems. The Committee had noted that previously, the Ministry was giving an amount of Rupees two lakhs for construction of each Anganwadi Centre and that the Ministry of Finance had reduced this amount to rupees one lakh which would be on reimbursement basis. The Committee had noted that due to this reduced amount, States were not able to provide any extra money from their side and the Ministry was reported to be considering to request the Ministry of Finance to go back to the original scheme. The Committee urged the Ministry to get it expedited at the earliest. The Committee also recommended that a committee comprising of a representative each from the Ministries and State Governments concerned may be made for resolution of all such matters. While recommending that the implementation of the Scheme may be monitored district-wise on a regular basis, the Committee had also desired the Government to appoint district welfare officers for monitoring various welfare schemes.*

24. The Ministry of Women and Child Development submitted the following in their Action Taken Notes:-

“Joint guidelines for construction of 2 lakh Anganwadi Centre (AWC) buildings by 2019, in most backward districts of 11 States (Andhra Pradesh, Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana and Uttar Pradesh), under MGNREGS, in convergence with ICDS Scheme, have been jointly issued by Ministry of Rural Development and WCD on 13.08.2015. In view of the acute shortage of AWC buildings, the scope of the joint guidelines has been revised on 17.02.2016 for construction of 4 lakh AWC buildings across the country. Under MGNREGS upto Rs.5 lakh will be provided for construction of AWC building and upto Rs.2 lakh were to be provided by Ministry of WCD at the prescribed cost sharing ratio between Centre and States.

Under the revised Anganwadi Services, 1 lakh new Anganwadi buildings were approved, to be constructed upto 30.11.2018, in convergence with MGNREGS . Central share for construction of AWC building will be Rs.1 lakh per AWC building for all States/UTs. The amount for construction of Anganwadi buildings @ Rs.1 lakh per Anganwadi building as central share will be reimbursed to States/UTs on completion of construction work.

With the reduction of MWCD share from Rs. 2.00 lakhs to Rs.1.00 lakh, most of the States have expressed difficulty in constructing AWCs. The States have indicated that construction of AWC is a material intensive activity and almost

80% expenditure is on the material component. The contribution of MoWCD and States is used to partially fund the material procurement in AWC. The balance material and labour component is funded through MGNREGS. Thus, reduction in MoWCD contribution and that too funding it as a reimbursement, is adversely affecting the pace of construction of AWC building.

In order to resolve the issue, a meeting was also held under the chairmanship of Secretary (WCD) on 19.12.2018. In the said meeting, it was deliberated that funding pattern for construction of AWC buildings in convergence with MGNREGS is required to be revisited and modified suitably in order to increase the pace of the construction of AWC buildings. Thus, Ministry of WCD had taken up the matter with Department of Expenditure requesting that Government of India share for construction of AWC buildings in convergence with MGNREGS may be restored to original norms prevailing prior to November 2017 i.e. GOI contribution of Rs.2 lakh per AWC on the extant cost sharing ratio (60:40 for States/UT with Legislature; 90:10 for NE & Himalayan States; and 100:0 for UTs without Legislature). Department of Expenditure, vide OM dated 29.03.2019 informed that "Any modification in the Umbrella ICDS Scheme including restoring the funding pattern to its original form can only be carried out with the approval of the Cabinet after the evaluation by NITI Aayog" as the CCEA has granted approval for the extension of ICDS Umbrella Scheme and CCEA had also directed that NITI Aayog would review the existing schemes under the Umbrella ICDS for recommending appropriate modifications."

25. Audit in their vetting comments stated the following:-

"The reply is silent with regard to action taken by the Ministry in the following:

- a) Formation of Committees comprising of a representative each from the ministries and State Governments concerned for resolution of all matters.
- b) District-wise monitoring of the scheme on a regular basis.
- c) Appointment of district welfare officers for monitoring various welfare schemes.

Action taken by the Ministry on the above may be intimated to the PAC."

26. The Ministry have submitted the following in response to Audit observations:-

"(a) As part of sustained engagement with States, review meetings are taken periodically. In meetings taken by Hon'ble Minister WCD with State/UT WCD Ministers in December 2020 to review the performance of States/UTs under various schemes implemented by the M/o WCD, it was also pointed out that in the absence of proper infrastructure, it is difficult to implement the Anganwadi scheme effectively. To ensure safe drinking water at each Anganwadi, it was suggested that PM's Garib Rojgar Yojana and schemes under M/o Jal Shakti be

leveraged for this basic facility in Anganwadis. Therefore, there is urgent need to construct AWCs and relocate those Anganwadis that are functioning from rented and community buildings (schools and panchayats) etc. It was also emphasized that action on war footing needs to be taken to fill vacant positions of Supervisors, Anganwadi Workers and Helpers in a time bound manner that can help to create a robust infrastructure.

The objectives under these Missions are the shared responsibility of Govt of India and the States and implementation thereof is envisaged on a strong convergent platform with the active involvement of the States. In this direction, joint guidelines aimed at promoting convergence in the schemes and initiatives of the Ministries of Health, AYUSH, Panchayati Raj, Rural Development, Environment and Forests, Drinking Water and Sanitation, Dept, of Food, School Education, etc. have also been issued. Accordingly, it is felt that a separate Committee exclusively for construction related matters may not be required.

(b) Vide circular dated 13.01.2021 to all States/UTs, MoWCD issued Guidelines on inter alia Roles and Responsibilities of Duty Holders for transparency, efficiency and accountability. It provides for State Level Steering Committee under the Chairmanship of Chief Secretary of the States/UTs for coordinating the activities of various Departments to ensure effective convergence between various schemes/programs and review the progress made on regular basis. Under these guidelines, the District Magistrate is the Nodal Point in the district for various activities under Anganwadi services.

(c) The State Governments are required to nominate District level Welfare Officers to monitor various Welfare schemes. The recommendation of the Committee in this regard is being impressed upon with the State Governments to nominate Welfare Officers, if not already nominated.”

27. The Committee had desired that the Ministry interact with State Governments to know the constraints that they were facing in implementation of the Integrated Child Development Services (ICDS) Scheme and construction of Anganwadi Centres with a view to being of help in resolving their problems. Noting the reduction in grant amount from Rs. 2 Lakhs to Rs. 1 Lakh for construction of each Anganwadi Centre, the Committee had noted that due to the reduction, the States were not able to provide any extra money from their side and the Ministry was considering requesting the Ministry of Finance to revert to the original scheme. The Committee had urged the Ministry to get such a proposal expedited at the earliest. The Committee had also recommended that a Committee comprising of a representative each from the Ministries and State Governments concerned may be constituted for resolution of all such matters. Further, while recommending that the implementation of the Scheme may be monitored district-wise on a regular basis, the Committee had desired the Government to appoint District Welfare Officers for monitoring various welfare schemes.

The Committee note from the reply of the Ministry of WCD that they had taken up the matter with Department of Expenditure, requesting that the Government share for construction of AWC buildings in convergence with MGNREGS may be restored to the original norms prevalent prior to November 2017. However, as per the Department of Expenditure any modification in the Umbrella ICDS Scheme, including reversion of the funding pattern to its original form could only be carried out with the approval of the Cabinet following an evaluation by NITI Aayog as the CCEA had granted approval for the extension of ICDS Umbrella Scheme. Moreover, CCEA had also directed that NITI Aayog would review the existing schemes under the Umbrella ICDS for recommending appropriate modifications. The Committee recommend that the Ministry of WCD may follow up with NITI Aayog for carrying out the aforesaid review of the ICDS scheme expeditiously and an appropriate funding pattern be established for construction of the Anganwadi Centres without further delay.

With regard to forming a committee consisting of representatives from States and Ministries for resolution of matters, the Committee note that joint guidelines aimed at promoting convergence in the schemes and initiatives of the Ministries of Health, AYUSH, Panchayati Raj, Rural Development, Environment and Forests, Drinking Water and Sanitation, Dept, of Food, School Education, etc. have been issued. While noting the Ministry's submission that the objectives of the scheme are the shared responsibility of the Central and State Governments and implementation is envisaged on a strong convergent platform, the Committee wish to know the contours of this platform and the resultant impact in easing the process of resolution of matters.

Recommendation at Para 5.15

28. *The Committee had observed that the maximum number of vacancies exist in the posts of Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs), and the same are mainly in the States of Bihar, Karnataka, Maharashtra, Rajasthan, Uttar Pradesh and West Bengal. The Committee were of the view that the current remuneration being paid to the AWWs and AWHs is quite low and hence unattractive. The Committee were of the considered opinion that the AWWs and AWHs were not only shouldering the responsibility of taking care of children but also shaping the nation's future and accordingly the remuneration should be comparable with that being given to the teachers of Government Primary Schools. The Committee had, therefore, recommended that the Ministry may revise and increase the remuneration of Anganwadi Workers and helpers accordingly.*

29. *In this regard, the Ministry of Women and Child Development have submitted the following:-*

"Ministry of WCD has enhanced the honorarium given to Anganwadi Workers (AWW) and Anganwadi Helpers (AWH) w.e.f. 01.10.2018. The enhanced honorarium and provision of performance linked incentive approved for AWWs and AWHs under Anganwadi Services, is as per details given below:

(i) The honorarium of Anganwadi workers (AWWs) at main-Anganwadi centres has been enhanced from the existing Rs. 3000/- per month to Rs. 4,500/- per month;

(ii) The honorarium of Anganwadi workers (AWWs) at mini-Anganwadi centres has been enhanced from the existing Rs. 2,250/- per month to Rs. 3,500/- per month;

(iii) The honorarium of Anganwadi Helpers (AWHs) has been enhanced from the existing Rs. 1,500/- per month to Rs.2,250 /- per month; and

(iv) In addition to the honorarium of Rs. 2,250/- per month, Anganwadi Helpers (AWHs) would also be eligible for performance linked incentive of Rs. 250/- per month for facilitating proper functioning of Anganwadi Centres.

(v) Performance linked incentive of Rs.500/- p.m. to AWWs for using ICDS-CAS has already been approved under POSHAN *Abhiyaan*."

30. Audit submitted the following vetting comments on the reply of the Ministry:-

"Ministry is reiterating the enhancement in honorarium in October 2018. Action taken by the Ministry on the recommendation of the PAC to revise and increase the remuneration of Anganwadi Workers and helpers may be intimated to PAC."

31. Ministry's reply to the observations of Audit are given below:-

"The recommendation of the PAC has been considered. It may be brought to the kind notice of PAC that out of total spending of Rs.15784.39 crore under ICDS (including SNP component) for the Financial Year 2020-21, an amount of Rs. 6820.43 crore was released under General Component of Anganwadi services which includes payment of honorarium for Anganwadi Workers/Anganwadi Helpers. It is submitted that the General component of Anganwadi Services (which includes honorarium) constituted 43% of the total spending under ICDS for FY 2020-21 (Rs.6820.43/15784.39 crore) and any increase in remuneration is likely to affect other general component items including infrastructure. In view of the above, there is no proposal currently under consideration for further enhancement of remuneration for Anganwadi Workers/Helpers."

32. The Committee had observed that maximum number of vacancies existed in the posts of Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) and that the current remuneration being paid to the AWWs and AWHs was quite low and unattractive. The Committee had, therefore, recommended that the Ministry may revise and increase the remuneration of Anganwadi Workers and helpers appropriately. The Committee are chagrined to note that the Ministry in their reply, simply reiterated the fact about enhancement in honorarium as on October 2018. The Committee are of the view that the large number of vacancies in the posts of AWH and AWW may be on account of the meagre wages being paid to them. The critical role played by these Anganwadi workers/ helpers during the Covid period cannot be ignored- they were tasked with distributing rations along with carrying out their main responsibilities pertaining to primary health care and immunisation, supplementary nutrition, educating families about family planning measures etc. The Committee, therefore, feel it is high time that the Anganwadi workers get due recognition for the selfless and continuous services they have been providing. The Committee, accordingly, strongly reiterate their recommendation that the remuneration of the AWWs and AWHs may be revised in such a manner that the benefits and salaries being paid /given to them should be commensurate with the work that they have been performing. While observing the Ministry's response that any increase in remuneration may affect other general component items including infrastructure, the Committee desire that the Ministry seek necessary budgetary support for the same.

Recommendation at Para no. 5.18

33. *The Committee had observed that not much progress had been made in 25,000 Anganwadi centres in which crèches were to be constructed in the urban areas and that the Ministry of Women and Child Development with the help of the Ministry of Urban Development had chalked out a programme for creating these crèches and had reported to have approached the Ministry of Finance. The Committee had desired that as recommended earlier, the matter may be vigorously taken up with the Ministries concerned to make a breakthrough in the matter and they be apprised of the achievement.*

34. The Ministry submitted the following in their action taken replies:-

"The proposal to convert 5% of Anganwadi Centres (AWCs) into crèche was approved during the 12th Plan to setup AWC-CUM-Crèche. However, this component was not adequately taken up by the States/UTs. Hence, at the time of revision of the Anganwadi Services Scheme during 2017, Government decided to discontinue the component."

35. Audit gave the following vetting comments:-

"Audit notes that during oral evidence (para 5.10 of 5th Report of PAC), Ministry had informed the Committee that it had chalked out a programme for creating crèches with the help of Ministry of Urban Development and they were taking the issue with Ministry of Finance. Since the above reply contradicts the Ministry's

earlier stand, the Ministry may revisit its reply and furnish specific reply to the PAC.”

36. The Ministry submitted the following response to Audit observations:-
 “MWCD had made the above statement as a bonafide endeavour and committed that they had chalked out an initiative/innovation to the programme to create AWCs with crèche facilities with the help of Ministry of Urban Development/Ministry of Finance in alignment with the thought process and policy restructuring at that particular time. This was an academic effort to raise the Anganwadi services to the next level. Subsequently, it was assessed that there was (1) lack of proper accommodation in urban areas; (2) majority of AWCs in urban areas are run in rented buildings; (3) no land is easily available for such ventures; (4) huge cost of land is a detriment. Hence, the initiative could not be pursued further.”

37. On the lack of progress in construction of *crèches* in 25,000 Anganwadi centres in urban areas, the Committee had been informed that the Ministry of Women and Child Development in consultation with Ministry of Urban Development had chalked out a programme for creating these *crèches* and had reported to have approached the Ministry of Finance for the same. The Committee note from the reply of the Ministry that an academic effort was made to raise the Anganwadi services to the next level. However, lack of proper accommodation in urban areas; running AWCs in rented buildings; non availability of land for such ventures and huge cost of land proved to be detriments in pursuing the initiative further. While acknowledging the effort made by the Ministry, the Committee feel that *crèches* in Anganwadi centres in urban areas are very important for middle and lower income group women, who go to work every day leaving their children behind at home unattended. With a view to providing security to their children and confidence to these women, the Committee desire that renewed and persistent efforts may be made under the aegis of Ministry of Women and Child Development to tie up with NGOs, Corporate entities under CSR and other organisations to help in providing crèche facilities to children of women working in urban areas.

Recommendation at Para no. 5.19

38. *The Committee had recommended that the Ministry take up the matter of providing child friendly toilets and drinking water facility to the children with the State Governments on priority basis and also to provide mobile toilets in AWCs where no toilets were available. The Committee noted from the reply of the Ministry that there were 11,72,896 AWCs having drinking water facilities and 929339 AWCs having toilet facilities out of 13.63 lakh functional AWCs. That meant that 86.1% AWCs had drinking water facilities and 68.18% AWCs had toilet facilities. During 2017-18, funds for construction of toilets in 69974 AWCs and providing drinking water facilities in 19993 AWCs were released to States. For the financial year 2018-19, construction of toilets in*

70000 AWCs and providing drinking water facilities in 20000 AWCs were approved. The Committee desired that an increase in allocation of money for construction of drinking water facilities and toilets may be considered so that the remaining AWCs also get facility of drinking water and toilets in a time bound manner. Further, the Committee had reiterated their earlier recommendation that mobile toilets may be provided to ensure that no Anganwadi Centre functions without the facility and that the children from the very beginning of their lives inculcate hygienic habits.

39. The Ministry of Women and Child development submitted the following reply:-

“Presently Anganwadi Services are delivered through fully operational 13.81 lakh Anganwadi Centres (AWCs) across the country. Out of these AWCs, 9.72 lakh AWCs have toilet facilities and 11.54 lakh AWCs have drinking water facilities.

As per present Anganwadi Services Scheme norms, construction of toilets is allowed in Government owned AWC buildings as per the cost norms of @ Rs.12,000/- per AWC and for providing drinking water facilities @ Rs.10,000/- per AWC.

Details of units approved and funds released to all States/UTs under these components during last three years are as under :

(Rupees in lakhs)

S. No	Financial Year	Provision of Drinking Water Facility		Toilet Facility		Total amount released
		Unit approved	Gol share	Unit approved	Gol share	
1	2017-18	19993	1323.72	69974	5411.91	6735.64
2	2018-19	20000	1343.75	70000	5922.79	7266.54
3	2019-20	20000	1255.15	54880	4146.39	5401.54

Subsequently, for the Year 2020-21 also, 20,000 AWCs were approved for drinking water facilities and for toilet facility, 70,000 AWCs were approved in addition to already approved drinking water facilities and toilet facility running in AWCs. Further, the construction of toilet and provisioning of drinking water facilities at AWCs is to be achieved through MGNREGS convergence guidelines jointly issued on 17.02.2016. The suggestion regarding mobile toilets has been noted.”

40. Audit gave the following vetting comments:-

“As per PAC’s directions, the replies like “Noted” or accepted” are vague and inconclusive and hence should be avoided. Reply is silent about increase in allocation of money for construction of drinking water facilities and toilets. Ministry may include a specific reply regarding mobile toilets in its Final ATN.”

41. The Ministry furnished the following action taken on vetting comments of Audit:-

“The information for release of funds for construction of Toilets and Drinking Water facilities has been depicted in the Table above for years 2017-18, 2018-19 and 2019-20. Ministry is yet to receive Utilization certificates from States/UTs.

As Anganwadi Centres are permanent structure, the requirement for mobile toilets may not arise. Nor has any proposal in this regard been received from any State. This can be examined on receipt of a proposal.”

42. The Committee had desired that an increase in allocation of money for construction of drinking water facilities and toilets may be considered so that the remaining AWCs also get facility of drinking water and toilets in a time bound manner. The Committee had also reiterated their earlier recommendation that mobile toilets may be provided to ensure that no Anganwadi Centre functioned without the facility. The Committee note with dismay that the initial reply of the Ministry did not contain any details with regard to increase in allocation of money for construction of drinking water facilities and toilets. The Committee note from the final reply of the Ministry that utilisation certificates for funds released in previous years from States/UTs were yet to be received. The Committee desire that the Ministry may urge the States to provide the Utilisation Certificates pending which no further grants may be given to them. The Committee disagree with the reply of the Ministry that Anganwadi Centres being permanent structures, the requirement for mobile toilets may not arise. Anganwadi Centres are also running in rented / make shift / semi-pucca premises which may not have toilets. The Committee, therefore, exhort the Ministry to moot a proposal for providing mobile toilets in States/UTs where the Anganwadi centres do not have toilets yet and apprise the Committee of the response thereon from the States/UTs.

NEW DELHI:
3rd April, 2023
13 Chaitra, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

APPENDIX-II
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE
CONTAINED IN THEIR FIFTH REPORT (SEVENTEENTH LOK SABHA)**

(i)	Total number of Observations/Recommendations	19
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 2.15-2.18, 2.20-2.22, 3.10-3.12, 4.10, 5.14 and 5.16 - 5.18.	Total : 15 Percentage: 78.94%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para No. Nil	Total : Nil Percentage: 0%
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para No. 5.15 and 5.19	Total : 02 Percentage: 10.53%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para Nos. 2.19 and 3.13	Total : 02 Percentage: 10.53%